UNIT I

MARKETING MANAGEMENT

1.0 INTRODUCTION TO MARKETING MANAGEMENT

1.1.1 TRADITIONAL CONCEPT OF MARKETING

According to the traditional concept, marketing means selling goods and services that have been produced. Thus, all those activities which are concerned with persuasion and sale of goods and services, are called marketing. This concept of marketing emphasizes on promotion and sale of goods and services and little attention is paid to consumer satisfaction. This concept has the following implications:

- The main focus of this concept is on product, i.e., we have a product and it has to be sold. So, we have to persuade the consumers to buy our product.
- All efforts of the marketing people are concentrated on selling the product. They adopt all means like personal selling and sales promotion to boost the sales.
- The ultimate goal of all marketing activity is to earn profit through maximization of sales.

Traditional Concept of Marketing	
Focus on	Product
Means	Selling
Ends	Profit through maximization of sales

1.1.2 MODERN CONCEPT OF MARKETING

The modern concept of marketing considers the consumers' wants and needs as the guiding spirit and focuses on the delivery of such goods and services that can satisfy those needs most effectively. Thus, marketing starts with identifying consumer needs, then plan the production of goods and services accordingly to provide him the maximum satisfaction. In other words, the products and services are planned according to the needs of the customers rather than according to the availability of materials and machinery. Not only that, all activities (manufacturing, research and development, quality control, distribution, selling etc.) are directed to satisfy the consumers. Thus, the main implications of the modern concepts are:

- The focus of this concept is on customer orientation. The marketing activity starts with an assessment of the customer's needs and plans the production of items that satisfy these needs most effectively. This also applies to all other marketing activities like pricing, packaging, distribution and sales promotion.

- All marketing activities like product planning, pricing, packaging, distribution and sales promotion are combined into one as coordinated marketing efforts. This is called integrating marketing. It implies:
  (i) developing a product that can satisfy the needs of the consumers;
  (ii) taking promotional measures so that consumers come to know about the products, its features, quality , availability etc.;
  (iii) pricing the product keeping in mind the target consumers' purchasing power and willingness to pay;
  (iv) packaging and grading the product to make it more attractive and undertaking sales promotion measures to motivate consumers to buy the product; and
  (v) taking various other measures (e.g., after sales service) to satisfy the consumers' needs.

- The main aim of all effort is to earn profit through maximisation of customer satisfaction. This implies that, if the customers are satisfied, they will continue to buy and many new customers will be added. This will lead to increased sales and so also the profits.

Modern Concept of Marketing	
Focus on	Customer's Need
Means	Coordinated marketing efforts
Ends	Profit through customer's satisfaction.

It may be noted that with growing awareness of the social relevance of business, marketing has to take into account the social needs and ensure that while enhancing consumer satisfaction, it also aims at society's long-term interest.

Marketing, more than any other business activities deals with customers. Although there are a number of detailed definitions of marketing perhaps the simplest definition of marketing is managing profitable customer relationship.

We can distinguish between a social and a managerial definition for marketing.

- According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others.
- As a managerial definition, marketing has often been described as "the art of selling products."
- But Peter Drucker, a leading management theorist, says that "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.
- Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably - The Chartered Institute of Marketing (CIM).

1.1.3 FEW RELEVANT TERMS ON MARKETING

Market: Normally people understand the term market as a place where goods are bought and sold. But, in the context of Marketing, it refers to a group of buyers for a particular product or service. For example, the market for Accountancy textbooks consists of students in Commerce and specialised Accountancy Programmes; the market for ladies readymade garments consists of girls and women, and so on.

Concept of Market:

- Place Concept: A market is a convenient meeting place of buyers and sellers to gather together in order to conduct buying and selling activities. It is a physical location where buyers and sellers personally meet to affect purchase and sales.

Types of Market

According to Area	According to Goods and Commodities.	According to Volume of transaction
• Local Market • Regional Market • Rural Market • National Market • International Market	• Fruit Market • Furniture Market • Stock Market; so on	• Wholesale Market • Retail Market

- Marketer: It refers to the person who organises the various marketing activities such as market research, product planning, pricing, distribution etc.

- Seller: It refers to a person or organization, who is directly involved in the process of exchange of goods and services for money. This includes the wholesaler, retailer, etc.
- Buyer: A buyer is one who is directly involved in the process of purchase of goods and services. He/she is one who selects the goods, makes payment and takes the delivery.
- Consumer: One who actually uses the product or service. For example, you bought a shirt and gifted it to your friend who uses it. Here your friend is the consumer and you are a buyer. However, a consumer can also be the buyer.
- Customer: A customer usually refers to the person who takes the buying decision. For example, in a family , father decides on the brand of the toothpaste to be used by his children. Here, the children are the consumers and the father is the customer. A customer can also be the consumer. Similarly, the buyer may be different from the customer or one can be the customer as well as the buyer.
- Virtual Market: With advancement of technology, the buyer and sellers can, now-a-days, interact with each other by using Internet. This is called virtual market.

1.1 DIFFERENCE BETWEEN SELLING AND MARKETING

The old sense of making a sale is telling and selling, but in new sense it is satisfying customer needs. Selling occurs only after a product is produced. By contrast, marketing starts long before a company has a product. Marketing is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results, and managing repeat performance. Thus **selling and advertising are only part of a larger marketing mix**-a set of marketing tools that work together to affect the marketplace.

Marketing	Selling
Marketing includes selling and other activities like various promotional measures, marketing research, after sales service, etc.	Selling is confined to persuasion of consumers to buy firm's goods and Services.
It starts with research on consumer needs, wants, preference, likes, dislike etc., and continues even after the sales have taken place.	Selling starts after the production process is over and ends with the handing over the money to the seller by the buyer.
Focus is on earning profit through maximisation of customers' satisfaction.	Focus is on earning profit through maximisation of sales.
Customer 's need is the central point around whom all marketing activities revolve.	Fragmented approach to achieve short-term gain.
It is an integrated approach to achieve long term goals like creating, maintaining and retaining the customers.	All activities revolve around the product that has been produced.
Stresses on needs of buyer.	Stresses on needs of the seller

1.2 PROCESS OF MARKETING:

The marketing process involves ***five* steps**: The first four steps create value for customers and build strong customer relationships in order to capture value from customers in return.

Stage – 1:- Marketers must assess and understand the marketplace and customers needs and demands.

Stage – 2:- Marketers design a customer driven marketing strategy with the goal of getting, keeping and growing target customers. This stage includes market segmentation, targeting and position.

Stage -3 :- This step involves designing a marketing program that actually delivers the superior value. This step includes designing products and services, pricing the product, distribution and finally promoting the product. .

Stage – 4:-The first three steps provide the basis for the fourth step that is building profitable customer relationships and creating customer satisfaction.

Stage -5:- And finally, the company reaps the reward of strong customer relationship and satisfaction by capturing value from customers.

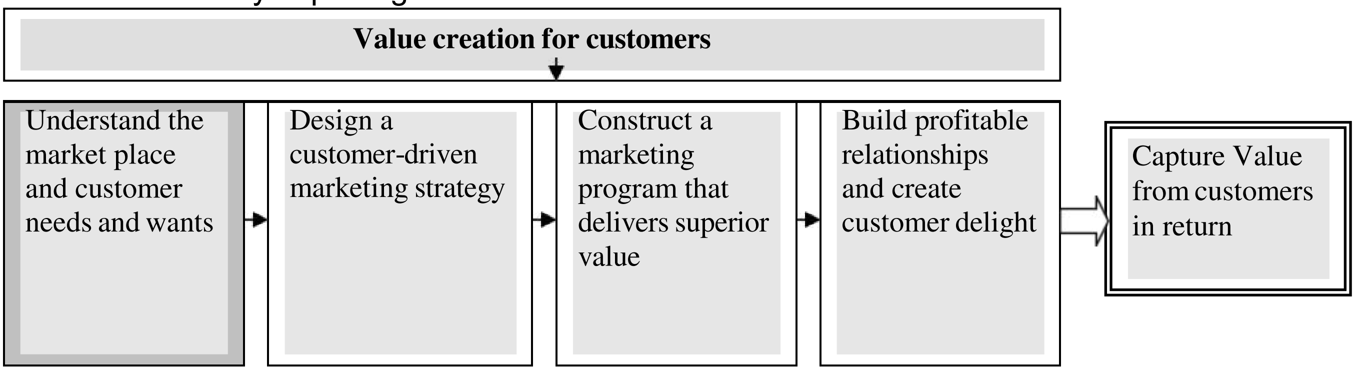


Figure 1: Marketing Process

1.3 MARKETING TASKS

According to market experts John Evans & Berry Bergmen- there are nine functions of marketing. These are:

- Customer analysis
- Buying supplies
- Selling products and services
- Product and service planning
- Pricing
- Distribution
- Marketing research
- Opportunity analysis
- Social responsibility.

1.4 SCOPE OF MARKETING:

Now a day, marketing offers are not confined into products and services. The scope of marketing is now becoming larger. Marketing people are involved in marketing several types of entities:

- ***Goods:*** Physical goods constitute the bulk of most countries' production and marketing effort. Most of the country produces and markets various types of physical goods, from eggs to steel to hair dryers. In developing nations, goods— particularly food, commodities, clothing, and housing—are the mainstay of the economy.
- ***Services:*** As economies advance, a growing proportion of their activities are focused on the production of services. The Indian economy today consists of a 70–30 services-to-goods mix. Services include airlines, hotels, and maintenance and repair people, as well as professionals such as accountants, lawyers, engineers, and doctors. Many market offerings consist of a variable mix of goods and services.
- ***Experiences:*** By orchestrate several services and goods, one can create, stage, and market experiences. Walt Disney World's Magic Kingdom is an experience.
- ***Event:*** Marketers promote time-based events, such as the Olympics, trade shows, sports events, and artistic performances.
- ***Persons****:* Celebrity marketing has become a major business. Artists, musicians, CEOs, physicians, high profile lawyers and financiers, and other professionals draw help from celebrity marketers.
- ***Place:*** Cities, states, regions, and nations compete to attract tourists, factories, company headquarters, and new residents. Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.
- ***Properties****:* Properties are intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds). Properties are bought and sold, and this occasions a marketing effort by real estate agents (for real estate) and investment companies and banks (for securities).
- ***Organizations:*** Organizations actively work to build a strong, favorable image in the mind of their publics. Philips, the Dutch electronics company, advertises with the tag line, "Let's Make Things Better." The Body Shop and Ben & Jerry's also gain attention by promoting social causes. Universities, museums, and performing arts organizations boost their public images to compete more successfully for audiences and funds.
- ***Information:*** The production, packaging, and distribution of information is one of society's major industries. Among the marketers of information are schools and universities; publishers of encyclopedias, nonfiction books, and specialized magazines; makers of CDs; and Internet Web sites.
- ***Ideas:*** Every market offering has a basic idea at its core. In essence, products and services are platforms for delivering some idea or benefit to satisfy a core need.

1.6. CORE CONCEPTS OF MARKETING:

- **Needs, Wants and Demands:** The successful marketer will try to understand the target market's needs, wants, and demands. **Needs:** The most basic concept of marketing is the human needs. Human needs are states of felt deprivation. Human needs can be physical needs (Hunger, thirst, shelter etc) social needs (belongingness and affection) and individual needs (knowledge and self-expression).

  There are five types of needs. These are-

  ✓ Stated need (Minimum price)
  ✓ Real need (Psychological price)
  ✓ Unstated need (Service for post purchase)
  ✓ Delighted need (Supplementary-Gift)
  ✓ Secret need (Show up, gesture).

  Wants: It is the form of human needs shaped by culture and individual personality. Needs become wants when they are directed to specific objects that might satisfy the need. For example, An American needs food but wants hamburger, French fries and soft drink but a British wants fish, chicken, chips and soft drinks. So, it differs.

