VELS

INSTITUTE OF SCIENCE, TECHNOLOGY & ADVANCED STUDIES (VISTAS)
(Deemed to be University Estd. u/s 3 of the UGC Act, 1956)
PALLAVARAM - CHENNAI

DCMBA-24

Marketing Management

MBA
ODL MODE
(Semester Pattern)

School of Management Studies and Commerce

Centre for Distance and Online Education
Vels Institute of Science, Technology and Advanced Studies (VISTAS)
Pallavaram, Chennai - 600117

Vels Institute of Science, Technology and Advanced Studies

Centre for Distance and Online Education

Master of Business Administration (MBA) ODL Mode

(Semester Pattern)

DCMBA-24: Marketing Management

(4 Credits)

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FOREWORD

Dr.Ishari K Ganesh
Chancellor

Vels Institute of Science, Technology and Advanced Studies (VISTAS), Deemed-to-be University, was established in 2008 under section 3 of the Act of 1956 of the University Grants Commission(UGC), Government of India, New Delhi.

VISTAS has blossomed into a multi-disciplinary Institute offering more than 100 UG & PG Programmes, besides Doctoral Programmes, through 18 Schools and 46 Departments. All the Programmes have the approval of the relevant Statutory Regulating Authorities such as UGC, UGC-DEB, AICTE, PCI, BCI, NCTE and DGS.

Our University aims to provide innovative syllabi and industry-oriented courses, and hence, the revision of curricula is a continuous process. The revision is initiated based on the requirement and approved by the Board of Studies of the concerned Department/School. The courses are under Choice Based Credit Systems, which enables students to have adequate freedom to choose the subjects based on their interests.

I am pleased to inform you that VISTAS has been rendering its services to society to democratize the opportunities of higher education for those who are in need through Open and Distance Learning (ODL) mode.

VISTAS ODL Programmes offered have been approved by the University Grants Commission (UGC) – Distance Education Bureau (DEB), New Delhi.

The Curriculum and Syllabi have been approved by the Board of Studies, Academic Council, and the Executive Committee of the VISTAS, and they are designed to help provide employment opportunities to the students.

The MBA ODL Programme Study Materials have been prepared in the Self Instructional Mode (SIM) format as per the UGC-DEB (ODL & OL) Regulations 2020. It is highly helpful to the students, faculties and other professionals. It gives me immense pleasure to bring out the ODL programme with the noble aim of enriching learners' knowledge. I extend my congratulations and appreciation to the Programme Coordinator and the entire team for bringing up the ODL Programme in an elegant manner.

At this juncture, I am glad to announce that the syllabus of this ODL Programme has been made available on our website, **www.vistascdoe.in,** for the benefit of the student community and other knowledge seekers. I hope that this Self Learning Materials (SLM) will be a supplement to the academic community and everyone.

CHANCELLOR

FOREWORD

Dr.S.Sriman Narayanan
Vice-Chancellor

My Dear Students!

Open and Distance Learning (ODL) of VISTAS gives you the flexibility to acquire a University degree without the need to visit the campus often. VISTAS-CDOE involves the creation of an educational experience of qualitative value for the learner that is best suited to the needs outside the classroom. My wholehearted congratulations and delightful greetings to all those who have availed themselves of the wonderful leveraged opportunity of pursuing higher education through this Open and Distance Learning Programme.

Across the World, pursuing higher education through Open and Distance Learning Systems is on the rise. In India, distance education constitutes a considerable portion of the total enrollment in higher education, and innovative approaches and programmes are needed to improve it further, comparable to Western countries where close to 50% of students are enrolled in higher education through ODL systems.

Recent advancements in information and communications technologies, as well as digital teaching and e-learning, provide an opportunity for non-traditional learners who are at a disadvantage in the Conventional System due to age, occupation, and social background to upgrade their skills.

VISTAS has a noble intent to take higher education closer to the oppressed, underprivileged women and the rural folk to whom higher education has remained a dream for a long time.

I assure you all that the Vels Institute of Science, Technology and Advanced Studies would extend all possible support to every registered student of this Deemed-to-be University to pursue her/his education without any constraints. We will facilitate an excellent ambience for your pleasant learning and satisfy your learning needs through our professionally designed curriculum, providing Open Educational Resources, continuous mentoring and assessments by faculty members through interactive counselling sessions.

VISTAS, Deemed- to- be University, brings to reality the dreams of the great poet of modern times, Mahakavi Bharathi, who envisioned that all our citizens be offered education so that the globe grows and advances forever.

I hope that you achieve all your dreams, aspirations, and goals by associating yourself with our ODL System for never-ending continuous learning.

With warm regards,

VICE-CHANCELLOR

Course Introduction

Marketing Management course focuses on the field of marketing which facilitate a learner to comprehend the fundamentals of marketing concept and the role of marketing significance in business. This course enables a student to understand the Marketing fundamentals, market segmentation, market target, market positioning, understanding the consumer behavior, factors affecting the consumer behavior, Product Decision, Packaging and Labelling, Branding and Emerging Global Trends in marketing practices. The course methodology encourages students to explore themselves with the role of a marketing manager and the boundaries of marketing.

The Course **DCMBA-24: Marketing Management** has been divided into five Blocks consisting of 16 Units.

Block -1: covers the Fundamentals of Marketing which Consists of 3 Units. Unit-1 which discuss about the Introduction to Marketing Management, Unit-2 discusses about the Scope and Core Concepts of Marketing which explains the applications of the market concept and the Unit-3 comprises of Marketing Environment which classifies about the micro and macro environment.

Block-2: discusses about the Understanding Consumer and Selecting Target comprises of Market and consist of four Units. Unit-4 deals with Analyzing consumer Market, Unit-5 discuss about Market segmentation, Unit-6 explain about Market Targeting and Unit-7 discuss with Market Positioning.

Block-3: presents about the Product Decision which is further divided into three Units. Unit-8 discuss about Product Design, Unit-9 deals with Packing and Labeling and Branding and Unit-10 explains about Pricing. This block shall enhance us with the knowledge of understanding the Product design, Packaging, understand the term branding and pricing.

Block-4: discusses about the Marketing Channel and Communication and consists of three Units. Unit-11 deals with Introduction to Marketing Channel, Unit-12 explains about Promotional Strategies and Unit-13 describes about Integrated Marketing Communication Tools.

Block-5: explains about the latest topic on Emerging Trends in Marketing and divided into three Units. Unit-14 deals with Online Marketing, Unit-15 presents about Emerging global trends in marketing and Unit-16 describes about Sustainability in Market.

DCMBA-24: Marketing Management

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Block-1: Introduction

Block-1: Fundamentals of Marketing has been divided in to three Units.

Unit-1: Fundamentals of Marketing deals with Introduction to Market and Marketing Management, Definition of Market & Marketing Management, What can be marketed?, SMART Objectives of Marketing, Importance of Marketing, Features of Marketing, Marketing Philosophies and Understanding Marketing Mix.

Unit–2: Scope of Marketing and Core Concepts of Marketing describes about the Nature of Marketing, Scope of Marketing, Core Concepts of Marketing, What is Need &it's Types?, Definition of Demand and Its Types of demand, Definition of Demand, Types of Demand and Difference between Marketing Vs Selling .

Unit-3: Marketing Environment presents about the Introduction to Marketing Environment, Features of Marketing Environment, Need for Analysing the Marketing Environment, Importance of marketing environment and Types of Marketing environment.

In all the units of Block -1 **Fundamentals of Marketing**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

Unit-1
Fundamentals of Marketing

STRUCTURE

Overview
Objectives
1.1. Introduction to Market and Marketing Management
1.2. Definition of Market and Marketing Management
1.3. What can be marketed?
1.4. SMART Objectives of Marketing
1.5. Importance of Marketing
1.6 Features of Marketing
1.7. Marketing Philosophies
1.8. Understanding Marketing Mix
Let Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

In this unit, the meaning of the term market, marketing management, components of what can be marketed, importance of marketing, marketing philosophies and its tasks. This topic discusses about the various definitions of market, marketing management, the ten what can be marketed, marketing mix elements, as well as the concept of marketing philosophies and tasks.

Objectives

After studying this unit, you will able to:

- Understand the term Market
- Familiarize the concept of Marketing Management
- Learn the fundamentals of Marketing Mix
- Understand about the concept of Management Philosophies

1.1. Introduction of Market and Marketing Management

Marketing is as old as civilization. Though marketing is talked and discussed in business terms today, its origin goes back to the ancient civilization when man used symbols, signs and material artefacts to transact and communicate with others. Modern marketing revolves around the concepts, which are age old. The first signs that man made to communicate with others gave birth to the idea of marketing. The evolution of marketing has made it a structured discipline to study; otherwise, marketing did exist in the ancient past. Marketing was also used as a synonym for the art of selling in the past. Even today much confusion exists between marketing and selling amongst students of management and practitioners, regarding the two dominant modes of business and exchange. This unit is an attempt to clarify the doubts in your mind regarding what marketing is; how marketing has evolved over a period of time and has come to be known as modern marketing concept. It will be exposed to the real meaning of customer orientation, customer focus and similar concepts that allow marketing to score higher than selling.

The word market is derived from the Latin word 'Marcatus' which means trade, commerce, merchandise, a place where business is transacted. The common usage of market means a place where goods are bought or sold. It is a medium or place to interact and exchange goods and services. In simple words, the meeting place of buyers and sellers in an area is called **Market.**

1.2. Definitions Market and Marketing Management

According to Pyle "Market includes both place and region in which buyers and sellers are in free competition with one another." ii.

A correct understanding of marketing concept is fundamental to the study of modern marketing and marketing management. In any walk of life, thinking precedes doing; the way of thinking that determines the very course of action.

A ‘concept’ is a philosophy, an attitude, a course of thinking, an idea or a notion relating to any aspect of divine and human creations. The philosophy of an organisation in the dynamic realm of marketing is referred to as a ‘marketing concept.’ A concept is an orientation or a philosophy;

Thus, marketing concept is the way of life in which all the resources of an organisation are mobilized to create, stimulate and satisfy the consumer at a profit. It represents a distinct philosophy of business and considers marketing more than a physical process

Wherever this concept prevails, that marketing organisation is future oriented, customer oriented, value oriented, profit oriented and applies modern management practices to all sales, distribution and other marketing functions.

It is a managerial philosophy and organizational structure that centres on the desires of the consumers.

The term “market” originates from the Latin word “Marcatus” which means “a place where business is conducted.” A layman regards market as a place where buyers and sellers personally interact and finalise deals.

Marketing definitions were offered for marketing by different authors. Some of the definitions are as follows:

1. Marketing - Creation and delivery of a higher standard of living.
2. Marketing is the process that seeks to influence voluntary exchange transactions between a customer and a marketer. —William G. Zikmund and Michael d’Amico
3. Marketing is the process of discovering and translating consumer needs and wants into products and services, creating demand for these products and services and then in turn expanding this demand. —H.L. Hansen.
4. Marketing is the business process by which products are matched with markets and through which transfer of ownership are affected. —Edward W. Cundiff
5. Marketing consists of the performance of business activities that direct the flow of goods and services from producers or suppliers to consumers or end-users. —American Marketing Association
6. Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others.

Marketing is the performance of activities that seek to accomplish an organization’s objectives by anticipating customer or client needs and directing the flow of need satisfying goods and services from producer to customer or client. —William D. Perreault and E. Jerome McCarthy.

Marketing management is ‘the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value’ - Philip Kotler and Keller, 2008.

Marketing management by Philip Kotler defines as “the analysis, planning, implementation and control of programs designed to bring about desired exchanges with target markets for the purpose of achieving organizational objectives”

Marketing is a social process by which products are matched with markets and through which the consumer is able to use or enjoy the product. It makes goods and services more useful to the society by creating the place, time and possession utilities

Marketing is the process of creating, distributing, promoting, and pricing goods, services and ideas to facilitate satisfying exchange relationships in a dynamic environment.

Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is “meeting needs profitably.” When eBay recognized that people were unable to locate some of the items they desired most, it created an online auction clearinghouse.

- **Marketing is a societal process by which individuals and groups obtain what they want and need through creating, offering and exchanging products and services of value with others - *Kotler 1991***

1.3. What Can Be Marketed?

Marketers market 10 main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas. Let’s take a quick look at these categories.

Goods

Goods are physical items that can be seen, touched, owned and used in some physical manner. Examples of goods include food, furniture, cars, clothing, shoes, laptops, mobile phones, books, flowers, kitchen appliances, and so on. Probably the easiest way to think about goods is to consider the products that you can buy in a shop.

Services

Services the production of services constitutes the majority of GDP. Services are a little harder to understand as they are intangible –

meaning that they cannot be touched or owned. Some common services are banking and insurance, medical and health, education, hotels, hospitality and restaurants, hairdressers, legal firms, accounting services, not-for-profit firms, and so on.

Events

Events can be marketed – probably the most famous ones are the large, global sporting events –like the Olympics, the World Cup, tennis and golf tournaments, boxing matches and so on. Events can also include the theatre, concerts and various performance shows and other entertainment.

Experiences

By combining several goods and services a company offers, it may create an outstanding experience for its customers. Marketers create, stage, and market experiences to increase the quality of their company's image or brands thus increasing the number of positive associations in the minds of the buyers. Many firms within the holiday and tourism markets seek to deliver an experience. A good example here would be Disneyland, or an exotic cruise.

Fig : Marketed Components

Sources : https://ebrary.net/80434/management/what_marketed Persons

Each person can become a brand with the help of a celebrity marketer. Artists (musicians, actors, directors and so on) are those who come first in people's mind when they think about marketing a person. But you may also build a brand for a CEO, successful lawyers, doctors and many other professionals.

Places

In order to attract tourists or companies to a certain place, people use marketing techniques to communicate its value. Therefore, we can surely talk about marketing for towns, cities and regions. In addition to this, every country has its own unique marketing approach and there are many tourism authorities for many regions throughout the world.

Properties

Properties are intangible rights of ownership to either real property (real estate) or financial property (stocks and bonds). They are bought and sold, and these exchanges require marketing. Real estate agents work for property owners or sellers, or they buy and sell residential or commercial real estate. Investment companies and banks market securities to both institutional and individual investors.

Organizations

An organisation can market itself in order to build an image for it by sponsoring events, adoption of villages, donations for charitable causes, corporate social responsibility activities etc.,.

Information

The production, packaging, and distribution of information are major industries. Information is essentially what books, schools, and universities produce, market, and distribute at a price to parents, students, and communities.

Ideas

Every market offering includes a basic idea. Charles Revson of Revlon once observed: "In the factory we make cosmetics; in the drugstore we sell hope." Products and services are platforms for delivering some idea or benefit.

1.4. Smart Objectives of Marketing

Specific: Marketing goals that are specific allow for effective planning.

Measurable: You should have a way to measure your progress toward your goal. If you are unable to measure the effectiveness of your

strategy on your goal, then you should probably re-evaluate your goal or establish one that's more specific.

Achievable: Consider goals that you and your team will be able to actually achieve within a certain timeframe. It should be very reasonable to see this goal come to fruition.

Relevant: It's also important to make sure the marketing goals are relevant. They should incorporate existing goals and values that are set forth and define what the company stands for as a whole.

Time-based: A time-based goal should have an end date in place for when you want to achieve the goal. Timeframes keep people motivated and, if you aren't able to meet your goals within the timeframe, you'll be better able to understand why and pivot.

1.5. Importance of Marketing

Marketing Helps in Transfer, Exchange and Movement of Goods

Marketing is very helpful in transfer, exchange and movement of goods. Goods and services are made available to customers through various intermediaries' viz., wholesalers and retailers etc. Marketing is helpful to both producers and consumers.

Marketing is Helpful in Raising and Maintaining the Standard of Living of the Community

Marketing is above all the giving of a standard of living to the community. Paul Mazur states, "Marketing is the delivery of standard of living". Professor Malcolm McNair has further added that "Marketing is the creation and delivery of standard of living to the society".

By making available the uninterrupted supply of goods and services to consumers at a reasonable price, marketing has played an important role in raising and maintaining living standards of the community. Community comprises of three classes of people i.e., rich, middle and poor. Everything which is used by these different classes of people is supplied by marketing.

Marketing Creates Employment

Marketing is complex mechanism involving many people in one form or the other. The major marketing functions are buying, selling, financing, transport, warehousing, risk bearing and standardisation, etc. In each such function different activities are performed by a large number of individuals and bodies.

Thus, marketing gives employment to many people. It is estimated that about 40% of total population is directly or indirectly dependent upon marketing. In the modern era of large-scale production and industrialisation, role of marketing has widened.

Marketing as a Source of Income and Revenue

The performance of marketing function is all important, because it is the only way through which the concern could generate revenue or income and bring in profits. Buskirk has pointed out that, “Any activity connected with obtaining income is a marketing action. It is all too easy for the accountant, engineer, etc., to operate under the broad assumption that the Company will realise many dollars in total sales volume.

However, someone must actually go into the market place and obtain dollars from society in order to sustain the activities of the company, because without these funds the organisation will perish

Marketing Acts as a Basis for Making Decisions

A businessman is confronted with many problems in the form of what, how, when, how much and for whom to produce? In the past problems was less on account of local markets. There was a direct link between producer and consumer.

In modern times marketing has become a very complex and tedious task. Marketing has emerged as new specialised activity along with production.

Marketing Acts as a Source of New Ideas

A businessman is confronted with many problems in the form of what, how, when, how much and for whom to produce? In the past problems was less on account of local markets. There was a direct link between producer and consumer.

In modern times marketing has become a very complex and tedious task. Marketing has emerged as new specialised activity along with production.

As a result, producers are depending largely on the mechanism of marketing, to decide what to produce and sell. With the help of marketing techniques, a producer can regulate his production accordingly.

Marketing Acts as a Source of New Ideas

The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reached

effects on production and distribution. With the rapid change in tastes and preference of people, marketing has to come up with the same.

Marketing as an instrument of measurement, gives scope for understanding this new demand pattern and thereby produce and make available the goods accordingly.

Marketing Is Helpful in Development of an Economy

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

1.6. Features of Marketing

The follow points describe the nature of marketing:

- Marketing is a process of discovering and translating consumer wants into products and services.
- Marketing is a concept and way of thinking.
- Marketing is a dynamic process.
- Marketing relates with movement of goods and services from producer to ultimate consumer.
- Marketing creates time, place and possession utilities through warehousing, transportation and selling.
- It focuses on satisfaction of customer’s wants. Customer is considered as the ‘King’ of the market. All activities of marketing begin and end with customers.
- Marketing involves various activities such as product planning and development, product pricing, promotion, physical distribution and selling.
- Marketing is wider than selling. It not only aims at physical movement of goods but also focuses on customer satisfaction.
- Marketing involves creative thinking which provides a competitive edge to the organisation.
- Marketing information system as well as integrated marketing is essential to achieve marketing goals.

1.7. Marketing Philosophies

Production Concept the **Production Concept** The production concept is one of the oldest concepts in business. It holds that consumers prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution.

Product Concept

The product concept proposes that consumers favour products offering the most quality, performance, or innovative features. However, managers are sometimes caught in a love affair with their products. They might commit the “better-mousetrap” fallacy, believing a better product will by itself lead people to beat a path to their door. A new or improved product will not necessarily be successful unless it’s priced, distributed, advertised, and sold properly.

Selling Concept

This is the third philosophy and it is based on actual selling of the product. In the earlier two philosophies or concepts the emphasis was on production whereas selling concept is more focused on making sales for every product, which is irrespective of quality of the product or the needs of the customer.

Companies following this approach have a short life span and thus have very fewer repeat customers. The Selling Concept The selling concept holds that consumers and businesses, if left alone, won’t buy enough of the organization’s products. It is practiced most aggressively with unsought goods-goods buyers don’t normally think of buying such as insurance and cemetery plots-and when firms with overcapacity aim to sell what they make, rather than make what the market wants. Marketing based on hard selling is risky.

Marketing Concept

The selling concept is not for a long duration. The market is customer centric, therefore any product that should be able to fulfil the customer needs. Marketing concept is based on the assumption that a consumer will purchase products.

Companies conduct research in order to identify customer needs and create a product that meets those needs in a better way than their competitors. It results in businesses developing relationships with customers that leads to profit generation in the long run.

Societal Marketing Concept

This is the fifth marketing concept that is mainly concerned with meeting the needs of customers as well as working towards protecting the environment, its natural resources and overall, wellbeing of the society. This marketing philosophy believes that business is a part of the society and therefore businesses should give it back to society in the form of social services like poverty eradication, promoting literacy, etc.

Fig : Marketing Philopshies

Source:https://notesmagic.blogspot.com/2015/02/concepts-philosophies-of-marketing.html

1.8. Understanding Marketing Mix

A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion.

The four Ps classifications for developing an effective marketing strategy was first introduced in 1960 by marketing professor and author E. Jerome McCarthy.

Depending on the industry and the target of the marketing plan, marketing managers may take various approaches to each of the four Ps.

Each element can be examined independently, but in practice, they often are dependent on one another.

Fig : 4 Ps of Marketing Mix

Source : https://byjus.com/commerce/marketing-mix/

Product

This represents an item or service designed to satisfy customer needs and wants. To effectively market a product or service, it's important to identify what differentiates it from competing products or services. It's also important to determine if other products or services can be marketed in conjunction with it.

Price

The sale price of the product reflects what consumers are willing to pay for it. Marketing professionals need to consider costs related to research and development, manufacturing, marketing, and distribution-otherwise known as cost-based pricing. Pricing based primarily on consumers' perceived quality or value is known as value-based pricing.

Place

The type of product sold is important to consider when determining areas of distribution. Basic consumer products, such as paper goods, often are readily available in many stores. Premium consumer products, however, typically are available only in select stores. Another consideration is whether to place a product in a physical store, online, or both.

Promotion

Joint marketing campaigns also are called a promotional mix. Activities might include advertising, sales promotion, personal selling, and public relations. A key consideration should be for the budget assigned to the marketing mix. Marketing professionals carefully construct a message

that often incorporates details from the other three Ps when trying to reach their target audience. Determination of the best mediums to communicate the message and decisions about the frequency of the communication also are important.

Let Us Sum Up

In this unit, you have learned about the following:

The word market is derived from the Latin word 'Marcatus' which means trade, commerce, merchandise, a place where business is transacted. The common usage of market means a place where goods are bought or sold.

Marketing is the process that seeks to influence voluntary exchange transactions between a customer and a marketer. Marketers market 10 main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas.

Let's take a quick look at these categories. A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion. Marketing Philosophies were classified has – Production Concept, Product Concept, Selling Concept, Marketing Concept, Societal Marketing Concept.

Check your Progress

1. _____ originates from the Latin word "Marcatus" which means "a place where business is conducted".
   a. Market
   b. Marketing
   c. Goods
   d. Service
2. A _____ includes multiple areas of focus as part of a comprehensive marketing plan.
   a. Marketing Mix
   b. Marketing
   c. Goods
   d. Service

3. _____ proposes that consumers favour products offering the most quality, performance, or innovative features.
   a. Production Concept
   b. Product Concept
   c. Market Concept
   d. Selling Concept
4. The best Definition of Marketing given by Philip Kotler is _____
   a. Marketing is the process by which companies create value for customers & build strong customer relationships in order to capture value from customers in return.
   b. Marketing is a societal process by which individuals & groups obtain what they need & want through creating offering & freely exchanging products & services of value with others.
   c. Marketing is the activity, set of institutions & processes for creating, communicating, delivering & exchanging offerings that have value for customers, clients, partners & society at large.
   d. None of the above
5. Which one is not a part of the 4 Ps?
   a. Product
   b. People
   c. Price
   d. Place

Glossary

Market: The term "market" originates from the Latin word "Marcatus" which means "a place where business is conducted." A layman regards market as a place where buyers and sellers personally interact and finalized deals. A market is a set of actual and potential buyers who might transact with a seller.

Marketing Management: Marketing is a societal process by which individuals and groups obtain what they want and need through creating, offering and exchanging products and services of value with others.

Goods: Goods are physical items that can be seen, touched, owned and used in some physical manner.

Services: Services the production of services constitutes the majority of GDP. Services are a little harder to understand as they are intangible –

meaning that they cannot be touched or owned.

The Production Concept: The production concept is one of the oldest concepts in business. It holds that consumers prefer products that are widely available and inexpensive.

The Product Concept: The product concept proposes that consumers favor products offering the most quality, performance, or innovative features.

Selling Concept: This is the third philosophy and it is based on actual selling of the product. In the earlier two philosophies or concepts the emphasis was on production whereas selling concept is more focused on making sales for every product, which is irrespective of quality of the product or the needs of the customer.

Marketing Concept: The selling concept is not for a long duration. The market is customer centric, therefore any product that should be able to fulfill the customer needs.

Societal Marketing Concept: This is the fifth marketing concept that is mainly concerned with meeting the needs of customers as well as working towards protecting the environment, its natural resources and overall, wellbeing of the society.

Product: This represents an item or service designed to satisfy customer needs and wants.

Price: The sale price of the product reflects what consumers are willing to pay for it.

Place: The type of product sold is important to consider when determining areas of distribution.

Promotion: Activities might include advertising, sales promotion, personal selling, and public relations.

Model Questions

1. Recall the terms in Market, Marketing Management
2. Explain the Marketing Philosophies
3. Enumerate the Marketing Mix
4. Discuss the importance of marketing
5. Describe 4 P''s of Marketing Mix.
6. Discuss the SMART Objectives of Marketing Management.
7. What is the nature of marketing?

Answers to check your Progress

1. a. Market
2. a. Marketing Mix
3. b. Product Concept
4. a. Marketing is the process by which companies create value for customers & build strong customer relationships in order to capture value from customers in return.
5. b. People

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.), Noida, Uttar Pradesh: Pearson.
2. Ramaswamy. V S & Namakumari. S(2010), 'Marketing Management Planning Implementation and Control,' Macmillan Business Books, New Delhi.

Unit - 2

Scope and Core Concepts of Marketing

STRUCTURE

Overview

Objectives

2.1. Nature of Marketing

2.2. Scope of Marketing

2.3. Core Concepts of Marketing

2.4. What is Need and it's Types?

2.5. Definition of Demand & Its Types of demand

2.5.1. Definition of Demand

2.5.2. Types of Demand

2.6. Difference between Marketing Vs Selling

Lets Us Sum Up

Check your Progress

Glossary

Model Questions

Answers to Check your Progress

Suggested Readings

Overview

This unit discuss about the nature of the meaning scope of market, core concepts of marketing management, scope of marketing, difference between marketing and selling components. This Unit also discusses about the core concepts of marketing, definition of demand, types of demand as well as the concept of marketing philosophies and tasks.

Objectives

After studying this unit, you will able:

- To understand the scope of marketing.
- To determine the core concepts of marketing.
- To understand the basic terms like need, want & demand.

2.1. Nature of Marketing

Customer Focus

Marketing is a customer-entered function of the business. It aims at finding out what customers want and fulfilling their needs by delivering them the right products.

Creates Market Offering

Marketing provides offers of various goods and services to potential customers. It is the one that communicates all information regarding products like its prices, uses, quality, and technology to customers.

Exchange Oriented

It is a process which aims at exchanging products among buyer and seller. Marketing attracts and influences people to buy the products of the company.

Continuous Activity

Marketing is a regular and continuous activity of business for selling their products. Businesses always need to monitor the marketing environment and should accordingly plan, implement, and control all marketing programs.

Goal-Oriented

Marketing is a goal-oriented business activity that aims at achieving the desired sales and profitability. It focuses on approaching more and more customers and thereby satisfying their needs by delivering them the required goods or services.

Manages 4 P's

It is a combination of four elements that are product, place, price, and promotion. The whole marketing system is made up of these variable factors which are influenced by customer behaviour, competition, trade factors, etc.

Creates Utilities

Marketing creates various utilities such as form utility, time utility, and place utility. It creates form utility by manufacturing the right product using inputs, time utility by storing goods in warehouses, and place utility by delivering goods properly to end customers.

Economic Process

It is a process that involves exchanges of goods in monetary terms. Marketing is one by means of which monetary transactions as per the exchange value of goods take place for transferring goods among buyers and sellers

2.2. Scope of Marketing

Create Awareness

Informing customers about the company's products is a must for attracting them to buy products. Marketing is the medium through which companies communicate with the public and explain the features or benefits of their products. Marketing helps in creating wide publicity of goods and services in the market.

Studies Customer's wants

Marketing helps in understanding the needs or wants of customers which enables them to provide satisfactory services. Business through their marketing programs interact with customers and understands their behaviour's. Proper understanding of customers' demands helps in designing the right product which satisfies their needs.

Product Planning

A product refers to a bundle of benefits that offers satisfaction to the consumers. Product planning starts with the generation of the idea and continues until the product is ready to be launched in the market. To create a successful product the company must understand the needs of the consumer and the currently available competition in the market.

Advertising

Advertising is the best tool for marketing. It makes the consumers aware of the product that is going to hit the market. Through marketing, big companies are able to condition our subconscious mind about the goodness of the product. The advertisement also helps to increase the sale drastically and ultimately the profits. Advertising can be done through various media sources such as newspapers, television, magazines, hoardings, the internet, etc.

Pricing Policies

Determination of the pricing policies of the product is crucial because good pricing policies will definitely help in attracting more consumers. Generally, consumers are highly-priced elastic which means lower the price, higher will be the demand and higher the price, lower will be the

demand. Cost of manufacturing the product, government policies, marketing, competitor's price, etc. are the factors that influence the price of the product.

Distribution

The selection of the proper distribution channel is very necessary for the product to attract new consumers towards it. Selecting a distribution channel means defining the route of the goods they will take while reaching from the producer to the ultimate consumer. Wholesaling and retailing are the two most popular distribution channels.

Selling

It refers to the process of selling what is manufactured by the company as a product in the market. Selling refers to the supply of goods and services directly or indirectly to the targeted consumers.

Selling involves performing and managing various activities simultaneously such as approaching to the new consumers, distributing the free samples, making sales on a huge discount, and getting feedback.

Packaging

The packaging is essential for delivering the product safely and secure a good image in the consumer's mind. It also helps in the goodwill formulation. Packaging involves designing and producing the external covering for the product which will keep the product safe and hygienic. Packaging is inclusive of the product information which adds to the appeal of the product which ultimately helps in the sales promotion.

After-Sales Services

The term marketing includes after-sale services to be provided by the business to its customers. Resolving issues of the customer's and problems in case of any product failure will help in developing better relations with customers.

Collects the Feedback

It involves collecting the feedback or suggestions of customers once the product is sold. Through this, satisfaction or dissatisfaction level of customers can be easily identified which helps in improving the service quality using suggestions provided by them.

2.3 Core Concepts of Marketing

Core Marketing Concepts

Source: www/core concepts of Marketing.com

Needs, Wants, and Demands

Needs are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment. These needs become wants when they are directed to specific objects that might satisfy the need.

Demand

Demands are wants for specific products backed by an ability to pay. Many people want a Mercedes; only a few are able to buy one. Companies must measure not only how many people want their product, but also how many are willing and able to buy it.

Target Markets, Positioning, and Segmentation

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

Positioning

Positioning is the process of creating a distinct mental position or image of a product or a service in the mind of the customers as compared to other brands in the market. Positioning helps to create a unique image of

the brand and the product in the mind of the consumers in comparison with other products or brands which are already existing in the market.