  Demands: Wants become demand when backed by purchasing power. Consumers view products as bundles of benefits and choose product that add up to the most satisfaction. Demand comprises of three steps first, desire to acquire something, second, willingness to pay for it, and third, ability to pay for it. Many people want a Mercedes; only a few are able and willing to buy one. Companies must measure not only how many people want their product, but also how many would actually be willing and able to buy it. However, marketers do not create needs; Needs preexist marketers. Marketers, along with other societal influences, influence wants. Marketers might promote the idea that a Mercedes would satisfy a person's need for social status. They do not, however, create the need for social status.

- **Product or Offering and Value Proposition:** People satisfy their needs and wants with products. A product is any offering that can satisfy a need or want, such as one of the 10 basic offerings of goods, services, experiences, events, persons, places, properties, organizations, information, and ideas. By an offering customer get the value proposition to use or consume the deliver product or services. So **Value proposition** is the set of benefits or values it promises to deliver to customers to satisfy their needs. It is actually the answer of customer's question: 'Why should I buy your product?'
- **Value and satisfaction: Value** can be defined as a ratio between what the customers get and what they give in return. The customers gets benefit and assumes costs. Value = Benefits / Costs. Marketers' concern should be to raise the value in the minds of the customers. When value of the products or services is high, customers are willing to pay more for the products. Thus;

$$\text{Value} = \frac{\text{Functional Benefit} + \text{Emotional Benefit}}{\text{Monetary costs} + \text{Time costs} + \text{Energy costs} + \text{Psychic costs}}$$

- **Customer satisfaction** is the extent to which a product's perceived performance matches a buyer's expectation. If performance matches expectation level, the customer becomes satisfied but if the product's performance falls short of expectations, the customer will be dissatisfied. If performance exceeds expectation, the customer will be highly satisfied or delighted.
- **Exchanges and Transactions: Exchange:** Marketing occurs when people decide to satisfy needs and wants through exchange. Exchange is defined as the act of obtaining a desired object from someone by offering something in return. For exchange potential to exist, five conditions must be satisfied:

✓ There are at least two parties
✓ Each party has something that might be of value to the other party
✓ ❒Each party is capable of communication and delivery
✓ ❒Each party is free to accept or reject the exchange offer
✓ ❒Each party believes it is appropriate or desirable to deal with the other party.

- **Transaction:** If exchange is the core concept of marketing, transaction is the marketing's unit of measurement. Two parties are engaged in exchange if they are negotiating- trying to arrive at mutually agreeable terms. When an agreement is reached, we say the transaction takes place. Thus, a **transaction** is a trade of values between two or more parties. When the exchange is made, it results into transaction. A transaction involves several dimensions:
    - at least two things of value
    - agreed-upon conditions
    - a time of agreement and
    - a place of agreement.
- **Relationships and Networks:** Transaction marketing is part of a larger idea called relationship marketing. *Relationship marketing* aims to build long-term mutually satisfying relations with key parties —customers, suppliers, distributors—in order to earn and retain their long-term preference and business. Effective marketers accomplish this by promising and delivering high-quality products and services at fair prices to the other parties over time.Relationship marketing builds strong economic, technical, and social ties among the parties. It cuts down on transaction costs and time. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network. A ***marketing network*** consists of the company and its supporting *stakeholders* (customers, employees, suppliers, distributors, university scientists, and others) with whom it has built mutually profitable business relationships.

- **Market:** From the view point of modern marketing, market doesn't stand for a place where buyers and sellers gathered to buy or sell goods. A market is the set of actual and potential buyers. More specifically, a market is an arrangement of all customers who have needs that may be fulfilled by an organization's offerings. The size of a market depends of the number of people who exhibit the need, have resources to engage in exchange and are willing to offer these resources in exchange for what they want. The key customer markets can be: Consumer market, Business Market, Global Market and Non-profit and Government market.

  Now marketers view the sellers as the industry and the buyers as the *market.* The sellers send goods and services and communications (ads, direct mail, e-mail messages) to the market; in return they receive money and information (attitudes, sales data). The inner loop in the diagram in Figure 1-1 shows an exchange of money for goods and services; the outer loop shows an exchange of information.

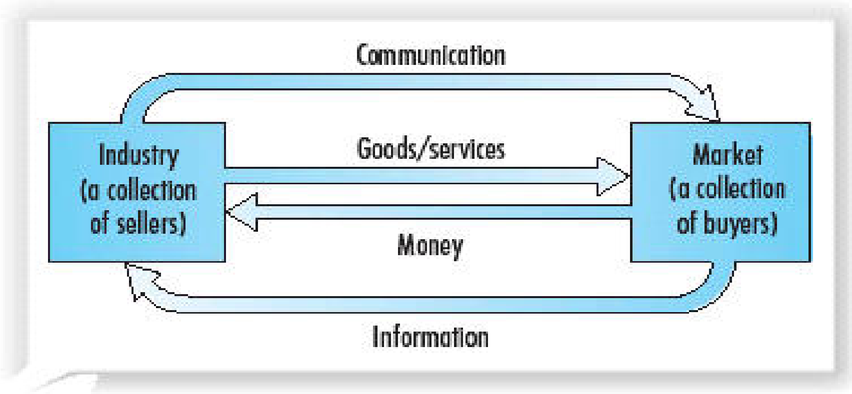


Figure 2: Marketing Communication System

- **Marketing Channels:** Marketing channels means the parties that help the company to promote, sell and distribute its goods to final buyers**.** To reach a target market, the marketer uses three kinds of marketing channels:
  - ✓ **Communication channels:** deliver and receive messages form target buyers and include newspapers, magazines, radio, television, mail, telephone and the internet.
  - ✓ **Distribution channels:** The marketers use this channel to display, sell or deliver the physical products or services to the buyer or user. They include distributors, wholesalers, retailers and agents.
  - ✓ **Service channels:** The marketer also uses service channels to carry out transaction with potential buyers. Service channels include warehouses, transportation companies, banks and insurance companies that facilitate transaction.
- **Segmentation, Target market and Positioning: Market Segmentation** means dividing a market into smaller groups of buyers on the basis of different needs, characteristics or behavior. Market segments can be identified by examining geographic, demographic, psychographic and

behavioral differences. The marketer then decides which segments present the greatest opportunity which is its **target market**. For each chosen target market, the firm develops a market offering. The offering is **positioned** in the minds of the target buyers as delivering some central benefits. Thus, product positioning is the way a product occupies a place in the minds of the customers relative to competing products. Like, Volvo, positions its car as the safest a customer can buy, where Ford positioned on economy and Mercedes and Cadillac positioned on Luxury.

- **Supply Chain:** It is the channel stretching from raw materials to components to final products that are carried to final buyers. The supply chain of women's' purse starts with hides and moves through tanning, cutting, manufacturing, and the marketing channels to bring to bring products to final customers. This supply chain represents a *value delivery system.* Each company captures only a certain percentage of the total value generated by the supply chain. When a company acquires competitors or moves upstream or downstream, its aim is to capture a higher percentage of supply chain value.
- **Competition:** Competition includes all the actual and potential rival offerings and substitutes a buyer might consider. There are several possible level of competition:
    - ✓ **Brand competition**: A company sees its competitors as other companies that offer similar products and services to the same customers at similar prices. Volkswagen might see its major competitor as Toyota, Honda and other manufacturers of medium period automobiles. It would not see itself to compete with Mercedes or Hyundai.
    - ✓ **Industry competition:** A company sees its competitors as all companies that make the same product or class of products. Volkswagen would see itself competing against all other automobile manufacturers.
    - ✓ **Form competition**: A company sees its competitors as all companies that manufacture products that supply the same service. Volkswagen might see itself as competing against not only other auto mobile but also against manufacturers of motor cycle, bicycles and trucks.
    - ✓ **Generic competition:** A company sees its competitors as all companies that compete for the same consumer dollars. Volkswagen might see itself competing with companies that sell major consumer durables, foreign vacations and new homes as substitutes of spending on a Volkswagen.
- **The marketing program and marketing mix: A marketing program** consists of numerous decisions on the mix of marketing tools to use for their target market.

  The **marketing mix** is the set of marketing tools the firm uses to pursue its marketing objectives in the target market. McCarthy classified these tools into four broad groups that he called the four P's of marketing: product, price, place and promotion.

- ✓ Product: Product means the combination of goods and services that the company offers to the target market.
- ✓ Price: Price is the amount of money customers have to pay to obtain the product.
- ✓ Place: Place includes company activities that make the product available to target consumers.
- ✓ Promotion: Promotion means the activities that communicate the merits of the product and persuade target customers to buy it.

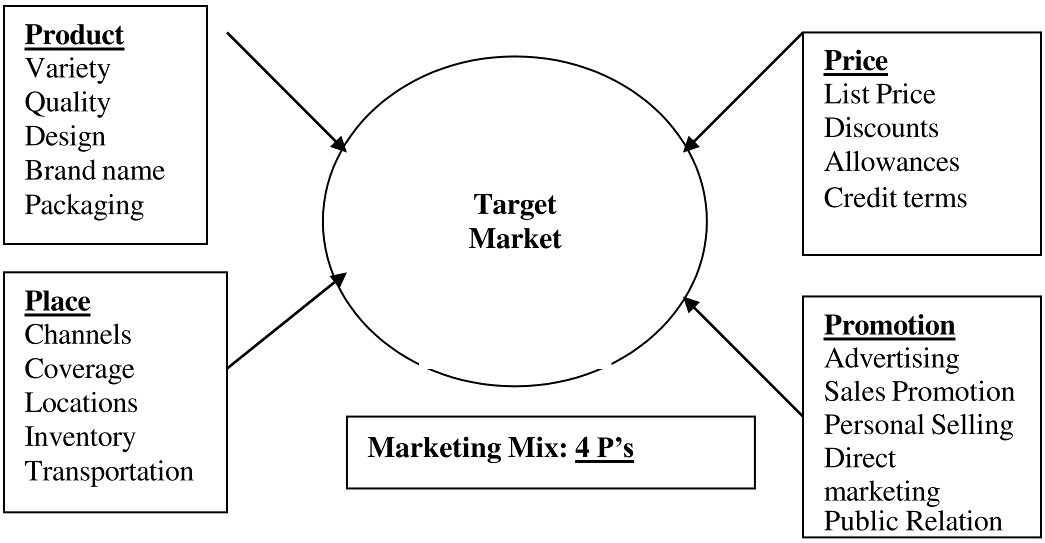


Figure 3 The Four P Components of the Marketing Mix

Four P's represent the sellers view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. Robert Lauterbom suggested that the seller's four P's corresponded to the customer's four C's.

- ✓ **Four P's** **Four C's**
- ✓ Product----------------Customer solution
- ✓ Price -------------------Customer cost
- ✓ Place-------------------Convenience
- ✓ Promotion------------ Communication

The latest way to view four P's from buyers' perspective is **SIVA** which stands for

- ✓ **Solution**: How can I get a solution of my problem? (Represents the product)
- ✓ **Information**: Where can I learn more about it? (Represents promotion)
- ✓ **Value**: What is m total sacrifice to get this solution? (Represents Price)
- ✓ **Access:** Where can I find it? (Represents place).

Extended Marketing Mix (3 Ps): Now a day's three more Ps have been added to the marketing mix namely People, Process and Physical Evidence. This marketing mix is known as extended marketing mix.

People:- All people involved with consumption of a service are important. For example workers, management, consumers etc Process:- Procedure, mechanism and flow of activities by which services are used. Physical Evidence:- The environment in which the service or product is delivered, tangible are the one which helps to communicate and intangible is the knowledge of the people around us.

1.6.1 Demand Management in Marketing :

Marketers face different market conditions which are related to different states of demand. Especially the pricing strategy largely depends on the variability of demand. According to Kotler, the eight major states of demand are:

- ✓ **Negative Demand:** A market is in a state of negative demand if a major part of the market dislikes the product and may even pay a price to avoid it. The marketing task is to analyze why the market dislikes the product and whether a marketing program consisting of product redesign, lower prices and more positive promotion can change the market beliefs and attitudes. For example: vegetarians have a negative demand for meat, people in general have negative demands for vaccinations, dental work or surgery.
- ✓ **No Demand**: Target customers may be unaware of or uninterested in the product. The marketing task is to find ways to connect the benefits of the product with the person's natural needs and interests. For example: the products that have usually no value to people, like a newspaper published in last week. Or, any products that have value but not in a particular market, like snowmobiles in areas of warm climate.
- ✓ **Latent Demand**: Many consumers may share a strong need that cannot be satisfied by any existing product. The marketing task is to measure the size of the potential market and develop effective goods and services that would satisfy the demand. Like vaccinations of HIV or harmless cigarettes.
- ✓ **Decline Demand**: Every organization, sooner or later, faces declining demand for one or more of its products. The marketing task is to reverse the declining demand through creative remarketing of the product. Like: the demands for compact disks (CD) are declining now a day.
- ✓ **Irregular Demand:** Many organizations face demand that varies on a seasonal, daily or even hourly basis, causing problems of idle or overworked capacity. The marketing task, called synchro-marketing, is to find ways to alter the same pattern of demand through flexible pricing, promotion and other incentives.

- ✓ **Full Demand**: Organizations face full demand when they are pleased with their volume of business. The marketing task is to maintain the current level of demand in the face of changing customer preferences and increasing competition. The organization must maintain or improve its quality and continually measure consumer satisfaction to make sure it is doing a good job.
- ✓ **Overfull Demand:** Some organizations face a demand level that is higher than they can or want to handle. The marketing task, called demarketing, requires finding ways to reduce the demand temporarily or permanently. General demarketing seeks to discourage overall demand and consists of such steps as raising prices and reducing promotion and service. Selective demarketing consists of trying to reduce the demand coming from those parts of the market that are less profitable or less in need of the product. Demarketing aims not to destroy demand but only to reduce its level temporarily or permanently. For example : The campaign in our country that insist people to take potatoes as replacement of rice.
- ✓ **Unwholesome Demand:** Unwholesome products will attract organized efforts to discourage their consumption. The marketing task is to get people who like something to give it up, using such tools as fear messages, price hikes, and reduced availability. Like books and film piracy, inhaling drugs and so on.

1.7 MARKETING MANAGEMENT PHILOSOPHIES:

Marketing management is the carrying out the task to achieve desired exchanges with target markets. Marketing activities should be carried out under a well thought out philosophy of efficiency, effectiveness and social responsibility. The philosophies are the guidance for marketing efforts. It emphasizes on the weight that should be given to the interests of the organizations, customers and society. There are some concepts under which organizations conduct their marketing activities. These are:

- ✓ **Production Concept**
- ✓ **Product Concept**
- ✓ **Selling Concept**
- ✓ **Marketing Concept**
- ✓ **Societal Marketing Concept**
- ✓ **Holistic Concept**

1.7.1 Production Concept: It holds that consumers will favor products that are available and highly affordable. Therefore, management should focus on improving production and distribution efficiency that means high production efficiency, low costs and mass distribution. This concept is still useful in two types of situations, when the demand exceeds the supply and when the product’s cost is too high and improved productivity is needed to bring it down. It is used when a company wants to expand the market. Managers assume that consumers are primarily interested in product availability and low cost.

1.7.2 Product Concept: It holds the idea that consumers will favor products that offer the most quality, performance, and features and that the organization should therefore devote its energy to making continuous product improvements.

- ✓ Focuses on making superior product and improving them.
- ✓ buyers admire well-made products and can evaluate quality and performance.
- ✓ Product concept can lead to marketing myopia (that means lack of foresight or long-term view regarding the product decision).

1.7.3 Selling Concept: It holds the idea that consumers will not buy enough of the organization's products unless the organization undertakes a large-scale selling and promotion effort. This concept is typically practiced with unsought goods, those that buyers do not normally think of buying, such as encyclopedias or insurance. Most firms practice the selling concept when they have over capacity. This concept takes an inside-out perspective. It starts with the factory, focuses on the company's existing products and calls for heavy selling and promotion to obtain profitable sales.

- ✓ Consumer typically show buying inertia/resistance & must be coaxed into buying.
- ✓ To sell what they make rather than make what market wants.

1.7.4 Marketing Concept: It holds the idea that achieving organizational goals depend on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors do. The main task for marketers not to find the right customers for the product, but the right products for the customers.

It can be expressed in many ways:

- ✓ Marketer balance creating more value for customers against making more profits.
- ✓ Marketing concept rest on four pillars: a) Target market b) Customer needs c) Integrated marketing d) Profitability.
- ✓ Love the customer not the product

1.7.5 Putting people first.

Societal Marketing Concept:

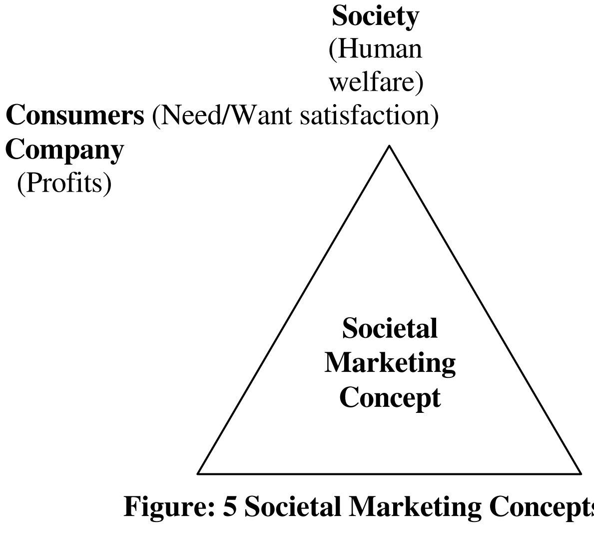


Figure: 5 Societal Marketing Concepts

It holds the idea that the organization should determine the needs, wants and interests of target markets and deliver the desired satisfactions more effectively and efficiently than do competitors in a way that maintains or improves the consumer's and society's well being. This concept calls on marketers to balance three considerations in setting their marketing policies: company profits, consumer wants and society's interests. It emphasizes on both the short run wants and long run welfare of consumers.

1.7.6 Holistic Concept: this is the most recent concept of marketing which is based on the development, design and implementation of marketing programs processes and activities from a broad integrated perspective. It is the integration of internal marketing, integrated marketing, relationship marketing and performance marketing concept.

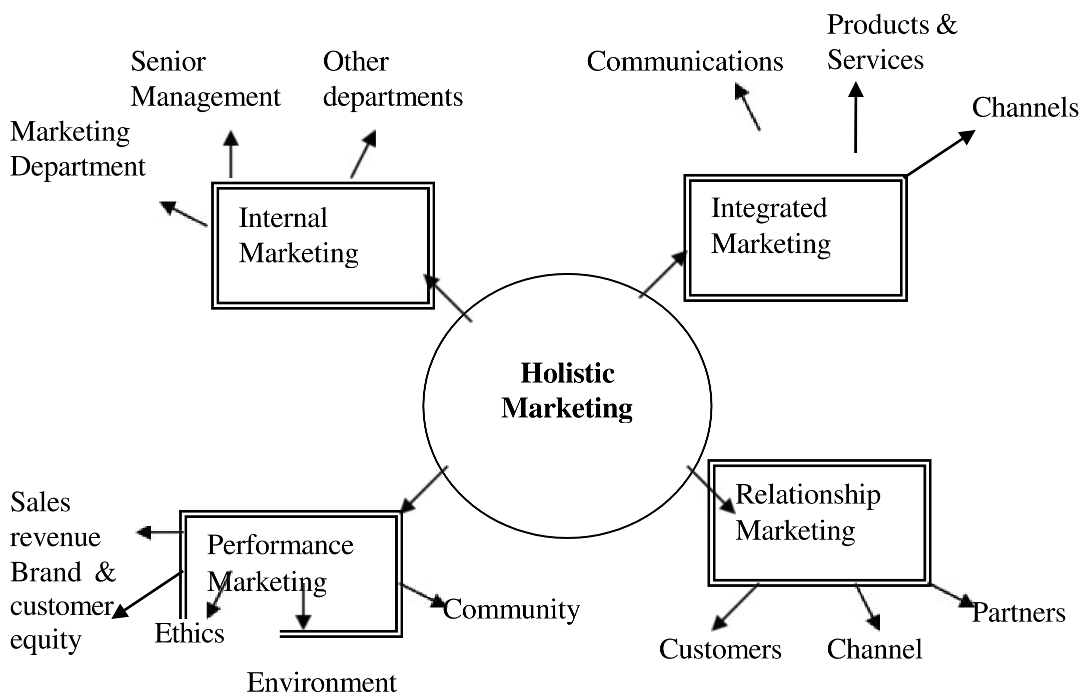


Figure 6: Holistic Marketing Dimensions

(a) **Internal Marketing Concept:** This concept holds the idea to satisfy the internal people or employees within the organization, so that they work for the satisfaction of the customers. The first step to satisfy the customers is to satisfy the internal people first or to motivate them first.

(b) **Integrated Marketing Concept:** It refers to an approach where all the departments of the organization work in a coordinated manner to support and serve the customers. Any single section cannot serve the customers without the help of other sections. The customer's satisfaction is achieved when all the departments have the common goals and intention to serve the customers.

(c) **Relationship Marketing Concept**: It refers the long-term Relationship with the customers. It emphasizes on creating, maintaining and developing a long term value laden or value based relationship with the target customers benefits and costs.

(d) **Performance marketing:** Holistic marketing incorporates performance marketing and understanding the returns to the business from marketing activities and programs as well as their legal, ethical, social, and environmental effects. Performance marketing thus includes: Financial accountability and Social responsible marketing.

1.8 MARKETING IN ECONOMIC DEVELOPMENT PROCESS

Marketing has acquired an important place for the economic development of the whole country. It has also become a necessity for attaining the object of social welfare.

As a result of it, marketing is considered to be the most important activity in a business enterprise while at the early stage of development it was considered to be the last activity. For convenience, the importance of marketing may be explained as under:

✓ **Delivery of standard of living to the society**: A society is a mixture of diverse people with diverse tastes and preferences. Modern marketing always aims for customer satisfaction. So, main liability of marketing is to produce goods and services for the society according to their needs and tastes at reasonable price. Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them. Thus, it improves the standard of living of the society.

- ✓ **Decrease in distribution cost**: Second important liability of marketing is control the cost of distribution. Through effective marketing the companies can reduce their distribution costs to a great extent. Decrease in cost of distribution directly affects the prices of products because the cost of distribution is an important part of the total price of the product.

- ✓ **Increasing employment opportunities**: Marketing comprises of advertising, sales, distribution, branding and many more activities. So the development of marketing automatically gives rise to a need for people to work in several areas of marketing. Thus the employment opportunities are born. Also successful operation marketing activities requires the services of different enterprises and organisation such as wholesalers, retailers, transportation, storage, finance, insurance and advertising. These services provide employment to a number of people.
- ✓ **Protection against business slump:** Business slump cause unemployment, slackness in the success of business and great loss to economy. Marketing helps in protecting society against all these problems.
- ✓ **Increase in national income:** Successful operation of marketing activities creates, maintains and increases the demand for goods and services in society. To meet this increased demand the companies need to increase the level of production in turn raising their income. This increase, in turn, increases the national income. Further effective marketing leads to exports adding to the national income. This is beneficial to the whole society.