Every marketer considers the brand positioning as one of the most important aspects of overall brand creation. People have different perception about a brand based on how the brand was positioned in the market

Market segmentation

Market segmentation is the practice of **dividing your target market into approachable groups**. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioural criteria used to better understand the target audience.

Source: https://www.investopedia.com/terms/m/market-segment.asp

Offerings and Brands

Companies address customer needs by putting forth a value proposition, a set of benefits that satisfy those needs. The intangible value proposition is made physical by an offering, which can be a combination of products, services, information, and experiences.

Brand

A brand is an offering from a known source. A brand name such as McDonald's carries many associations in people's minds that make up its image: hamburgers, cleanliness, convenience, courteous service, and golden arches. All companies strive to build a brand image with as many strong, favourable, and unique brand associations as possible.

Source:

https://brandequity.economictimes.indiatimes.com/news/marketing/how-to-build-an-international-brand/97359096

Value and Satisfaction

Value and Satisfaction the buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her. Value, a central marketing concept, is primarily a combination of quality, service, and price called the customer value triad.

Value perceptions increase with quality and service but decrease with price, think of marketing as the identification, creation, communication, delivery, and monitoring of customer value. Satisfaction reflects a person's judgment of a product's perceived performance in relationship to expectations. If the performance falls short of expectations, the customer is disappointed.

Marketing Channels

Marketing Channels to reach a target market, the marketer uses three kinds of marketing channels. Communication channels deliver and receive messages from target buyers and include newspapers, magazines, radio, television, mail, telephone, billboards, posters, fliers, CDs, audiotapes, and the Internet. Beyond these, firms communicate through the look of their retail stores and Web sites and other media. Marketers are increasingly adding dialogue channels such as e-mail, blogs, and toll-free numbers to familiar monologue channels such as ads. The marketer uses distribution channels to display, sell, or deliver

the physical product or service(s) to the buyer or user. These channels may be direct via the Internet, mail, or mobile phone or telephone, or indirect with distributors, wholesalers, retailers, and agents as intermediaries.

Supply Chain

The supply chain is a longer channel stretching from raw materials to components to finished products carried to final buyers.

Competition

Competition includes all the actual and potential rival offerings and substitutes a buyer might consider.

Marketing Environment

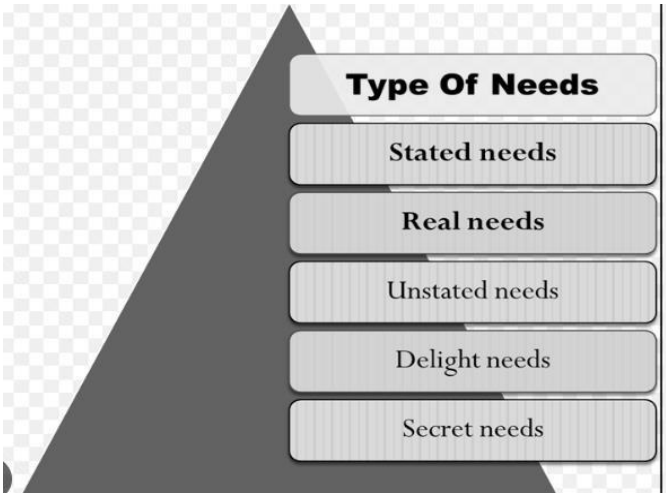
The marketing environment consists of the task environment and the broad environment. The task environment includes the actors engaged in producing, distributing, and promoting the offering.

These are the company, suppliers, distributors, dealers, and target customers. In the supplier group are material suppliers and service suppliers, such as marketing research agencies, advertising agencies, banking and insurance companies, transportation companies, and tele communications companies.

2.4. Define Need and Types of Need

Needs are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment. These needs become wants when they are directed to specific objects that might satisfy the need.

- Stated needs (The customer wants an inexpensive car.)
- Real needs (The customer wants a car whose operating cost, not initial price, is low.)
- Unstated needs (The customer expects good service from the dealer.)
- Delight needs (The customer would like the dealer to include an onboard GPS navigation system.)
- Secret needs (The customer wants friends to see him or her as a savvy consumer.)



Source :https://www.examrace.com/Study-Material/Management/Organizational-Behavior/Need-Wants-and-Demands-in-Marketing-Management-YouTube-Lecture-Handouts.html

2.5. Definition of Demand & Types of Demand

2.5.1 Definition of Demand

Demand is an economic principle referring to a consumer's desire to purchase goods and services and willingness to pay a price for a specific good or service. Holding all other factors constant, an increase in the price of a good or service will decrease the quantity demanded, and vice versa.

2.5.2 Types of Demand

- Negative demand-Consumers dislike the product and may even pay to avoid it.
- Nonexistent demand-Consumers may be unaware of or uninterested in the product.
- Latent demand-Consumers may share a strong need that cannot be satisfied by an existing product.
- Declining demand-Consumers begin to buy the product less frequently or not at all.
- Irregular demand-Consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.
- Full demand-Consumers are adequately buying all products put into the marketplace.
- Overfull demand-More consumers would like to buy the product than can be satisfied.
- Unwholesome demand-Consumers may be attracted to products that have undesirable social consequences

2.6 Difference between Marketing Vs Selling

Point of Difference	Marketing Concept	Selling Concept
Definition	Marketing is the process of delivering goods and services to create value for the customer and make a profit.	Sales are the process of rounding up customers to increase sales.
View on business	It views the business as a customer satisfactory process.	It views business as a goods-producing process.
Price	Consumers determine the price.	The cost determines the price.
Effectiveness	This concept is applicable to the pure competition market.	This concept is useless in a pure competition market
Marketing mix	This concept gives equal importance to the marketing mix.	This concept gives importance to only promotion.
Market segmentation	This concept thinks about market segmentation deeply.	This concept never thinks about the market concept.
Start	This concept starts with actual and potential customers.	This concept starts with existing products.
Profit	This concept earns profit through customer satisfaction.	This concept earns profit through attractive sales and promotion.
Emphasis	This concept emphasizes customer needs.	This concept emphasizes on products or services.
Scope	The scope of the marketing concept is wider.	The scope of the selling concept is narrow.
Objective	The objective of this concept is to satisfy the customer through goods and services.	The objective of the selling concept is to increase sales of goods and services.

Source:https://ibusinessmotivation.com/the-difference-between-marketing- and-selling/

Let us Sum Up

In this unit, you have learned about the following:

- Customer Focus **Marketing is a customer-centered function of the business. It aims at** finding out what customers want and fulfilling their needs by delivering them the right products.
- Demand is an economic principle referring to a consumer's desire to purchase goods and services and willingness to pay a price for a specific good or service.
- A brand is an offering from a known source.
- Value and Satisfaction the buyer chooses the offerings he or she perceives to deliver the most value, the sum of the tangible and intangible benefits and costs to her.

Check Your Progress

1. It is a process which aims at _____ among buyer and seller. Marketing attracts and influences people to buy the products of the company

   a. Exchanging products

   b. Marketing

   c. Consumer Products

   d. Product Concept

2. _____ is the process of creating a distinct mental position or image of a product or a service in the mind of the customers as compared to other brands in the market.

   a. Product

   b. Service

   c. Positioning

   d. Production

3. _____ is an economic principle referring to a consumer's desire to purchase goods and services and willingness to pay a price for a specific good or service.

   a. Supply

   b. Demand

   c. Place

   d. Price

4. _____ are the basic human requirements such as for air, food, water, clothing, and shelter
   a. Want
   b. Demand
   c. Need
   d. Market
5. _____ refers to the supply of goods and services directly or indirectly to the targeted consumers.
   a. Market
   b. Selling
   c. Service
   d. Promotion

Glossary

Customer Focus:	Marketing is a customer-centered function of the business. It aims at finding out what customers want and fulfilling their needs by delivering them the right products.
Needs:	are the basic human requirements such as for air, food, water, clothing, and shelter. Humans also have strong needs for recreation, education, and entertainment.
Want:	These needs become wants when they are directed to specific objects that might satisfy the need.
***Demand* Demands:**	are wants for specific products backed by an ability to pay. Many people want a Mercedes; only a few are able to buy one. Companies must measure not only how many people want their product, but also how many are willing and able to buy it.
Market segmentation:	is the practice of **dividing your target market into approachable groups**. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioral criteria used

	to better understand the target audience.
Positioning:	is the process of creating a distinct mental position or image of a product or a service in the mind of the customers as compared to other brands in the market.
Stated needs:	the customer wants an inexpensive car.
Real needs:	the customer wants a car whose operating cost, not initial price, is low.
Unstated needs:	the customer expects good service from the dealer.
Delight needs:	the customer would like the dealer to include an onboard GPS navigation system.
Secret needs:	the customer wants friends to see him or her as a savvy consumer.
Nonexistent demand:	Consumers may be unaware of or uninterested in the product.
Latent demand:	Consumers may share a strong need that cannot be satisfied by an existing product.
Declining demand:	Consumers begin to buy the product less frequently or not at all.
Irregular demand:	Consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.
Full demand:	Consumers are adequately buying all products put into the marketplace.
Overfull demand:	More consumers would like to buy the product than can be satisfied.

Model Questions

1. Enumerate the nature of marketing.
2. Describe the scope of marketing.
3. Discuss the terms need, want, demand.
4. Discuss the terms segmentation, target and positioning.
5. Explain the types of need and demand.

Answers to check your Progress

1. a. Exchanging products
2. c. Positioning
3. b. Demand
4. c. Need
5. b. Selling

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.

Unit - 3
Marketing Environment

STRUCTURE

Overview
Objectives
3.1. Introduction to Marketing Environment
3.2. Features of Marketing Environment
3.3. Need for Analysing the Marketing Environment
3.4. Importance of Marketing Environment
3.5. Types of Marketing Environment
Lets Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

This unit depicts about the marketing environment and definitions of marketing environment, its features of marketing environment, need for analysing the marketing environment, its significance of marketing environment, its types of marketing environment. The unit emphasis on the marketing environment and its types of marketing environment. The chapter outlines about the components of marketing environment.

Objectives

After studying this unit, you will able to:

- Understand about the Marketing Environment
- Study about the factors affecting Marketing Environment
- Enhance knowledge about the various types of marketing environment

3.1. Introduction to Marketing Environment

- The marketing environment refers to all internal and external factors, which directly or indirectly influence the organization's decisions related to marketing activities.

- Internal factors are within the control of an organization; whereas, external factors do not fall within its control.
- The external factors include government, technological, economic, social, and competitive forces; whereas, organization's strengths, weaknesses, and competencies form the part of internal factors.
- Marketers try to predict the changes, which might take place in future, by monitoring the marketing environment.
- These changes may create threats and opportunities for the business. With these changes, marketers continue to modify their strategies and plans.

3.2. Features of Marketing Environment

Today's marketing environment is characterized by numerous features, which are mentioned as follows:

1. **Specific and General Forces:** It refers to different forces that affect the marketing environment. Specific forces include those forces, which directly affect the activities of the organization. Examples of specific forces are customers and investors. General forces are those forces, which indirectly affect the organization. Examples of general forces are social, political, legal, and technological factors.
2 **Complexity:** It implies that a marketing environment include number of factors, conditions, and influences. The interaction among all these elements makes the marketing environment complex in nature.
3. **Vibrancy:** Vibrancy implies the dynamic nature of the marketing environment. A large number of forces outline the marketing environment, which does not remain stable and changes over time. Marketers may have the ability to control some of the forces; however, they fail to control all the forces. However, understanding the vibrant nature of marketing environment may give an opportunity to marketers to gain edge over competitors.
4. **Uncertainty:** It implies that market forces are unpredictable in nature. Every marketer tries to predict market forces to make strategies and update their plans. It may be difficult to predict some of the changes, which occurs frequently. For example, customer tastes for clothes change frequently. Thus, fashion

industry suffers a great uncertainty. The fashion may live for few days or may be years

5. **Relativity:** It explains the reasons for differences in demand in different countries. The product demand of any particular industry, organization, or product may vary depending upon the country, region, or culture. For example, sarees are the traditional dress of women in India, thus, it is always in demand. However, in any other western country the demand of saree may be zero.

3.3. Need for Analyzing the Marketing Environment

- The business environment is not static. It is continuously changing with fast speed. The marketing environmental analysis will help the marketer to:
- Become well acquainted with the changes in the environment.
- Gain qualitative information about the business environment; which will help him to develop strategies in order to cope with ever changing environment.
- Conduct marketing analysis in order to understand the markets needs and wants so as to modify its products to satisfy these market requirements.
- Decide on matters related to Government-legal-regulatory policies in a particular country so as to formulate its strategies successfully amidst these policies.
- Allocate its resources effectively and diversify either into a new market segment or totally into a new business which is outside the scope of its existing business.
- Identify the threats from the environment in terms of new competitors, price wars, competitor's new products or services, etc.; and prepare its strategies on the basis of that. vii. Identify the opportunities in the environment and exploit these opportunities to firm's advantage. These opportunities can be in terms of emergence of new markets; mergers, joint ventures, or alliances; market vacuum occurred due to exit of a competitor, etc.
- Identify its weaknesses such as lower quality of goods or services; lack of marketing expertise; or lack of unique products and services; and prepare strategies to convert its weaknesses into strengths. ix. Identify its strengths and fully exploit them in

firm's advantage. These strengths can be in terms of marketing expertise, superior product quality or services, or giving unique innovative products or services.

3.4. Importance of Marketing Environment

- **Identification of Opportunities:** It helps an organization in exploiting the chances or prospects for its own benefit. For example, if an organization finds out that customers appreciate its products as compared to competitors' products then it might encase this opportunity by giving discounts on its products to boost sale.
- **Identification of Threats:** It gives warning signals to organizations to take the required steps before it is too late. For example, if an organization comes to know that a foreign multinational is entering into the industry then it can overcome this threat by adopting strategies, such as reducing the product's prices or carrying out aggressive promotional strategies.
- **Managing Changes:** It helps in coping with the dynamic marketing environment. If an organization wishes to survive in the long run, then it has to adapt to the changes occurring in the marketing environment.

3.5. Types of Marketing Environment

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

A marketing environment mostly comprises of the following two types of environments: 1.Micro Environment and 2.Macro Environment

Micro Environment:

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

products. Let us discuss the micro environment forces in the following points:

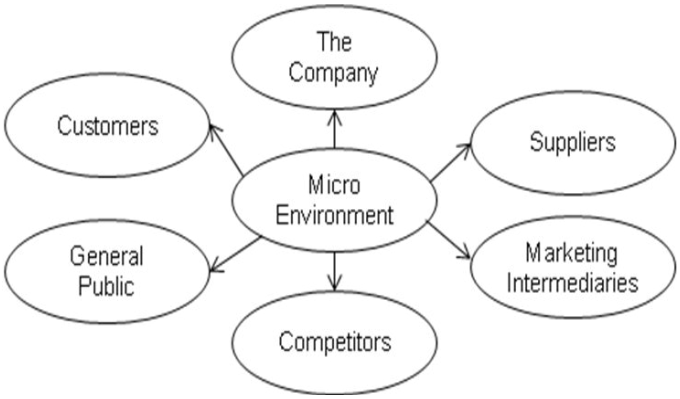
Suppliers: It provides raw material to produce goods and services. Suppliers can influence the profit of an organization because the price of raw material determines the final price of the product. Organizations need to monitor suppliers on a regular basis to know the supply shortages and change in the price of inputs. ii. Marketing Intermediaries: It helps organizations in establishing a link with customers. They help in promoting, selling, and distributing products.

Competitors the competitive environment consists of certain basic things which every firm has to take note of. No company, howsoever large it may be, enjoys monopoly. In the original business world, a company encounters various forms of competition. The most common competition which a company's product now faces is from differentiated products of other companies.

Customers There is only one valid definition of business purpose that is to create a customer. The business enterprises aim to earn profit through serving the customer demand. It now thinks more in terms of profitable sale rather than more sales volume for its sake. Today marketing of a firm begins and also ends with the customers.

Marketing Intermediaries: Market intermediaries are either individuals or business houses who come to the aid of the company in promoting, selling and distributing the goods to the ultimate consumers.

The Company: Various groups in an organization like the top management, finance, operations, human resourcing, research and development (R&D), accounting etc needs to be taken into account by the marketing management for designing the marketing plans.



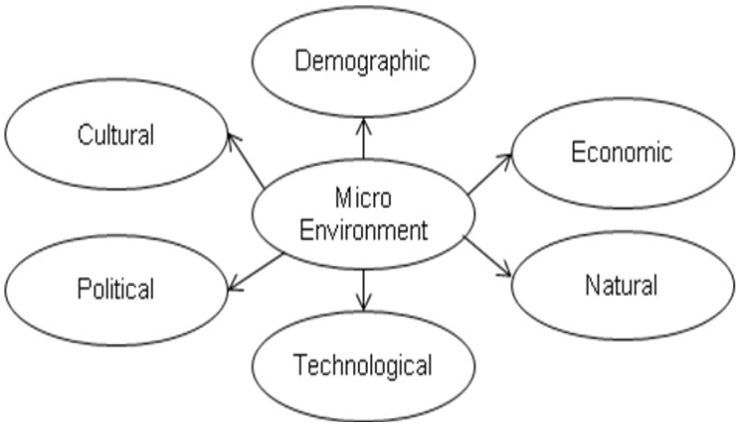
Source:https://www.linkedin.com/pulse/micro-macro-environment-factors-analyzed-companies-bobin-philip/

General Public

The public refers to the group of people who have an actual or potential interest in company's product or who can have an impact on the organizations ability to achieve its objective.

Macro Environment

Macro environment involves a set of environmental factors that is beyond the control of an organization. These factors influence the organizational activities to a significant extent. Macro environment is subject to constant change.



Source: https://www.linkedin.com/pulse/micro-macro-environment-factors-analyzed-companies-bobin-philip/

The changes in macro environment bring opportunities and threats in an organization. Let us discuss these factors in details:

- **Demographic Environment:** Demographic environment is the scientific study of human population in terms of elements, such as age, gender, education, occupation, income, and location. It also includes the increasing role of women and technology. These elements are also called as demographic variables. Before marketing a product, a marketer collects the information to find the suitable market for the product. Demographic environment is responsible for the variation in the tastes and preferences and buying patterns of individuals.
- **Economic Environment:** Economic environment affects the organization's cost's structure and customers' purchasing power. The purchasing power of a customer depends on the current income, prices of the product, savings, and credit availability.
- **Natural Environment:** Natural environment consists of natural resources, which are needed as raw materials to manufacture

products by the organization. The marketing activities affect these natural resources, such as depletion of ozone layer due to the use of chemicals. The corrosion of the natural environment is increasing day-by-day and is becoming a global problem. Following natural factors affect the marketing activities of an organization in a great way:

- **Socio-Cultural Environment:** Socio-cultural environment comprises forces, such as society's basic values, attitudes, perception, and behavior. These forces help in determining that what type of products customers prefer, what influences the purchase attitude or decision, which brand they prefer, and at what time they buy the products.
- **Technological Environment:** Technology contributes to the economic growth of a country. It has become an indispensible part of our lives. Organizations that fail to track ongoing technological changes find it difficult to survive in today's competitive environment. Technology acts as a rapidly changing force, which creates new opportunities for the marketers to acquire the market share. Marketers with the help of technology can create and deliver products matching the life style of customers. Thus, marketers should observe the changing trends in technology.
- **Political and Legal Environment:** Political and legal environment consists of legal bodies and government agencies that influence and limit the organizations and individuals.

Let Us sum up

In this unit, you have learned about the following:

- The marketing environment refers to all internal and external factors, which directly or indirectly influence the organization's decisions related to marketing activities.
- Internal factors are within the control of an organization; whereas, external factors do not fall within its control.
- The external factors include government, technological, economical, social, and competitive forces; whereas, organization's strengths, weaknesses, and competencies form the part of internal factors.
- Micro environment refers to the environment, which is closely linked to the organization, and directly affects organizational

activities. Macro environment involves a set of environmental factors that is beyond the control of an organization.

Check your Progress

1. The _____ refers to all internal and external factors, which directly or indirectly influence the organization's decisions related to marketing activities.
   a. Marketing Environment
   b. Macro Environment
   c. Micro Environment
   d. Organizational
2. _____ is the scientific study of human population in terms of elements, such as age, gender, education, occupation, income, and location.
   a. Demographic environment
   b. Political environment
   c. Economic Environment
   d. Legal Environment
3. _____ are either individuals or business houses who come to the aid of the company in promoting, selling and distributing the goods to the ultimate consumers.
   a. Political Environment
   b. Market Intermediaries
   c. Legal Environment
   d. Market Environment
4. _____refers to the environment, which is closely linked to the organization, and directly affects organizational activities
   a. Marketing Actors
   b. Micro Environment
   c. Macro Environment
   d. Market Intermediaries

5. _____ involves a set of environmental factors that is beyond the control of an organization.

   a. Marketing Actors

   b. Micro Environment

   c. Macro Environment

   d. Market Intermediaries

Glossary

The marketing environment: refers to all internal and external factors, which directly or indirectly influence the organization's decisions related to marketing activities.

Micro environment: refers to the environment, which is closely linked to the organization, and directly affects organizational activities. Macro environment involves a set of environmental factors that is beyond the control of an organization.

Model Questions

1. Enumerate about the marketing environment.
2. Discuss the need and features of marketing environment.
3. Describe the importance of marketing environment.
4. Discuss about the micro environment.
5. Discuss about the macro environment.

Answers to Check your Progress

1. a. Marketing Environment
2. a. Demographic environment
3. a. Market Intermediaries
4. b. Micro environment
5. c. Macro Environment

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.
2. Ashita Aggarwal (2017), Marketing Case Study , Pearson India Education Services Pvt. Ltd.

Block-2: Introduction

Block-2: Understanding Consumer and Selecting Target Market has been divided in to four Units.

Unit-4: Analyzing Consumer Market explains about the Definition of Consumer behaviour, Factors Influencing Consumer Behaviour, Consumer Decision Process, Types Consumer of buying behaviour and Diffusion of Innovation in Strategies of Adoption Process.

Unit-5: Market Segmentation describes about the **Definition** of Market Segmentation, Basic Terms – Mass Market, Niche Market, Micro Marketing, and Need for Market Segmentation, Steps in Market Segmentation, Bases of Market Segmentation and Other Methods of Market Segmentation.

Unit-6: Target Market explains about the **Definition** of Target Market, Basis for Target Market, How to create Target Market?, How to Select Target Market?, W's of Target Market and the Steps to conduct audience research.

Unit-7: Market Positioning deals with Definition of Market Positioning, Types in Product Positioning, Compare POP and POD, Product Positioning, Perceptual Mapping and the Product Positioning Process.

In all the units of Block -2 **Understanding Consumer and Selecting Target Market**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

Unit-4

Analyzing Consumer Market

STRUCTURE

Overview

Objectives

4.1. Definition of Consumer Behaviour

4.2. Factors Influencing Consumer Behaviour

4.3. Consumer Decision Process

4.4. Types Consumer of Buying Behaviour

4.5. Diffusion of Innovation in Strategies of Adoption Process

Let Us Sum Up

Check your Progress

Glossary

Model Questions

Answers to Check your Progress

Suggested Readings

Overview

In this Unit, it deliberates about the term Consumer, understanding about the definitions of consumer behaviour, factors influencing consumer behaviour and its components the factors affecting the consumer behaviour. The significance of the consumer decision process and its types of buying behaviour. This unit portrays about the diffusion of innovation in strategies of adoption process.

Objectives

After studying this unit, you will able to:

- Study the fundamentals of consumer behavior
- Understand about the factors affecting consumer behavior
- Understand the consumer decision process

4.1. Definition Consumer Behaviour

Consumer behaviour is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

An individual who buys products or services for personal use and not for manufacture or resale. A consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements. Any time someone goes to a store and purchases a toy, shirt, beverage, or anything else, they are making that decision as a consumer.

From a point of view of a buyer, now-a-days it has become quite difficult to make a purchase decision as a result of so many available options which are so close in comparisons. It is difficult for consumers to decide on what they should spend their time, efforts, energy and money. There are several factors in the background playing a significant role to take customers to the final decision. On the other hand, it is very difficult for organizations to know on what the customer will spend their time, efforts, energy and money. Therefore, it is very crucial for their marketing team to understand the consumer buying behaviour.

The study of consumer behaviour is very essential in the field of marketing as it helps firms to construct smarter marketing strategies by getting an insight about what affects the decision making of consumers. The purpose of this post is to analyze the theoretical aspects of consumer buying behaviour and the factors that influence it.

According to **American Marketing Association**, consumer behaviour can be defined as *"the dynamic interaction of affect and cognition, behaviour, and environmental events by which human beings conduct the exchange aspects of their lives."*

According to **Hawkins, Best,** and **Coney,** 2001, Consumer behaviour can be defined as *"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."*

According to **Satish K. Batra** and **S. H. H. Kazmi**, 2004, Consumer behaviour is *"the mental and emotional processes and the observable behaviour of consumers during searching purchasing and post consumption of a product and service.*

Consumer behavior is defined as the process and ***physical activity*** *individuals engage in,* ***when evaluating, acquiring, using, or disposing of goods and services****.*

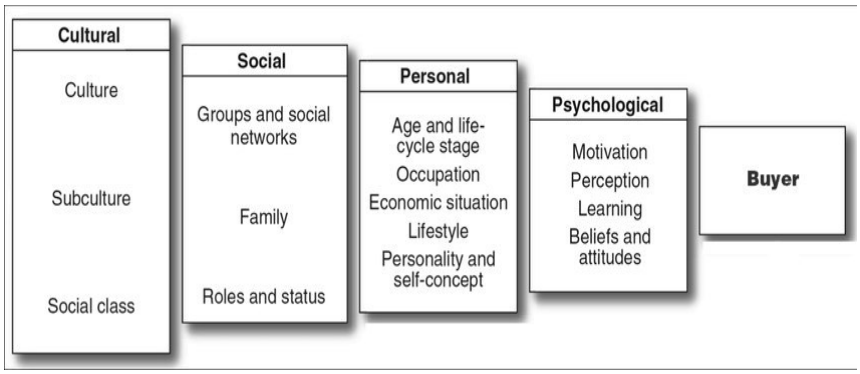
Consumer Buying Behaviour is a complex and dynamic decision process; and physical activity of evaluating, acquiring, using, or disposing of products and services. Developing an effective marketing

strategy requires in-dept knowledge of target consumers and how they behave and make their buying decision. Proper study of consumer behaviour is important as all marketing decisions are based on assumptions about consumer behaviour.

Consumer buying behaviour has two aspects - final purchase behaviour and decision-making process. Purchase behaviour is visible to us, but the decision-making process involves number of complex variables which are not visible to us. Purchase behaviour is the end result of long decision-making process. Study of consumer behaviour attempt to understand the decision-making processes of buyers.

Consumer buying behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behaviour. Many factors, specificity and characteristics influence the individual in what he is and the consumer in his decision-making process, shopping habits, purchasing behaviour, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, economic, personal and psychological.

4.2. Factors Influencing Consumer Behaviour



Source: www.marketing91.com

Culture Factors

Culture, subculture, and social class are particularly important influences on consumer buying behaviour. Culture is the fundamental determinant

of a person wants and behaviour. Through family and other key institutions, a child growing up in the United States is exposed to values such as achievement and success, activity, efficiency and practicality, progress, material comfort, individualism, freedom, external comfort, humanitarianism, and youthfulness subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them.

Social Factors

In addition to cultural factors, social factors such as reference groups, family, and social roles and statuses affect our buying behaviour.

Social class members show distinct product and brand preferences in many areas, including clothing, home furnishings, leisure activities, and automobiles

- **Reference Group**s: A person's reference groups are all the groups that have a direct (face to-face) or indirect influence on their attitudes or behavior. Groups having a direct influence are called membership groups.

  Some of these are primary groups with whom the person interacts fairly continuously and informally, such as family, friends, neighbors, and coworkers.

  People also belong to secondary groups, such as religious, professional, and trade-union groups, which tend to be more formal and require less continuous interaction

- **Family:** The family is the most important consumer buying organization in society, and family members constitute the most influential primary reference group

- **Role & Status:** A role consists of the activities a person is expected to perform. Each role in turn connotes a status.

- **Personal Factors**

Personal characteristics that influence a buyer's decision include age and stage in the life cycle, occupation and economic circumstances, personality and self-concept, and lifestyle and values. Because many of these have a direct impact on consumer behaviour, it is important for marketers to follow them closely.

- **Age And Stage in the Life Cycle**

Our taste in food, clothes, furniture, and recreation is often related to our age. Consumption is also shaped by the family life cycle and the number, age, and gender of people in the household at any point in time

- **Occupation And Economic Circumstances**

Occupation also influences consumption patterns. Marketers try to identify the occupational groups that have above-average interest in their products and services and even tailor products for certain occupational groups:

- **Lifestyle And Values**

People from the same subculture, social class, and occupation may lead quite different lifestyles. A lifestyle is a person's pattern of living in the world as expressed in activities, interests, and opinions

- Personality and Self Concept a person's buying behavior is influenced by his/her personality traits. 1. Personality: A set of unique psychological traits leading to relatively consistent and enduring pattern of response. (a) Self confidence
- Self Concept: How a person thinks of himself/herself, that is, the perception one has towards own self. This is based on the assumption "I am what I have".

- **Psychological Factors**

Motivation is the force that energizes behaviour, gives direction to behaviour and underlies the tendency to persist. Theories of Motivation 1. Freud's Theory: Sigmund Freud maintained that human behaviour is shaped by the psychological forces which are rooted in the unconscious state of his/her mind.

Sources:https://www.clootrack.com/knowledge_base/major-factors-influencing-consumer-behavior

- **Motivation**

When a person is motivated enough, it influences the buying behavior of the person. A person has many needs such as social

needs, basic needs, security needs, esteem needs, and self-actualization needs. Out of all these needs, the basic needs and security needs take a position above all other needs. Hence basic needs and security needs have the power to motivate a consumer to buy products and services.

- **Maslow's Theory**

  According to Abraham Maslow, human needs are arranged in hierarchy Notes and people will try to satisfy their most important needs first. 3. Hertzberg's Theory: Fredrick Hertzberg developed a two-factor theory that distinguishes dissatisfiers and satisfiers. The absence of dissatisfiers is not enough, satisfiers must be present to motivate a purchase.

- **Learning**

  Learning is viewed as a relatively permanent change in behaviour occurring as a result of information or experience, both direct and indirect. Schiffman and Kanuk have defined consumer learning as: "The process by which individuals acquire the purchase and consumption knowledge and experience they apply to future related behaviour.

- **Attitudes**

  According to Krech and Crutchfield, "An attitude is an enduring organisation of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment." In the context of consumer behaviour, Schiffman and Kanuk have defined attitude as "a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object."

- **Perception**

  Perception is the process by which an individual selects, organises, and interprets stimuli into a meaningful and coherent picture of the world. Stimuli may include products, packages, brand names, advertisements and commercials, etc.

  Consumer perception is a major factor that influences consumer behavior. Customer perception is a process where a customer collects information about a product and interprets the information to make a meaningful image of a particular product.

  When a customer sees advertisements, promotions, customer reviews, social media feedback, etc. relating to a product, they

develop an impression about the product. Hence consumer perception becomes a great influence on the buying decision of consumers.

4.3. Consumer Decision Process

The consumer decision-making process involves five basic steps. This is the process by which consumers evaluate making a purchasing decision. The 5 steps are problem recognition, information search, alternatives evaluation, purchase decision and post-purchase evaluation.

Steps of the Consumer Decision Making Process

- **Problem recognition:** Recognizes the need for a service or product.

  The first step of the consumer decision-making process is recognizing the need for a service or product. Need recognition, whether prompted internally or externally, results in the same response: a want. Develop a comprehensive brand campaign to build brand awareness and recognition—you want consumers to know you and trust you. Most importantly, you want them to feel like they have a problem only you can solve.

Sources:https://analysisproject.blogspot.com/2014/01/consumer-buying-process.html

- **Information search:** Gathers information

  When researching their options, consumers again rely on internal and external factors, as well as past interactions with a product or brand, both positive and negative. In the information stage, they may browse through options at a physical location or consult online resources, such as Google or customer reviews.

- **Alternatives evaluation:** Weighs choices against comparable alternatives

Consumer decision-making process, prospective buyers have developed criteria for what they want in a product. Now they weigh their prospective choices against comparable alternatives.

Alternatives may present themselves in the form of lower prices, additional product benefits, product availability, or something as personal as colour or style options. Your marketing material should be geared towards convincing consumers that your product is superior to other alternatives. Be ready to overcome objections—e.g., in sales calls, know your competitors so you can answer questions and compare benefits.

- **Purchase decision:** Makes actual purchase

  This is the moment the consumer has been waiting for: the purchase. Once they have gathered all the facts, including feedback from previous customers, consumers should arrive at a logical conclusion on the product or service to purchase.

- **Post-purchase evaluation:** Reflects on the purchase they made

  After the purchase, the consumer might experience dissonance from noticing certain disquieting features or hearing favourable things about other brands and will be alert to information that supports his or her decision. Marketing communications should supply beliefs and evaluations that reinforce the consumer's choice and help him or her feel good about the brand

  The consumer decision-making process has basic steps when making a purchase to determine what products and services will best fit their needs.

4.4. Types Consumer Buying Behaviour

A consumer's buying decision depends on the type of products that they need to buy. The behaviour of a consumer while buying a coffee is a lot different from while buying a car.

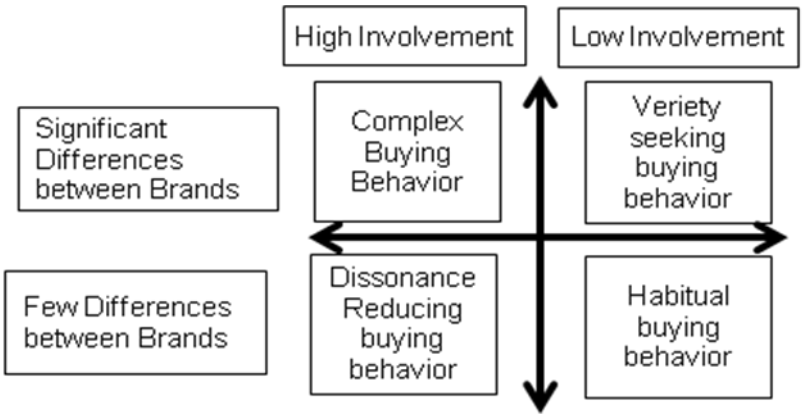
Based on observations, it is clear that purchases that are more complex and expensive involve higher deliberation and many more participants.

Consumer buying behaviour is determined by the level of involvement that a consumer shows towards a purchase decision. The amount of risk involved in a purchase also determines the buying behaviour. Higher priced goods tend to high a higher risk, thereby seeking higher involvement in buying decisions.

There are four types of consumers buying behaviour:

- Complex buying behavior
- Dissonance-reducing buying behavior
- Habitual buying behavior
- Variety seeking behavior

There are different consumer buying behaviours, which can be categorised in the following:



Sources:www.typesofconsumerdecision.com

1. Complex buying behaviour

Complex buying behaviour is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision. Consumers will research thoroughly before committing to invest.

Consumer behaves very differently when buying an expensive product or a product that is unfamiliar to them. When the risk of buying a product is very high, a consumer consults friends, family, and experts before making the decision.

For example, when a consumer is buying a car for the first time, it's a big decision as it involves high economic risk. There is a lot of thought on how it looks, how his friends and family will react, how his social status will change after buying the car, and so on.

In complex buying behaviour, the buyer will pass through a learning process. He will first develop beliefs about the product, then attitudes, and then make a thoughtful purchase choice.

2. Dissonance-reducing buying behaviour

In dissonance-reducing buying behaviour, consumer involvement is very high. This might be due to high prices and infrequent purchases. In

addition, there is low availability of choices with fewer significant differences among brands. In this type, a consumer buys a product that is easily available.

Consumers will be forced to buy goods that do not have too many choices and therefore consumers will be left with limited decision making. Based on the products available, time limitations, or budget limitations, consumers buy certain products without a lot of research.

For example, a consumer who is looking for a new collapsible table that can be taken for camping quickly decides on the product based on a few brands available. The main criteria here will be the use and the feature of the collapsible table and the budget available to him.

3. Habitual Buying Behaviour

Habitual Buying Behaviour plays a big role in our daily routine. Buying a product that is incredibly cheap and available in masses, at the same time.

4. Variety-Seeking Buying Behaviour

Some buying situations are characterized by low involvement but significant brand differences. Here consumers often do a lot of brand switching. The consumer has some beliefs, chooses a brand without much evaluation, and evaluates the product during consumption. Brand switching occurs for the sake of variety, rather than dissatisfaction.

4.5. Diffusion of Innovation in Strategies of Adoption Process

Innovation

An innovation is an idea, practice, or product, perceived to be new by an individual or a group .A product is said to be an innovation when it is perceived by the potential market as a change, and not by a technological change brought in it. New products or new services have been classified as under:

Firm Oriented

If the product is new to the company, it is said to be new.

Product Oriented

It focuses on the features inherent in the product and the effect it has on the consumer ‘established usage pattern. This leads to three types of product innovation continuous, dynamically continuous, discontinuous innovation.

Stages in Innovation

- Innovators

- Early adopters
- Early majority
- Late majority
- Laggards.

Innovators (2.5%): Innovators are the first individuals to adopt an innovation. Innovators are willing to take risks, youngest in age, have the highest social class, have great financial lucidity, very social and have closest contact to scientific sources and interaction with other innovators. Risk tolerance has them adopting technologies which may ultimately fail. Financial resources help absorb these failures.

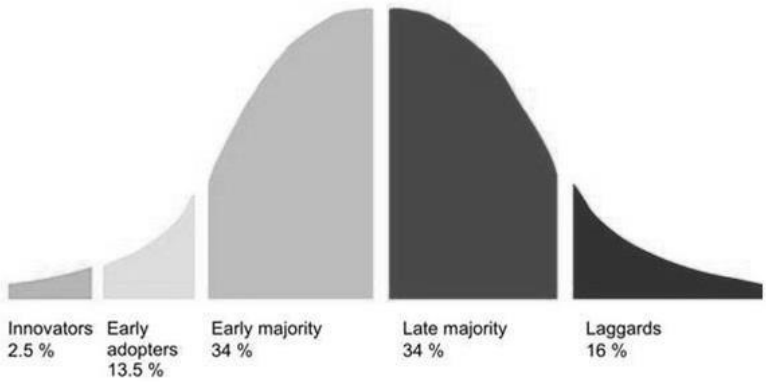
Early Adopters(13.5%): This is the second fastest category of individuals who adopt an innovation. These individuals have the highest degree of opinion leadership among the other adopter categories. Early adopters are typically younger in age, have a higher social status, have more financial lucidity, advanced education, and are more socially forward than late adopters. More discrete in adoption choices than innovators. Realize judicious choice of adoption will help them maintain central communication position

Early Majority (34%): Individuals in this category adopt an innovation after a varying degree of time. This time of adoption is significantly longer than the innovators and early adopters. Early Majority tend to be slower in the adoption process, have above average social status, contact with early adopters, and seldom hold positions of opinion leadership in a system

Late Majority (34%): Individuals in this category will adopt an innovation after the average member of the society. These individuals approach an innovation with a high degree of skepticism and after the majority of society has adopted the innovation. Late Majority are typically skeptical about an innovation, have below average social status, very little financial lucidity, in contact with others in late majority and early majority, very little opinion leadership.

Laggards (16%): Individuals in this category are the last to adopt an innovation. Unlike some of the previous categories, individuals in this category show little to no opinion leadership. These individuals typically have an aversion to change-agents and tend to be advanced in age. Laggards typically tend to be focused on “traditions”, likely to have lowest social status, lowest financial fluidity, be oldest of all other

adopters, in contact with only family and close friends, very little to no opinion leadership.



Source : https://professionalshiksha.blogspot.com/2018/10/ diffusion -of-innovation-in-consumer.html

Lets us Sum Up

In this unit, you have learned about the following"

- Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.
- The study of consumer behavior is very essential in the field of marketing as it helps firms to construct smarter marketing strategies by getting an insight about what affects the decision making of consumers. The purpose of this post is to analyze the theoretical aspects of consumer buying behavior and the factors that influence it.
- The factors affecting consumer behavior like cultural factors, social factors, personality factors, psychological factors and buyer.
- The five steps in consumer decision process – Problem recognition, information search, alternative evaluation, purchase decision and post purchase decision.
- The types of consumers buying behavior like complex decision process, habitual decision process, variety seeking behavior and dissonance behavior.

Check Your Progress

1._____ is defined as the process and physical activity individuals engage in, when evaluating, acquiring, using, or disposing of goods and services.

a. Market Environment

b. Consumer behavior

c. Consumer decision

d. Marketing Management

2.An _____ is an idea, practice, or product, perceived to be new by an individual or a group.

a. Intermediaries

b. Innovation

c. Consumer

d. Diffusion

3.A person's _____ are all the groups that have a direct (face to-face) or indirect influence on their attitudes or behavior

a. Reference groups.

b. Personal Life

c. Age

d. Roles and Status

4._____ is the fundamental determinant of a person wants and behaviour.

a. Behaviour

b. Attitude

c. Learning

d. Culture

5._____ highest degree of opinion leadership among the other adopter categories.

a. Innovators

b. Innovation

c. Early Adopters

d. Laggards

Glossary

Consumer behavior: is defined as the process and physical activity individuals engage in, when evaluating, acquiring, using, or disposing of goods and services.

Consumer buying behavior: is determined by the level of involvement that a consumer shows towards a purchase decision.

Culture: subculture, and social class are particularly important influences on consumer buying behavior. Culture is the fundamental determinant of a person wants and behavior.

Complex buying behavior: is encountered particularly when consumers are buying an expensive product. In this infrequent transaction, consumers are highly involved in the purchase decision

Model Questions

1. Enumerate the factors affecting consumer behavior
2. Explain the types of Consumers Buying Behavior
3. Describe the Consumer Decision Process
4. Compare the habitual and variety seeking behavior
5. Discuss the diffusion of innovation process in consumer behavior.

Answer to Check Your Progress

1. a. Consumer behaviour
2. b. Innovation
3. a. Reference groups.
4. d. Culture
5. c. Early Adopters

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.

Unit-5
Market Segmentation

STRUCTURE

Overview
Objectives
5.1. Definition of Market Segmentation
5.2. Basic Terms – Mass Market, Niche Market, Micro Marketing
5.3. Need for Market Segmentation
5.4. Steps in Market Segmentation
5.5. Bases of Market Segmentation
5.6. Other Methods of Market Segmentation
Let Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

In this unit, the meaning of the terms like mass marketing, niche marketing, micro marketing, market segmentation, steps in marketing segmentation, components of market segmentation. This topic discusses about the various bases of market segmentation with examples, different methods of market segmentation.

Objectives

After studying this unit, you will able to:

- Determine the term Market segmentation
- Understand the base of Market segmentation
- Examine the customer base of market segmentation

5.1. Definition of Market Segmentation

Segmentation refers to a process of bifurcating or dividing a large unit into various small units which have more or less similar or related characteristics. Market segmentation is the process of dividing the total market into relatively distinct homogeneous sub-groups of consumers with similar needs or characteristics that lead them to respond in similar

ways to a particular marketing programme. A market segment is a portion of a larger market in which the individuals, groups, or organisations.

Market segment consists of a group of customers who share a similar set of needs and wants. The marketer's task is to identify the appropriate number and nature of market segments and decide which one(s) to target.

Market Segmentation is the process of dividing an entire market into different consumer segments in which each segment has a common characteristic such as needs or behaviour.

It is a strategy of "divide and conquer". In other words, it is a marketing strategy that divides a broad target market into subsets of consumers, businesses, or countries that have, or are perceived to have, common needs, interests, and priorities and then designing and implementing strategies to target them. The term 'Market Segmentation' has been defined by several authors as follows:

- **Philip Kotler:** "Market Segmentation is the sub-dividing of a market into homogeneous subsets of customers, where any subset may conceivably be selected on a market target to be reached with a distinct marketing mix."
- **William J. Stanton:** "Market Segmentation consists of taking the total heterogeneous market for a product and dividing into several sub-markets or segments, each of which tends to be homogeneous in all significant aspects."
- **Webster:** "Market Segmentation is a method for achieving maximum market response from limited marketing resources by recognizing differences in the response characteristics of various parts of the market. It is a strategy of divide and conquer that adjusts marketing strategy to inherent differences in buyer behaviours."

Market segmentation can help you
to define and better understand your target
audiences *and ideal customers.*

Source: www.market.com

5.2. Basics Terms in Market Segmentation

1. Mass Marketing

Basically, mass marketing is a strategy which is directed towards attracting a huge portion of the audience. It aims to address the highest number of potential customers while ignoring niche demographic differences.

The strategy involved in this type of marketing strategy focuses on a higher volume of sales at lower prices so as to obtain maximum exposure for the product.

Mass marketing is very effective in advertising **products** that are rendered as necessities and are guaranteed that people will shop for it anyway. It is also called as undifferentiated marketing.

The seller engages in the mass production, mass distribution and mass promotion of one product for all buyers.

A firm decides to ignore market segment differences and appeal the whole market with one offer or one strategy.

Traditionally mass marketing has focused on radio, television and newspapers as the medium used to reach this broad audience.

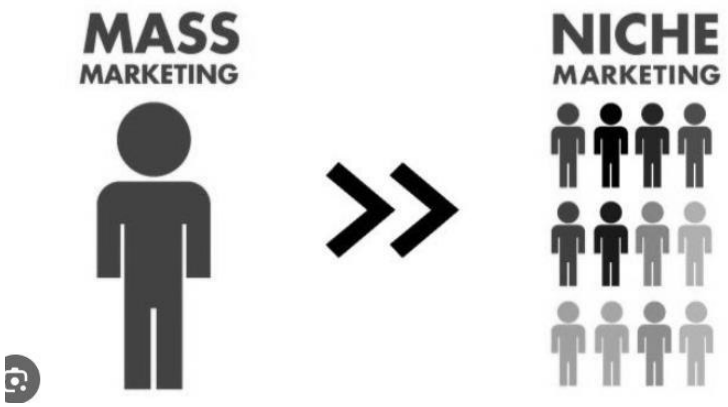
2. Niche Marketing

Niche marketing is defined as channelling all marketing efforts towards one well-defined segment of the population.

There is one important thing to understand that ‘niche’ does not exist, but is created by smart marketing techniques and identifying what the customer wants.

A niche is a more narrowly defined customer group seeking a distinctive mix of benefits. It is the subset of the market on which a specific product is focusing.

Niche defines the specific product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that is intended to impact. It is also a small market segment.



Source: https://medium.com/swlh/the-end-of-mass-marketing-go-small-or-go-home-2c1e443f76e6

3. Micromarketing

Micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Micromarketing is a marketing strategy that is used over a targeted group of customers in a niche market.

It is typically used to advertise a product or service with a narrow customer base. The customer base is chosen by the marketer based on a certain characteristic such as age, gender, job title, location, etc.

- Local marketingalso referred to as local store marketing or neighbourhood marketing-specifically targets the community around a physical store or restaurant. Promotional messages are directed to the local population, rather than the mass market
- Individual marketing is defined as tailoring products and marketing programs to the needs and preferences of individual customers.

5.3. Need for Market Segmentation

- Market Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes according to the tastes of the individuals of a particular market segment.
- Market segmentation helps the marketers to understand the needs of the target audience and adopt specific marketing plans accordingly.
- Organizations can adopt a more focussed approach as a result of market segmentation.

- Market segmentation also gives the customers a clear view of what to buy and what not to buy.
- In simpler words, the segmentation process goes a long way in influencing the buying decision of the consumers.
- Market segmentation helps the organizations to target the right product to the right customers at the right time. Geographical segmentation classifies consumers according to their locations.
- Segmentation helps the organizations to know and understand their customers better.
- Organizations can now reach a wider audience and promote their products more effectively.
- It helps the organizations to concentrate their hard work

5.4. Steps in Market Segmentation

- **Identify the target market**

  The first and foremost step is to identify the target market. The marketers must be very clear about who all should be included in a common segment.

  Make sure the individuals have something in common. A male and a female can't be included in one segment as they have different needs and expectations.

- **Identify expectations of Target Audience**

  Once the target market is decided, it is essential to find out the needs of the target audience. The product must meet the expectations of the individuals.

  The marketer must interact with the target audience to know more about their interests and demands.

  Marketing professionals or individuals exposed to sun rays for a long duration need something which would protect their skin from the harmful effects of sun rays.

  Keeping this in mind, many organizations came with the concept of sunscreen lotions and creams with a sun protection factor especially for men.

- **Create Subgroups**

  The organizations should ensure their target market is well defined. Create subgroups within groups for effective results.

- **Review the needs of the target audience**

  It is essential for the marketer to review the needs and preferences of individuals belonging to each segment and sub-segment. The consumers of a particular segment must respond to similar fluctuations in the market and similar marketing strategies.

- **Name your market Segment**

  Give an appropriate name to each segment. It makes implementation of strategies easier.

- **Marketing Strategies**

  Devise relevant strategies to promote brands amongst each segment. Remember you can't afford to have same strategies for all the segments.

- **Review the behaviour**

  Review the behaviour of the target audience frequently. It is not necessary individuals would have the same requirement (demand) all through the year. Demands vary, perceptions change and interests differ. A detailed study of the target audience is essential.

- **Size of the Target Market**

  It is essential to know the target market size. Collect necessary data for the same. It helps in sales planning and forecasting.

5.5 Bases of Market Segmentation

There are many different kinds of market segments you can create. Below are the four main methods of market segmentation.

- **Demographic Segmentation**

Types of Market Segmentation

- Demographic Segmentation
- Behavioural Segmentation
- Geographic Segmentation
- Psychographic Segmentation

Demographic segmentation is one of the most common forms. It refers to splitting up audiences based on observable, people-based differences. These qualities include things like age, marital status, family size, occupation, education level, income, race, nationality and religion.

- **Behavioral Segmentation**

Behavioral Segmentation

- Online shopping habits
- Actions taken on a website
- Benefits sought
- Loyalty

Dividing your audience based on behaviour's they display allows you to create messaging that caters to those behaviour's. Many of the actions you might look at relate to how someone interacts with your product, website, app or brand.

- **Online shopping habits:** Online shopping habits across all sites, as this may correlate with the likelihood, they will make an online purchase on your website.
- **Actions taken on a website:** Online properties to better understand how they interact with them.
- **Benefits sought:** This refers to the need a customer is trying to meet by purchasing a product.
- **Usage rate:** To categorize users based on usage rate. Messaging will be different depending on whether someone is a heavy user, medium user, light user or non-user of your product.
- **Loyalty:** After using a product for some time, customers often develop brand loyalty. The categorize customers based on how loyal they are to your brand and tailor you're messaging accordingly.

Geographic Segmentation

Geographic segmentation, splitting up your market based on their location, is a basic but highly useful segmentation strategy. A customer's

location can help you better understand their needs and enable you to send out location-specific ads.

5.6. Other Methods of Market Segmentation

Other Methods of Market Segmentation

- Value segmentation
- Firm graphic segmentation
- Generational segmentation
- Life stage segmentation
- Seasonal segmentation

Sources: https://www.lotame.com/what-is-market-segmentation

Value segmentation: Some businesses will split up a market based on the “transactional worth” of their customers — how much they’re likely to spend on their products. To determine a customer’s transactional worth, you can look at previous purchase data such as how many purchases they make, how often they make purchases and the value of the items they purchase.

Firmographic segmentation: Business-to-Business (B2B) companies may use firmographic segmentation to divide up the businesses in a market. This is similar to demographic segmentation with individual consumers but instead looks at the characteristics of companies that may become customers. Examples of data to look at include industry, revenue, number of employees and location.

Generational segmentation: Businesses may segment consumers by generation and group them into categories that include Gen Z, Millenials, Generation X, Baby Boomers and the Silent Generation. These generations are believed to share certain preferences, behaviours, personality traits and beliefs. Of course, not every member of a generation is the same, but generational segmentation can give you some additional insight into your audience.

Life stage segmentation: You can also segment your market into groups based on where they are in their lives. Going to college, getting married and having children are examples of key life events to consider. People at different stages of life need different things. For instance, soon-to-be college students may need apartment furniture. New parents will be looking to purchase baby food.

Seasonal segmentation: Similarly to how people buy different products in different periods of their lives, people also buy different items at different times of the year. Major holidays such as Christmas and Hanukkah also significantly impact purchasing behaviours.

Let us Sum Up

In this unit, you have learned about the following:

- Market segmentation is the process of dividing the total market into relatively distinct homogeneous sub-groups of consumers with similar needs or characteristics that lead them to respond in similar ways to a particular marketing programmed.
- A market segment is a portion of a larger market in which the individuals, groups, or organizations.
- Market Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes according to the tastes of the individuals of a particular market segment.
- Demographic segmentation is one of the most common forms. It refers to splitting up audiences based on observable, people-based differences.
- Behavioral segmentation dividing your audience based on behaviors they display allows you to create messaging that caters to those behaviors. Many of the actions you might look at relate to how someone interacts with your product, website, app or brand
- Geographic segmentation, splitting up your market based on their location, is a basic but highly useful segmentation strategy.
- Geographic segmentation, splitting up your market based on their location, is a basic but highly useful segmentation strategy.

Check your Progress

1. _____ is a strategy which is directed towards attracting a huge portion of the audience

   a. Mass Marketing

b. Target Market

c. Niche Marketing

d. Positioning

2. _____one well-defined segment of the population

a. Mass Marketing

b. Target Market

c. Niche Marketing

d. Positioning

3. _____is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations

a. Micro Marketing

b. Macro Market

c. Target

d. Segmentation

Glossary

Mass Marketing: Basically, mass marketing is a strategy which is directed towards attracting a huge portion of the audience. It aims to address the highest number of potential customers while ignoring niche demographic differences.

Niche marketing: is defined as channeling all marketing efforts towards one well-defined segment of the population. There is one important thing to understand that 'niche' does not exist, but is created by smart marketing techniques and identifying what the customer wants

Demographic segmentation: uses categories such as age, education, gender, income, and household size to differentiate among markets.

Geographic segmentation: means segmenting markets by region of the country, city or county size, market density, or climate.

Psychographic segmentation: is market segmentation by personality or lifestyle. People with common activities, interests, and opinions are grouped together and given a “lifestyle name.”

Behavioral segmentation: refers to a process in marketing which divides customers into segments depending on their behavior patterns when interacting with a particular business or website.

Model Questions

1. Discuss the term Market Segmentation
2. Describe the steps of market segmentation
3. Enumerate the customer base of market segmentation.
4. Describe the terms Mass Marketing, Niche Marketing
5. Explain about the other market segmentation
6. Describe the need for market segmentation

Answers to Check Your Progress

1. a. Mass Marketing
2. b. Target Market
3. a. Micro Marketing

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.

Unit - 6
Target Market

STRUCTURE

Overview

Objectives

6.1. Definition of Target Market

6.2. Basis for Target Market

6.3. How to create Target Market?

6.4. How to Select Target Market?

6.5. Ws of Target Market

6.6. Steps to conduct audience research

Let Us Sum Up

Check your Progress

Glossary

Model Questions

Answers to Check your Progress

Suggested Readings

Overview

In this unit it deliberate about the target market, core concepts of target market, 5 Ws of Target Marketing. This unit highlights about the steps to conduct audience research as well as the concept of creating and selecting the target market.

Objectives

After studying this unit, you will able to:

- Explain the term target market
- Determine the ways to create and select the target market
- Learn about the ways to conduct the audience research

6.1. What is a Target Market?

A target market is a group of consumers or organizations most likely to buy a company's products or services. Because those buyers are likely to want or need a company's offerings, it makes the most sense for the company to focus its marketing efforts on reaching them. Marketing to these buyers is the most effective and efficient approach. The alternative - marketing to everyone - is inefficient and expensive

A target market is a group of potential customers that you identify to sell products or services to. Each group can be divided into smaller segments. Segments are typically grouped by age, location, income and lifestyle.

6.2. Basis of Target Market

For the business to thrive you need to know who your customer is. Knowing your customers will help you to target customers who are willing to pay for your product or service. This is a much more effective and affordable way to reach your customers and generate business. If you aim too broadly, or find out too late that there aren't enough customers for your product or service.

By understanding your market, you can promote your product or service more effectively to the right customer group. The following are they will know:

- where they are
- which media channels they use
- what their buying habits are
- how to tailor your marketing to motivate them to buy your product or service.

Depending upon what you sell, your target audience might be niche or broader. For example, if you were a shoe vendor your target audience would be broad, since men, women and children all wear shoes. On the other hand, perhaps you specifically sell high-performance running shoes. Then, your target audience would be more niche – elite athletes between the ages of 20-40 who have expressed an interest in running, or have run a marathon. Either way, it is important to define and segment your target audience in order to determine the creative messaging that will resonate with them, and pinpoint the channels they prefer.

Examples of a Target Audience

Target audiences centre around a specific group of people. These can be men, women, teenagers, or children. They generally share an interest such as reading, running, or soccer. Personas can help advertisers investigate relevant magazine titles or industry publications.

6.3. How to Create Target Market?

- The organization must first decide who all individuals would fit into a particular segment. A male and a female can't be kept in the same segment. The first and the foremost step is to decide on the target market.
- The next step is to identify need and preference of the target market. It is essential to find out what the target market expects from the product.
- Once the target market is decided, organizations can decide on the various strategies helpful to promote their product.

6.4. How to Select the Target Market?

- The target audience must have similar needs, interests and expectations.
- Similar products and brands should entice the individuals comprising the target market.
- Same taglines and advertisements attract the attention of the target audience and prompt them to buy.
- To select a target market, it is essential for the organizations to study the following factors:
  - Understand the lifestyle of the consumers
  - Age group of the individuals
  - Income of the consumers
  - Spending capacity of the consumers
  - Education and Profession of the people
  - Gender
  - Mentality and thought process of the consumers
  - Social Status
  - Kind of environment individuals are exposed to
  - Always remember you would never be successful if you try to impress everyone. Be specific.
  - Identify individuals who show similar characteristics. Put them in one group to create target market within a broad market.

- As a marketer, understanding your target audience is vital. This information will define every marketing plan and strategy you execute.
- Knowing that your target audience reads a certain publication or watches a certain show means that your ad will be seen by fewer people, but the right people.
- In addition to increasing ROI, understanding your target market allows you to build relationships and better communicate with consumers.
- This is especially important at a time where consumers expect every ad to be personalized and highly targeted. In fact, 80 percent of consumers say they are more likely to do business with a brand that offers personalized interactions.
- To determine your target audience, you must spend time analyzing the data you receive from consumer engagements, evaluating current buyers and purchase trends and optimizing as new information is revealed.

6.5. W's Target Market

- The target market analysis starts with our self. The 5Ws of your potential customers to select the most beneficial target market for your business.
- **Who:** Start with questioning yourself about who is going to buy your product? Are they children, teens, millennials, or baby boomers? Are they males or females? Are they service classed or self-employed? What's their yearly income? To get a deeper understanding of your audience, it's important to understand what they are interested in and what scares them. What drives their decision making? In order to determine this, think about the prospect as more than a number or a dollar sign. As cheesy as it sounds, remember: *prospects are people, too.*
- **What:** What type of products and services do they buy now and what do they expect from it? Does your product fit their requirements?
- **When:** When do they buy the product? Is it daily or rarely? When do they use the product?
- **Where:** Where do they live? Where do they use the product?

- **Why:** Do they buy it because it's their need, or is it a luxury product for them?

6.6. Steps to Conduct Audience Research

The following steps should help you realize your target audience:

- **Analyze Your Customer Base and Carry Out Client Interviews**

  One of the best ways to determine who your target audience is to look at who already buys your product or service. How old are they, where do they live, what are their interests? A good way to learn this is through engaging on social or distributing customer surveys.

- **Conduct Market Research and Identify Industry Trends**

  Look at the market research for your industry to determine where there are holes in service that your product can fill. Look at trends for similar products to see where they are focusing efforts, then hone in further on your products unique value.

- **Analyze Competitors**

  Marketers can learn a lot by looking at competitors to see who they are commonly selling to, and how they go about it.

- **Create Personas** Creating personas are a great way to drill down into the specific segments that make up your target audience.

- **Define Who Your Target Audience Isn't**

  There will certainly be consumers who are close to your target demographic, but who will not act on messaging. Knowing this will keep your teams from devoting ad dollars to segments that will not yield returns.

- **Continuously Revise**

- As you gather more data and interact with customers, you will get an increasingly accurate understanding of your target audiences. Based on this information, you must constantly optimize and hone personas to achieve the best results.

- **Use Google Analytics**

- Google Analytics offers extensive data about the users visiting your site. This information can be leveraged to determine key insights such as what channels your target audience is coming from or what type of content they're engaging and connecting

with the most, allowing you to make more data-driven decisions during the media planning process.

Let us Sum Up

In this unit, you have learned about the following:

- A target market is a group of consumers or organizations most likely to buy a company's products or services. Because those buyers are likely to want or need a company's offerings, it makes the most sense for the company to focus its marketing efforts on reaching them. Marketing to these buyers is the most effective and efficient approach.
- Target audiences centre around a specific group of people. These can be men, women, teenagers, or children. They generally share an interest such as reading, running, or soccer. Personas can help advertisers investigate relevant magazine titles or industry publications.
- Analyse Your Customer Base and Carry Out Client Interviews: One of the best ways to determine who your target audience is to look at who already buys your product or service. How old are they, where do they live, what are their interests? A good way to learn this is through engaging on social or distributing customer surveys.

Check your Progress

1. _____is a group of consumers or organizations most likely to buy a company's products or services.
   a. Target Market
   b. Market
   c. Segmentation
   d. Niche Market
2. _____offers extensive data about the users visiting your site
   a. Google Analytics
   b. Market Analytics
   c. Segmentation
   d. Market segment
3. A target market is a group of consumers or organizations most likely to buy a company's products or services – True or False

Glossary

Target market: A target market is a group of consumers or organizations most likely to buy a company's products or services.

The target market analysis starts with yourself. The 5 Ws of your potential customers to select the most beneficial target market for your business.

A target market is a group of potential customers that you identify to sell products or services to.

Model Questions

1. Enumerate the target market.
2. Explain the 5 Ws of Target Market
3. Describe about the steps to conduct audience research.
4. How to Select the Target Market?