1.9 Marketing Environment: Competition represents only one force in the environment in which all marketers operate. The overall marketing environment consists of the task environment and the broad environment.

The task environment includes the immediate actors involved in producing, distributing, and promoting the offering, including the company, suppliers, distributors, dealers, and the target customers. Material suppliers and service suppliers such as marketing research agencies, advertising agencies, Web site designers, banking and insurance companies, and transportation and telecommunications companies are included in the supplier group. Agents, brokers, manufacturer representatives, and others who facilitate finding and selling to customers are included with distributors and dealers. The

broad environment consists of six components: demographic environment, economic environment, natural environment, technological environment, political-legal environment, and social-cultural environment. These environments contain forces that can have a major impact on the actors in the task environment, which is why smart marketers track environmental trends and changes closely.
According to **Philip Kotler**, "A company's marketing environment consists of the internal factors & forces, which affect the company's ability to develop & maintain successful transactions & relationships with the company's target customers".

Marketing Environment involves forces that directly or indirectly influence an organisation's capability to market its product successfully.

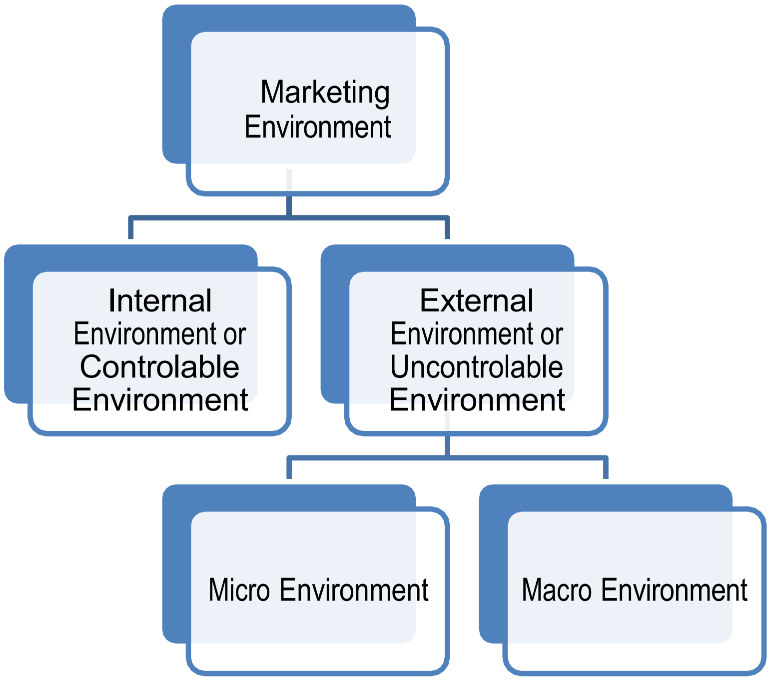


Figure 7: Components of Marketing Environment

1.9.1 Internal Marketing Environment or Controllable Factors

Internal Environment is generally audited by applying 5 Ms i.e.

- Men
- Money
- Machinery
- Markets
- Materials

The internal marketing environment consists of all factors that are internal to the organisation like:

- Company`s mission, vision and business objectives
- Company Culture
- Company image and Goodwill
- Marketing Strategy
- Technical Capacity
- Managerial Skills and Abilities
- Structure and Processes
- Finance and Sales force
- Production and Research
- Internal Processes and Procedures
- Allocation of responsibilities
- Resource availability
- Attitude of stakeholders
- Organisation culture
- Human Resources – HR department, Operations department, Accounting and Finance departments, Research and Design

1.9.2 The External Environmental Factors may be classified as:

- Internal Factor
- External Factor

  <u>External Factors may be further classified into:</u>
  External Micro Factors & External Macro Factors
  <u>Company's Internal Environmental Factors:</u>
  A Company's marketing system is influenced by its capabilities regarding production, financial & other factors. Hence, the marketing management/manager must take into consideration these departments before finalizing marketing decisions. The Research & Development Department, the Personnel Department, the Accounting Department also have an impact on the Marketing Department. It is the responsibility of a manager to company-ordinate all department by setting up unified objectives.

1.9.2.1 <u>External Micro Factors:</u>

- ✓ **<u>Suppliers:</u>** They are the people who provide necessary resources needed to produce goods & services. Policies of the suppliers have a significant influence over the marketing manager's decisions because, it is laborers, etc. A company must build cordial & long-term relationship with suppliers.
- ✓ **<u>Marketing Intermediaries:</u>** They are the people who assist the flow of products from the producers to the consumers;

they include wholesalers, retailers, agents, etc. These people create place & time utility. A company must select an effective chain of middlemen, so as to make the goods reach the market in time. The middlemen give necessary information to the manufacturers about the market. If a company does not satisfy the middlemen, they neglect its products & may push the competitor's product.

- ✓ **Consumers:** The main aim of production is to meet the demands of the consumers. Hence, the consumers are the center point of all marketing activities. If they are not taken into consideration, before taking the decisions, the company is bound to fail in achieving its objectives. A company's marketing strategy is influenced by its target consumer. Eg: If a manufacturer wants to sell to the wholesaler, he may directly sell to them, if he wants to sell to another manufacturer, he may sell through his agent or if he wants to sell to ultimate consumer he may sell through wholesalers or retailers. Hence each type of consumer has a unique feature, which influences a company's marketing decision.
- ✓ **Competitors:** A prudent marketing manager has to be in constant touch regarding the information relating to the competitor's strategies. He has to identify his competitor's strategies, build his plans to overtake them in the market to attract competitor's consumers towards his products.

Types of Competition

Pure Competition: Numerous competitors offer undifferentiated products. No buyer or seller can exercise market power.

Monopolistic Competition: Numerous competitors offer products that are similar, prompting the competitors to strive to differentiate their product offering from others.

Oligopoly: A small number of competitors offer similar, but somewhat differentiated, products. There are significant barriers to new competitors entering the market.

Monopoly: There is only one supplier and there are substantial, potentially insurmountable, barriers to new entrants.

Monopsony: The market situation where there is only one buyer.

Company faces three types of competition:

a) **Brand Competition:** It is a competition between various companies producing similar products. Eg: The competition between BPL & Videcon companies.

b) **The Product Form Competition:** It is a competition between companies manufacturing products, which are substitutes to each other Eg: Competition between coffee & Tea.

c) **The Desire Competition:** It is the competition with all other companies to attract consumers towards the company. Eg: The competition between the manufacturers of TV sets & all other companies manufacturing various products like automobiles, washing machines, etc.

Hence, to understand the competitive situation, a company must understand the nature of market & the nature of customers.

✓ **Public:** A Company's obligation is not only to meet the requirements of its customers, but also to satisfy the various groups. A public is defined as
"any group that has an actual or potential ability to achieve its objectives". The significance of the influence of the public on the company can be understood by the fact that almost all companies maintain a public relation department. A positive interaction with the public increase its goodwill irrespective of the nature of the public. A company has to maintain cordial relation with all groups, public may or may not be interested in the company, but the company must be interested in the views of the public.

Public may be various types. They are:

i. **Press:** This is one of the most important group, which may make or break a company. It includes journalists, radio, television, etc. Press people are often referred to as unwelcome public. A marketing manager must always strive to get a positive coverage from the press people.

ii. **Financial Public:** These are the institutions, which supply money to the company. Eg: Banks, insurance companies, stock exchange, etc. A company cannot work without the assistance of these institutions. It has to give necessary information to these public whenever demanded to ensure that timely finance is supplied.

iii. **Government:** Politicians often interfere in the business for the welfare of the society & for other reasons. A prudent manager has to maintain good relation with all politicians irrespective of their party affiliations. If any law is to be passed, which is against the interest of the company, he may get their support to stop that law from being passed in the parliament or legislature.

iv. **General Public:** This includes organisations such as consumer councils, environmentalists, etc. as the present day concept of marketing deals with social welfare, a company must satisfy these groups to be successful.

1.9.2.2 External Macro Environment:

These are the factors/forces on which the company has no control. Hence, it has to frame its policies within the limits set by these forces:

i. **Demography:** It is defined as the statistical study of the human population & its distribution. This is one of the most influencing factors because it deals with the people who form the market. A company should study the population, its distribution, age composition, etc before deciding the marketing strategies. Each group of population behaves differently depending upon various factors such as age, status, etc. if these factors are considered, a company can produce only those products which suits the requirement of the consumers. In this regard, it is said that “to understand the market you must understand its demography”.

ii. **<u>Economic Environment:</u>** A company can successfully sell its products only when people have enough money to spend. The economic environment affects a consumer’s purchasing behavior either by increasing his disposable income or by reducing it. Eg: During the time of inflation, the value of money comes down. Hence, it is difficult for them to purchase more products. Income of the consumer must also be taken into account. Eg: In a market where both husband & wife work, their purchasing power will be more. Hence, companies may sell their products quite easily.

iii. **<u>Physical Environment or Natural Forces:</u>** A company has to adopt its policies within the limits set by nature. A man can improve the nature but cannot find an alternative for it.

Nature offers resources, but in a limited manner. A product manager utilizes it efficiently. Companies must find the best combination of production for the sake of efficient utilization of the available resources. Otherwise, they may face acute shortage of resources. Eg: Petroleum products, power, water, etc.

iv. **<u>Technological Factors:</u>** From customer’s point of view, improvement in technology means improvement in the standard of living. In this regard, it is said that “Technologies shape a Person’s Life”.

Every new invention builds a new market & a new group of customers. A new technology improves our lifestyle & at the same time creates many problems. Eg: Invention of various consumer comforts like washing machines, mixers, etc have

resulted in improving our lifestyle but it has created severe problems like power shortage.

Eg: Introduction to automobiles has improved transportation but it has resulted in the problems like air & noise pollution, increased accidents, etc. In simple words, following are the impacts of technological factors on the market:

a) They create new wants
b) They create new industries
c) They may destroy old industries
d) They may increase the cost of Research & Development.

v. **Social & Cultural Factors:** Most of us purchase because of the influence of social & cultural factors. The lifestyle, values, believes, etc are determined among other things by the society in which we live. Each society has its own culture. Culture is a combination of various factors which are transferred from older generations & which are acquired. Our behaviour is guided by our culture, family, educational institutions, languages, etc.

The society is a combination of various groups with different cultures & subcultures. Each society has its own behavior. A marketing manager must study the society in which he operates.

Consumer's attitude is also affected by their society within a society, there will be various small groups, each having its own culture.

Eg: In India, we have different cultural groups such as Assamese, Punjabis, Kashmiris, etc. The marketing manager should take note of these differences before finalizing the marketing strategies.

Culture changes over a period of time. He must try to anticipate the changes new marketing opportunities.

Importance of Environmental Analysis:

The marketing Manager needs to be dynamic to deal effectively with the challenges of environment. The business environment is not static and it is changing continuously. The following are the benefits of environment scanning as suggested by various authorities:

- It creates an increased general awareness of environmental changes on the part of management.
- It guides with greater effectiveness in matter relating to the Government.
- It helps in marketing analysis.
- It suggests improvements in diversification and resource allocations.
- It helps firms to identify and capitalize upon opportunities rather than losing out to competitors.

- It provides a base of objective qualitative information about the business environment that can subsequently be of value in designing the strategies.
- It provides a continuing broad- based education of executives in general, and the strategists in particular.

INDIAN MARKET & ITS ENVIRONMENT

It is difficult to analyze the environmental factors affecting Indian market. Ours is a vast country with various religions, caste, sub-caste, languages, culture, etc. Each of these factors operates at different levels & art different places.