Answers to Check your Progress

1. a. Target Market

2. a. Google Analytics

3. True

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.

Unit - 7
Market Positioning

STRUCTURE

Overview
Objectives
7.1. Definition of Market Positioning
7.2. Types in Product Positioning
7.3. Compare POP and POD
7.4. Product Positioning
7.5. Perceptual Mapping
7.6. Product Positioning Process
Let Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

This unit comprises of the term Positioning, its types of product positioning, the comparison between the POP and POD that is understanding the difference between the points of parity and points of difference. The term Perceptual Mapping will be discussed based on the various products positioning process. The main objective of the unit is to understand the scenario of product positioning and the way to map the product positioning mapping.

Objectives

After studying this unit, you will able to:

- Determine the term of market positioning
- Compare the Points of Parity and Points of Difference
- Learn about the perceptual mapping

7.1. Market Positioning

Market Positioning refers to the ability to influence consumer perception regarding a brand or product relative to competitors. The

objective of market positioning is to establish the image or identity of a brand or product so that consumers perceive it in a certain way.

- The place a product occupies in consumers' minds relative to competing products.
- It is act of designing the company's offering and image to occupy a distinctive place in the minds of the target market.
- Positioning is the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market

7.2. Types of Positioning

There are several types of positioning strategies. A few examples are positioning by:

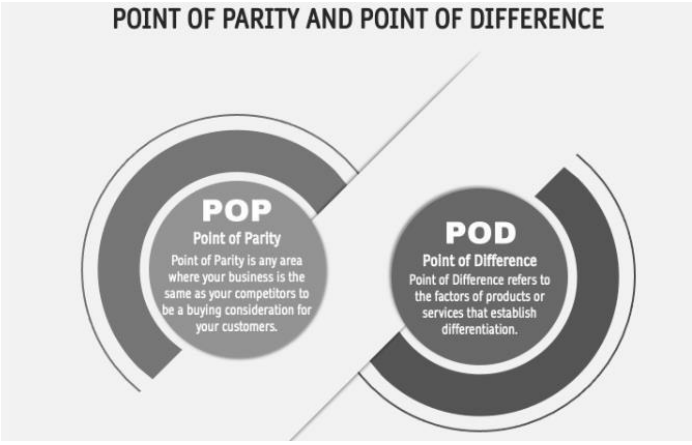
- **Product attributes and benefits:** Associating your brand/product with certain characteristics or with certain beneficial value
- **Product price:** Associating your brand/product with competitive pricing
- **Product quality:** Associating your brand/product with high quality
- **Product use and application:** Associating your brand/product with a specific use
- **Competitors:** Making consumers think that your brand/product is better than that of your competitors.

7.3. Compare Points of Parity & Points of Difference

- **Points of parity** (POP) are essentially industry standards that make a business legitimate in their field. It's the qualities that all businesses have in order to be competitive and on par with one another. In other words, points of parity are industry-specific similarities that are shared among many businesses.
- Points of parity are the bare minimum for competitive businesses. If you want to be competitive, your company needs to have all the points of parity covered.
- **Points of difference**, also known as points of differentiation or POD, is what you need to determine once the points of parity have been covered. These are the things that are truly unique to your business and that give you a competitive edge. When you are creating marketing pieces, campaigns and landing pages the points of difference are what you want to highlight in your messaging.

- The factors or features of services and products which are a cornerstone in establishing the differentiation for them is called a point of difference.
- Here differentiation refers to the way in which the products or services are different from their respective competitors.
- Point of parity on the other hand or the associations which may not be necessarily exclusive to the particular brand but may also be shared by other competitive brands.
- The objective in point of parity is to match the competitor who claims to have the best feature. Point of parity may not be the only reason that people choose a particular brand but people definitely do not choose the brand when it does not have the said point of parity feature.
- It is usually industry-specific to identify the points of differentiation and points of parity. Points of Parity are the elements that are essential for a brand to be considered as a full-fledged competitor in that particular category.
- This is the final decision maker which makes the customer purchase the brand over the competitors. The idea here is not to best or beat the competitor but to complete alongside the best. Points of parity are the primary points in which you can compete with your competitor and try to stay in the race.
- One of the primary decisions that the firm has to make while launching a product is the extent to which they would differentiate the product. A proper mix of point of difference and point of parity is essential for a successful product.
- If a product is with excessively different features or is loaded with high points of difference then it may not complete and stand odd amongst all the competitors. The point of difference should be distinct enough to differentiate itself from the competitors but should be equally appealing, sensitive and catchy for the customers to feel the need for the difference.
- If the customer does not feel the need for the difference, then there is no point in having the point of difference.
- On similar lines if there are too many points of parities then it will appeal the customers who would settle for a second option, or for cost-conscious customers. The product or the service will lack

originality if everything about it is a point of parity and it will lose appeal for many customers.



Sources : https://www.sketchbubble.com/en/presentation-point-of-parity-and-point-of-difference.html

- **Points of difference:** Are attributes / benefits consumers strongly associate with a brand, positively evaluate & believe they could not find to the same extent with a competitive brand.
- **Point of Parity:** Are associations that are not necessarily unique to the brand but may in fact be shared with other brands.

7.4. Product Positioning

Product positioning is a process of communicating the benefits of your product to the target audience. Positioning defines what place a product or service occupies in customers' minds and how it differs from competitors. The process is related to identifying the appropriate market niche for the product and getting it established in that area.

In simple words, within the process of positioning, the marketers determine the group of customers with common characteristics. Then they analyze the product's strengths and weaknesses and compare it to their competitors' offerings. For example, Bentley positions its products as symbols of luxury. Apple presents its operating systems as innovative and user-friendly products. In the advertising campaigns, Starbucks describes the beverages using the following characteristics: "the best coffee", "the finest milk", "clean and natural", "rich and smooth flavour's", "100% recycled paper use".

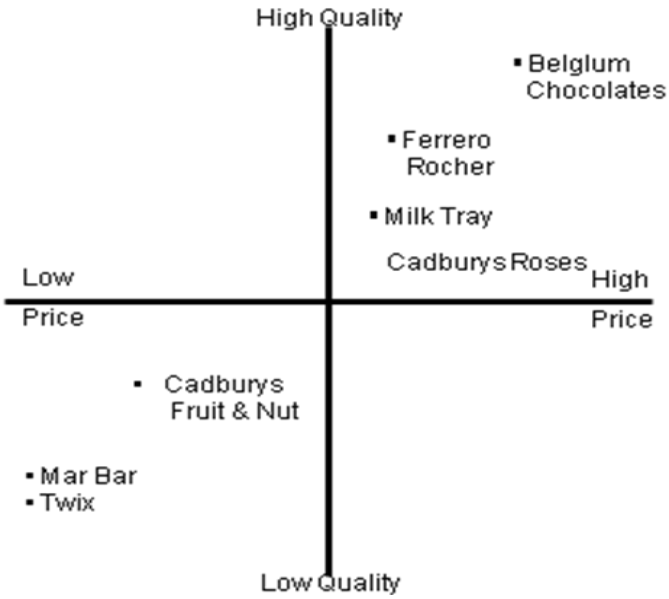
Positioning has a wide range of benefits. It makes the product distinctive and helps communicate its unique selling proposition. Product positioning broadcasts a distinct image of a product or service, influencing how consumers perceive the product relative to the competitors.

7.5. Positioning Map or Perceptual Mapping

Firms use perceptual or positioning maps to help them develop a market positioning strategy for their product or service. As the maps are based on the perception of the buyer, they are sometimes called perceptual maps. Positioning maps show where existing products and services are positioned in the market so that the firm can decide where they would like to place (position) their product. Firms have two options they can either position their product so that it fills a gap in the market or if they would like to compete against their competitors, they can position it where existing products have placed their product.

A product positioning map is a two-dimensional chart with horizontal and vertical axes that represent attributes. The attributes might include quality, price, reliability, size, features, packaging, performance, safety, or other positioning comparison criteria.

A perceptual map is effectively a way to plot your product positioning against the positioning's of other market players based on two key characteristics of your choice. Perceptual maps are powerful tools used by companies to develop the positioning strategy, understand consumer behaviour, track market trends and identify the market gaps. The goal is to find the niche your product would take in the customers' minds.



Differences*Source:https://www.learnmarketing.net/perceptualmaps.htm*

- **Drawing a Perceptual (Positioning) Map**

  Theoretically a perceptual map can have any number of lines, to keep things simple they usually have 2 lines the x and y axis. The x

axis goes left to right and the y axis goes bottom to top. Any criteria can be used for the map for example price, quality, status, features, safety and reliability. Once the two lines have been drawn and labelled existing products will be placed onto the map.

- **Example Perceptual Map**

  In the example below two dimensions price and quality have been used. If we plot the UK chocolate market, we can identify where existing chocolate brands have been positioned by manufacturers.

  For example, our fictional brand of Belgian chocolates called Belgium Chocolates are high quality and high price so they are placed in the top right-hand box, whilst Twix is an affordable "every day" treat chocolate so it has been placed in the bottom left-hand square, in the low-quality low-price brand box.

- **The Purpose of Perceptual Maps**

  Perceptual maps can help identify where (in the market) an organisation could position a new brand. In our example this could be at the medium price and medium quality position, as there is a gap there. There is also a gap in high price low quality but consumers will not want to pay a lot of money for a low-quality product.

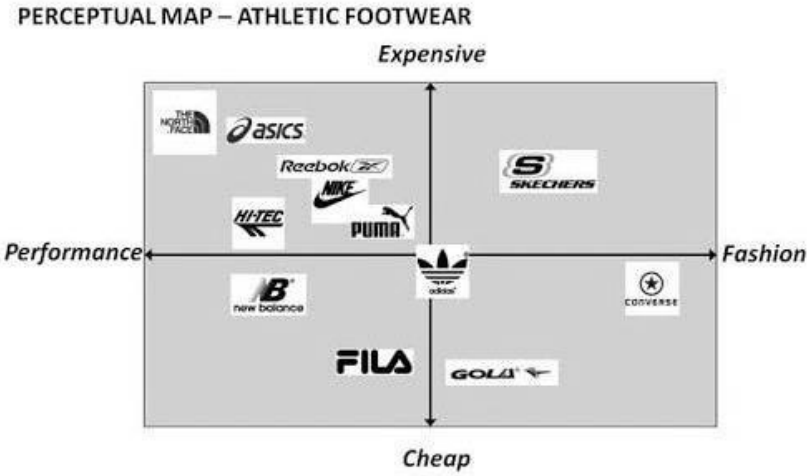
  Similarly, the low-price high-quality box is empty because manufacturers would find it difficult to make a high-quality chocolate for a cheap price or make a profit from selling a high-quality product at a low price.

- **The Perceptual Map for Athletic Footwear**

  The map displays the correlation between the price and performance of the sports shoes. As we can see from the example, the most expensive and functional brands are The North Face, Asics, Reebok, Nike, Puma, and Hi-Tec.

  New Balance and Fila are cheaper but also suitable for training. Skechers footwear is positioned as a more expensive product, but at the same time, it is more fashionable than the competitors. Gola and Converse are more affordable brands of stylish shoes.

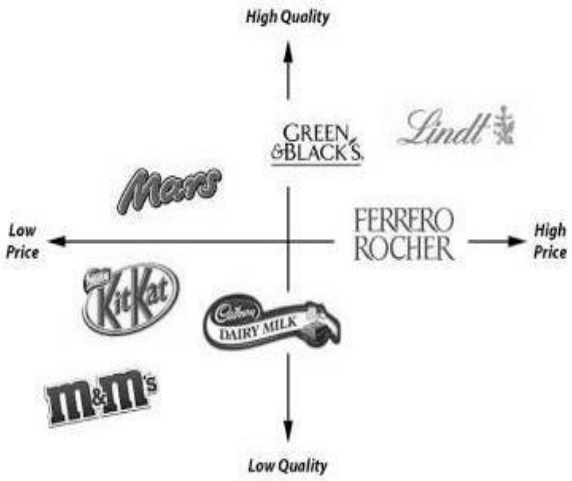
  A Perceptual Map provides a visual picture of how customers see different competitors.



Source: https://www.learnmarketing.net/perceptualmaps.htm

- **The perceptual map for chocolate manufacturers**

  The example demonstrates the price-quality ratio and the analysis of the positioning of the most popular chocolate brands. Lindt is the chocolate of the highest quality, and also it is one of the most highly-priced products. Mars and Ferrero Rocher are in the middle of the chart due to the quality attributes. However, Mars is positioned as a more affordable brand. Ferrero Rocher produces more expensive chocolate, but the quality is lower compared to Lindt. KitKat, M&Ms, and Cadbury fill the same market niche according to price and quality parameters.



Source: https://www.learnmarketing.net/perceptualmaps.htm

7.6. Product Positioning Process

The positioning process's objective is to develop an identity that reflects the product's value and highlights its competitive advantage over the other

offerings on the market. The product positioning process usually includes six steps.

- **Understand the market landscape**

The positioning process starts from understanding the target market and market dynamics. You need to define the product or market category to position your product or service. Then think of the target segment and the factors which are important for buyers when they make a purchasing decision. The next step is to understand how the buyers view your competitors in the category.

- **List your competitive advantages**

Competitive advantage is a specific feature that allows your product to stand out from the competition. Your product advantage can be the price, features, or benefits. For example, you can offer the products at a lower price than your competitors or develop better characteristics or features, such as personalization, more stylish design, or a quicker delivery. You can also provide unique customer benefits like convenience, time savings, or more choices.

Make a comprehensive list of tangible and intangible benefits that differentiate you from competitors. It is often difficult to maintain a competitive advantage when it comes to features and pricing. Due to this reason, market-leading brands rely on intangible benefits like the feeling of safety or happiness.

Let us Sum Up

In this unit, you have learned about the following:

- Market Positioning refers to the ability to influence consumer perception regarding a brand or product relative to competitors. The objective of market positioning is to establish the image or identity of a brand or product so that consumers perceive it in a certain way. The positioning process's objective is to develop an identity that reflects the product's value and highlights its competitive advantage over the other offerings on the market.
- Points of difference: Are attributes / benefits consumers strongly associate with a brand, positively evaluate & believe they could not find to the same extent with a competitive brand.
- Point of Parity: Are associations that are not necessarily unique to the brand but may in fact be shared with other brands.

- Perceptual maps can help identify where (in the market) an organisation could position a new brand. In our example this could be at the medium price and medium quality position, as there is a gap there.

Check your Progress

1. _____ refers to the ability to influence consumer perception regarding a brand or product relative to competitors

   a. Marketing Products

   b. Market Positioning

   c. Points of parity

   d. Points of similarity

2. _____ are essentially industry standards that make a business legitimate in their field.

   a. Points of parity (POP)

   b. Points of difference (POD)

   c. Market Positioning

   d. Product differentiation

3. _____ also known as points of differentiation or POD, is what you need to determine once the points of parity have been covered.

   a. Points of parity (POP)

   b. Points of difference (POD)

   c. Market Positioning

   d. Product differentiation

Glossary

Market Positioning refers to the ability to influence consumer perception regarding a brand or product relative to competitors. The objective of market positioning is to establish the image or identity of a brand or product so that consumers perceive it in a certain way.

A product positioning map: is a two-dimensional chart with horizontal and vertical axes that represent attributes. The attributes might include quality, price,

	reliability, size, features, packaging, performance, safety, or other positioning comparison criteria.
Perceptual maps	can help identify where (in the market) an organisation could position a new brand. In our example this could be at the medium price and medium quality position, as there is a gap there.
Points of difference:	Are attributes / benefits consumers strongly associate with a brand, positively evaluate & believe they could not find to the same extent with a competitive brand.
Point of Parity:	Are associations that are not necessarily unique to the brand but may in fact be shared with other brand

Model Questions

1. Explain the product positioning
2. Compare the POP and POD
3. Discuss the tem Product positioning process
4. Enumerate the product positioning map
5. Explain the types of product positioning

Answers to Check your Progress

1. b. Market Positioning

2. a. Points of Parity (POP)

3. b. Points of Difference (POD)

Suggested Reading

1. https://www.marketing91.com/positioning-techniques/
2. https://www.sketchbubble.com/en/presentation-point-of-parity-and-point-of-difference.html

Block-3: Introduction

Block-3: Product Decision has been divided in to three Units.

Unit-8: Product Design - What is Product?, Core Concept of Product Levels, Product Life Cycle, Classification of Product, New Product Development, Product Mix.

Unit-9: Packaging, Labelling and Brand - What is Labelling &Packing?, Importance of Labelling in Marketing, Compare Packaging & Labelling, Purpose of Packaging, Introduction of Branding, Elements of Branding.

Unit-10: Pricing - Introduction to Pricing, Types of Pricing, Adapting the pricing, Factors Influencing Pricing, Determinants of Price in Marketing.

In all the units of Block -3 **Product Decision**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

Unit- 8
Product Decision

STRUCTURE

Overview
Objectives
8.1. What is Product?
8.2. Core Concept of Product Levels
8.3. Product Life Cycle
8.4. Classification of Product
8.5. New Product Development
8.6. Product Mix
Let Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

In this unit it comprises of the marketers to create numerous types of product decisions. Through product decisions, marketers be able to enhance value to customers and reinforce customer relationships through their offerings. However, it is also vital to periodically assess the core product levels, classification of the product, new product development, and product mix to minimize the risks of losses or losing out on potential profit.

Objectives

After studying this unit, you will able to:

- Understand the terms Product, Core levels of Product
- Examine the term Product life cycle
- Determine the term New Product development

8.1. What is Product?

A product may be defined as a set of tangible, intangible and associate attributes capable of being exchanged for a value with the ability to satisfy consumers and business needs. It is anything that can be offered to a market to satisfy the needs or wants of the customer. The products that are marketed include physical goods, services, experiences, events, person, place, properties, organization, information and ideas.

Many authors define the term 'product' in the following manner:

Philip Kotler: "A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organizations and ideas."

Alderson: "A product is a bundle of utilities consisting of various features and accompanying services."

Schwartz: "A product is something a firm market that will satisfy a personal want or fill a business or commercial need and includes all the peripheral factors that may contribute to consumer's satisfaction."

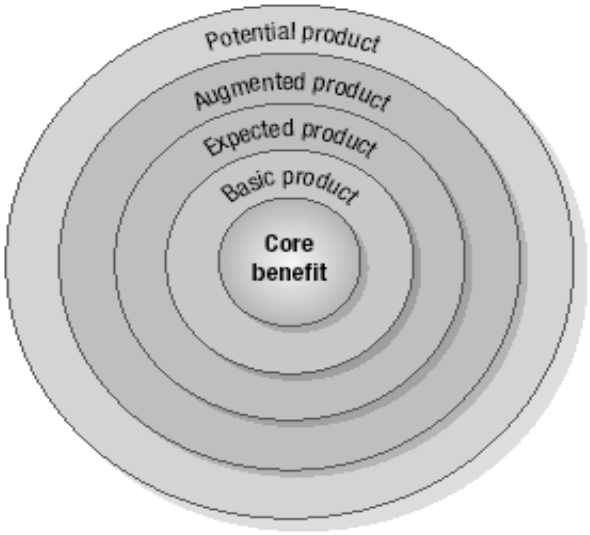
William J. Stanton: "A product is a set of tangible and intangible attributes, including packaging, colour, price, manufacturers and retailers' prestige and services, which the buyer may accept as offering satisfaction of wants and needs."

Rustam S. Davor: "A product may be regarded from the marketing view point as a bundle of benefits which are being offered to consumers.

Thus, we can say a product is both what a seller has to sell and what buyer has to buy. Buyer will buy a product which can offer him expected satisfaction.

8.2. Core Concept of Product Levels

A product has many dimensions beside its physical appearance. In fact, a product is like an 'onion' with several layers and each layer contributes to the total product image. ***According to Philip Kotler, "The consumers will favour those products that offer most quality, performance and features."***. Philip Kotler has described the five levels of products.



Source:www.gktoday.com

- **Core Benefit (or product)**

This is the basic level that represents the heart of the product. Here, the focus is on the purpose for which the product is intended.

- **Basic Product**

The second level of the product, the tangible product (also called the actual, physical or formal product) is the physical product or service offered to consumers. This represents all the characteristics of the product like quality, features, design, brand name, packaging, etc. For example, we buy a warm coat which has a good quality material, rain repellent ability, fit and high-quality fasteners, etc.

- **Expected Product**

At this level, a marketer prepares an expected product, a set of attributes and conditions buyer normally expect when he purchases the product. For example, when we purchase a coat, it should be really warm, protect us from the weather and the wind and be comfortable when riding a bicycle.

- **Augmented Product**

This level is supported by additional customer services and benefits. In other words, it exceeds customer expectations. For example, when we purchase a freeze, we not only see its style, trendy colour and fashion brand but also its service, warranty and safe-home delivery, etc. Thus, we can say, this dimension of product is very important for a firm operating in a competitive market.

- **Potential product**

The last level of product is its potential part i.e., all the unexpected changes in technology, attributes, features, styles, colour, grade, quality, etc. that might change the characteristics and structure of company in future are taken into account. For example, as per the needs & demands of customers, IT companies changes the processing speed of computer, laptops, smart phones, etc. to remain competitive in the market.

8.3 Product Life Cycle

The Product Life-Cycle (PLC) concept indicates as to what can be expected in the market for a new product at various stages i.e., introduction, growth, maturity and decline. It is used as a forecasting tool and helps the management to check whether its product is in saturation or decline stage. This will help in taking sound marketing decisions at different stages of the Product life cycle. Many authors define the term 'Product Life-Cycle (PLC)' in the following manner:

Philip Kolter: "The product life-cycle is an attempt to recognize distinct stages in the sales history of the product."

Arch Pattern: "The life-cycle of a product has many points of similarity with the human life cycle, the product is born growth lustily attains dynamic maturity then enters its declining years."

Willian J. Stanton: "From its birth to death, a product exists in different stages and in different competitive environment. Its adjustment to these environments determines to a great degree just successful its life will be."

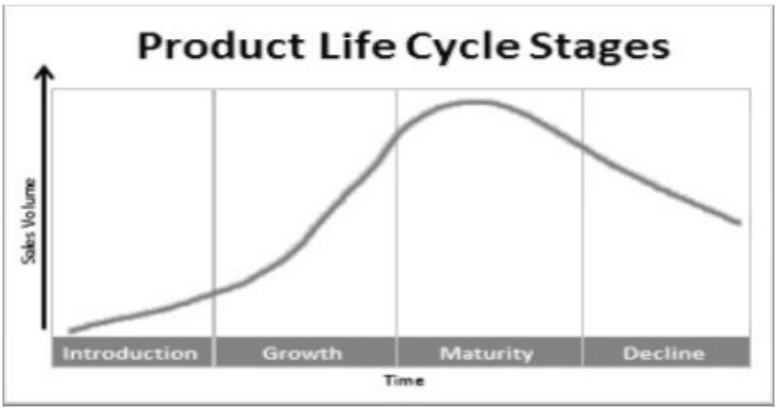
1 Stages in Product Life-Cycle (PLC)

Every product move through the four stages viz. introduction, growth, maturity and decline. As the product moves through different stages of its life cycle, sales volume and profitability changes from stage to stage. The different stages of PLC are as given below:

Introduction (Pioneering) Stage

Here, the new product or service is launched in the market. In it, the demand for the product is generated slowly and growth in sales volume is at a lower rate because of lack of knowledge on the part of the customers and difficulties in making the product available to the customers. In this stage, pricing, promotion and distribution decisions are to be handled and monitored carefully to ensure growth in demand.

This stage requires heavy expenses on advertising and sales promotion as the product or service is almost new to the consumers. Thus, the prices are usually high during the introduction stage because of small scale of production, technological problems and heavy promotional expenditure. Under this stage, competition is negligible; markets are limited and the product innovation in not known much.



Sources: https://www.gktoday.in/topic/product-life-cycle-plc/

Growth Stage

As the product gains popularity, it moves into the second phase of its life-cycle, i.e., the growth stage. It is the period during which the product is accepted and demanded by consumers. This stage signifies growth in demand, fall in prices, increase in competition and widening of distribution.

Here, the firms focus on brand preference and gaining market share by deeper penetration into the existing markets and entry into new markets. The falling ratio of promotional expenditure to sale leads to increase in profitability during this stage.

Maturity stage

In this stage, brand awareness is strong so sale continues to rise but at a decreasing rate as compared to past. Here, maturity of the product is reflected through high and saturated sales volume and profits, well-established brand name in the market, increased customer loyalty and increased market share.

In this stage, the number of competitors stabilizes and the companies concentrate on maintaining its market share, rather than making the profits. There is saturation in the market as there is no possibility of sales increase. Thus, many business enterprises adopt product modification, product up-gradation and product differentiation to give extension to maturity stage.

Decline Stage

This is the final and crucial phase of the product life cycle. It resembles the decline in sales and profit, change in trends and unfavourable economic conditions. It is mainly caused by obsolescence, changes in customer preferences, technological advances, new regulatory requirements, such as environmental protection laws, global competition, etc. Thus, this stage is characterized by either the product's gradual displacement by some new products or change in consumer buying behaviour.

By understanding the product life cycle of all the products and services of the company, marketing manager must change his marketing strategies, policies and programmes by keeping in view the changing circumstances of the market. He must have a close eye upon the policies and strategies of his competitors. By doing this, he can guarantee a regular source of profit for all of his company's products.

8.4. Classification of Goods

Classification of products on the basis of Durability & tangibility

- **Non-durable goods**

These are tangible goods that are low priced and normally consumed in one or few uses everyday or anytime of the day such as soaps, biscuits, shampoos, deodorants, etc. As these goods are consume quickly and purchased frequently, the appropriate strategy is to make them available in many locations, charge only a small mark up and advertise heavily to induce trial and build preference.

- **Durable goods**

These are also tangible goods that remain in use months after months and year after year. Normally, they require more personal selling and service, guarantee, higher margin, etc. For example: couches or chairs, vacuum cleaners, washing machines, etc.

- **Services**

These are intangible, inseparable, variable and perishable products. As a result, they normally require more quality control, supplier creditability and adaptability. Example- hair cut, legal advices, appliance repair, financing, etc.

There are **four types of products** and each is classified based on consumer habits, price, and product characteristics: convenience goods, shopping goods, specialty products, and unsought goods.

Let's divide into each one in more detail.

Source : https://www.gktoday.in/types-of-products-and-goods/#google_vignette

1. Convenience Goods

Like the Crest toothpaste example, convenience goods are products that consumers purchase repeatedly and without much thought.

Once consumers choose their brand of choice, they typically stick to it unless they see a reason to switch, such as an interesting advertisement that compels them to try it or convenient placement at the checkout aisle. These products include gum, toilet paper, soap, toothpaste, shampoo, milk, and other necessities that people buy regularly.

To market a convenience good, you want to consider that most people will impulse buy these products. Placing your products near the checkout line at a store could be a good idea for these products — which is why you'll often find candy and gum at the front of a store.

Since most convenience products are priced low, cost and discounting isn't a major deciding factor when considering a purchase. I won't switch my toilet paper brand just to save a few cents.

For convenience goods, brand recognition is key. With this in mind, you'll want to implement widespread campaigns to spread awareness of your company if possible.

2. Shopping Goods

Shopping goods are commodities consumers typically spend more time researching and comparing before purchase.

They can range from affordable items, like clothes and home decor, to higher-end goods like cars and houses.

These are more one-off purchases with a higher economic impact.

For instance, while you will buy toilet paper over and over again for the rest of your life, you'll likely only purchase a house a few times at most. And, since it's an expensive and important purchase, you'll spend a good amount of time deliberating on it, attending different open houses, and comparing the pros and cons of your final selection.

The same can be said for smaller products. If you have an event coming up and you want to purchase a nice pair of shoes, this doesn’t fall under impulse purchases.

Instead, you'll want to try it on, consider whether the price is worth it, and even get input from your loved ones.

To market a shopping good, invest in content that persuades your buyer of your product’s value. It's important your marketing materials demonstrate how your product differs from the competition, and the unique value it provides consumers. Price also plays a role in this product type, so the promotion of discounts and sales can attract consumers toward your brand.

3. Specialty Goods

A specialty good is the *only* product of its kind on the market, which means consumers typically don't feel the need to compare and deliberate as much as they would with shopping products. When marketing a specialty good, you don't necessarily need to spend too much time convincing consumers that your product is different from competitors. They already know already.

Instead, focus on how your products are constantly innovating and improving. This will ensure your customers will remain loyal to your brand.

4. Unsought Goods

Finally, unsought products - goods that people aren't typically *excited* to buy. Good examples of unsought goods include fire extinguishers, batteries, and life insurance. People will typically buy an unsought good out of a sense of fear or danger. For instance, you wouldn't go on the market looking for the "new and best" fire extinguisher. You'd only purchase one due to the fear of a potential fire. Alternatively, some unsought goods, like batteries, are bought simply because the old ones expired or ran out.

When marketing an unsought good, focus on reminding consumers of the existence of your product, and convincing consumers that purchasing your product will leave them with a better sense of security.

8.5. New Product Development

New product development is a seven-stage process that aims to transform an idea into a workable, quality product. This write-up walks you through the development stages in detail. New Product Development is the process of bringing a new idea to life that focuses on solving the problems of the target audience.

The secret sauce for new product development's idea success is simple - focus on product discovery and address the pain points of the target audience. This is why it is essential to gather customer insights through customer surveys, interviews, monitoring social media interactions, and ethnographic research. New product development is the process of converting an idea into a workable software product.

The New Product Development (NPD) process is about grabbing the market opportunity that revolves around customer needs, checking the idea's feasibility, and delivering working software.

1 Seven Stages of New Product Development Process

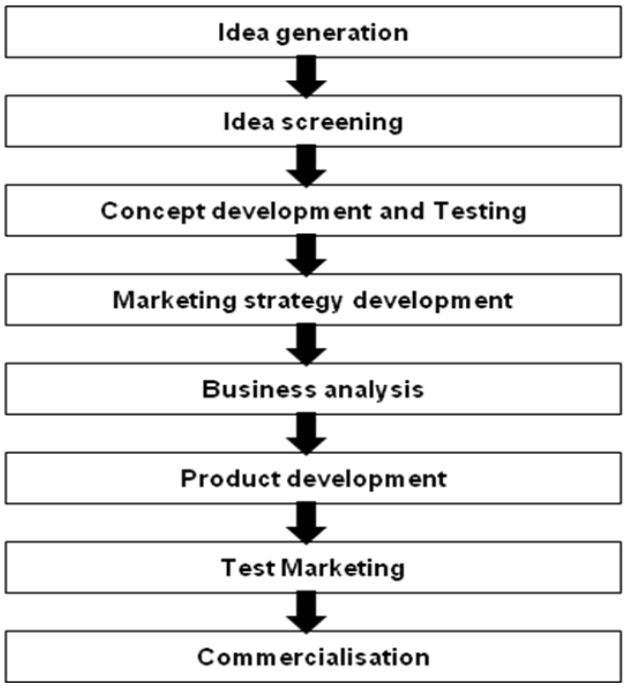
Building new products and services can be a process filled with uncertainty. However, following the systematic New Product Development process can help businesses gain clarity and confidence in what they are building.

Stage 1: Idea Generation

The goal should be to generate many worthy ideas that can form the foundation for the New Product Development strategy. The major focus for stage 1 should be to arrange brainstorming sessions where solving customer problems are given precedence.

Stage 2: Idea Screening

This New Product Development stage revolves around choosing the one idea that has the highest potential for success. Put all the ideas available on the table for internal review. That is, turn to people with industry knowledge and experience in the field for idea screening.



Source:https://theintactone.com/2019/03/07/mm2-u2-topic-8-new-product-development-process/

Stage 3: Concept Development & Testing

Before starting with the New Product Development process, building a detailed version of the idea and the user stories should be given priority.

This value proposition evaluation is the first step towards concept development and testing. At the very least, it ensures that problems in the approach are discovered sooner and the team can course-correct earlier. That helps to ensure that technical debts will not accumulate.

Stage 4: Market Strategy/Business Analysis

Marketing strategy is all about drafting a way to reach out to the targeted audience. Perhaps the best and most straightforward method is to follow McCarthy's 4Ps of marketing for a New Product Development project.

Stage 5: Product Development

When the New Product Development idea is in place, the market strategy is documented, and the business analysis is completed, it is time to move on with the product life-cycle development process.

Stage 6: Product development

The new product development process goes on with the actual product development. Up to this point, for many new product concepts, there may exist only a word description, a drawing or perhaps a rough prototype. But if the product concept passes the business test, it must be

developed into a physical product to ensure that the product idea can be turned into a workable market offering. The R&D department will develop and test one or more physical versions of the product concept. Developing a successful prototype, however, can take days, weeks, months or even years, depending on the product and prototyping methods.

Stage 7: Test marketing

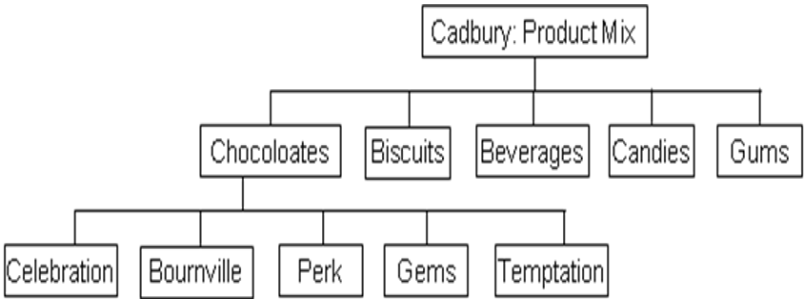
The last stage before commercialization is test marketing. In this stage of the new product development process, the product and its proposed marketing program are tested in realistic market settings. Therefore, test marketing gives the marketer experience with marketing the product before going to the great expense of full introduction. The amount of test marketing necessary varies with each new product. Especially when introducing a new product that requires a large investment, when the risks are high, or when the firm is not sure of the product or its marketing program, a significant amount of time may be spend on test marketing.

8. **Commercialization**

Test marketing has given management the information needed to make the final decision: Launch or do not launch the new product. The final stage in the new product development process is commercialization. Commercialization means nothing else than introducing a new product into the market. At this point, the highest costs are incurred: the company may need to build or rent a manufacturing facility. Large amounts may be spent on advertising, sales promotion and other marketing efforts in the first year.

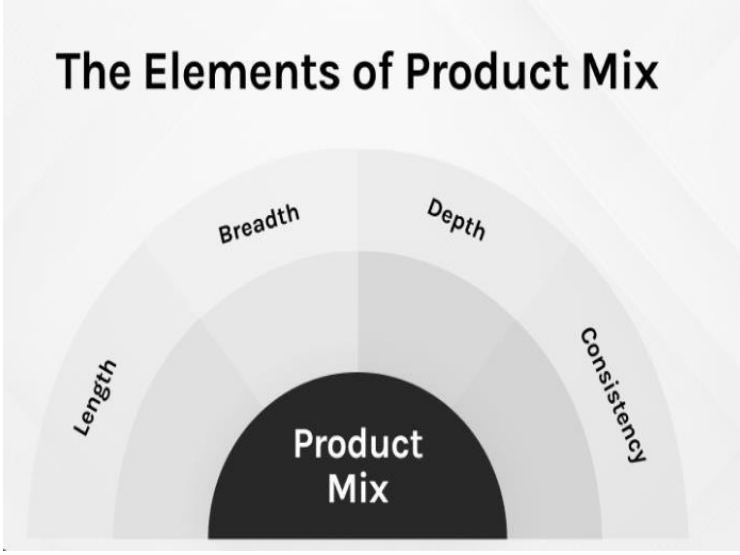
8.7. Product Mix

The product mix (also called product assortment) is the complete set of all products and items a particular seller offers for a sale. ***According to American Marketing Association, "Product Mix is the composed of products offered for sale by a firm or a business unit."***



Source: https://www.gktoday.in/topic/product-mix/

A product mix consists of various product lines:



Source : https://www.founderjar.com/elements-of-product-mix/

Product mix width

The width of product mix refers to the number of product lines that a company offers to the consumers. The diagram above shows that Cadbury offers wide range of products like chocolates, biscuits, beverages, candles, gums, etc.

Product mix length

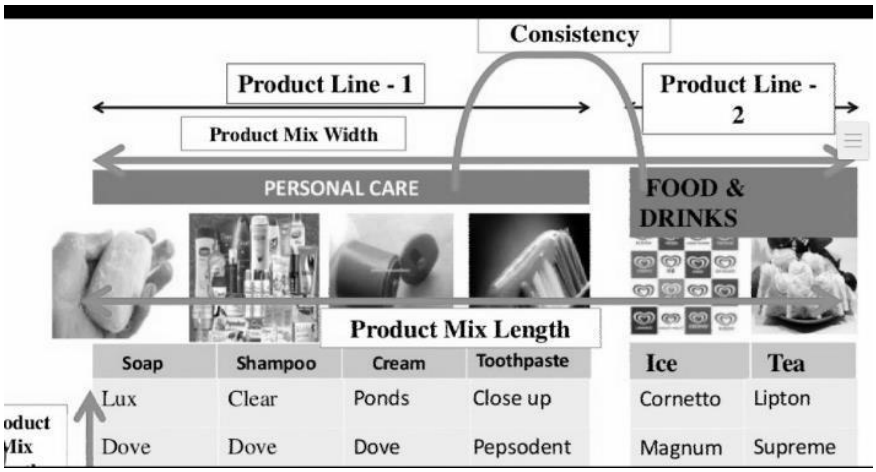
The length of product mix refers to the total number of products or items that a company carries within its product line. In the given diagram, Cadbury has five products. Hence, the length of product mix is 5.

Product line depth

It refers to how many variants are offered to each product in the line. The variants include size, colour, flavours and other distinguishing characteristics. The above diagram shows that Cadbury offers wide range of products within its chocolate brand viz. Diary milk, Celebration, Bourneville, 5 Star, Perk, Gems, etc.

Product mix consistency

The consistency of a company's product mix refers to how many closely related various product lines are in end use, production requirements, and distribution channels or in other way.



Source : https://www.youtube.com/watch?v=YK-SRSk0JNU

Let us Sum Up

In this unit, you have learned about the following:

- A product may be defined as a set of tangible, intangible and associate attributes capable of being exchanged for a value with the ability to satisfy consumers and business needs. Product is anything that can be offered to a market to satisfy the needs or wants of the customer.
- The products that are marketed include physical goods, services, experiences, events, person, place, properties, organization, information and ideas.The core levels of product are core product, basic product, expected product, augmented product and potential product. The Product Life cycle stages are Introduction, Growth, Maturity and decline
- The product mix (also called product assortment) is the complete set of all products and items a particular seller offers for a sale. *According to American Marketing Association,* “Product Mix is the composed of products offered for sale by a firm or a business unit.”New product development is a seven-stage process that aims to transform an idea into a workable, quality product. This write-up walks you through the development stages in detail.New Product Development is the process of bringing a new idea to life that focuses on solving the problems of the target audience.
- The stages of new product development are Idea generation, Idea screening, concept development, marketing strategy business analysis, product development, best marketing and commercialization.

Check your Progress

1. A _____ may be defined as a set of tangible, intangible and associate attributes capable of being exchanged for a value with the ability to satisfy consumers and business needs
   a. Product
   b. Place
   c. Position
   d. Product development
2. _____ the tangible product (also called the actual, physical or formal product) is the physical product or service offered to consumers.
   a. Core Product
   b. Augmented Product
   c. Expected Product
   d. Potential Product
3. The _____ is an attempt to recognize distinct stages in the sales history of the product."
   a. New Product development
   b. Product life-cycle
   c. Product Mix
   d. Product decisions

Glossary

Product: A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes physical objects, services, personalities, place, organizations and ideas.

Product: is anything that can be offered to a market to satisfy a want or need.

Core product: *is the m*ost fundamental benefit customer is buying, heart of the system, the inner need that urges the consumers to buy something, no matter if it is a product or a

	service. The main aim of consumers is to satisfy this inner urge.
Basic Product:	is the basic product that might satisfy the inner needs of the consumer. On this stage the product only contains those values that are totally necessary for it to function.
Expected Product:	A set of attributes and conditions customers expect. This depends on the chosen target audience. This is expected from a marketer.
Augmented Product:	*those attributes of the product that can* ***differentiate it from the competitors' products*** *and might provide a slight advantage over them for the consumers.*
The Product Life-Cycle (PLC):	*refers to the different stages a product goes through from introduction to withdrawal.*
Product Mix:	***is*** the set of products offered for sale by a company.
Product width:	the width of the mix refers to the number of product lines the company has to offer.
Product Depth:	The depth of the product mix refers to the total number of products within a product line.
Product item:	a specific model, brand, or size of a product within a product line

Model Questions

1. Explain the product life cycle
2. Enumerate the core product levels
3. Describe the steps in new product development
4. Describe the Product Mix
5. Summarize the 4 classification of products

Answer to Check your Progress

1. a. Product
2. b. Basic product
3. c. Product life-cycle

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.
2. https://neilpatel.com/blog/4-ps-of-marketing/

Unit - 9

Packaging, Labelling and Branding

STRUCTURE

Overview

Objectives

9.1. What is Labelling and Packing?

9.2. Importance of Labelling in Marketing

9.3. Compare Packaging and Labelling

9.4. Purpose of Packaging

9.5. Introduction of Branding

9.6. Elements of Branding

Let Us Sum Up

Check your Progress

Glossary

Model Questions

Answers to Check your Progress

Suggested Readings

Overview

In this unit describes about the attention-grabbing packaging, labelling and branding which makes it stand out from other products. In this unit, we will define packaging and look at various factors around what good or bad packaging can do to the image of the brand, its sales and profits.

Objectives

After studying this unit, you will be able to:

- Understand the fundamentals of Packing, labeling and branding
- Examine the purpose of packaging and labeling
- Learn the fundamentals of branding

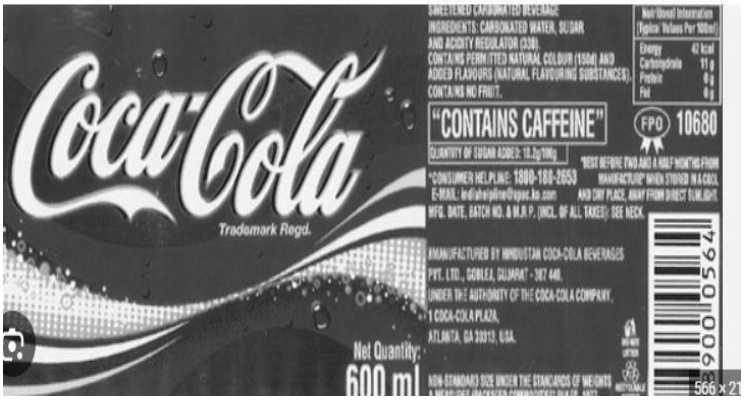
9.1. What is Labelling and Packaging?

1. Labelling

Labelling is mostly done on the package and includes all basic information about the product that a sensible customer would want to know before making a purchase. Brand names, tag lines, designs,

symbols and images printed on the product boxes and wrappers etc. are all part of the labelling.

Labelling is done on the product packaging and presents all important information about the product and its manufacturer. It is often made part of the product package but, if necessary, the information can also be printed on the product itself.



Source: https://mallgoodsm.life/product_details/3306899.html

Labelling helps manufacturers communicate the product details to their customers who can use this information to perform a comparison with similar products and then decide their preferred product to buy.

For example, labelling presents information about the content in the package (i.e., the actual product including accessories etc.), features price, name of manufacturer, date of production, expiry date, weight, usage instructions and suggestions regarding storing or disposing of the product etc. All this information enables the customer to decide whether or not the product inside the package can meet his or her needs.

Labelling is any written, electronic, or graphic communications on the packaging or on a separate but associated label. Display of information about a product on its container, packaging, or the product itself.

Brand Identification: Labelling helps in the identification and principal place of business of the person by or for whom the pre packaged product was manufactured, processed, produced, or packaged for resale

Description: Labels provide information regarding the food product. It describes the contents, nutritional values, cost, product usage methods, shelf life, etc.

Promotion: Finally labels help in promoting the product through attractive and bright graphics replacing paper labels glued on cans and bottles.

2. Packaging

Packaging is essential as it is used for the identification of the products in marketing. It enhances the appearance of the label for promoting the product. This is the major importance of labelling in marketing. In addition, labelling also helps to provide the information about a product to the prospective customer.

This function fulfils informative purpose of using a tag. Packaging refers to the various activities that are carried out for designing and developing a suitable package for a product, which may be in the form of a container, wrapper, box, tube, plastic bottle, tetra pack or tin etc. The packaging must be properly and solidly done so that it can protect the product from contamination, leakage, evaporation, spoilage or damage during its storage, transportation and promotional activities.

Source: https://packaginghub.com/blog/types-of-product-packaging/

Packaging is more than just a container prepared to be filled by a product; it includes every aspect of a complete product package that establishes the identity of the product and the manufacturing entity with which it is associated. It includes the overall design, look and feel of the package in which the product is to be put and presented for sale in the market the places specified for different parts of labelling etc.

9.2. Importance of Labelling in Marketing

Marketers use labelling to their products to bring identification. This kind of labelling helps a viewer to differentiate the product from the rest in the shelves of the market. There are several used of the label for the products in the market.

Labelling is used for packaging the product. In marketing, a marketer can also use a sticker inedible product to impart knowledge of the ingredients of the food items. This helps to spread awareness among

the customers about the item they are consuming and labelling also helps to mention ingredients.

9.3. Compare Packaging and Labelling

Packaging	VS Labelling
Meaning	
An art of developing an appropriate package for wrapping or enclosing the product to keep it safe from contamination and damage and to facilitate its storage, transportation and usage.	Educating customers to help them in making a buying decision. In addition, it is done to fulfil legal requirements.
Objective	
Store, protect, preserve the product and create brand identity	Communicate with customers
Focus	
Product presentation	Product description
Design	
Innovative and attractive	Simple and formal

9.4. Purposes of Packaging

- **Physical protection** - The objects enclosed in the package may require protection from, among other Things, shock, vibration, compression, temperature, etc. Egg: Egg, Bottles
- **Barrier Protection** - A barrier from oxygen, water vapor, dust, etc., is often required. Controlled atmospheres are also maintained in some food packages, keeping the contents clean & fresh. Egg: Fruits, Vegetables
- **Containment or Agglomeration** - Small objects are typically grouped together in one package for reasons of efficiency. Egg: Chocolates, Biscuits
- **Marketing** - The packaging and labels can be used by marketers to encourage potential buyers to purchase the product. Package graphic design and physical design have been an important phenomenon. Eg: Chips, Biscuits
- **Security** - Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident

features to help indicate tampering. Egg: Coke drinks, water bottles

- **Convenience** - Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, re-closing, use, dispensing, and reuse. Eg: Sauce, Jam
- **Portion Control** - Single-serving packaging has a precise number of contents to control usage. Commodities can be divided into packages that are a more suitable size for individual households. Eg: Milk, Ice creams.

9.5. Introduction of Branding

Branding was a passive activity; giving names to products designed and manufactured at the company's will. But, in the last two decades they are the hot spots in total marketing process.

The American Marketing Association (AMA) defines a brand as "a name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers".

The word 'brand' has been originated from the word 'brande' which means 'to burn'. In the 16th to 18th century, branding was merely an identity creation and was used by Greeks and Romans to identify their offerings to their sacred Gods. The farmers used it for identifying their livestock, and distillers put a heat embossing on their wooden casks to differentiate it from the spurious brands. In England, heat embossing symbols were put on the cheeks of the slaves in order to 'brand' them for a particular owner.

Brands have come a long way from identity to building relevance in the early 19th century. Brands were to differentiate and position themselves to avoid the clutter from the competition in the early 20th century. Brands started conversations with their customers to connect with them permanently. Today brands are all about co-creation, customer engagement, and loyalty and reward programs to build relationships with their customers.

According to American Marketing Association, "Brand is a name term, sign, symbol, or design, or a combination of them which is intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors."

According to Mellerowicz, "Brand is defined as branded product as a ubiquitous finished product of consistent or increasing quality for private

consumption with an identification mark, standardised amount, and appearance, acceptance in the market and existing consumer advertising."

The American Marketing Association (AMA) defines a brand as "a name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers".

Actually, a brand name resides within the hearts of the customers. It is the sum total of their experiences and perceptions about a product. Branding is referred to as a process of creating a unique name and image for a product in the minds of the consumers through advertisements and other product promotion measures. It aims to establish a significant and differentiated position for the product in the target market that so as to attract and retain customers.

Source : https://www.linkedin.com/pulse/7-things-successful-brands-have-common-ali-liaquat/

The Basic Branding Concepts are as Follows

1. Brand Name – The brand name is often used interchangeably with "brand", although it is more correctly used to specifically denote written or spoken linguistic elements of a brand. In this context a "brand name" constitutes a type of trademark, if the brand name exclusively identifies the brand owner as the commercial source of products or services. A brand owner may seek to protect proprietary rights in relation to a brand name through trademark registration.

2. Brand identity - Brand identity is fundamental to consumer recognition and symbolizes the brand's differentiation from competitors. Brand identity may be defined as simply the outward expression of the brand, such as name and visual appearance.

3. Brand Personality - It is the attribution of human personality traits to a brand as a way to achieve differentiation. Such brand personality traits may include seriousness, warmth or imagination. Brand personality is usually built through long-term marketing, as well as packaging and graphics.

4. Brand Promise - It is a statement from the brand owner to customers, which identifies what consumers should expect from all interactions with the brand. Interactions may include employees, representatives, actual service or product quality or performance, communication, etc. The brand promise is often strongly associated with the brand owner's name and/ or logo.

5. Brand Equity/Value - It measures the total value of the brand to the brand owner, and reflects the extent of brand franchise. Brand value, especially in the case of consumer product brands, may arise out of customer loyalty. Brand value may also arise in terms of staff retention benefits (e.g., the ability of the company to attract and retain skilled and/or talented employees offering competitive salaries.)

6**. Awareness** -The percentage of population or target market who are aware of the existence of a given brand or company.

9.6. Elements of Branding

Brand includes various elements like - brand names, trade names, brand marks, trademarks, and trade characters. The combination of these elements forms a firm's corporate symbol or name.

- **Brand Name** - It is also called Product Brand. It can be a word, a group of words, letters, or numbers to represent a product or service. For example - Pepsi, iPhone 5, and etc.
- **Trade Name** - It is also called Corporate Brand. It identifies and promotes a company or a division of a particular corporation. For example - Dell, Nike, Google, and etc.

- **Brand Mark** - It is a unique symbol, colouring, lettering, or other design element. It is visually recognisable, not necessary to be pronounced. For example - Apple's apple, or Coca-cola's cursive typeface.

- **Trade Mark** - It is a word, name, symbol, or combination of these elements. Trade mark is legally protected by government. For example - NBC colourful peacock, or McDonald's golden arches. No other organisation can use these symbols.

- **Trade Characters** - Animal, people, animated characters, objects, and the like that are used to advertise a product or service, that come to be associated with that product or service. For example - Keebler Elves for Keebler cookies.

Let us Sum Up

In this unit, you have learned about the following

- Labeling is mostly done on the package and includes all basic information about the product that a sensible customer would want to know before making a purchase. Brand names, tag lines, designs, symbols and images printed on the product boxes and wrappers etc. are all part of the labeling.
- Packaging is essential as it is used for the identification of the products in marketing. It enhances the appearance of the label for promoting the product.
- The American Marketing Association (AMA) defines a brand as “a name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers”.

Check Your Progress

1. _____ is mostly done on the package and includes all basic information about the product that a sensible customer would want to know before making a purchase.
   a. Product Positioning
   b. Labelling
   c. Packaging
   d. Brand
2. _____ is essential as it is used for the identification of the products in marketing. It enhances the appearance of the label for promoting the product.
   a. Product Positioning
   b. Labelling
   c. Packaging
   d. Brand
3. _____ as “a name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers”.
   a. Product Positioning
   b. Labelling
   c. Packaging
   d. Brand

Glossary

Labelling: is any written, electronic, or graphic communications on the packaging or on a separate but associated label. Display of information about a product on its container, packaging, or the product itself.

Packaging: is more than just a container prepared to be filled by a product; it includes every aspect of a complete product package that establishes the identity of the product and the manufacturing entity with which it is associated.

Brand: as “a name, term, sign, symbol or design, or a combination of them intended to identify the goods and

services of one seller or group of sellers and to differentiate them from those of other sellers.

Model Questions

1. Explain the terms Packaging, labelling and brand.
2. Enumerate the purpose of packaging.
3. Compare packaging and labeling.
4. Summarize the elements of branding.
5. Predict the branding concepts.

Answers to Check your Progress

1. b. Labelling
2. c. Packaging
3. d. Brand

Suggested Readings

1. Ramaswamy. V S & Namakumari. S, Marketing Management-Planning Implementation and Control, Macmillan Business Books, New Delhi, 2002.

Unit- 10
Pricing

STRUCTURE

Overview
Objectives
10.1. Introduction to Pricing
10.2. Types of Pricing
10.3. Adapting the pricing
10.4. Factors Influencing Pricing
10.5. Determinants of Price in Marketing
Let Us Sum Up
Check your Progress
Glossary
Model Question
Answers to Check your Progress
Suggested Readings

Overview

The main objective of this unit is to understand the key element of marketing mix. Pricing is one of the most important factors in the field of Trade. Pricing to a commodity means according value to the product. This unit comprises about the introduction to pricing, types of pricing, adapting the pricing, factors of pricing and its determinants of pricing.

Objectives

After studying this unit, you will be able to:

- Learn the basic term pricing
- Understand the types of Pricing
- Examine the ways to adapt pricing

10.1. Introduction to Pricing

The term ‘price’ needs not be confused with the term ‘pricing’. Pricing is the art of translating into quantitative terms (say rupees or dollars) the value of the product or a unit of a service to customers at a point in time.

According to Prof. K.C. Kite, “Pricing is a managerial task that involves establishing pricing objectives, identifying the factors governing the

price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results".

"Price is the amount of money charged for a product or service or the sum of the values that the consumers exchange for the benefits of having or using the product or service." -Philip Kotler

"A value that will purchase a definite quantity, weight, or other measure of a good or service." – Business Dictionary

"The sum or amount of money or its equivalent for which anything is bought, sold, or offered for sale."

Pricing is one of the four main elements of the marketing mix. Pricing is the only revenue-generating element in the marketing mix (the other three elements are cost centres—that is, they add to a company's cost). Pricing is strongly linked to the business model.

The business model is a conceptual representation of the company's revenue streams. Any significant changes in the price will affect the viability of a particular business model.

A well-chosen price should accomplish three goals:

Achieve the company's financial goals (profitability)

Fit within the realities of the marketplace (customers are willing and able to pay the set price) support a product's positioning and be consistent with the other variables in the marketing mix (product quality, distribution issues, promotion challenges)

- 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 competitor's 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.,

Pricing is one of the most important factors in the field of Trade. Pricing to a commodity means attaching value to the product. To purchase or sell it both the consumer taking the product and the seller giving off the product benefits from the 'value' in return for some bearing. Like the customer gives the money to the seller to take up the 'value' of the product and the seller gives off the product to earn the 'value' of money selling the product.

It is a process in which we decide the value a manufacturer or a seller gets when he offers his goods or services. In this process, both the producer and consumer negate to mutually benefit at an equitably profitable price. It is dependent on various things like how much the company has spent on the inputs, what is the value of a product in the market, what is the need of the product to the customer etc., All the producers and businessmen want to earn profits when they start a business. But the expected price might vary according to the market conditions, prices of supplementary and complementary goods, changes in input cost like hike in raw materials, labour cost etc.,

Pricing being the basic necessity of trade are discussed further in this section.

Price is the amount which one pays for a good or service or any idea. This is the amount for which the product is exchanged with potential customers. Pricing the product or the service is the most essential for a business decision that is to be made by the owner of the business.

One must attach the price to the product which the target market is willing to pay, they should also keep in mind the profit margin they need to acquire to hit their target. This all will help the business to endeavour.

Other approaches are also included in fixing the price of the commodity or service. These approaches include:

- The accountability of cost,
- The degree of competition prevailing,
- The customer's expectation from the product, and so forth.

'Right Price' is one of the important criteria for business success. The right pricing policy is a guideline set by the top-level managers to

achieve good sales of the product. Price is indeed a weapon to bring competition in the market, to change the satisfaction level of the consumers. The distribution channel of distribution is affected by the pricing policy.

Both the terms price and 'Pricing' are different in their aspect, Pricing is the method of translating the value of the product in price or quantitative amounts like rupees or dollars.

Pricing models and positioning for high-tech products.

There are different methods of determining the price for high-tech products.

Cost + profit margin: Add a profit margin percentage to the costs associated with producing and distributing the product.

Rate of return and break-even point: Calculate the unit price: price = unit cost + [(rate of return× investment) ÷ quantity sold]. Then determine the break-even point: the level at which sales figures cover related fixed and variable costs.

Market price: Set the price according to the main competitor's price.

Bidding price: Set the price according to available information about competitor bids and the customers' opinion of the product's advantages.

Comparison with substitute products: Set the price relative to products for which it will substitute.

Value-based pricing: Set the price based on how the customer values the product. (See below for further details.)

10.2. Types of Pricing

1. Penetration Pricing

It's difficult for a business to enter a new market and immediately capture market share, but penetration pricing can help. The penetration pricing strategy consists of setting a much lower price than competitors to earn initial sales. These low prices can draw in new customers and take away revenue from competitors. While the company will likely take a loss at first, one can earn new customers and turn them into loyal customers once you start raising your prices again. Companies like internet and smart phone providers use this strategy to gain market share.

Pro: Market penetration is much easier than entering with an average price, and you can quickly earn new customers.

Con: It's not sustainable in the long run and should only be a short-term pricing strategy.

Example: A new cafe opens up in town and offers coffee that is 40% cheaper than any other cafe in the area.

2. Skimming pricing

Businesses that charge maximum prices for new products and gradually reduce the price over time follow a skimming strategy. Prices drop as products end their life cycle and become less relevant. Businesses that sell high-tech or novelty products typically use price skimming.

Pro: One can maximize profits of new products and make up for production costs.

Con: Customers may become frustrated that they purchased at a higher price and watch as the price gradually declines.

Example: A home entertainment store starts selling the latest, most advanced television well above market price. Prices then gradually decrease over the year as newer products come to market.

3. High-low pricing

High-low pricing is similar to skimming, except the price drops at a different rate. With the high-low pricing method, the price of a product drops significantly all at once rather than at a gradual pace. Retail businesses that sell seasonal products typically use a high-low strategy.

Pro: One can rid your inventory of out-of-date products by discounting them and putting them on clearance.

Con: Customers may wait for impending sales rather than purchasing at full price.

Example: A boutique clothing store sells women's sundresses at a high price during the summer and then puts them on clearance once autumn arrives.

4. Premium pricing

Premium pricing occurs when prices are set higher than the rest of the market to create perceived value, quality, or luxury. Customers are willing to pay a premium price when they know the brand name and have a positive brand perception. Companies that sell luxury, high-tech, or exclusive products—like businesses within the fashion or tech industry—often use the premium pricing technique.

Pro: Profit margins are higher since you can charge much more than your production costs.

Con: This type of pricing strategy only works if customers perceive your product as premium.

Example: A beauty salon builds up credibility within its market and offers its services for 30% higher than its competitors.

5. Psychological pricing

Psychological pricing strategies play on the psychology of consumers. In a way, you are luring in customers by slightly altering price, product placement, or product packaging.

Some psychological pricing techniques include setting the price to $9.99 rather than $10, or offering a "buy one, get one free" deal. For example, 90% of retail prices end with either "9" or "5."

Nearly any type of business can use this strategy, but retail and restaurant businesses most commonly employ this method.

Pro: It can sell more products by slightly tweaking your sales tactics without losing profits.

Con: Some customers may perceive it as being tricky or sales, which could potentially tarnish your reputation or lead to missed sales.

Example: A restaurant sets a gourmet hamburger's price at $12.95 to lure customers into purchasing at a perceived lower price compared to $13.

6. Bundle pricing

Bundle pricing is selling two or more similar products or services together for one price. Bundling is an effective way to up sell additional products to customers or add value to their purchase.

Restaurants, beauty salons, and retail stores are among the many businesses that apply this strategy.

Pro: Customers discover new products they weren't initially planning to buy and may end up purchasing them again.

Con: Products that are sold within a bundle will be bought less often individually since consumers are saving money on a bundled purchase.

Example: A taco cantina sells tacos, tortilla chips, and salsa individually, but offers a discounted price if customers buy an entire meal with all of these items.

7. Competitive pricing

The competitive pricing strategy sets the price of your products or services at the current market rate. The pricing is determined by all other products in your industry, which helps you stay competitive if your business is in a saturated industry. Price your products above or below the market rate, as long as it's still within the range of prices set by all competitors in your industry.

It's worth noting that 96% of consumers compare prices before purchasing, which gives you an opportunity to win over customers with a price slightly below the market average.

Pro: It can maintain market share in a competitive market and attract customers who are interested in paying slightly less than your competitors' rates.

Con: The need to diligently watch average market prices to maintain a competitive advantage for price-conscious consumers.

Example: A landscaping company compares its prices to local competitors and sets its prices below the market average to attract price-sensitive customers.

8. Cost-plus pricing

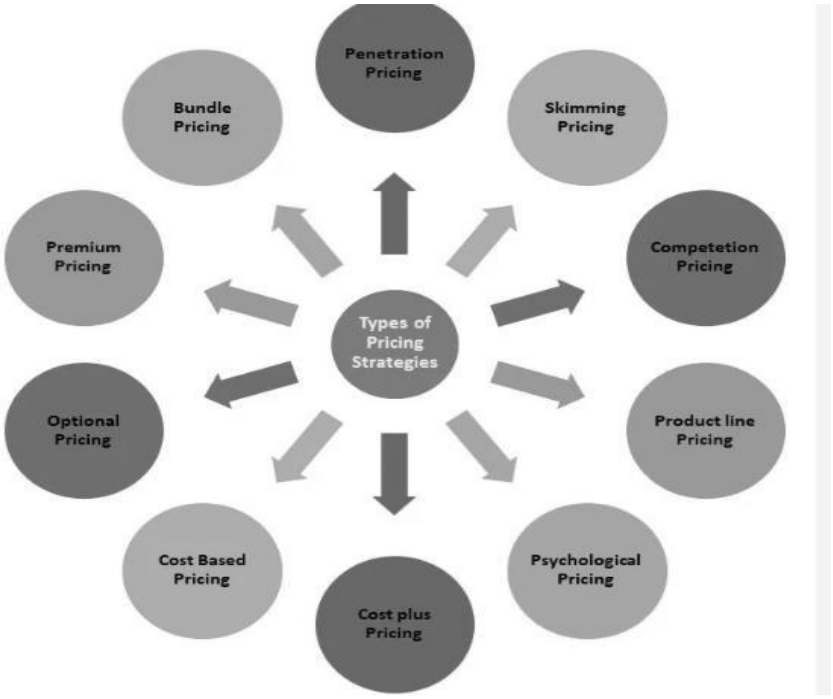
Cost-plus pricing involves taking the amount it cost you to make the product and increasing that amount by a set percentage to determine the final price.