- **Vast Market:** The Indian market is the second largest in the world considering its population. If consumption is considered, it has one of the lowest levels of consumption. Hence, it can be said that majority of the market for various products has been left untapped. Region-wise, the Indian Market can be broadly classified into Four Parts:
  a. Northern Market
  b. Southern Market
  c. Western Market
  d. Eastern Market
- **Rural Market:** Majority of the Indians live in rural areas. Hence, rural markets have a significant influence on the company's marketing strategy
- **Cultural & Religion:** India is a country with many religions each religion has its own culture & most of the Indians are religious. The culture affects the habits of people. Hence, it has to be considered before deciding what is to be sold.
  Eg: Jainism completely prohibits the consumptions of meat. Hence, it is difficult to sell meat where Jains are living
- **Economic Conditions:** India is one of the fastest developing countries. The standard of living is increasing every year. This indicates that the marketing opportunities in our country are vast.
- **Government:** We are following the policy of mixed Economy i.e., Market is neither totally free (Capitalism) nor it is fully controlled (Socialism). The government encourages consumerism & hence he

marketers are gradually accepting the marketing concept.

- **Intermediaries:** Our country has two types of distribution system. They are:
    a. Public distribution system, where essential commodities are directly sold to the consumers through government agencies.
    b. Open distribution system, where the products are sold in the open market. The open distribution system in our country is the traditional one. The chain of distribution is once of the most efficient chains of the world. Wholesalers, retailers, brokers, etc are the intermediaries operating in our country.
- Press: Press in our country is not as sophisticated as in the developed countries. Most of the newspapers & magazines are controlled by big business houses.
- Technology: Most of the company/companies in our country import the technology from other countries. Investment in research is one of the lowest in the world.

Rural Marketing Challenges & Opportunities:

Majority of Indians live in villages & most of them are farmers. Rural markets in our country are changing rapidly. Many companies have not tried to find out the needs of rural consumers. Hence, many rural markets have been left untapped.

Problems of Rural Marketing:

About 80% of villages do not have proper infrastructural facilities like transportation, communication, etc. People in the rural market purchase in small quantities; usually, they behave as group. Hence, it is difficult to influence their behavior to deliver a product directly to the rural consumers; a company has to incur double the cost of what it incurs in case of urban consumers.

Illiteracy among villagers makes it difficult to promote products. Most of them purchase because of their belief.

UNIT II

MARKET SEGMENTATION

Market segmentation is the process of dividing up mass markets into groups or segments with similar needs and wants. The rationale for market segmentation is that in order to achieve competitive advantage and superior performance, firms should: "(1) identify segments of industry demand, (2) target specific segments of demand, and (3) develop specific 'marketing mixes' for each targeted market segment.

Customer segmentation is imperative when trying to send messages to a target market. Segmenting consumers enables marketing teams to stretch budgets and make the most of marketing dollars by reaching the most ideal visitors who are likely to become leads, without wasting money on impressions that will never turn into conversions.

Additionally, by reaching niche groups of people, marketers can craft messages specifically for them. This communication will enable marketers to connect with the target audience, develop relationships, and communicate messages that resonate.

There is an excess of ways to segment the market in order to reach the most ideal consumers for certain products or services. Some of these include geographic segmentation, demographic segmentation, psychographic segmentation, and behavioral segmentation.

Customer Segmentation: Geographic

Geographic segmentation is the practice of segmenting a campaign_s target audience based on where they are located. Segments can be as broad as a country or a region, or as narrow as one street of homes in a town.

Geographic segmentation is useful for both large and small businesses alike. Large businesses with international markets may choose to offer products or services specifically for audiences in particular locations. For example, Home Depot may target US northeastern states when advertising a sale on snow shovels. Presenting this ad to Floridians, for instance, would be irrelevant, unnecessary, and could even desensitize the audience to future advertisements.

Particularly for small businesses, geographic segmentation can be used to target specific customers without wasting excess advertising dollars on impressions that will not turn into leads. For example, a local pizzeria could present their ad to only people within the town they are located.

Geographic segmentation is one type of customer segmentation that is extremely easy to implement, as many companies often have their customers_ addresses from landing pages, or their credit cards.

Customer Segmentation: Demographic B2C

Demographic segmentation is segmenting the market based on certain characteristics of the audience. Characteristics often include, but are certainly not limited to: race, ethnicity, age, gender, religious, education, income, marital status, and occupation.

Also fairly easy to implement, demographic segmentation can be useful in a variety of ways. Luxury brands may choose to market to a demographic consisting of people with household income > $200,000. Colleges may use messaging in their advertising that appeals to 17-22 year olds.

Demographic segmentation is even more efficient when targeting multiple segments at once. Bridge ran an email marketing campaign where we targeted local (geographic) females (demographic: gender) aged 25-50 years old (demographic: age) with a household income of less than $100,000 (demographic: income) and an interest in furniture (behavioral). Targeting several segmentations in conjunction with one another led to over 440 sales for the local furniture retailer, driving more than $180,000 in revenue.

Combining various customer segmentation criteria has the potential to reach a very targeted niche market and drive sales while maximizing the value of every marketing dollar spent.

Customer Segmentation: Demographic B2B

Demographic segmentation can also be used in B2B markets. In this case, common demographics include: company size, industry, role, time working for the company, and more.

Agencies may choose to segment the market by industry when searching for prospective clients. An advertising agency that specializes in auto advertising may segment the market by industry. They can further segment the market by role when opting to contact marketing managers and creative directors.

Again, using multiple demographic criteria while segmenting targets a very specific list of prospective customers.

Customer Segmentation: Psychographic

Psychographic segmentation is far less concrete than both geographic and demographic customer segmentation, as the characteristics used to segment are less ―tangible‖ than the latter two. Psychographic segmentation divides the market on principles such as lifestyle, values, social class, and personality.

This type of customer segmentation is significantly more difficult to implement than geographic or demographic segmentation. To properly segment the market based on psychographics, marketers must really take the time to get to know their current and past customers. This includes clearly defining the ideal buyer persona for the product or service and developing relationships with the customer base.

A prime example of psychographic segmentation is targeting those who are budget conscious. These people value a good deal and tend to be smart shoppers. Target ads to this segment by appealing to their intrinsic budget-savvy personality.

Discount stores, like Wal-Mart, utilize this tactic nicely. Wal-Mart uses messaging like ―Unbeatable Prices‖ and ―Best Online Specials‖ because it will resonate with the audience they are trying to reach.

Customer Segmentation: Behavioral

Behavioral segmentation is similar to psychographic segmentation on the basis that it is less concrete than demographic or geographic segmentation. Behavioral segmentation is the practice of dividing consumers into groups according to any of the following attributes: usage, loyalties, awareness, occasions, knowledge, liking, and purchase patterns.

Behavioral segmentation can be used in a variety of ways. When segmenting based on awareness, companies may opt to send their loyal customers one ad campaign, whereas target an additional campaign to prospective customers who have yet to build a relationship with the brand.

When segmenting based on occasions, companies can target consumers who are less price sensitive during times like graduation season and the holiday season.

Behavioral segmentation allows marketers to be more relevant and produce messaging that will resonate well with their desired target market.

Segment Smarter

Each style of customer segmentation carries its own unique set of benefits, but using them in conjunction with one another will create maximum impact. Reach even more specific niche markets by combining different segmentation styles.

Customer segmentation is universally applicable. The tactic can benefit marketers in both small business start-ups and global companies across all industries.

Thus, with billions of people in the world, efficiently utilizing customer segmentation will help businesses narrow the pool and reach the people that they want to be talking to, ultimately driving conversions and revenue.

REQUIREMENTS FOR EFFECTIVE SEGMENTATION

There are many ways to segment a market, but not all segmentations are effective. For example, buyers of table salt could be divided into black and brown hair customers. But hair colour obviously does not affect the purchase of salt. Furthermore, if all salt buyers bought the same amount of salt each month, believed that all salt is the same, and wanted to pay the same price, the company would not benefit from segmenting this market.

To be useful, market segments must be

1. Measurable: The size, purchasing power, and profiles of the segments can be measured. Certain segmentation variables are difficult to measure. For example, there are approximately 30.5 million left handed people in the United States, which is nearly the entire population of Canada. Yet few products are targeted toward this left-handed segment.

The major problem may be that the segment is hard to identify and measure. There are no data on the demographics of lefties, and the U.S. Census Bureau does not keep track of left handedness in its surveys. Private data companies keep reams of statistics on other demographic segments but not on left-handers.

2. Accessible: The market segments must be effectively reached and served. Suppose a fragrance company finds that heavy users of its brand are single men and women who stay out late and socialize a lot. Unless this group lives or shops at certain places and is exposed to certain media, its members will be difficult to reach.

3. Substantial: The market segments are large or profitable enough to serve. A segment should be the largest possible homogeneous group worth pursuing with a tailored marketing program. It would not pay, for example, for an automobile manufacturer to develop cars especially for people whose height is greater than seven feet.

4. Differentiable: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programs. If men and women respond similarly to marketing efforts for soft drinks, they do not constitute separate segments.

5. Actionable: Effective programs can be designed for attracting and serving the segments. For example, although one small airline identified seven market segments, its staff was too small to develop separate marketing programs for each segment.

EVALUATING MARKET SEGMENTS

Three Factors must be considered to evaluate a market segment

- Segment Size and Growth
- Segment Structural Attractiveness
- Company objectives and resources

1. **Segment Size and Growth**

The company must first collect and analyze data on current segment sales, growth rates, and the expected profitability for various segments. It will be interested in segments that have the right size and growth characteristics. But ―right size and growth‖ is a relative matter.

The largest, fastest-growing segments are not always the most attractive ones for every company. Smaller companies may lack the skills and resources needed to serve larger segments. Or they may find these segments too competitive. Such companies may target segments that are smaller and less attractive, in an absolute sense, but that are potentially more profitable for them.

2. Segment Structural Attractiveness

The company also needs to examine major structural factors that affect long-run segment attractiveness. For example, a segment is less attractive if it already contains many strong and aggressive competitors. The existence of many actual or potential substitute products may limit prices and the profits that can be earned in a segment. The relative power of buyers also affects segment attractiveness. Buyers with strong bargaining power relative to sellers will try to force prices down, demand more services, and set competitors against one another—all at the expense of seller profitability. Finally, a segment may be less attractive if it contains powerful suppliers who can control prices or reduce the quality or quantity of ordered goods and services.

3. Company objectives and resources

Even if a segment has the right size and growth and is structurally attractive, the company must consider its own objectives and resources. Some attractive segments can be dismissed quickly because they do not mesh with the company‗s long-run objectives. Or the company may lack the skills and resources needed to succeed in an attractive segment. For example, given the current economic conditions, the economy segment of the automobile market is large and growing. But given its objectives and resources, it would make little sense for luxury-performance carmaker BMW to enter this segment. A company should enter only segments in which it can create superior customer value and gain advantages over its competitors.

TARGET MARKETING

A **target market** is a group of customers within a business's serviceable available market that the business has decided to aim its marketing efforts towards. Target markets consist of consumers who exhibit similar characteristics (such as age, location, income, and lifestyle) and are considered most likely to buy a business's product or service.

Primary target markets are those market segments to which marketing efforts are primarily directed, while secondary markets are smaller or less vital to a product's success.

It is important for a business to identify and select a target market so it can direct its marketing efforts to that group of customers and better satisfy their needs and wants. This enables the business to use its marketing resources more efficiently, resulting in more cost and time efficient marketing efforts. It allows for better understanding of customers and therefore enables the creation of promotional materials that are more relevant to customer needs. Also, targeting makes it possible to collect more precise data about customer needs and behaviors and then analyze that information over time in order to refine market strategies effectively.

Target markets or also known as target consumers are certain clusters of consumers with similar or the same needs that most businesses target their marketing efforts in order to sell their products and services. Market segmentation including the following:

Geographic – Addresses, Location, Climate, Region.

Demographic/socioeconomic segmentation – Gender, age, wage, career, education.