You can work backwards to determine your mark-up percentage by first figuring out how much you want to profit from each product sold.

Pro: Profits are more predictable since you're setting your mark-up price to a fixed percentage.

Con: Since this approach doesn't account for external factors, like your competitors' pricing, or market demand, you may miss out on sales if you set your mark-up percentage too high.

Example: A pizza shop adds up the cost of its ingredients and labour, then sets the pizza price to receive a 20% profit margin.



Source : https://indiafreenotes.com/pricing-strategies/

9. Dynamic pricing

Dynamic pricing matches the current market demand for a product. This pricing strategy most often occurs when the product at hand fluctuates on a daily or even hourly basis. Industries like hotels, airlines, and event venues set different prices daily and apply this strategy to maximize profits.

Pro: One can increase overall revenues by raising prices when demand is on the rise.

Con: Dynamic pricing requires complex algorithms that small businesses may not have the ability to produce.

Example: A boutique hotel raises its room rates for one weekend because there is a popular summer festival in town.

10.3 Adapting Pricing Strategies

Price is not only an element that displays the value of the product; it is more. It can generate interest among customers and is a great way to do promotion.

As a good marketer, you should understand the changing market's nuances and changing consumer behaviour and come up with pricing strategies that can best suit your customer. Let us see the what are the various approaches to pricing, along with some interesting examples.

- **Geographical Pricing**

Geographical Pricing is a way of pricing your product depending upon the location of your buyer.

Geographical pricing is affected by the following aspects:

  - Transportation or shipping cost
  - Consumption levels of the consumers
  - Price sensitivity of the consumers
  - Presence of competitors
  - Exchange rates

- **Promotional Pricing:** A promotional price adaptation strategy is the approach of reducing the price of the product on a temporary basis to attract customers to buy your product.

The types of promotional price adaptation strategy are as follows:

  - **Loss-leader pricing**: This pricing is mainly adapted to get consumers in the store and increase brand awareness. In this case, the prices of the products might be even lower than the cost of their production, but the strategy is such that the lower price of the product is what bring consumers in the store and they buy in volume. The following video to understand more about loss-leader pricing.
  - **Special Event Pricing**: Remember headlines like “This Diwali Season, get everything at 50% off” or “Enjoy a candlelight dinner with your Valentine under just ₹999”. This pricing is changed or adapted based on any special event to bring customer traffic.
  - **Special Customer Pricing**: This is based on the type of customers. Generally, loyal customers are said to gain the most benefits. For example, a gold card member at Pantaloons might get larger discounts than a green card member.
  - **Cash Rebates**: This pricing includes giving refunds to customers who buy from you within a specified time. For example, you give a 20% discount to the customer at the time of purchase of a cell-phone.
  - **Low-Interest Financing**: Here, you do not cut the price of your product, but you give low-interest financing. An example of this is smart phone companies providing easy EMIs with a low-interest rate.

- **Warranties and Service Contracts**: It can increase your sales by giving extended, low cost or free warranties and service contracts to the customers. Look at the image below for example,

10.4. Factors Influencing Pricing

The factors influencing the price can be divided into two heads – Internal Factors and External Factors.

Internal Factors

Talking about the internal factors means the factors that work from within the organization. The factors are:

Organizational Factors

Two management levels decide the pricing policy, one is the price range and the policies are decided by the top-level managers while the distinct price is fixed by the lower-level staff.

Marketing Mix

For implementing a price, the marketing mix needs to be in sync, without matching the marketing mix, consumers will not be attracted to the price. The marketing mix should be decisive for the price range fixed, meaning the marketing mix needs to maintain the standard of the price of the product.

Product Differentiation

In today's market, it is uncommon to find a unique product, hence the differentiation lies in the nature, feature and characteristic of the product. The added features like quality, size, colour, packaging, and its utility all these factors force the customers to pay more price regarding other products.

Cost of the Product

Cost and Price are closely related. With the cost of the product, the firm decides its price. The firm makes sure that the price does not fall below the cost lese they will run on losses. Cost of the price includes the input cost that a company spends on raw materials, wages for labourers, advertisement cost, promotion cost and salaries for the employees

External Factors

External factors are not under the control of the firm. These factors affect the whole industry group uniformly. Yet, a company tries to estimate any upcoming problems in the external environment and also makes up a backup plan in advance. This is done by forecasting the market trend.

The factors are Demand

The market demand of a product has an impact on the price of the product, if the demand is inelastic then a higher price can be fixed, if the demand is highly elastic then less price is to be fixed. When the demand for the goods is more and the supply of the goods is constant, the price of the goods can be increased and if the demand for the goods decreases the price of the goods should be decreased to survive in the market.

Competition

The prices are required to be competitive without any compromise on the quality of the product. While in a monopolistic market, the prices are fixed irrespective of the competition. Thus, the manufacturer tries to estimate the price of his competitor. When the price of the supplementary goods is high, the customers will buy the manufacturer's product.

Supplies

If the supplies condition, the easy availing option of the raw materials are available, then the price of the product can be moderate. Once, the raw materials supply price heightens then the price also rises.

In the period of recession, price is lowered so that easy purchase is guaranteed. While in boom periods, prices shoot up high as now they can earn profit.

10.5. Determinants of Price in Marketing

The main determinants that affect the price are:

- Product Cost
- The Utility and Demand
- The extent of Competition in the market
- Government and Legal Regulations
- Pricing Objectives

Let us Sum Up

In this unit you have studied about the following:

- **Pricing** is one of the four main elements of the marketing mix. Pricing is the only revenue-generating element in the marketing mix (the other three elements are cost centers—that is, they add to a company's cost). Pricing is strongly linked to the business model.
- The penetration pricing strategy consists of setting a much lower

price than competitors to earn initial sales.

- The penetration pricing strategy consists of setting a much lower price than competitors to earn initial sales. These low prices can draw in new customers and take away revenue from competitors. While the company will likely take a loss at first, one can earn new customers and turn them into loyal customers once you start raising your prices again.
- Skimming pricing: Businesses that charge maximum prices for new products and gradually reduce the price over time follow a skimming strategy. Prices drop as products end their life cycle and become less relevant. Businesses that sell high-tech or novelty products typically use price skimming.

Check your Progress

1. _____is a managerial task that involves establishing pricing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results?

   a. Pricing

   b. Product

   c. Market

   d. Place

2. The _____ strategy consists of setting a much lower price than competitors to earn initial sales.

   a. Penetration Pricing

   b. Product

   c. Market

   d. Place

3. _____ Pricing is a way of pricing your product depending upon the location of your buyer

   a. Geographical Pricing

   b. Product

   c. Market

   d. Place

Glossary

The ***penetration pricing*** strategy consists of setting a much lower price than competitors to earn initial sales.

A ***promotional price*** adaptation strategy is the approach of reducing the price of the product on a temporary basis to attract customers to buy your product.

Bundle pricing is selling two or more similar products or services together for one price.

Model Questions

1. Enumerate the term pricing& its definitions
2. Explain the adapt to pricing strategies
3. Enumerate the types of pricing
4. Summarize the promotional pricing adopting
5. Discuss about the penetration pricing & skimming pricing

Answers to Check your Progress

1. a. Pricing

2. a. Penetration Pricing

3. a. Geographical Pricing

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson

Block-4: Introduction

Block-4: Marketing Channel and Communication Design has been divided in to three Units.

Unit-11: Introductions to Marketing Channel explains about What is Marketing Channel?, Importance of Marketing Channel, Components of marketing channel, Facilitating functions the roles of the marketing channel, Role of Marketing Channel.

Unit-12: Promotional Strategies deals with Introduction to Promotional Mix, Elements of Promotional Mix, Understanding the Sales Promotion, Sales Promotional tools, Personal Selling, Direct Marketing.

Unit-13: Integrating Marketing Tools discuss about Introduction to Integrated Marketing Communication, Significance of marketing communication, Integrating Marketing Tools, Factors affecting marketing communication mix decision.

In all the units of Block -4 **Marketing Channel and Communication Design**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

Unit - 11

Introductions to Marketing Channel

STRUCTURE

Overview

Objectives

11.1. What is Marketing Channel?

11.2. Importance of Marketing Channel

11.3. Components of marketing channel

11.4. Facilitating functions the roles of the marketing channel.

11.5. Role of Marketing Channel

Let Us Sum Up

Check your Progress

Glossary

Model Question Paper

Answers to Check your Progress

Suggested Readings

Overview

In this unit, the meaning of the term marketing channels, role of marketing channel has been explained. This unit also discusses about the various importance of the role of marketing channel, facilitating functions the role of the marketing channel. The role of marketing channel and it's roles.

Objectives

After studying this unit, you will be able to:

- Know the term Marketing channel
- Understand the types of Marketing Channel
- Explain the significance of marketing channel

11.1. Introduction to Marketing Channel

A marketing channel is a system that ensures the distribution of the product from the producer to the consumers by passing it through multiple levels. This is also said a channel of distribution.

A product goes into the market through multiple marketing channels. The process of going from a product from the manufacturer to the

retailer is called distribution channels. And, the marketing channel is generally called a distribution method of products, under which a company can easily transfer their goods from one person to another through multiple mediums.

Marketing channels of a business play a key role. The success of a manufacturer's business actually depends on its distribution channels. But with so many different options, you can easily get overwhelmed.

11.2. Importance of Marketing Channel

- A marketing channel system decision affects the other marketing decisions also, and therefore are among the most critical decisions.
- Channel choices themselves depend on the company's marketing strategy with respect to segmentation, targeting, and positioning.
- Marketing channels must not just see markets but they must also make markets as one of the chief roles of marketing channels is to convert potential buyers into profitable customers.
- In addition, channel decisions include relatively long-term commitments with other firms as well as a set of policies and procedures.
- Marketers in the present dynamic market should adopt the holistic perspective and ensure that marketing decisions in all these different areas are made to collectively maximize value.
- In managing the intermediaries, the firm must also decide on the emphasis given to the 'push' versus 'pull' marketing strategy.
- A 'push' strategy uses the manufacturer's sales force, trade promotional money, or other means to induce intermediaries to carry, promote, and sell the product to end-users.
- This strategy is appropriate where there is low brand loyalty in a category, brand choice is made in the store, the product is an impulse item, and product benefits are well understood.
- While, in the 'pull' strategy the manufacturer uses advertising, promotion, and other forms of communication to persuade consumers to demand the product from intermediaries, thereby, induce the intermediaries to order it.
- Marketing activities directed towards the channel as part of 'push' strategy are more effective when accompanied by a well-designed and well-executed 'pull' strategy that activates consumer demand.

- On the other hand, without at least some consumer interest, it can be very difficult to gain much channel acceptance and support.

11.3. Components of Marketing Channels

In the past, people generally used to go for direct distribution like mailers or indirect marketing channels like television. But today, some of the most popular types of marketing channels include targeted digital advertising, email, websites and events.

Either way, all these advertising channels are different in terms of audience and reach. Your marketing channels focused on the global market will be different from your local marketing channels, and so forth. To understand the effective marketing channels in 2021 and beyond, let's take a look at the four major types of marketing channels that are getting popular these days;

Marketing Channel is simply called as a distribution method of products, in which a company can transfer their goods from one person to another through different mediums. In Simple words "**building a connection between companies to customers".**

It's a way through which product reaches to consumer and due to this, it is also known as a **Distribution channel**.

It is a very useful tool for managing and is essential for developing a productive and strategic marketing strategy.

Dual Distribution Channel is another type of marketing channel. It's a less conventional channel that helps wholesalers to reach consumers using more than one distribution channel.

In this type of channel, he can either reach the consumer directly or simply can sell it to another company or retailer who will then sell it to the consumer.

11.4. Facilitating Functions the Roles of the Marketing Channel.

Direct Selling: If you are dealing directly with customers without any interference of any mediocre is called direct selling. There are many pros and cons of direct selling we will also discuss this here.

Intermediaries Selling – Intermediaries selling is a channel in which a company can take help from the Broker or Agents, Wholesaler and Retailers to reach their customers.

It also seems like a Middleman in a Company.

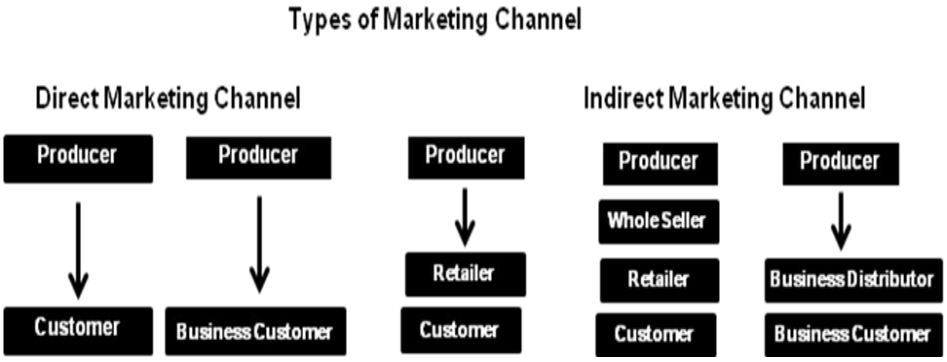
1. Broker – A broker is someone who can charge the fee from the company for selling their products.

2. Wholesaler – A person who purchases products in large quantity and sell those products to the retailers.

3. Retailers – A person who can sell the product to the Consumer.

Intermediaries Selling Benefits:

- Easily available to the customers.
- Fast Expansion & Time-saving.
- Less Marketing Efforts.



Source: www.marketingchannel.com

Examples of Marketing Channel

- **Wholesalers** – These are the middle people who handle the goods in bulk quantity. They usually sell goods to retailers and sometimes to consumers directly.
- **Internet direct**– Internet created a deep effect on communication, entertainment, buying and selling and now in the distribution channel.
- **Catalo direct** – It is a channel in which consumer selects or order products from a printed or online catalogue.
- **Sales team** – Sales team creates awareness for a product among the potential customer and prepares him for interaction with the sales team.
- **Value-added Reseller** -It is a type of company or reseller that adds some value and features to the existing product and resells it.
- **Consultant –** Consultant is an advisor who works for the company to create and implement strategies that might be helpful

to the company

- **Retail sales** agent **–** A retail sales associate's job to look for all sales activities and sales associate job duties like greeting customers, answering questions, offering assistance, etc.
- **Manufacturer's** Representative is a person, sales agency or company that sells Manufacturer's products to retailers or wholesalers. So this are examples of Marketing Channel

Source: www.marketingchannel.com

11.5. Roles of Marketing Channel

The major role of a marketing channel is that it removes the gap between producers and consumers. It is a connection that connects producers to buyers.

- It takes part in sales and adverting and controls firm pricing planning which influences the marketing strategy.
- It affects the product strategy by branding, policies, maintenance, etc.
- It is composed of different systems that help the transaction and physical exchange.

These systems have three categories

- Creator of the product
- A consumer of the product
- A Middleman (Wholesaler or Retailer)
- The Channel performs three functions-
- Transactional functions
- Logistical Functions

Let us Sum Up

In this unit, you have learned about the following:

- A marketing channel is a system that ensures the distribution of the product from the producer to the consumers by passing it through multiple levels. This is also said a channel of distribution.
- Direct Selling are dealing directly with customers without any interference of any mediocre is called direct selling. There are many pros and cons of direct selling we will also discuss this here.
- ***Wholesalers*** – These are the middle people who handle the goods in bulk quantity. They usually sell goods to retailers and sometimes to consumers directly.
- ***Retailing*** includes all the activities in selling goods or services directly to final consumers for personal, no business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

Check your Progress

1. A _____ is a system that ensures the distribution of the product from the producer to the consumers by passing it through multiple levels.
   a. Marketing Management
   b. Marketing Channel
   c. Retailing
   d. Wholesalers
2. These are the middle people who handle the goods in bulk quantity _____.
   a. Marketing Management
   b. Marketing Channel
   c. Retailing
   d. Wholesalers
3. _____ is someone who can charge the fee from the company for selling their products
   a. Marketing Channel
   b. Retailing
   c. Wholesalers
   d. Brokers

Glossary

Marketing Channel: A set of interdependent organizations involved in the process of making a product or service available for use or consumption

Wholesalers: These are the middle people who handle the goods in bulk quantity. They usually sell goods to retailers and sometimes to consumers directly.

Retailer: A channel intermediary that sells mainly to customers.

Retailing: includes all the activities in selling goods or services directly to final consumers for personal, no business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

Answer to Check your Progress

1. Marketing channel
2. Wholesalers
3. Broker

Model Questions

1. Explain the components of marketing channel
2. Identify the importance of marketing channel
3. Enumerate the role of marketing channel
4. Recall the terms - Marketing Channel, Wholesaler, Retailer

Suggested Readings

1. Ramaswamy. V S & Namakumari. S, Marketing Management-Planning Implementation and Control, Macmillan Business Books, New Delhi, 2002.
2. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.
3. Ashita Aggarwal (2017), Marketing Case Study , Pearson India Education Services Pvt. Ltd

Unit-12
Promotional Strategies

STRUCTURE

Overview
Objectives
12.1. Introduction to Promotional Mix
12.2. Elements of Promotional Mix
12.3. Understanding the Sales Promotion
12.4. Sales Promotional tools
12.5. Personal Selling
12.6. Direct Marketing
Let's Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

This unit deals with the Promotion mix, to understand the terms of promotional Strategies.

Objectives

After studying this unit, you will be able to

- Understand the promotional mix
- Study the elements of promotional mix
- Fundamentals of key terms in promotional mix

12.1. Introduction to Promotional Mix

- Promotion belongs to the 4Ps of marketing. It's all about strategies and techniques that help communicate a product to the audience. The goal of promotions is to present your product, increase demand, and differentiate it. So, promotion is the basic element of marketing.
- Promotion is a marketing tool, used as a strategy to communicate between the sellers and buyers. Through this, the

seller tries to influence and convince the buyers to buy their products or services. It assists in spreading the word about the product or services or company to the people. The company uses this process to improve its public image. This technique of marketing creates an interest in the mindset of the customers and can also retain them as a loyal customer.

- Prof. Philip Kotler has defined promotion as, "Promotion includes all the activities the company undertakes the communication and promote its products to the target market."
- E. J. McCarthy has defined promotion as, "Promotion is any method of informing, persuading or reminding consumers, wholesalers, retailers, users or final consumers about the marketing mix of product, place and price which has been assembled by the marketing manager."
- Prof. William J. Stanton has defined it as, "Promotion in the element in an organization marketing mix that serves to inform, persuade and remind the market of the organization and or its products."
- Promotion is a fundamental component of the marketing mix, which has 4 Ps: product, price, place, and promotion. It is also an essential element promotional plan or mix, which includes advertising, self and sales promotion, direct marketing publicity, trade shows, events, etc.,
- It refers to the sum of promotional tools that are used by the marketer to inform and persuade the buyers to buy the product.
- These tools/elements are used in different combinations depending upon the necessity of information.

12.2. Elements of Promotional Marketing

The followings are the elements of Promotional Marketing:

- Personal selling
- Advertising
- Direct marketing
- Sales promotions
- Public relations

Personal selling: This one-to-one communication with potential customers is the most expensive type of promotion, but also the most

effective when done correctly.

Advertising: Ads play a crucial role in making brands recognizable. Good advertising with an accurate, targeted message will reach both existing and potential customers.

Direct marketing: Performed through social media, email, and SMS marketing, unlike advertising, direct marketing intends to build relationships with people who have had your brand or product on their radars before.

Sales promotions: Promos stimulate purchasing and sales by giving discounts, cash back, free shipping, gifts, and more.

Public relations: This promotion style is a chance to build a positive and attractive brand image. With PR promotions, marketers analyze the way people respond to their brand, find out the positive and negative associations with their company, and work on the reconstructing of the brand's image.

12.3. Understanding Sales Promotion

Sales Promotion Companies use sales promotion tools-coupons, contests, premiums, and the like-to draw a stronger and quicker buyer response, including short-run effects such as highlighting product offers and boosting sagging sales. Sales promotion tools offer three distinctive benefits:

1. Ability to be attention-getting-They draw attention and may lead the consumer to the product.
2. Incentive-They incorporate some concession, inducement, or contribution that gives value to the consumer.
3. Invitation-They include a distinct invitation to engage in the transaction now

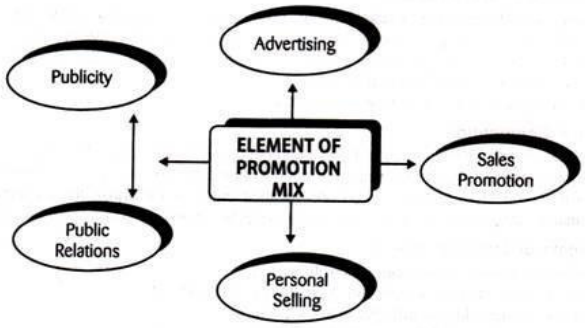


Figure 1: Elements of Market Promotion Mix

Sources: www.promtionalmix.om

12.4. Sales Promotional Tools

Types of Consumer Sales Promotion tools

1. Samples

Samples are one of the most important tools of sales promotion. Samples are defined as offers to consumers of a small amount of a product for trial. Free samples are given to consumers to generate their interest in the product. Samples help consumers verify the quality of the product.

Samples are delivered at the doors of consumers. They are also sent by mail or given to customers in the retail store itself. Sometimes, samples are attached to another product.

2. A Coupon

A coupon is a certificate that fetches buyers a saving when they purchase a specified product. Coupons are generally issued along with the product. They entitle the holder to either a specified saving on a product or a cash refund.

Coupons are designed

- to introduce a new product
- to promote the sale of an established product
- to sell a product in large sizes
- to stimulate customers to switch brands; and
- to encourage repeat sales.

Coupons are used for consumer convenience goods. They may be distributed door to door, by mail or they may be inserted in packages. Sometimes, coupons may be part of magazine or newspaper advertisements.

3. Demonstration

Demonstration is required when products are complex and of a technical nature. Customers are educated as to how to make proper use of the product. Demonstration of products induces customers to buy. Demonstrations are provided free of cost.

4. Contests

Contests are the promotion events that give consumers the chance to win something such as cash, trips or goods. Contests are conducted to

attract new customers. They introduce new product by asking the prospects to state the reasons for the purchase of the product.

The buyer purchases the product and submits the evidence of purchase with entry form for contest. Entry forms are duly filled by the buyers. A panel of judges selects the best and buyers are given prizes.

5. Cash refund offer

Cash refund offers are rebates allowed from the price of the product. It is an offer to refund part of the purchase price of a product to consumers who send a proof of purchase to the manufacturer.

Moreover, if the purchaser is not satisfied with the product, the whole price or part of it will be refunded. Cash refunded offer is stated on the package.

6. Premium

Premium refers to goods offered either free or at low cost as an incentive to buy a product. A premium may be inside the package, outside it or received through mail. The reusable package itself serves as a premium. Premium is generally offered for consumer goods such as soap, toothpaste, etc. Premium may be of several kinds — direct premium, reusable container free in mail premium, a self-liquidating premium, trading stamps, etc.

7. 'Price off' offer

Goods are sold at reduced prices during slump season. Reduction in prices stimulates sale of goods.

8. Consumer sweepstakes

A sweepstakes calls for consumers to submit their names for a draw. Names of consumers are included in a list of prize-winning contests. The lots are drawn and the winners get prizes.

9. Buy back allowances

Allowances are granted to buyers on the basis of their previous purchases. In other words, buy back allowances are given for new purchases, based on the quantity of goods bought previously.

12.5. Personal Selling

Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and

presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

Personal selling is an oral, face-to-face, and personal presentation with consumers.

- . Basic purpose is to promote products or increase sales.
- It involves two-way communication.
- Immediate feedback can be measured.

Features of Personal Selling:	
(a) Personal form	• An interactive relationship exists between the sellers and the buyer in personal selling. • This happens due to a direct face to face dialogue between them.
(b) Two-way communication	• In personal selling, the seller gives information about the product and at the same time, the buyer gets a chance to clarify his doubts.
(c) Better response	• When the seller personally explains the utilities of the product to the customers, they do pay some attention and listen to the information.
(d) Relationship	• When the seller and the buyer meet together, it improves the relation between them. • Salesperson normally makes friendly relations with customers.
(e) Better convincing	• Personal selling is the most effective form of promotion. • The salesperson can convince the buyer by demonstrating the use of the product. • He can also make changes in the product or the offer according to the needs of the customer.

12.6. Direct Marketing

Direct selling is the selling of products in a non-retail setting, for example, at home, online, or other venues that are not a store. It eliminates middlemen who are involved in distribution, such as wholesalers and regional distribution centres. Instead, products are sent directly from the manufacturer to the sales company, then to the rep or distributor, and finally to the consumer.

Products sold via direct sales are not typically found in traditional retail locations. This means that finding a distributor or rep is the only way to buy them.

Source : https://royalprinters.com/quick-tips-best-direct-marketing-campaigns/

Direct selling is usually associated with party-plan and network marketing businesses. But they aren't the only ones using direct sales. Many **B2B companies** use direct selling to target and sell to their end customers. For instance, many businesses that sell office supplies will send their reps directly into the stores that can use their services.

It's important to note that direct selling doesn't equal direct **marketing**. In the first case, individual distributors or reps reach out to customers directly. Meanwhile, in the second case, a company markets directly to clients. Some direct marketing examples include emails, flyers, promotional letters, outdoor advertising, ads, phone calls, websites, and others.

Let us Sum Up

In this unit, you have learned about the following:

- Promotion belongs to the 4Ps of marketing. It's all about strategies and techniques that help communicate a product to the audience. The goal of promotions is to present your product, increase demand, and differentiate it. So, promotion is the basic element of marketing.
- The elements of promotional mix are personal selling, Advertising, Direct marketing, Sales promotions and Public relations. Personal selling. This one-to-one communication with potential customers is the most expensive type of promotion, but also the most effective when done correctly. Advertising**.** Ads play a crucial role in making brands recognizable. Good advertising with an accurate, targeted message will reach both existing and potential customers.
- Direct marketing**.** Performed through social media, email, and SMS marketing, unlike advertising, direct marketing intends to build relationships with people who have had your brand or product on their radars before. Sales promotions**.** Promos stimulate purchasing and sales by giving discounts, cash back, free shipping, gifts, and more.
- Public relations. This promotion style is a chance to build a positive and attractive brand image. With PR promotions, marketers analyze the way people respond to their brand, find out the positive and negative associations with their company, and work on the reconstructing of the brand's image.

Check your Progress

1. _____ Includes all the activities the company undertakes the communication and promote its products to the target market."

   b. Promotion

   c. Planning

   d. Development

   e. Strategy

2. _____is the selling of products in a non-retail setting, for example, at home, online, or other venues that are not a store.

   a. Promotion

   b. Planning

   c. Direct Selling

   d. Strategy

3. _____ Ads play a crucial role in making brands recognizable. Good advertising with an accurate, targeted message will reach both existing and potential customers.
   a. Advertising.
   b. Strategy
   c. Selling
   d. Promotion

Glossary

Promotion: includes all the activities the company undertakes the communication and promote its products to the target market."

***Personal selling*:** This one-to-one communication with potential customers is the most expensive type of promotion, but also the most effective when done correctly.

Advertising: Ads play a crucial role in making brands recognizable. Good advertising with an accurate, targeted message will reach both existing and potential customers.

***Direct marketing*:** Performed through social media, email, and SMS marketing, unlike advertising, direct marketing intends to build relationships with people who have had your brand or product on their radars before.

***Sales promotions*:** Promos stimulate purchasing and sales by giving discounts, cash back, free shipping, gifts, and more.

Public relations: This promotion style is a chance to build a positive and attractive brand image. With PR promotions, marketers analyze the way people respond to their brand, find out the positive and negative associations with their company, and work on the reconstructing of the brand's image.

Model Questions

1. Enumerate the definition of Promotion
2. Identify the elements of promotion
3. Discuss about sales promotion and its tools
4. Discuss about the features of personal selling
5. Discuss about the term Direct Marketing

Answers to Check Your Progress

1. a. Promotion
2. b. Direct Selling
3. c. Selling

Suggested Readings

1. Ramaswamy. V.S and Namakumari. S, Marketing Management-Planning Implementation and Control, Macmillan Business Books, New Delhi, 2002.
2. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.
3. Ashita Aggarwal (2017), Marketing Case Study , Pearson India Education Services Pvt. Ltd.

Unit-13
Integrating Marketing Tools

STRUCTURE

Overview

Objectives

13.1. Introduction to Integrated Marketing Communication

13.2. Significance of marketing communication

13.3. Integrating Marketing Tools

13.4. Factors affecting marketing communication mix decision

Check your progress

Glossary

Answer to check your progress

Terminal Questions

Suggested Readings

Overview

In this unit Introduction to Integrated Marketing Communication, Significance of marketing communication, Integrating Marketing Tools, Factors affecting marketing communication mix decision has been explained.

Objectives

After studying this topic, you will be able to

- Describe about the term Integrating Marketing Tool
- Determine the role of marketing communication
- Discuss about the process of Integrating Marketing communication

13.1. Introduction to Integrating Marketing Communication

Integrated Marketing Communications (IMC) is a concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear and consistent message. It aims to ensure the consistency of the message and the complementary use of media.

IMC is an integration of all marketing tools, approaches and resources within a company which maximizes impact on the consumer mind resulting in maximum profit at minimum cost.

It uses several innovative ways to ensure that the customer gets the right message at the right place and right time.

Every promotional tool has a different role to play. When used individually by companies to communicate a message, they all portray different images. Conflicting messages confuse brand positions and company images. Companies often fail to integrate their various communications channels and the result is a confused consumer.

An appropriate promotional mix must be created in order to meet the promotional objectives of any given promotion strategy. The promotional mix is the combination of different promotional channels that is used to communicate a promotional message. This will involve an appropriate selection from the range of tools that are available for use as part of the promotional mix. This is known as Integrated Marketing Communications.

Today, more and more companies are adopting the concept of Integrated Marketing Communications (IMC). Under this concept, the company uses various communication channels to communicate the same clear, concise and crisp message to the target audience.

13.2. Significance of Integrated Marketing Communications

- Integrated marketing communication plays an integral role in communicating brand message to a larger audience.
- Integrated Marketing communication helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users.
- Integrated marketing communication goes a long way in creating brand awareness among customers at a minimal cost.
- Integrated marketing communication is essential not only for business-to-business marketing but also for direct interaction with customers.
- Through integrated marketing communication, similar message goes to customers simultaneously, eventually creating a better impact on them.
- Integrated marketing communication scores over traditional ways of marketing as it focuses on not only winning new customers but also maintaining long term healthy relationship with them.
- Integrated marketing communication ensures two-way dialogue with customers - a must in all business.