Psychographic – Attitudes, values, religion, and lifestyles.

Behavioral segmentation – (occasions, degree of loyalty)

Product-related segmentation – (relationship to a product)

Market segmentation divides the market into four main sub categories – demographic, geographic, psychographic and behavioral segmentation. After doing market segmentation the subdivision market will be much more specific and it is relatively easy to understand consumer demand, enterprises can determine their own service objects according to their business ideology, principles and production technology and marketing power. To aim at the small target market, this is easy to formulate the special marketing strategy. At the same time, in the segments of the market, the information is easy to understand and feedback, once the consumer demand changes, enterprises can rapidly change marketing strategy formulated corresponding countermeasures, in order to adapt to the change of market demand, improve the flexibility and competitiveness of enterprises. Through market segmentation, the enterprise will be able to notice every subdivision market purchasing potential, satisfying degree, competition and comparative analysis, to better meet market needs. Meanwhile, the manpower, material resources and funds of any enterprise are limited. Through market segments, after select the suitable target market, enterprises can focus more on human, financial, and material resources, to fight for the advantages of local market, and then to occupy their own target market.

Segmenting the market allows marketers to better understand the group they are aiming their message at, which is more efficient than aiming at a broad group of people. Segmentation has been an essential part of marketing since industrial development induced mass production, particularly in manufacturing. This caused the focus to shift from customer satisfaction to reduction of production costs. However, as manufacturing processes became more variable, and consumer demand diversified, businesses needed to respond by segmenting the market. Businesses who were able to identify specific consumer needs were able to develop the right message for consumers within particular segments, which gave them a competitive advantage (Wedel & Kamakura, 2012). Since being introduced by Wendell R. Smith in 1956, the theory has become a key concept in marketing.

Smith stated: "market segmentation involves viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants" (Wedel & Kamakura, 2012). Not establishing a target market will often result in a poor response from consumers or no response at all. The aim of market segmentation for businesses is to gain a competitive advantage by having a better understanding of a specific segment than its competitors. Hunt and Arnett (2004) use the example of Black and Decker power tools, and the way the company segmented the market into three main groups. After identifying each different group, Black and Decker then designed one separate power tool range for each segment, based on their characteristics. "To target each segment, B&D uses specific products lines with different brand names" (Hunt & Arnett, 2004).

- **Demographic segmentation:** It refers to aspects of a market such as age, gender, race, occupation and education. Creating a message aimed at a particular demographic allows the sender to reach a wide range of receivers, while still staying within the confines of a specific segment. "Demographic segmentation almost always plays some role in a segmentation strategy" (Thomas, 1980), and is often paired with other segments to create a slightly more specific segment. A luxury good or service may be marketed to high income earners if the marketer believes that it would be relevant across a large enough portion of the segment to make it profitable for the sender, or create the awareness intended. Certain brands only target working professionals whereas others might only target people who are at high school.
- **Geographic segmentation** divides the market by location. This could be divided into countries, cities, towns and neighborhoods etc. Different geographic locations usually have different aspects to their environment, which allows marketers to appeal to the specific needs of each location. For example, marketers could target tractors specifically towards rural areas where there are likely to be a number of farmers who operate tractors. In contrast, it would not make sense to market those same tractors in an urban area where people are not likely to find them as useful (Thomas, 1980).

- **Psychographic segmentation** relates to dividing a market based on how they live their everyday lives. This could encompass their values, as well as their personality, attitudes and general interests (A. S. Boote, 1984). According to Boote (1984), a popular psychographic segment in marketing is personal values. In the example used, a segment categorized by how much money a consumer is willing to spend on a product could be defined by certain inclinations when shopping. One being – "spending no more money than is necessary…even if it means not buying the best." Another orientation being – "shopping around to get the best price once I have decided on the kind of product I want to buy." By learning about these orientations, the marketer is able to gauge different attitudes of the consumers potentially being targeted.
- **Behavioral segmentation** subdivides the market depending on how consumers behave towards a product. Consumers behave differently depending on occasions and the frequency of usage of a product. For example, a spouse may not usually spend money on flowers for their significant other, but might on Valentine's Day, as it is a special occasion. "Many Marketers believe that behavior variables are the best starting points for building market segments" (Tatum, 2007).

Market segmentation involves subdividing the total market into groups of people who share common characteristics, to which the business can direct specific marketing efforts. Segmenting markets aims to increase sales, market share and profits by better responding to the desires of the different target customer groups. A segmentation variable is a characteristic of individuals or groups used by marketers to divide a total market into segments.[2] Markets can generally be segmented according to four main variables: demographic, geographic, psychographic and behavioral characteristics.

One key to identifying the best target market is assessing brand loyalty involving attitudes and behaviors toward the brand.[9] Buyer groups can be divided into the following: those loyal to the brand, those who buy your brand but also buy from competing brands, those who buy more than one competing brand, those who are regularly loyal to another brand, and new users who are entering for the first time or re-entering.[9] Loyalty, which concerns consumer attitudes in terms of interest in competitive alternatives, overall satisfaction, involvement, and intensity, has become increasingly important in competitive markets.

Demographic: Demographic segmentation is the process of dividing the total market according to particular characteristics such as age, gender, family size, family life cycle, income, occupation, education, religion, race, and nationality. Age and gender are two of the most commonly used demographic variables used to segment markets. Demographics are useful and widely used but should be coupled with other segmentation variables to effectively define a target market.

- **Gender**: Due to physiological differences, males and females have very different product demands and preferences, for example, in clothing, hair care, and other lifestyle items.
- **Age**: Consumers of different ages have different demand characteristics. Young people, for example, might demand bright, fashionable clothing, while the elderly prefer dignified and simple but elegant dress.

- **Income**: Lower income and higher income consumers will be quite different in product selection, leisure time arrangement, social communication and communication and so on.
- **Occupation and education**: Consumers with different occupations education levels desire different products. For example, farmers prefer to buy load-carrying bicycles while students and teachers love light, beautiful style bikes.
- **Family life cycle**: Families can be divided into five stages based on age, marital status, and children. These are newly married, full nest, empty nest and lonely. In different stages, family purchasing power and interest in particular goods and services vary greatly.

Geographic: Geographic segmentation is the process of dividing the total market according to geographic location, for instance region (urban, suburban, rural, city size), climate and land type. Businesses may do this because different regions may present different needs and provide different commercial opportunities. For instance, an ice cream shop would be more likely to start up in a hot location than a cold climate. Identifying regional preferences and attitudes can help campaigns to be better targeted for particular geographic areas.

Psychographic:

Psychographic segmentation is based on personality characteristics, mainly includes the consumer's personality, the life style, the social class, the motive, the value orientation. Businesses can do this by researching consumer's preferences, likes and dislikes, habits,interests, hobbies, values and socioeconomic group. These variables are concerned with why people behave the way they do and are often used effectively in conjunction with other segmentation variables. Psychographics also relates to attitudes toward certain activities like fitness, willingness to take risks, concern for the environment, political opinions, concern with fashion, and innovativeness.

Values and culture are strongly linked to how people think and behave and are important aspects of segmentation variables, especially in global campaigns. Personality traits such as self-esteem, intelligence, and introversion/extroversion also affect the processing and persuasiveness of communication.

Lifestyle: Lifestyle is a particular habit of individuals or groups in the consumption, work and entertainment. Different lifestyles tend to produce different consumer demand and purchase behavior, even on the same kind of goods, there will be different needs in the quality, appearance, style, and specifications. Today, many consumers does not only buy goods to meet the material needs, it is more important to show the performance of their lifestyle, to meet the psychological needs, such as identity, status, and the pursuit of fashion.

Social class: Due to the different social class have a different social environment, different backgrounds, and different characteristics of different consumer preferences demand for goods or services are quite different. Philip Kotler divided American society into six classes.

- **Upper uppers**: Inheritance property, family background has famous celebrities.
- **Lower uppers**: The extraordinary vitality in the occupation or business and get higher income or wealth.
- **Upper middles**: They are extremely concerned about their careers, they are doing special occupations, independent entrepreneurs and managers.

- **Lower middles**: Middle-income white-collar and blue collar workers.
- **Upper lowers**: Low wages, life is just at the poverty line, the pursuit of wealth but no skills.
- **Lower lowers:** The poor often rely on long-term unemployment, or public charity relief to the people. People in different social classes, the demand for cars, clothing, furniture, entertainment, reading, there is a big difference.

Personality: Personality refers to the individual's unique psychological characteristics, these psychological characteristics of individuals and their environment to maintain a relatively consistent and lasting response. Everyone has a unique personality affecting their buying behavior. To distinguish between different personality, there is a strong correlation between the premise and specific personality with the product or brand choice, so personality can become the market segments of the psychological variables.

Behavioral: Behavioral segmentation relates to customers' knowledge, attitude, use of product and the purchase occasion, such as special one-off or regular loyal buying. Identifying what customers want from products and the benefits they seek are important to behavioral segmentation to allow marketers to better design and select products that satisfy these needs. Many marketers believe that behavioral variables are the best starting point for market segmentation.

- **Opportunity**: It is the time consumers buy and use the product. These opportunities include marriage, divorce, purchase, moving, demolition, admission, study, retirement, travel, tourism, holidays, and so on. It will help improve brand usage and marketing targeted. Such as travel agencies can provide specialized travel services at Christmas, stationery enterprises can begin to provide more learning supplies before new semester.
- **Benefit:** Benefit segmentation is a kind of classification method based on the different interests of consumers from the brand products. Using the benefit segmentation method, what must be determined is the benefit people are seeking for, who are seeking these benefits, how important to them these benefits are, what brand can offer these benefits, what benefits have not been met.
- **User status:** According to the state of use, consumers can be classified into once users, nonusers, potential users, the primary user, occasionally users and often user type, for different type of consumers the brand should use different marketing strategies and methods. The brand who has a high market share can focus more on the potential users to change them to the actual users, such as leading brands; some small businesses can only be used as an often user services.
- **Brand loyalty:** Consumer loyalty is the most valuable wealth of enterprises. Consumers can be divided into four types according to their brand loyalty: True Friends, Butterflies, Barnacles and Strangers.
- **True Friends:** They are the highest level of the four types and the most important part of the customer group. For example, a fan of a Swiss knife, they will keep telling their friends and neighbors the benefits of this knife, their frequency of use. These loyal customers will be free of charge to the brand, and continue to recommend to others. For any business, this is the most popular type of customer.

- **Butterflies:** Butterflies are not particularly loyal, but have spent money on your products and brought in good revenue. An example of a butterfly would be someone that supports Microsoft in general, but buys the iPhone since it happened to be the best available phone on the market.
- **Barnacles:** Here is where some companies, especially B2B companies, find a surprising amount of their customer base falls into. Barnacles are loyal customers, but they are loyal customers that rarely make a purchase, and may not bring in much of a profit. A great example would be a customer that buys one cup of coffee at your coffee shop, and then comes in every day for the next month to use your free Wi-Fi without making a purchase.
- **Strangers**: Due to different reasons, some customers are not loyal to certain brands. Generally speaking, enterprises should avoid targeting strangers, because they will never become a sincere customer, they have little contribution to the development of enterprises.

Market segmentation is a marketing strategy that categories or segments the market based on their characteristics. These categories or segments are demographic, geographic, psychographic, psychological and behavioral (market segmentation). Market segmentation is an effective tool for marketers and is said to be a fundamental concept in modern marketing. It realises that individuals have different motivations, desires, lifestyles and tastes. Market segmentation's effectiveness is in ability to divide a market into segments which management can then use to effectively make further informed decisions. By targeting individuals with similar characteristics, management can create an effective marketing plan for their targeted buyers. They can market their brand and develop and advertise products that relate at deeper and personal level with their targeted customers.

Demographic

Demographic segmentation is the division of the market based on an individual's sex, age, income and life style. Demographic segmentation is used the most frequently by businesses in comparison to the other market segments. This is possibly because of the ability to easily collect this kind of information. The national census of a country collects this kind of information. Demographic segmentation has been challenged with scholars stating that demographic segmentations such as age and sex are poor behavior predictors. However, other studies have showed that demographic segmentation is accurate and effective when analysed as a group rather than looking at an individual's behavior.

Geographic

Geographic segmentation is the division of the market based on an individual's location. This can be either nationally, regionally or locally and was said to be the first kind of segmentation used practically. Geographic segmentation can be used to compare certain habits and characteristics of different locations. UK's National Food survey showed that Scotland's consumption of vegetables and beverages was much lower than England and Wales.

Psychological

Psychological segmentation is the division of the market based on an individual's personality, attitudes and interests. This type of segmentation is based around understanding an individual's traits, habits and reason. Segmenting the market based on personality has been met with controversy. Some scholars state that personality is too complex of a segment and shows disappointing results. Psychological studies have seen trends in certain traits displayed by individuals. Mothers who were difficult to persuade to buy products for their child displayed high-esteem personality traits. In contrast, those portraying low self-esteem were easily influenced. Studies have also shown a correlation between aggression and cigarette smokers in men. This kind of research can prove beneficial to a company segmenting their target market psychologically.

Behavioral

Behavioral segmentation is the division of the market based on how individuals react or respond to a product. Behavioral segmentation relates to a consumer's brand loyalty, usage rate and usage situation, to name a few. Consumer's purchase products primarily for their value or benefits and this are the basic element of this segmentation. Many marketers believe the best starting point for constructing market segmentation is behavioral segmentation. This is understandable as this segment deals an individual's reaction to the product exclusively. Businesses can use an individual's reaction to price drops, technology changes and product status to determine how to market their product or service effectively.

SELECTING TARGET MARKET

1. Analyze the features of your products and services. Determine the benefits that your customers get from your products and how your products fill the needs of those customers. Make a list of those features and needs to make the analysis easier.
2. Look at the types of customers who are likely to purchase your products and use your services. Consider things such as age, gender, income level, marital status, occupation, educational level, gender and ethnic background. Identify which customer categories have the greatest need for your products.
3. Consider the personal characteristics of your potential customers and determine how the customers lifestyle affects a need for your products. Think about the customer_s interests, values and personality traits. Consider how and when your customer will use your services, as well as the features that appeal to the customer.
4. Look at your competition_s target market. Analyze the needs that your competition fills for their target market. Identify the areas of the market that have been overlooked by the competition. Seek to fill the void within the market, rather than targeting the same market as your competition.
5. Take a look at your current customer base, if your business is already operating. Identify the products or services that interest your current customers and determine what benefits these customers get from those services.
6. Compile all of your research findings. Use your findings to determine which types of customers have the most need for your services. Keep the market well-balanced so that your target market is not too big or too small.

POSITIONING

Positioning refers to the place that a brand occupies in the mind of the customer and how it is distinguished from products from competitors. In order to position products or brands, companies may emphasize the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through the marketing mix. Once a brand has achieved a strong position, it can become difficult to reposition it.

Positioning is one of the most powerful marketing concepts. Originally, positioning focused on the product and with Ries and Trout grew to include building a product's reputation and ranking among competitor's products. Schaefer and Kuehlwein extend the concept beyond material and rational aspects to include 'meaning' carried by a brand's mission or myth. Primarily, positioning is about "the place a brand occupies in the mind of its target audience". Positioning is now a regular marketing activity or strategy. A national positioning strategy can often be used, or modified slightly, as a tool to accommodate entering into foreign markets.

Positioning is part of the broader marketing strategy which includes three basic decision levels, namely segmentation, targeting and positioning, sometimes known as the S-T-P approach:

The STP approach highlights the three areas of decision-making

Segmentation: **refers** to the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments)

Targeting: **refers** to the selection of segment or segments that will become the focus of special attention (known as *target markets*).

Positioning: refers to an overall strategy that "aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer".

POSITIONING STRATEGY

A clear understanding of the market includes target demographics, strength of the competitors' products, how you give value, and your own strengths and weaknesses. After you have a thorough understanding of the landscape of your market, you can decide which positioning strategy will be the most successful for your products.

1. Target Demographics

A product cannot be all things to all people. Products are designed to appeal to a specific demographic group. Several characteristics of a demographic are age, gender, education, and language and income level. For example, Telemundo is a Spanish language television network that offers programming to Latino and Hispanic customers.

A strategy that does a good job of targeting a market segment delivers more value to the consumer, establishes a stronger position against competitors, has more compelling communications and has a higher probability of keeping its customers.

2. Low-Price Strategy

Pricing is a major consideration for most consumers. If a company can convince consumers that they are receiving more value for their money, they will buy the product.

A lower price strategy may require compromises in product quality or to reduce the range of offerings. For example, a car manufacturer might offer a lower price in exchange for a smaller engine and fabric upholstery instead of leather.

Fast-food restaurants are famous for their menus, with many items selling for only $0.99. Consumers that have limited budgets will buy these lower-priced offerings because they believe that the 99 cent items represent good value for the price.

3. High-Price Strategy

Consumers perceive products with higher prices as having superior quality and are worth the price. However, to create this perception in the mind of the consumer, the company must focus its advertising on how its features and benefits are superior to those of its competitors.

The Five Guys hamburger chain has created the impression that their hamburgers and fries are higher quality than McDonald's and Burger King. As a result, Five Guys is able to charge higher prices, and people will stand in line to pay.

4. Distribution

Companies can create the perception of better value by restricting the distribution of their products. Golf equipment manufacturers have certain clubs and balls that are only available in pro shops and are sold at higher prices The golfer believes that the products must be of higher quality because they're not available in Target or Walmart.

5. Competitive Comparisons

The objective of competitive comparisons is to reposition a competitor's products in the minds of consumers. This strategy is helpful when a market has two strong competitors. One company focuses its advertising on showing how its products differ from its competition.

Marketers must determine where and how to position their products in the marketplace. They need to know who is going to buy their products, and why. How significant is the price? Do consumers perceive that the product has sufficient value to justify paying a higher price -- or do they simply want the lowest price possible? These are all questions that a marketer must answer to have a successful positioning strategy.

Unit III

Product and pricing strategies

What is a product?

According to Philip Kotler, who is an economist and a marketing guru, a product is more than a tangible *'thing'*. A product meets the needs of a consumer and in addition to a tangible value this product also has an abstract value.

For this reason Philip Kotler states that there are five product levels that can be identified and developed. In order to shape this abstract value, Philip Kotler uses five product levels in which a product is located or seen from the perception of the consumer.

These 5 Product Levels indicate the value that consumers attach to a product. The customer will only be satisfied when the specified value is identical or higher than the expected value.

1. Core Product

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

The more important benefits the product provides, the more that customers need the product. A key element is the uniqueness of the core product. This will benefit the product positioning within a market and effect the possible competition.

2. Generic Product

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

3. Expected Product

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

4. Augmented Product

The Augmented Product refers to all additional factors which sets the product apart from that of the competition. And this particularly involves brand identity and image.

Is that warm coat in style, its colour trendy and made by a well-known fashion brand? But also factors like service, warranty and good value for money play a major role in this.

The goal is to deliver something that is beyond an expected product. It's the translation of the desire that is converted into reality.

5. Potential Product

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

Competition

The competition between businesses focuses mainly on the distinctiveness of the Augmented Product according to Philip Kotler.

It is about the perception a consumer experiences when purchasing a product and it is not so much about value. He states: *"Competition is determined not so much by what companies produce, but by what they add to their product in the form of packaging, services, advertising, advice, delivery (financing) arrangements and other things that can be of value to consumers"*.

Five Product Levels: marketing strategy

For production companies it is important to deliver products in an upward trend from *'Core Product'* to *'Augmented Product'* and to have the potential to grow into the *'Potential Product'*.

Added value of the Five Product Levels

Each level of the five product levels adds value for the customer. The more efforts production companies make at all levels, the more likely they are to stand a chance to be distinctive. At the *Augmented Product* level, the competition is observed in order to copy certain techniques, tricks and appearance of each other's products.

This makes it increasingly difficult for a consumer to define the distinctiveness of a product. To be able to tower over the competition, production companies focus on factors which consumers attach extra value to such as extreme packaging, surprising advertisements, customer-oriented service and affordable payment terms.

Product Classification in Marketing

This knowledge arms you to devise an effective marketing strategy that will meet your consumers where they are. It also helps you decide on a realistic marketing budget.
For instance, say your products fall under the "unsought goods" classification (more on that in this section). This means that you'll likely need to take a more aggressive marketing approach to reach consumers that may not have considered your product or brand.

Think of charity organizations, life insurance companies, and funeral homes. These are usually not top of mind for consumers. As such, these brands must work a little harder to be visible to consumers and highlight the benefits of their goods or services.Shopping goods, on the other hand, are highly visible and very competitive. Consumers typically spend time comparing quality, cost, and value before making a purchase. That’s why building brand loyalty is vital for this product classification.

As you can see, there are factors to consider for every classification of product. The more familiar you are with consumer habits and beliefs for that category, the more equipped you will be to market your product.

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.

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.

A good example of this? iPhones. I've been purchasing new iPhones for years, and I haven't paused to consider other smartphone models — because of Apple’s strong brand identity and the perception I have of its product quality.

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. For instance, if Apple stopped making impressive improvements on their iPhones and promoting new features, I might consider switching brands. But since they've continued to impress me over the years, I've continued to purchase from them.

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.

For instance, Duracell's Beach x Bear commercial encourages viewers to remember the importance of batteries in life-threatening situations, like impending bear attacks or when using a metal detector.

Product Hierarchy:

Product hierarchies help businesses organize products on a website, at a storefront or even in a warehouse. Companies use product hierarchies to categorize their inventory and make it easier to access, track and sell. Understanding this concept and how to implement it can help you apply the hierarchy method more effectively in the workplace.

Product hierarchy is important because product organization can help businesses with inventory control and customer experience. A more organized purchasing experience can help customers quickly locate the products they need according to features and price while exploring competing products. A hierarchy can also help a company with internal audits, ensuring that each product exists within the proper parameters.

product hierarchy levels:

There are typically six levels of product hierarchy. These include:

1. Need

The product need refers to its primary purpose for existing. Product need is the first organization category and typically encompasses several classes or types of products. For example, fashion, beauty and personal hygiene products might all be needed. While these kinds of products can comprise thousands of individual options, their purpose helps unify them under a single title for easier organization and customer recognition.

2. Family

A family of products typically refers to the core need each product satisfies for its customers. A family can comprise several variations of products or services that fulfill the core needs. For example, communication is a core need that computers and mobile devices can satisfy. The family category helps organize products within a broader market and helps differentiate separate methods for meeting the original core need of the customer.

3. Class

A product class is a category within a company's overarching services. For example, a vehicle manufacturer might produce personal vehicles to meet the core product need for travel but categorizes each vehicle by a different class. They might organize each vehicle by titles such as SUVs, sedans and luxury vehicles. Product class helps a customer choose between certain specifications. Any vehicle can help a customer travel, but they might need specific safety or mechanical features only present in a particular vehicle class.

4. Line

Products within a product line typically have similar features or prices. These products exist within a class of products and offer different options for customers. For example, a vehicle manufacturer might produce a line of sedans with similar features and pricing but different names. The product line gives customers additional options for similar features to fully customize their purchase and get the exact product they want.

5. Type

A product type is an individual product that exists within a product line. This helps to further differentiate similar products for more specific customer choices. For example, laptops are a product line of personal computers, but they might offer different types, such as two-in-one tablet/PC hybrids, compact notebooks and workbooks. Many product types have unique features that impact the price of the item. Personal computers might have extra memory or a better CPU within the same category.