- Customer feedbacks need to be monitored well if you wish to survive in the long run. Remember, their feedbacks are valuable and need to be evaluated carefully.
- Integrated marketing communication saves time which is often lost in figuring out the best marketing tool.
- Integrated marketing communication ensures that the customer gets the right message at the right place and right time.
- Integrated marketing communication uses several innovative ways to promote brands among customers such as newspaper inserts, hoardings and banners at the most strategic locations, pamphlets, brochures, radio or television advertisements, press releases, discount coupons, loyalty clubs, membership clubs,

13.3. Integrated Marketing Communication Tools

- Advertising
- Personal selling
- Direct Marketing
- Mobile Marketing
- Social Media Marketing
- Public Relations
- Sales Promotion
- Sponsorships

Source:https://www.hitechnectar.com/blogs/integrated-marketing-communicati on-tools/

Advertising

- Advertising is the non-personal and paid form of communication. It is one of the most effective forms of communication where it reaches a mass audience at once within a short period of time.

Personal selling

Personal selling includes face to face interaction with the end-users with the motive of promoting the product and convincing the buyer to purchase the product.

It is the most effective tool in IMC as a salesperson directly communicates with the buyer, resolves their issues on spot, improvise his pitch as per the need of the buyer, and focuses on building a long-term relationship with end-users.

Direct Marketing

It is the oldest form of communication where organizations directly communicate with end-users through emails, telephone, fax, text messages, catalogue, brochure, and promotional letter.

Nowadays people buy more online, so marketers help consumers in the buying process by sending those catalogues and other marketing material which makes the process easier for consumers.

Mobile Marketing

Mobile marketing involves communicating with customers through mobile by sending them a text message. It is the cheapest traditional means of promotion.

Social Media Marketing

It is one of the most powerful media where the promotion of the brand or business can be done through the social media channel. It is one of the low-cost promotional methods where a large number of users are targeted at once.

Public Relations

It is the practice of managing the relationship between an organization and the public.

It is a two-way communication where the public shares their feedback to the organization.

PR is done to create goodwill in the market and present the product of the company in the positive light.

Promotion can be done through press releases, public appearances, event sponsorships, news, etc.

Sales Promotion

Sales promotion is the short-term incentives given to consumers to accelerate the sale.

13.4. Factors Affecting Marketing Communication Mix Decision

1. Type of Product

Type of product plays an important role in deciding on promotion mix. Product can be categorized in terms of branded products, non-branded products, necessity products, luxury products, new products, etc. All these types of products need different promotional tools. For example, advertising is suitable for the branded and popular products. Personal selling may be fit for non-branded products. Advertising, personal selling, sales promotion and publicity – all four tools – are us

2. Use of Product

Product may be industrial product, consumable and necessity product, or may be luxurious product that affects selection of promotion tools and media. For example, advertising and sales promotion techniques are widely used for consumer goods while personal selling is used for industrial goods.

3. Complexity of Product

Product complexity affects selection of promotional tools. Personal selling is more effective for complex, technical, risky, and newly developed products as they need personal explanation and observation. On the other end, advertising is more suitable for simple and easy-handled products.

4. Purchase Quantity and Frequency:

Company should also consider purchase frequency and purchase quantity while deciding on promotion mix. Generally, for frequently purchase product, advertising is used, and for infrequently purchase product, personal selling and sales promotion are preferred. Personal selling and advertising are used for heavy users and light users respectively.

5. Fund Available for Market Promotion:

Financial capacity of company is a vital factor affecting promotion mix. Advertising through television, radio, newspapers and magazines is too

costly to bear by financially poor companies while personal selling and sales promotion are comparatively cheaper tools. Even, the company may opt for publicity by highlighting certain commercially significant events.

6.Type of Market

Type of market or consumer characteristics determine the form of promotion mix. Education, location, income, personality characteristics, knowledge, bargaining capacity, profession, age etc., are the important factors that affect company's promotion strategy.

7.Size of Market:

Naturally, in case of a limited market, personal selling is more effective. When market is wide with a large number of buyers, advertising is preferable. Place is also an important issue. Type of message, language of message, type of sales promotion tools, etc., depend on geographical areas.

8. Stage of Product Life Cycle:

Product passes through four stages of its life cycle. Each stage poses different threats and opportunities. Each stage needs separate marketing strategies. Each of the promotional tools has got different degree of suitability with stages of product life cycle.

Let us Sum up

In this unit, you have learned about the following

Integrated Marketing Communications (IMC) is a concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear and consistent message. It aims to ensure the consistency of the message and the complementary use of media.

- Integrated marketing communication plays an integral role in communicating brand message to a larger audience.
- Integrated Marketing communication helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users.

Check your Progress

I. True /False

1. Sales promotion is the short-term incentives given to consumers to accelerate the sale.

2. Product passes through six stages of its life cycle.
3. Integrated marketing communication plays an integral role in communicating brand message to a larger audience.
4. Mobile marketing involves communicating with customers through mobile by sending them a text message.
5. Product complexity affects selection of promotional tools.

Glossary

Integrated Marketing Communications (IMC): Integrated Marketing communication helps in integrating all essential components of marketing to communicate similar message to potential and existing end-users.

IMC is a concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear and consistent message. It aims to ensure the consistency of the message and the complementary use of media.

Answers to Check your Progress

1.True

2.True

3.False

4.True

5.True

Terminal Questions

1. Explain the significance of Integrated Marketing communication.
2. Identify the various integrated marketing tools.
3. Explain the factors affecting the Integrated Marketing Communication tools.
4. Summarize the terms: Advertising, Publicity, and Sales Promotion.
5. **Case Study**

   David is a 35 year old who is a foodservice manager at a casual dining restaurant. He is responsible for supervising and managing all employees in the back of the house. Employees working in the back of the house range in age from 16 to 55 years old. In addition, the employees come from diverse cultural

and ethnic backgrounds. For many, English is not their primary language. Employees receive "on the job training" about food safety basics (for example, appropriate hygiene and hand washing, time/temperature and cleaning and sanitizing). But with high turnover of employees, training is often rushed and some new employees are put right into the job without training if it is a busy day. One day David comes to work and is rather upset even before he steps into the restaurant. Things haven't been going well at home and he was lucky to search through some of the dirty laundry and find a relatively clean outfit to wear for work. He admits he needs haircut and good hand scrubbing especially after working on his car last evening. When he walks into the kitchen he notices several cups of cream cakes out in the kitchen area. It appears these have been sitting at room temperature for quite some time. David is frustrated and doesn't know what to do. He feels like he is beating his head against a brick wall when it comes to getting employees to practice food safety. David has taken many efforts to get employees to be safe in how they handle food. He has huge signs posted all over the kitchen with these words: KEEP HOT FOOD HOT AND COLD FOOD COLD and WASH YOUR HANDS ALWAYS and OFTEN. All employees are given a thermometer when they start so that they can temp food. Hand sinks, soap and paper towels are available for employees so that they are encouraged to wash their hands frequently

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.
2. Ashita Aggarwal (2017), Marketing Case Study , Pearson India Education Services Pvt. Ltd.

Block-5: Introduction

Block-5: Emerging Trends in Marketing has been divided in to three Units. **Unit-14: Online Marketing** - Introduction to Online Marketing, Comparison of traditional Vs Online marketing, Components of Online Marketing, Significance of Online Marketing

Unit-15: Emerging Trends in Global Marketing - International I Marketing – Overview, Objectives of International Marketing, Advantages of International Marketing, Disadvantages of International Marketing, The Scope of International Marketing - Importance in the Global Arena, Challenges in International Marketing

Unit-16: Sustainability in Marketing - Introduction to Sustainability in Marketing, Principles of Sustainability of Marketing, Examples of Sustainability Marketing, Sustainability Marketing Strategies, Triple bottom Line in Business

In all the units of Block -5 **Emerging Trends in Marketing**, the Check your progress, Glossary, Answers to Check your progress and Suggested Reading has been provided and the Learners are expected to attempt all the Check your progress as part of study.

Unit-14
Online Marketing

STRUCTURE

Overview

Objectives

14.1 Introduction to Online Marketing

14.2 Comparison of traditional Vs Online marketing

14.3 Components of Online Marketing

14.4. Significance of Online Marketing

Let Us Sum Up

Check your Progress

Glossary

Model Question Paper

Answers to Check your Progress

Overview

In this unit, the Introduction to Online Marketing, Comparison of traditional Vs Online marketing, Components of Online Marketing and the significance of Significance of Online Marketing has been clearly explained.

Objectives

After studying this unit, you will able to:

- Describe the term Online Marketing
- Understand the types of Online Marketing
- Significance of online marketing

14.1. Introduction to Online Marketing

Online marketing is advertising and marketing the products or services of a business over Internet.

Online marketing relies upon websites or emails to reach to the users and it is combined with e-commerce to facilitate the business transactions. In online marketing, you can promote the products and services via websites, blogs, email, social media, forums, and mobile Apps. Online marketing is also termed as **Internet marketing, Web marketing,** or simply, **OLM**.

14.2 Comparison between Traditional and Online Marketing

The goal of traditional marketing and online marketing are same − To attract and drive visitors of advertise to buy the product thereby increasing the business profit. Let us see the difference between two approaches now −

Traditional Marketing	Online Marketing
It is difficult to measure. You cannot know how many people read you advertise and how many took favourable action upon viewing it.	It is measurable. You can know the number of people who viewed the online advertise, and the number of ones who purchased the product.
It is not cost-effective.	It is more cost-effective.
It is not so good for brand building.	It is fast and efficient for brand building.
In some way, it interrupts regular activities of users such as television advertises interrupt the program you are watching, billboards divert focus of the driver, etc.	It is not interrupting. The user can attend online advertises as per his/her convenience and preferences.
It may leave users' queries unanswered as printing or narrating complete information about the product or service may not be always feasible.	It can provide maximum information about the product or service, offers, and transactions.

Online marketing is widely practiced strategy of advertising or promoting sales and name of the business. Wise use of the online marketing strategies can take the business to unprecedented levels of success.

14.3 Components of Online Marketing

Online marketing has various components as shown in the illustration below

Market Research

Business organizations need to set clear objectives and strong market understanding. To research the market, you can –

- Review your website traffic.

- Review the Ad conversion rates.
- Review the queries asked by your existing customers.
- Identify the customers' **pain points** that they post on various platforms such as yahoo answers, blogs, social media, and other sites.

Source: https://www.tutorialspoint.com/online_marketing/online_marketing_introduction.htm

Keyword Research

Choosing a correct and relevant set of keywords can help design a crisp and persuasive advertise for online marketing. Before accessing any keyword research tool, ask yourself −

- What is the purpose of this web page?
- How clearly can I state the conversion event?
- Have I clearly answered all the pain points that user might look for on this page?
- Which phrases the users might enter while looking for a solution?
- Are my keywords relevant to the users' intent?

SEO Friendly Website

Mapping the right keywords around the users' pain points in a hierarchical manner makes an effective website. You need to categorize the keywords in a thematic order and then link the respective articles to the keywords. This makes the website easy maintain.

Web Analytics

The ultimate goal of analytics is to identify actionable insights on monthly basis which can help to make favourable changes to the website gradually. This in turn ultimately leads to strong profits in long term.

Online Advertising

It is placing crisp, simple, and tempting Ads on the websites to attract the viewers' attention and developing viewers' interest in the product or service.

Mobile Advertising

It is creating awareness about the business and promoting it on smart phones that people carry with them inseparably.

Search Engine Optimization (SEO)

It is the activity of optimizing web pages or complete website in order to make them search engine friendly, thus getting higher position in the search results. It contributes to overall rankings of the keywords through influencing factors such as appropriate titles, meta descriptions, website speed, links, etc.

Social Media Marketing

It includes creating profiles of your brand on social media platforms such as Google Plus, LinkedIn, Pinterest, Twitter, Facebook, etc. It assures that you remain connected to the existing or potential customers, build awareness about the products and services, create interest in and desire to buy your product, and interact with the customers on their own terms and convenience.

Email Marketing

The customers to answer their queries using **automatic responders** and enhance the customer experience with your website.

Content Marketing

It includes creation and sharing of media and publishing the **content** in order to acquire and retain customers.

Blogs

Blogs are web pages created by an individual or a group of individuals. They are updated on a regular basis. You can write blogs for business promotion.

Banners

Banners are long strips of cloth with a slogan or design. They are carried for demonstration, procession, or hung in a public place. There are internet banners in parallel to tangible banners for advertising.

Internet Forums

They are nothing but message boards of online discussion websites, where people post messages and engage into conversation.

Advertiser

It is a person or an organization that places advertisements to drive sale or lead through it.

Banner

It is an online advertisement in the form of a graphic image that appears on a web page.

Bid

It is the maximum amount an advertiser is ready to pay for a click.

Black Hat and White Hat Tactics

They both are the tactics of online marketing. There is no colour significance about being good or bad.

Black Hat Tactics are less pure and farther from search engine's terms of service.

White Hat Tactics of online marketing are closely bound to a search engine's terms of service.

Breadcrumbs Navigation

It is a navigation scheme that reveals user's location on the website or application. It offers a way to trace the path back to the user's original landing point.

Campaign

It is a series of operations performed to achieve a desired goal in a particular area.

Click through Rate (CTR)

Click Through Rate = Clicks / Impressions %

Conversion

A visitor when completes a target action.

Cost per Acquisition (CPA)

It is the cost the advertiser pays only when a desired action is achieved.

Cost per Click (CPC)

It refers to the amount the advertiser pays when his Ad is clicked on, giving him a visitor to his website − typically from a search engine in PPC marketing.

Cost per Mille (CPM)

It is the amount paid for every 1000 impressions of an advertisement.

Customer Pain Points

They are annoying, frustrating, and difficult to solve things or situations for the customer, which the customers may not have anticipated or cannot verbalize. They need urgent addressing.

If This Then That (IFTTT)

It is a web-based service with which the users can create chain of primitive conditional statements, called recipes. The recipes are triggered based on changes to other web services such as Gmail, Facebook, Instagram, etc.

Inbound Link

It is a hyperlink on a third-party web page that points to a web page on your website.

Key Performance Indicator (KPI)

It is a metric that shows whether an objective of the business is achieved.

Market Reach

It is the total number of people or households exposed at least once to a medium of Advertising in given span of time.

Paid Search Advertising

It refers to paid advertising on search engines, sometimes called PPC advertising. The advertiser pays only for each click on the Ad.

Publisher

It provides the advertisers a required amount of space on its website to publish the advertisement.

Quality Score

It is a variable that influences ranking of a website.

Search Engine Optimization

It is process of elevating website ranking in the unpaid results of search engine.

Tracking

It is measuring the effectiveness of an online advertise by collecting and evaluating statistics.

Web Indexing

It is the method of indexing the contents of the website or the internet as a whole.

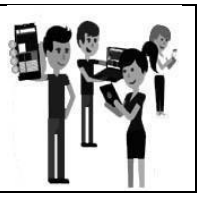
14.4. Significance of Online Marketing

1. Your customers are online

Internet marketing is so important because your customers are online. Considering that over 4.2 billion people are on the Internet, it's a great opportunity for you to reach leads that are looking for your business. There are billions of people online just waiting to find your company.

People use the Internet to find all types of information. They're constantly conducting searches to find relevant information about businesses, products, and services. By investing in Internet marketing, you're helping your company reach those interested leads.

Considering that over **4.2 billion people** are on the Internet, it's a great opportunity for you to reach leads that are looking for your business



Source: https://www.digital-marketing.com.

As a marketer, you want to reach potential customers where they live, work, and shop, get information, and seek entertainment. All of this is wrapped up in one place: Internet. Even if you operate locally, your audience is online. That's why organizations in the healthcare sector, like hospitals, orthopaedic surgeons, and more use Internet marketing to promote their services and expand their care.

Internet marketing online is valuable to your business because it helps you connect with leads that are the most interested in your business.

2. It create two-way communication

With traditional advertising, the communication is one-way.

So, what happens if your audience has questions or concerns? What if they want to learn more about your business, product, or service? It's a hard task to complete when you don't have a two-way conversation.

The importance of Internet marketing lies in the ability to create two-way communication. Whenever you create a social media post, run a pay-per-click (PPC) ad, or create any form of marketing material, you create the opportunity for people to contact your business. You can reach customers through several digital marketing channels. If someone sees your PPC ad and has questions, they can find your contact information and reach out to you. They can call, chat, or email your business with questions. This open communication helps you build a relationship with your audience — which makes them feel more welcomed by your team and company.

By building a relationship and opening communication with your audience, you increase their likelihood of becoming customers. It also increases the chances that they will become repeat customers. Internet marketing is important because it helps you communicate better with your audience.

3. It personalizes your audience's experience

As we stated previously, your audience wants to feel like they matter to your business. They don't want to just be another number. Effective Internet marketing creates a custom experience for each member in the audience. Personalized marketing enables you to customize your audience's experience. When people find your business, they're going to come to your company for different reasons. Some people are interested in one type of product, while others are interested in another type. Personalizing these customers' experiences to their interests creates a better experience for them. It's best to create multiple, personalized marketing pieces than one, general marketing piece. The ability to personalize your marketing strategy is why Internet marketing is so important to your business. It helps you deliver a better experience for your leads, which turns them into customers.

4. It allows you to drive quality traffic

One of the biggest hurdles with traditional advertising is obtaining interested leads. When you use traditional advertising, you don't know how many valuable leads you will reach. Your advertisements appear in

front of interested and uninterested leads, which makes it difficult to drive an abundance of quality traffic. Internet marketing is important because it helps you drive more qualified traffic. You reach more leads that are interested in your business. The ability to target specific leads helps you drive traffic that takes an interest in your company. Internet marketing allows you to target by demographic information, socioeconomic status, hobbies, interests, or spending habits. Effective Internet marketing will help you reach the right leads at the right time.

5. It increases your business's visibility

When you want more people to check out your business, you must increase your business's visibility. It can be challenging to do this through offline tactics because you don't have much control over who sees your marketing materials.

With online marketing, you expose your business to hundreds of people. The Internet is constantly marketing for your business. People can access your website or your social media 24/7. This means that your business is visible to your audience at all times. In addition, you can use other digital marketing methods to reach your audience and increase your brand's visibility. A few strategies include content marketing, social media marketing, and even video marketing.

The Internet is **constant marketing for your business People can access** your website or your social media 24/7

Brand visibility means that more people are getting familiar with your business. When people are more familiar with your business, they're more likely to choose your business when they're ready to convert. People choose brands they're familiar with, so this brand exposure guides them towards choosing your business when they're ready to convert.

6. It allows you to multitask

The importance of online marketing also includes its ability to run multiple campaigns at once. The Internet makes it easy for you to take on a high level of customers and provide them with a quality experience.

In addition, you can run multiple marketing campaigns at once. This means you can reach leads through multiple channels at the same time, maximizing your business's reach.

7.Your competitors are doing it

If you want to remain in competition with your competitors, you must invest in Internet marketing. Your competitors are already investing in different Internet marketing methods and working to obtain new leads. If you aren't investing in Internet marketing, you're falling behind your competition. To keep up with your competitors, you must establish an effective online marketing campaign. It will help you obtain leads and prevent you from losing them to your competitors.

Let us Sum Up

In this unit, you have learned about the following:

- Online marketing is advertising and marketing the products or services of a business over Internet.
- Online marketing is widely practiced strategy of advertising or promoting sales and name of the business. Wise use of the online marketing strategies can take the business to unprecedented levels of success.

Check Your Progress

1. _____relies upon websites or emails to reach to the users and it is combined with e-commerce to facilitate the business transactions

   a. Online marketing
   b. Website
   c. Marketing
   d. Social Factors

2. _____includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products.

   a. Personal Selling
   b. Website
   c. Marketing
   d. Social Factors

3. _____It is the method of indexing the contents of the website or the internet as a whole.

   a. Personal Selling
   b. Web Indexing
   c. Marketing
   d. Social Factors

Glossary

Web Analytics: The ultimate goal of analytics is to identify actionable insights on monthly basis which can help to make favourable changes to the website gradually. This in turn ultimately leads to strong profits in long term.

Online Advertising: It is placing crisp, simple, and tempting Ads on the websites to attract the viewers' attention and developing viewers' interest in the product or service.

Mobile Advertising: It is creating awareness about the business and promoting it on smart phones that people carry with them inseparably.

Search Engine Optimization (SEO): It is the activity of optimizing web pages or complete website in order to make them search engine friendly, thus getting higher position in the search results. It contributes to overall rankings of the keywords through influencing factors such as appropriate titles, Meta descriptions, website speed, links, etc.

Model Questions

1. Explain the term online marketing
2. Enumerate the components of online marketing
3. Compare traditional Vs Online Marketing
4. Predict the terms SEO & SEM
5. Discuss the significance of online marketing.

Answers to Check Your Progress

1. a. Online marketing

2. b. Personal Selling

3. c. Web Indexing

Unit-15

Emerging Trends in Global Marketing

STRUCTURE

Overview

Objectives

15.1. International l Marketing -Overview

15.2. Objectives of International Marketing

15.3. Advantages of International Marketing

15.4. Disadvantages of International Marketing

15.5. The Scope of International Marketing - Importance in the Global Arena

15.6. Challenges in International Marketing

Let Us Sum Up

Check your Progress

Glossary

Model Questions

Answers to Check your Progress

Suggested Readings

Objectives

After studying you will able to :

- Understand the basics concepts International Marketing
- Fundamentals of International marketing
- Know the challenges for international marketing

15.1. International Marketing - Overview

The **word 'International Marketing'** is defined as the exchange of goods and services across national borders to meet the requirements of the customers. It includes customer analysis in foreign countries and identifying the target market.

International Marketing is any marketing activity which supports business activity, in a country other than the one that the business is located in. International marketing enables businesses to provide benefits (in the form of products and services) to consumers around the world.

International marketing is the export, franchising, joint venture or full direct entry of a marketing organization into another country. This can be achieved by exporting a company's product into another location, entry through a joint venture with another firm in the target country, or foreign direct investment into the target country.

The development of the marketing mix for that country is then required - international marketing. It can be as straightforward as using existing marketing strategies, mix and tools for export on the one side, to a highly complex relationship strategy including localization, local product offerings, pricing, production and distribution with customized promotions, offers, website, social media and leadership.

Internationalization and international marketing meet the needs of selected foreign countries where a company's value can be exported and there is inter firm and firm learning, optimization and efficiency in economies of scale and scope. The firm does not need to export or enter all world markets to be considered an international marketer.

Global marketing is "Marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives".

Global Marketing is a firm's ability to market to almost all countries on the planet. With extensive reach, the need for a firm's product or services is established. The global firm retains the capability, reach, knowledge, staff, skills, insights, and expertise to deliver value to customers worldwide.

The firm understands the requirement to service customers locally with global standard solutions or products, and localizes that product as required to maintain an optimal balance of cost, efficiency, customization and localization in a control-customization continuum to best meet local, national and global requirements to position itself against or with competitors, partners, alliances, substitutes and defend against new global and local market entrants per country, region or city.

The **major participants** in international marketing are as follows

- **Multinational Corporations** (MNCs) − A multinational corporation (MNC) is an organization that ensures the production of goods and services in one or more countries other than its home country. Such organizations have their offices, help desks or industrial set-up across nations and usually have a centralized head office where they co-ordinate global management.

- **Exporters** − they are the overseas sellers who sell products, and provide services across their home country by following the necessary jurisdiction.
- **Importers** − they are the overseas buyers who buy products and services from exporters by complying with the jurisdiction. An import by one nation is an export from the other nation.
- **Service companies** - A service company generates revenue by trading on services and not on physical commodities. A public accounting company is the best example of a service company. Revenue here is generated by preparing returns of income tax, performing audit services, and by maintaining financial records.

Many companies believe that their targets are limited if they only concentrate on a single market like the U.S. Market and Global marketplace is competitive.

Thus, to enrich their market presence such companies are always on a lookout for better opportunities worldwide.

International marketing simply means the sale and purchase of products and services in a market that acts as a platform for several other markets. Companies from different countries attempt to draw customers by advertising their products and services on the same platform.

15.2. Objectives of International Marketing

- To enhance free trade at global level and attempt to bring all the countries together for the purpose of trading.
- To increase globalization by integrating the economies of different countries.
- To achieve world peace by building trade relations among different nations.
- To promote social and cultural exchange among the nations.
- To assist developing countries in their economic and industrial growth by inviting them to the international market thus eliminating the gap between the developed and the developing countries.
- To assure sustainable management of resources globally.
- To propel export and import of goods globally and distribute the profit among all participating countries.
- To maintain free and fair trade.
- International marketing aims to achieve all the objectives and

establish a connection among the nations that participate in global trade.

- Establishing a business in one's home country has limited restrictions and demands but when it comes to marketing at international level, one has to consider every minute detail and the complexities involved therein.
- In such instances, the demand grows as the market expands, preferences change and the company has to abide by the rules and regulations of two or more countries.

Source :https://www.brandvm.com/post/innovative-international-marketing

15.3. Advantages and Disadvantages of Global/ International Marketing Advantages

- Economies of scale in production and distribution
- Lower marketing costs
- Power and scope
- Consistency in brand image
- Ability to leverage good ideas quickly and efficiently
- Uniformity of marketing practices
- Helps to establish relationships outside of the "political arena"
- Helps to encourage ancillary industries to be set up to cater for the needs of the global player

15.4. Disadvantages of International Marketing

- Differences in needs, wants of the consumers and usage patterns for products
- Differences in consumer response to the elements of Marketing Mix
- Differences in brand and product development and the competitive environment
- Differences in the legal environment, some of which may conflict with those of the home market
- Differences in the institutions available, some of which may call for the creation of entirely new ones (e.g., infrastructure)
- Differences in administrative procedures
- Differences in product placement.
- Differences in the administrative procedures and product placement can occur

15.5. The Scope of International Marketing - Importance in the Global Arena

International Marketing Leads to Peace Among Nations

All the activities associated with a business like – development, production, and marketing, especially in the case of high-tech products, involves people from around the world to work together. Moreover, companies as a part of employee interactions enable people from all countries to meet face-to-face for both recreation and commerce**.** All this interaction leads to not just the mutual gain associated with business relationships but also personal relationships and mutual understanding. The latter is the foundation of global peace and prosperity and widen the scope of International Marketing. E.g. Mobile Phone Companies deploy different functions of their business in different parts of the world – say manufacturing in China, R & D in London and sales teams across the globe. In order to work as a team and drive a single agenda, the teams interact with each other frequently and occasionally meet for important agendas.

Global Markets Reduce Risk and Open Opportunities

Scope of International Marketing increases with global markets opening up for business. At times manufacturing a product in a country can be much cost-effective and the nation becomes the hub of all

exports. e.g., huge portion of all consumer products sold globally is manufactured in China.

Global brands rake in a significant portion of their revenues from outside their parent country. Below is the example of a few US-based companies and how they widened the Scope of International Marketing.

Factors Affecting the Scope of International Marketing

Of all the events and trends affecting global business today, four stand out as the most dynamic, the ones that will influence the shape of international business.

The rapid growth of the **World Trade Organization** and regional free trade areas such as the North American Free Trade Area and the European Union.

- The trend toward the acceptance of the free market system among developing countries in Latin America, Asia, and eastern Europe.
- The burgeoning impact of the Internet, mobile phones, and other global media on the dissolution of national borders.
- The mandate to manage the resources and global environment properly for the generations to come.

15.6. Challenges in International Marketing

Traffic Barriers

It refers to various tax and duties which are imposed on import and export of goods or services. International marketers sometimes find it difficult to abide by all the rules and regulations imposed by the foreign government. Such taxes may adversely affect their profitability and create a problem for them.

Variations in Exchange Rate

Every country has its own currency and need to be exchanged with each other while doing international trade. There are fluctuations in the currency exchange rate every day. It becomes a great challenge before international marketer for converting currencies in case if fluctuations in exchanges rate sometimes goes extraordinary.

Cultural Diversity

Cultural diversity means difference in culture and norms among people in several nations. Every country's people have distinct tastes, habits,

language, preferences, buying and consumption pattern. Companies may face difficulty in introducing their product in international market.

Distance Problem

Another major problem in international marketing is the large geographical distances between countries. Trading with the nation at far distances is a quite challenging task as it requires large time and effort. In case of supplying perishable and fresh goods, companies may face a big problem.

Political Environment

There is a difference in the political atmosphere of every country. These political differences may pose threats or provide opportunity to companies. Government of foreign countries has distinct priorities and approaches to international trade. Companies may face restrictive trade policies imposed by the government of that country while trading their products.

Competition

Existence of high competition in the international market is another problem faced by companies. It may become difficult for them to sell their products or compete with existing companies in developed countries.

Let Us Sum Up

In this unit, you have learned about the following:

- The word 'International Marketing' is defined as the exchange of goods and services across national borders to meet the requirements of the customers. It includes customer analysis in foreign countries and identifying the target market.
- International Marketing is any marketing activity which supports business activity, in a country other than the one that the business is located in. International marketing enables businesses to provide benefits (in the form of products and services) to consumers around the world.

Check your Progress

1. _____ is defined as the exchange of goods and services across national borders to meet the requirements of the customers

   a. International Marketing

   b. Global Marketing

c. Political Environment

d. Natural Environment

2. _____ Marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives

   a. International Marketing

   b. Global Marketing

   c. Political Environment

   d. Natural Environment

3. _____means difference in culture and norms among people in several nations.

   a. International Marketing

   b. Global Marketing

   c. Cultural Diversity

   d. Natural Environment

Glossary

- ***International Marketing*** is any marketing activity which supports business activity, in a country other than the one that the business is located in. International marketing enables businesses to provide benefits (in the form of products and services) to consumers around the world.
- ***Global Marketing*** is "Marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives".

Model Questions

1. Explain the term International Marketing
2. Enumerate the term Global Marketing
3. Explain the scope of the international marketing
4. Describe the challenges in international marketing
5. Identify he participants in the international marketing
6. Discuss the term international marketing and global marketing

Answer to Check your Progress

1. a. International Marketing

2. b. Global Marketing

Suggested Readings

1. Kotler, P., and Keller, K.L. (2018). Marketing Management (15th ed.). Noida, Uttar Pradesh: Pearson.

Unit - 16
Sustainability in Marketing

STRUCTURE

Overview
Objectives
16.1. Introduction to Sustainability in Marketing
16.2. Principles of Sustainability of Marketing
16.3. Examples of Sustainability Marketing
16.4. Sustainability Marketing Strategies
16.5. Triple bottom Line in Business
Let Us Sum Up
Check your Progress
Glossary
Model Questions
Answers to Check your Progress
Suggested Readings

Overview

In this unit, the meaning of the term sustainability market, components and principles of marketing, importance of marketing, marketing philosophies and its tasks. This topic discusses about the various definitions of market, marketing management, the ten what can be marketed, marketing mix elements, as well as the concept of marketing philosophies and tasks.

Objectives

After studying this chapter, you will able to:

- Enhance knowledge in Sustainability in marketing
- Understand the strategies in sustainability in marketing
- Challenges faced by sustainability in marketing

16.1. Introduction to Sustainability in Marketing

Sustainability marketing, also referred to as green marketing, is when a company focuses social and environmental investments as a marketing strategy. Companies are often criticized for waste, price mark-ups, and misleading advertising. To counteract this type of publicity, more companies are turning to sustainability marketing.

Sustainability marketing is a way to build relationships with consumers while letting them know that they are important and so are future generations. While it is a developing field, sustainability marketing is an important piece of marketing strategy. Hose a certain company over the many others out there.

Sustainable marketing is the promotion of socially responsible products, services, and practices. While eco-friendly brands naturally work on sustainable marketing campaigns, brands that are not rooted in sustainability can still apply its principles to their strategy. Its goal is to promote a mission, not a product or service.

Sustainable marketing is using and promoting the environment to sustainable and socially responsible products, brand values, and practices. Businesses do not implement sustainable marketing for a specific period or specific product, but they implement it organization-wide. It is also used for a time-sensitive cause and can be promoted as a USP of business.

The rise of sustainable marketing can be traced back to the criticism that marketing has received from many customers. Most of the marketing claims are deceptive and turn out to be high-pressure sales instead of marketing. These ads were said to be unsustainable towards marketing and fuelled materialism. The demand increase was artificial, and it was more of a push marketing rather than pull marketing.

The customers prefer a better quality of life, making the world a better place. Strong ethics is desirable for every company, be it small or big. Therefore, in such cases, there was a need for ethical and sustainable marketing. The desire of customers to positively impact the business world directly translates to sustainability in the business world. It is a key strategy and is increasingly becoming important to all business owners, executives, and managers. Sustainable business goals have become common in every business.

16.2. Principles of Sustainability Marketing

Large Purpose

Brands typically judge their success by the numbers. How much revenue they have or will generate in any given period is usually the biggest indicator of success.

Sustainability shifts this perspective by having brands evaluate themselves by something bigger than profit.

As a brand, you have to promote something that's bigger than your products and services and transcends any particular industry.

Think ahead

Sustainability marketing is all about building long-term value. Too often, brands focus on gaining immediate returns. For instance, many marketing tactics like running Google Ads and blogging are great lead generators. Sustainable marketing looks at ways to nurture consumers during the entire buyer's journey. Education is one way to build loyalty with your audience early on. From when they first discover you on social media to after they've made a purpose.

Be customer-oriented

In traditional marketing, a brand will often try to push a product or service to a customer. With consumer-oriented marketing, it's more about understanding your customers' needs and tailoring your marketing to that.

Reflect sustainability in every aspect of your brand

Sustainability marketing doesn't work if it's not authentic. Imagine finding out a business that claims to be sustainable has failed to implement any practices to promote its mission. Consumers would distrust that brand and it would be difficult to earn it back. Make sure your brand is looking at sustainability from a holistic lens. These are the questions you should ask to determine if your brand reflects the mission, you've set out to achieve. Identify the areas that need work and go to the drawing board to figure out strategies that align with your mission.

16.3. Examples of Sustainable Marketing

1. Pangiai

Materials science Company, Pangiai, wants to save the environment.

Every piece of marketing the brand puts out is entered around this core mission, including this video campaign **Sustainable.** In 2018, 63% of consumers surveyed in **an Accenture study** revealed that they preferred to shop from purpose-driven brands. Fast forward to 2021 and that sentiment has only grown.

Throughout the ad, you see Pangiai products but they're not the focus. This tells viewers the mission drives the products, not the other way around - and that's sustainable marketing done right.

2. Nada Duele

In the previous section, we discussed the importance of having a holistic approach to sustainability marketing. With Nada Duele, their mission is reflected in everything: from their name, which represents the idea that products should not cause harm, to the initiatives they take part in. initiatives they take part in.

3. Satya

Social media is one of the best and easiest ways to implement a sustainable marketing strategy. You can share a range of content, from educating your followers on sustainable practices to sharing ways your brand is being sustainable. In this example from Candle Company Satya + Sage, they share tips on how to use the seed paper that comes with every candle.

16.4. Sustainability Marketing Strategy

1. Customer -Oriented Marketing

Every company should prioritize its customers and organize its activities around the needs of their customers. Rather than creating a need for a product in the market depending on your offering, companies should work their way around to satisfy the customer's need by giving them what they want. This will result in pull marketing rather than push sales.

Companies must understand what their customers want and what their perspective is. This will create permanent and long-lasting relations with customers rather than a simple one time buy and sell relation. When businesses focus on customers, then customers focus on businesses.

2. Customer value marketing

Customer value marketing is creating value in the company and its products to the customer. Instead of merely giving low prices and offers, the company should create value in its offerings.

When there is value in the product, customers don't mind. When there is value in the product, customers don't mind paying more. For example, in 2007 and 2008, Apple was considered a pioneer in consumer electronics, focusing on mobile phones and tablets. Apple was able to create value in their products, which attracted most of the customers. In 2020, with the launch of the new iPhone 12, iPhone 12 mini, iPhone 12 Pro, and iPhone 12 pro max Apple has come a long way. There is competition, and more options are available for customers. It is by creating value that Apple was able to reach and make itself a trillion-dollar company.

3. Innovative marketing

The company should continuously improve its existing products and offerings and try to find innovative ways to satisfy customer needs. Continuous improvement is the key to excellent and successful sustainable marketing.

Customers require innovation in new products. It is up to a company to innovate the products to be appealing, sustainable, and affordable to the customers. Innovation does not have to be in the product always. Changing the packaging, flavour, type of the product, or offering a low-cost alternative can also be considered as innovation. For example, Coca-Cola has been a market leader in the soft drink industry for a very long time. All these decades, Coca-Cola did not change it's for example, Coca-Cola has been a market leader in the soft drink industry for a very long time. All these decades, Coca-Cola did not change its original flavour but changed its advertising strategies, which helped them get more sales. Everybody knows that drinking soft drinks is not good for your health, resulting in long-term damage. Therefore, Coca-Cola never advertises their products as a soft drink but presents them as an experience to their customers. Thus, innovation does not necessarily have to be in the product, but it can also be how you present the product to customers.

4.Sense of mission marketing

The company should define the mission in broad social terms rather than using narrow product terms. This will also help to serve the employees in a better way.

When the companies have a sense of mission in their marketing strategies, it conveys a sense of seriousness to their customers. It also conveys the message that the company is interested in profitability from the market and is equally keen to give back something to the community.

This sense is more important than having a better profit margin. This works in long-term sustainable growth for the organization.

5.**Societal marketing**

Societal marketing can be defined as a "marketing with a social dimension or marketing that includes non-economic criteria". Societal marketing "concerns for society's long term interests". Societal marketing "concerns for society's long term interests.

This principle of sustainable marketing focuses primarily on the company, customer, and social interest. Societal marketing has become important because it creates the company's presence amongst social classes and helps to establish the organization as a solution provider rather than a money maker.

16.5. The Triple Bottom Line in Business

For many decades, profitability has been the only bottom line of every business. The motive of every business was to get maximum profitability for their business. Most of the strategies, steps, products, offerings, and the business's entire vision and mission was based on profitability.

However, John Elkington was the one who developed a triple bottom line for every business. This approach is about finding different opportunities that will help the business to build a sustainable competitive advantage. These advantages fall across three important areas of an organization:

Financial, environmental, and social. The net effect of all these three areas with a result in sustainability. Focusing on the finances of the business is as important as the environment and social focus. The business cannot alone thrive on profitability anymore. It is but the combination of all these three bottom lines which will help the business in the long run.

On the other hand, the business cannot stay in the market for long if it focuses only on the environment. It has to focus on profitability, as well. Similarly, focusing only on social needs and societal challenges is not desirable for a business. Every business has to focus on all these three elements equally to result in a long-term success strategy for the business.

The world is full of uncertainty. Monumental challenges-including climate change, poverty, and inequality-are at the forefront of daily life and seemingly becoming ever more urgent.

One thing that isn't uncertain, according to the online course Sustainable Business Strategy, is the need for change.

The general goal of a sustainable business strategy is to positively impact the environment, society, or both, while also benefiting shareholders. Business leaders are increasingly realizing the power of sustainable business strategies in not only addressing the world's most pressing challenges but driving their firms' success. However, defining

what sustainability means, solidifying clear and attainable goals, and formulating a strategy to achieve those goals can be daunting.

The triple bottom line is a business concept that posits firms should commit to measuring their social and environmental impact-in addition to their financial performance-rather than solely focusing on generating profit, or the standard "bottom line." It can be broken down into "three Ps": profit, people, and the planet.

Profit

In a capitalist economy, a firm's success most heavily depends on its financial performance, or the profit it generates for shareholders. Strategic planning initiatives and key business decisions are generally carefully designed to maximize profits while reducing costs and mitigating risk.

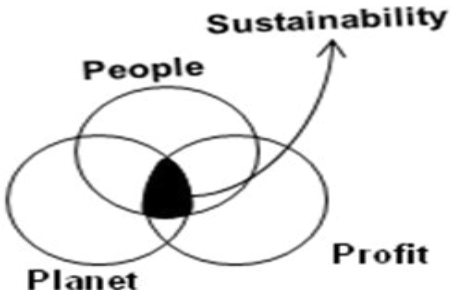
In the past, many firms' goals have ended there. Now, purpose-driven leaders are discovering they have the power to use their businesses to effect positive change in the world without hampering financial performance. In many cases, adopting sustainability initiatives has proven to drive business success.

People

The second component of the triple bottom line highlights a business's societal impact, or its commitment to people.

It's important to make the distinction between a firm's shareholders and stakeholders. Traditionally, businesses have favoured shareholder value as an indicator of success, meaning they strive to generate value for those who own shares of the company. As firms have increasingly embraced sustainability, they've shifted their focus toward creating value for all stakeholders impacted by business decisions, including customers, employees, and community members.

Some simple ways companies can serve society include ensuring fair hiring practices and encouraging volunteerism in the workplace. They can also look externally to effect change on a larger scale. For instance, many organizations have formed successful strategic partnerships with non-profit organizations that share a common purpose-driven goal.



Source: https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line

The Planet

The final component of the triple bottom line is concerned with making a positive impact on the planet.

Since the birth of the Industrial Revolution, large corporations have contributed a staggering amount of pollution to the environment, which has been a key driver of climate change.

While businesses have historically been the greatest contributors to climate change, they also hold the keys to driving positive change. Many business leaders are now recognizing their responsibility to do so.

This effort isn't solely on the shoulders of the world's largest corporations—virtually all businesses have opportunities to make changes that reduce their carbon footprint.

Adjustments like using ethically sourced materials, cutting down on energy consumption, and streamlining shipping practices are steps in the right direction.

Let's Us Sum Up

In this unit, you have learned about the following:

- Sustainability marketing, also referred to as green marketing, is when a company focuses social and environmental investments as a marketing strategy. Companies are often criticized for waste, price markups, and misleading advertising. To counteract this type of publicity, more companies are turning to sustainability marketing.
- The triple bottom line is a business concept that posits firms should commit to measuring their social and environmental impact—in addition to their financial performance—rather than solely focusing on generating profit, or the standard "bottom line." It can be broken down into "three Ps": profit, people, and the planet.

Check your Progress

1. _____also referred to as green marketing.

a. Competitive advantage

b. Sustainability marketing,

c. Society Marketing

d. Innovative Marketing

2. _____ is creating value in the company and its products to the customer

a. Customer value marketing

b. Customer orientation

c. Customer care

d. Sustainability Marketing

3. _____ marketing with a social dimension or marketing that includes non-economic criteria".

a. Customer value marketing

b. Customer orientation

c. Societal marketing

d. Sustainability marketing,

Glossary

- ***Sustainable marketing*** is using and promoting the environment to sustainable and socially responsible products, brand values, and practices. Businesses do not implement sustainable marketing for a specific period or specific product, but they implement it organization-wide. It is also used for a time-sensitive cause and can be promoted as a USP of business.
- ***Societal marketing***: This principle of sustainable marketing focuses primarily on the company, customer, and social interest. Societal marketing has become important because it creates the company's presence amongst social classes and helps to establish the organization as a solution provider rather than a money maker.

Model Questions

1. Explain the term sustainability in marketing
2. Describe the triple bottom line concept

3. Describe the principles of marketing
4. Monica took her niece, Aishwarya for shopping to 'Benetton' to buy her a dress on the occasion of her birthday. She was delighted when on payment for the dress she got a discount voucher to get 20% off for a meal of Rs. 500 or above at a famous eating joint. Identify the technique of sales promotion used by the company in the above situation.

Answers to Check your Progress

1. a. Sustainability marketing,
2. b. Customer value marketing
3. c. Societal marketing

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Annexure-Case Studies

Case Study – 1

Marketing Environment-For many years McDonald's enjoyed worldwide success build on a few well-known highly standard conditions. The company with the golden arches served a simple menu hamburgers, French fries, and milk-shakes or soft drinks. The food was priced low, its quality was consistent, and it was served speedily from establishments that all looked alike and were extremely clean.

In recent years, however, McDonalds has seen its growth rate slow down and its dominant market position slip. Why? The changes that have been occurring in the company's external environment. Let's start with the population scene. For many years McDonald's main customer group was young couples with several kids. Today, people are marrying at a much later age and families have fewer children. So McDonald's traditional customer bases are eroding. Then there are the cultural changes. Also consumers have become more health conscious.

Let's face it --- burgers, fries and shakes (foundation of McDonald's success" are not exactly at the top of the dietician's menu recommendations today. Consumers want convenience. In the past, they hopped in the care and drove to McDonald's.

Today they can pop something into the microwave oven or phone Domino's to have a pizza delivered. Another challenge came as consumers became more concerned about their physical environment. McDonald's polystyrene hamburger packaging was attacked by people who demand the use of recycled and/or biodegradable products. Paralleling all these challenges were the growing number and effectiveness of competitors.

Questions

(1). List out and discuss, the major environmental changes being faced by McDonald's.

(2). What should be the course of action to regain its dominant market position and to tackle competition?

Case Study -2

Mega Ltd manufactured water heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided: To reduce the labour costs by shifting the manufacturing unit to a backward area where

labour was available at a very low rate to start manufacturing solar water-heaters and reduce the production of electric water heaters slowly. This will not only help in covering the risks but also help in meeting other objectives.

Questions

(1).Discuss which type of Marketing Environment

Case Study -3 -Target Marketing Case Study: McDonald's

According to QSR magazine's 2019 QRS 50, McDonald's is the largest fast-food chain in the U.S. ranked by sales. It's also one of the most successful examples of demographic target marketing, aiming its products at children, teenagers, and young urban-dwelling families by offering Play Places & Parties, the Arch Card (reloadable cash card), free Wi-Fi, Happy Meals that include toys such as Marvel Studios characters, special promotions, and clever ad campaigns. Targeted advertising and aggressive pricing have enabled McDonald's to capture over 18.5% percent of the fast-food market share in the U.S. as of 2020.

However, as millennials surpassed baby boomers in 2017 to become the largest generation in the U.S. workforce, McDonald's sales have been in decline as fast-food style menu items, such as the ubiquitous Big Mac and fries, have less appeal to millennials. In response, McDonald's has altered its marketing strategy to target the millennial generation by advertising fresher, healthier menu options and upscale coffee products such as espressos.

Question

(1).Discuss about the 5 W ‘s of Target Audience.

Case Study -4

Mediquip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones.

In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same.

Himanshu, another Zonal Head, added that since lot of money had been

spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep. Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice.

Questions

(1).Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.

(2).Also, explain briefly the other consideration to be taken care of in each factor identified in part

Case Study-5

SLN garments, a medium sized family concern, started as a small company in Bangalore. In a span of 10 years, the company had recorded an annual sales turnover of over Rs.200 crores, with over 4000 employees, in the 3 different manufacturing locations in Karnataka, with a wide dealer network. However, as the company grew from a small to large one, the company CEO, Mr.Sai, felt that the communication was suffering.

This feeling was justified when Mr.Sai had observed a decline in productivity and an increase in rejection rate. Mr.Sai thought that the company was losing its “small company” spirit where, it had more control over its production and marketing operations. Upset by his inability to meet the requirements on time, he had shot off letters to his GM production, Manager-supplies and marketing manager, asking them to work as a team, put in greater effort and plan their work.

The recipients of these letters, in turn, sent somewhat similar letters to their supervisory and marketing field staff, stationed at various locations. However, the situation did not improve. Mr.Sai felt that he had lost touch with the employees, down the line. Therefore, he hired the services of a management consultancy firm, to study the situation and report to him.

Questions

(1).What do you think are the company’s real communication problems?

(2).What are the alternative ways in which the communication can be established in the company?

(3).How can the company get better commitment from its employees to improve the situation?

(4).If you are hired as a consultant, what will be your suggestions to Mr.Sai to improve the communication?

Case Study-6

David is a 35 year old who is a food service manager at a casual dining restaurant. He is responsible for supervising and managing all employees in the back of the house. Employees working in the back of the house range in age from 16 to 55 years old. In addition, the employees come from diverse cultural and ethnic backgrounds. For many, English is not their primary language.

Employees receive "on the job training" about food safety basics (for example, appropriate hygiene and hand washing, time/temperature and cleaning and sanitizing). But with high turnover of employees, training is often rushed and some new employees are put right into the job without training if it is a busy day. One day David comes to work and is rather upset even before he steps into the restaurant. Things haven't been going well at home and he was lucky to search through some of the dirty laundry and find a relatively clean outfit to wear for work. He admits he needs haircut and good hand scrubbing especially after working on his car last evening. When he walks into the kitchen he notices several cups of cream cakes out in the kitchen area. It appears these have been sitting at room temperature for quite some time.

David is frustrated and doesn't know what to do. He feels like he is beating his head against a brick wall when it comes to getting employees to practice food safety. David has taken many efforts to get employees to be safe in how they handle food. He has huge signs posted all over the kitchen with these words: KEEP HOT FOOD HOT AND COLD FOOD COLD and WASH YOUR HANDS ALWAYS and OFTEN. All employees are given a thermometer when they start so that they can temp food. Hand sinks; soap and paper towels are available for employees so that they are encouraged to wash their hands frequently.

Question

(1).Discuss about the Employees Training.

Case Study-7

In the white toothpaste market Colgate is the undisputed market leader with virtually no threat from any other brands. There are many brands in the marketplace that have been trying to nibble at the market share of Colgate but with little or nil success. Some of the brands such as Macleans and Forhan’s which tried to dislodge Colgate in the past are

not in the reckoning today. Balsara's promised toothpaste, which was introduced as the only toothpaste with "time tested clove oil", was hugely successful in gamering a two-digit market share but could not hold on to it. For the past two years two brands ``Pepsodent" for the white toothpaste market and "Closeup" for the gel formulation have been trying to snatch market share from Colgate, Pepsodent advertisements deliver the message that it can check the growth of germs in the mouth and that too for long hours at a stretch.

Close-up is fighting on competitive advertisements and sales promotions. Colgate does not wish to be dragged into retaliatory advertisement. They feel that the message. "Meri big Shakti, meri big Suraksha" (safety) has started sinking with a distant second in the market. New product launch is ruled out for the present. Colgate does not believe in the price war.

In the view of the above situation help Colgate to formulate marketing strategies to effectively counter competition.

Questions

(1).Discuss the Positioning mapping of the toothpaste industry

(2).What positioning stance has Pepsodent taken?

(3).Formulate marketing strategies for Colgate and justify your answer.

Case Study-8

Martin Incorp was a company carrying on business in cosmetics and perfumes. It was not following the marketing concept and was catering to a target market which was using its products. In other words, it only concentrated on what it would make, and did not bother about changes in preferences of its target market.

It was later joined by Mr. Ash, a marketing graduate who advised the company regarding the changing consumer preferences, and the changes that were necessary to be incorporated in the product. He emphasised upon the income factors, and social factors only. He modernised the products to a great extent, and invested about 30 lakhs on new packing, etc.

Even after six months of these changes brought about by him, the company did not seem to have a proportionate increase in sales. The assistant manager and the product manager were not very happy with the changes, and thought that although an effort has been made in the right direction, some important factors concerning consumer behaviour had been neglected.

Questions

(1).Do you agree with the assistant and product managers, and why?

(2).What other factors, if any, could have been considered? Elaborate in detail.

Case Study-9

Ashok a Marketing Manager has just returned from a meeting with his boss, who was happy and congratulated on his previous year's performance. He told Ashok to take additional responsibility of a project, which has not been achieving the mile stones & targets. The previous Marketing Manager has resigned and left the company. His boss was worried and wants a reliable person to take over.

Ashok has only a general view about the performance based on the internal briefings but beyond that you have no information. His boss gave him a day to decide and had assured support in every way possible. A success in this would mean a sure promotion immediately, but Ashok may have to spend more time at work and may end up stressing his personal life. He was sure that his spouse would support you fully. At the same time he is concerned about not being able to spend time with children. And success in the project is not assured, there are many unknown variables there.

Questions :

(1).What should Ashok do?

(2).Discuss the ways Mr.Ashok needs to adapt based on the roles of marketing manager.

Case Study-10

Six to Seven is a telecommunications company marketing state of the art telecommunications equipment. The company is currently in the process of developing a new generation type of mobile phones. When developed, this phone will enable users not only to make standard telephone calls and connect to the Web, but will have a small screen which will enable users to view the person at the other end of the line in high definition, unlike competitors' models whose definition characteristics leave a lot to be desired.

Needless to say, investment to develop the technology and market the product is substantial. As part of the development process, the company is eager to find out more about potential customers for this product. In particular, they are interested in finding out if there is a market for the

product, how big this market might be, and how customers will respond to this concept.

They propose hiring a specialist market research agency with skills in the area of researching buyer behaviour, particularly for new product concepts.

Questions

(1).What areas of buyer behaviour should this proposed research encompass, and why?

(2).What types of research techniques might be useful in researching these areas?

Case Study-11

McDonald's is a well-known fast food chain throughout the world. In recent years, it has worked hard to broaden its menu offering and try to broaden its food appeal. It has introduced some healthier options and has also added higher quality food and coffee as well.

In addition to having thousands of locations throughout the world, McDonald's also has very strong brand equity and is generally considered one of the top 10 most valuable brands in the world. This has been achieved over many years through a combination of store locations, media attention, advertising and other forms of promotion, including sponsorships.

McDonald's is a significant user of sponsorship as a key form of promotion. Because of McDonald's long history in fast food offerings, there is a proportion of consumers that have a strong negative attitude towards McDonald's – because they perceive McDonald's as primarily selling "junk" food. And McDonald's uses sponsorships in order to counteract this and create positive view of the company by doing good things in the community and for local groups.

Questions

(1).Discuss about McDonald's is acting as a "good corporate citizen" in their sponsorship activities, or do you think that they are primarily interested in associating their brand with food and health.

(2).Referring to the question above, provided that McDonald's is supporting worthwhile causes, does it really matter what McDonald's intentions and goals are?

Case Study-12

Red Bull - The Stratosphere Campaign- In April 2013, US-based Brand Activation Association (BAA) announced the first Brand Brilliance Awards to recognize the most influential and dynamic marketers in the US. The awards were presented in four categories . And in the Game changer category which honoured the marketer who changed the industry through a unique approach in marketing, the Red Bull Stratos event by Red Bull Energy Drink emerged as the winner. BAA announced, "The event forever altered the potential of content marketing." This was one of the several awards that Red Bull and Red Bull Media House won for the 'Stratos' or the 'Stratosphere' campaign.

Since its inception, the company had followed very different marketing tactics to popularize Red Bull. In 1998, it launched the Red Bull Dolomite Man, an extreme endurance event in kayaking and paragliding. This was followed by events like 'Flugtag' where competitors could fly machines they had built. Though it sometimes used traditional media like the television and the radio, the communication was very different and the advertisements were humorous, simple, youthful, and energetic.

Dietrich Mateschitz (Mateschitz) was born in 1944 in Austria to parents who were primary school teachers. After graduating with a marketing degree from the University of Commerce in Vienna, he took up marketing jobs at Unilever and Jacobs Coffee before becoming the international director for marketing at Blendax, a German company that dealt in FMCG products like toothpaste, skin creams, and shampoos, in 1979.

Mateschitz's job involved a lot of travel around the world and during one of his trips to Thailand, he discovered an 'energy drink' called KratingDaeng. The drink was very popular among blue collar workers in the country. When he sampled it, Mateschitz reportedly discovered that the drink was good at combating jetlag. The idea of marketing an energy drink in Western markets surfaced when he realized that though energy drinks had a huge market in Asia, there was no such product available in Europe.

Marketing Red Bull - Red Bull was generally acknowledged by marketing experts as a good example of an ordinary product being transformed into a powerful brand through innovative marketing. The emphasis Red Bull placed on marketing was evident from the fact that the company spent around 30 percent of its annual turnover on marketing – much higher than most other beverage manufacturers who spent approximately 10 percent.

Issues

- Understand the marketing strategy of Red Bull Study the various benefits and risks involved in the marketing methods adopted by Red Bull
- Discuss and debate the pros and cons of the Red Bull Stratos event Understand how the Stratos event helped Red Bull See how social media is used to reach the new-age consumers. Understand the impact of social media on customer experience

Questions

(1).Discuss the STP of red bull.

(2).Describe the market sales strategies adopted.

Case Study-13

Bon Voyage - The holiday market represents a highly segmented and targeted market. For example we have Saga type holidays aimed at the over 50's and designed to fill this group's needs. On the other hand we have had Club Med and Club 18-30, the latter in particular suggesting the age group these two operators were targeting.

You have been appointed as the new marketing manager for a large travel group, Bon Voyage, offering a range of holiday packages aimed at several parts of the market. The group includes package tour operations, a nationwide chain of travel shops and a fleet of aircraft.

One of the fastest growing parts of the travel market in recent years has been the cruise market. Once the domain of the privileged few, cruises are now available to a much wider target market as costs have come down and incomes have risen.

Until now, the company that just been appointed by you has not been part of the cruise market. It now realizes it may have made a mistake in this respect and wishes to enter the market as soon as possible. The company has negotiated the provision of two cruise ships for the next season, which will sail round the Mediterranean and the Caribbean respectively. The ships have just been refurbished and offer the most up-to-date facilities. Other companies in this market have been predominantly targeting the middle-income groups. However, there remains a part of the market which is aimed only at the luxury end, with high prices and prestigious ships.

The company has asked you to give them some preliminary advice about how to segment this market and which target segments might be

most appropriate and why. It also wants to know how its product offerings in this area might be positioned so as to differentiate it from existing competitors.

Questions

(1).Prepare a report on advice and information your company is seeking.

(2).Discuss the market segmentation process.

Case Study-14

Colgate - Marketing strategy: In the white toothpaste market colgate is the undisputed market leader with virtually no threat from any other brands .There are many brands in the market place that have been trying to nibble at the market share of Colgate but with little or nil success.

Some of the brands such as Macleans and Forhan's which tried to dislodge Colgate in the past are not in the reckoning today. Balsara's promise toothpaste, which was introduced as the only toothpaste with "time tested clove oil", was hugely successful in gamering a two-digit market share but could not hold on to it.

For the past two years two brands "Pepsodent" for the white toothpaste market and "Closeup" for the gel formulation have been trying to snatch market share from Colgate, Pepsodent advertisements deliver the message that it can check the growth of germs in the mouth and that too for long hours at a stretch.

Close-up is fighting on competitive advertisements and sales promotions. Colgate does not wish to be dragged into retaliatory advertisement.

They feel that the message."Meri big Shakti, meri big Suraksha" (safety) has started sinking with distant second in the market. New product launch is ruled out for the present. Colgate does not believe in the price war.

In the view of the above situation help Colgate to formulate marketing strategies to effectively counter competition.

Questions

(1).What positioning stance has pepsodent taken?

(2).Why reducing price is not advisable for a leading brand?

(3).Formulate marketing strategies for Colgate and justify your answer.

Case Study-14-Allrecipes.com

Allrecipes.com has cooked up a winning online formula by blending recipes posted by individuals with those provided by corporations promoting their own products like Kraft cheese or Campbell's Soup.

After almost a 50 percent increase in site visits and unique visitors in 2009, the Web site overtook the Food Network's recipe site as the market leader. With tens of thousands of posted recipes, it thrives on people's willingness to share recipes and the satisfaction they feel if their recipe becomes popular with others.

The viral nature of the site's success is obvious—it doesn't spend any money on advertising! Users tend to think of it as "their" site—not something with a big company behind it.

Question

(1).Discuss the concepts with new product development strategies .

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12. https://www.feedough.com/marketing-environment/
13. https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line

Model End Semester Examination Question Paper

Master of Business Administration (MBA)

Course Code: **DCMBA-24**

Course Title: **Marketing Management**

Max. Marks: 70 **Time: 3 hours**

PART – A (10x2 =20 Marks)

Answer any TEN questions out of TWELVE questions

[All questions carry equal marks]

(1). Define Market, Marketing.

(2). What can be marketed?

(3). Define Marketing Environment and its types.

(4). What is the meaning of Segmentation, Target and positioning?

(5). What are the types of consumer buying behaviour?

(6). What is Mass Market, Niche Market and Micro Marketing?

(7). Compare POP and POD.

(8). Differentiate Traditional and online marketing

(9). What is blogs, content marketing and SEO.

(10). What do you understand by the term online marketing?

(11). What is sustainable marketing?

(12). What is international marketing?

PART – B (5X8=40 Marks)

Answer any FIVE questions out of SEVEN questions

[All questions carry equal marks]

(13). Discuss the types of Marketing Environment.

(14). Describe the 4 Ps of Marketing Mix and product mix with examples.

(15). Explain the factors influencing consumer behaviour?

(16). Explain the consumer segmentation with the examples

(17). Enumerate the perceptual mapping with examples.

(18). Explain the global market risk and challenges of International marketing

(19). Discuss the components of online marketing.

PART - C (1x10=10 Marks)

CASE STUDY (Covering the Whole Course)

(20). McDonald's is a well-known fast food chain throughout the world. In recent years, it has worked hard to broaden its menu offering and try to broaden its food appeal. It has introduced some healthier options and has also added higher quality food and coffee as well.

In addition to having thousands of locations throughout the world, McDonald's also has very strong brand equity and is generally considered one of the top 10 most valuable brands in the world. This has been achieved over many years through a combination of store locations, media attention, advertising and other forms of promotion, including sponsorships.

McDonald's is a significant user of sponsorship as a key form of promotion. Because of McDonald's long history in fast food offerings, there is a proportion of consumers that have a strong negative attitude towards McDonald's – because they perceive McDonald's as primarily selling "junk" food. And McDonald's uses sponsorships in order to counteract this and create positive view of the company by doing good things in the community and for local groups.

Questions

(1).Discuss about McDonald's is acting as a "good corporate citizen" in their sponsorship activities, or do you think that they are primarily interested in associating their brand with food and health.

(2).Referring to the question above, provided that McDonald's is supporting worthwhile causes, does it really matter what McDonald's intentions and goals are?

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33	Chemical Engineering, Nanotechnology, Environmental and Atmospheric Sciences
34	Health Sciences
35	Metallurgical and Material Science Engineering, Mining and Ocean Engineering
36	Skills and Logistics (IT - Enabled Sector, Banking, Financial and Insurance sector Skills Logistics, Supply Chain Management and Transportation, Life skills)
Channels 37 to 38 are managed by **IIT Tirupati**	
37	Chemistry, Biochemistry and Food Processing Engineering
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Channels 39 is managed by **University of Hyderabad and National Sanskrit University**	
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