6. Unit

A unit is a single product that has no other product types dependent on it. Companies refer to this as the stock-keeping unit (SKU). Individual units help companies track the stock of each product type under its class and is eventually what customers take with them after a purchase. Individual SKUs share the same features and prices as the other SKUs within their product type.

Benefits of creating a hierarchy

Using a hierarchy offers many benefits to multiple stakeholders, including:

- **A better user experience for customers:** Product hierarchies help organize items and services so customers can easily access the items they're looking for according to feature, cost, department or unit.

- **Scalable organization for the company:** Product hierarchies can provide more scalable organization for the company's products and services, meaning that as the company grows and adds more products or services, the organizational system can grow, too.
- **Improved search engine optimization for e-commerce platforms:** Organizing products with a hierarchy helps e-commerce sites better optimize pages for search engines. Better optimization can improve site traffic and sales by enabling pages to appear in the top results for specific keywords.
- **Greater internal organization for the company and its products:** A hierarchy helps a company organize its products into different sections and identify key features that help distinguish products and services from each other. Effective organization can reduce the need for audits or reorganizing, saving the organization time and money.
- **Improved website architecture, organization and traffic:** A well-organized hierarchy can help a website appear more professional and makes it easier for customers and leads to locate the products they seek. With more web traffic, the chances of sales increase, and in doing so increase the company's revenue.
- **Enhanced marketing campaigns and customer recognition:** Product hierarchies can also help make products more recognizable and improve the company's product marketing efforts. Customers learn to recognize company products by class and type, which can help them remember the product when needed.
- **Increased competitive advantage in individual markets:** Product hierarchies can help establish a significant advantage against competitors by focusing on key features, pricing or the benefits of choosing the company's products. This can help influence customers to make certain purchasing decisions.

What is Product Mix?

Product mix, also known as product assortment or product portfolio, refers to the complete set of products and/or services offered by a firm. A product mix consists of product lines, which are associated items that consumers tend to use together or think of as similar products or services.

Dimensions of a Product Mix

#1 Width

Width, also known as breadth, refers to the number of product lines offered by a company. For example, Kellogg's product lines consist of: (1) Ready-to-eat cereal, (2) Pastries and breakfast snacks, (3) Crackers and cookies, and (4) Frozen/Organic/Natural goods.

#2 Length

Length refers to the total number of products in a firm's product mix. For example, consider a car company with two car product lines (3-series and 5-series). Within each product line series are three types of cars. In this example, the product length of the company would be six.

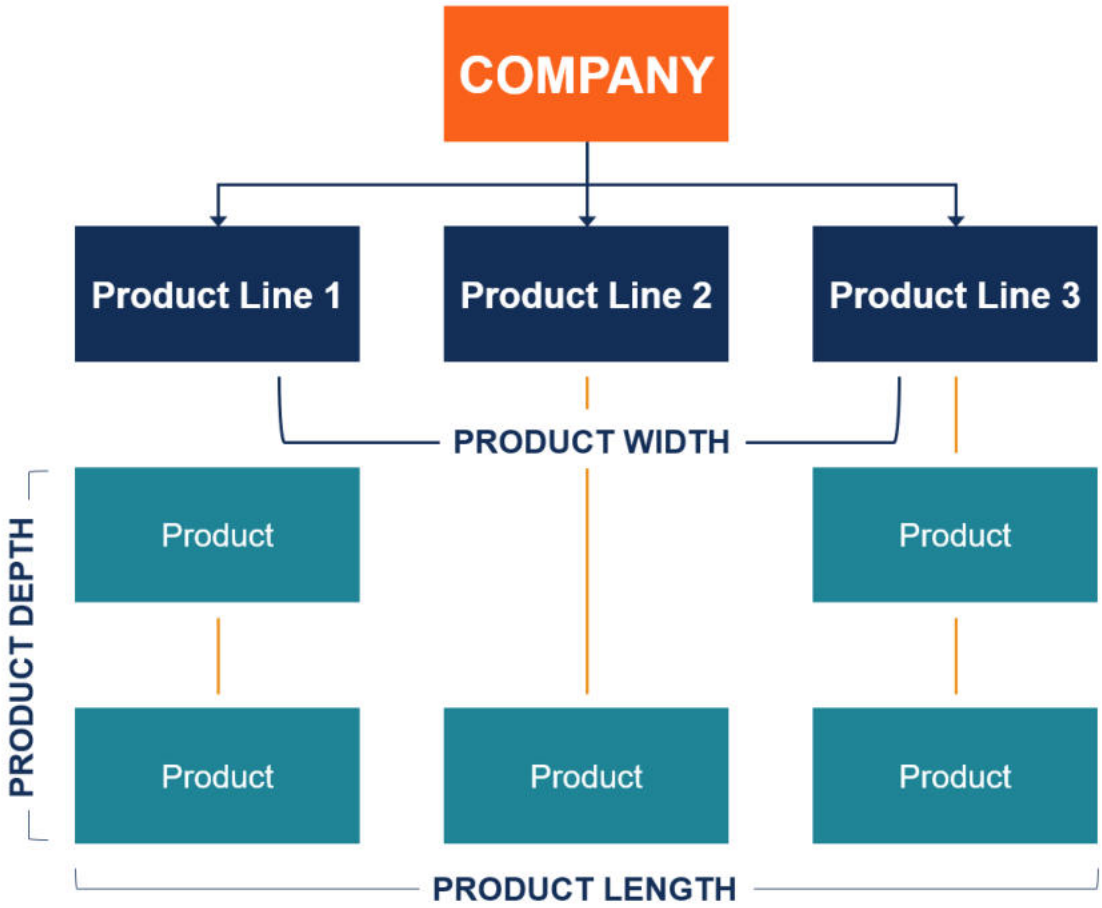
#3 Depth

Depth refers to the number of variations within a product line. For example, continuing with the car company example above, a 3-series product line may offer several variations such as coupe, sedan, truck, and convertible. In such a case, the depth of the 3-series product line would be four.

#4 Consistency

Consistency refers to how closely related product lines are to each other. It is in reference to their use, production, and distribution channels. The consistency of a product mix is advantageous for firms attempting to position themselves as a niche producer or distributor. In addition, consistency aids with ensuring a firm's brand image is synonymous with the product or service itself.

Illustration of a Product Mix



In the illustration above, the product mix shows a:

- Width of 3
- Length of 5
- Product Line 1 Depth of 2
- Product Line 2 Depth of 1
- Product Line 3 Depth of 2

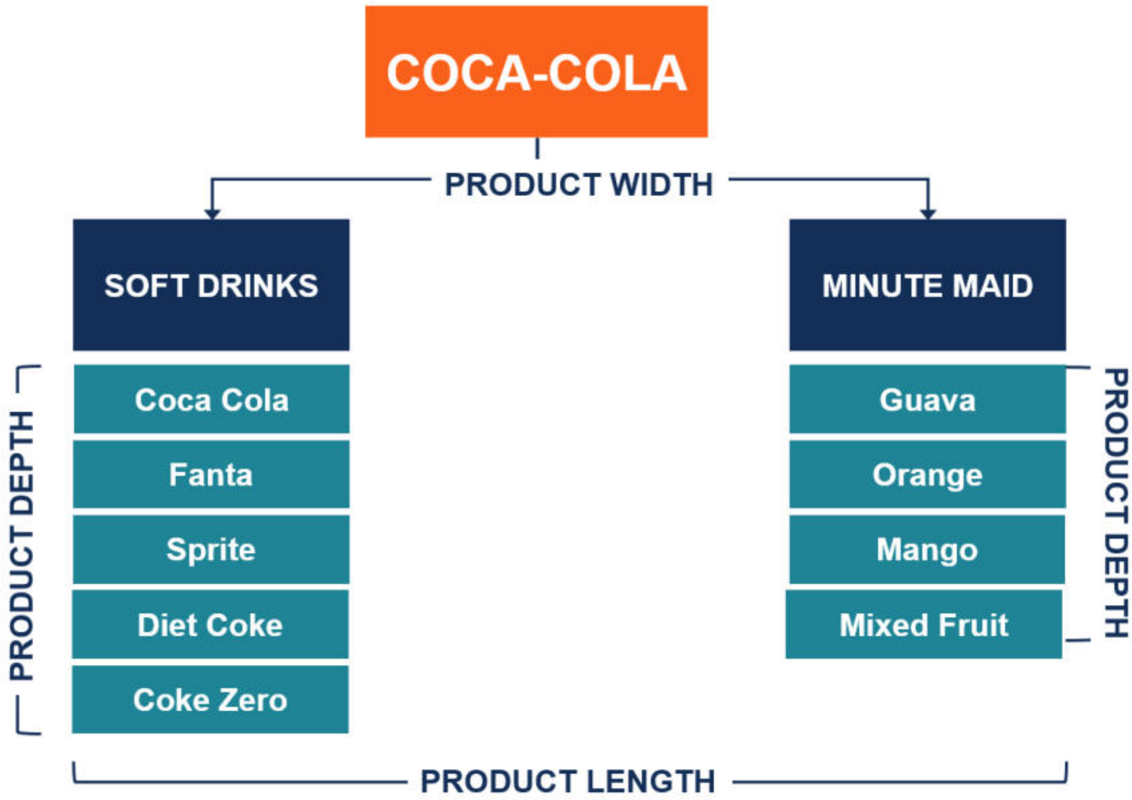
The mix is considered consistent if the products in all the product lines are similar.

Example of a Product Mix

Let us take a look at a simple product mix example of Coca-Cola. For simplicity, assume that Coca-Cola oversees two product lines – soft drinks and juice (Minute Maid).

Products classified as soft drinks are Coca-Cola, Fanta, Sprite, Diet Coke, Coke Zero, and products classified as Minute Maid juice are Guava, Orange, Mango, and Mixed Fruit.

The product (mix) consistency of Coca-Cola would be high, as all products within the product line fall under beverage. In addition, production and distribution channels remain similar for each product. The product mix of Coca-Cola in the simplified example would be illustrated as follows:



Importance of a Product Mix

The product mix of a firm is crucial to understand as it exerts a profound impact on a firm's brand image. Maintaining high product width and depth diversifies a firm's product risk and reduces dependence on one product or product line. With that being said, unnecessary or non-value-adding product width diversification can hurt a brand's image. For example, if Apple were to expand its product line to include refrigerators, it would likely have a negative impact on its brand image with consumers.

In regard to a firm expanding its product mix:

- Expanding the width can provide a company with the ability to satisfy the needs or demands of different consumers and diversify risk.

- Expanding the depth can provide the ability to readdress and better fulfill current consumers.

Product Line vs. Product Mix

A product line refers to a particular good or service that a company makes and markets to customers. A food company may extend a product line by adding various similar or related products (e.g., adding mesquite BBQ flavor to its existing potato chips line), and create a more diversified product family. The product family supplies various products under the same brand name that are similar but meet slightly different needs or tastes, potentially attracting more and different customers.

If the company branches out and starts producing pretzels, this would be a different product line altogether, involving different ingredients, processes, and knowledge to make. It would also attract many of the same, but also different customers as its potato chips line. Pretzels, however, would not be in the same product line or family. Thus, adding pretzels expands the firm's product portfolio, also known as its product mix.

The product mix is important to analyze since it can identify which market segments are experiencing what trends. Companies may thus re-brand or restructure underperforming and unprofitable products, while profitable lines may be tagged to include innovative or riskier new additions to that product family.

Mature companies often have diversified product mixes. Internal product development and acquisitions contribute to its product portfolio size over time, and larger enterprises have the infrastructure to support the marketing of a broader offering. Geographic expansion can also augment a product portfolio, with products varying in popularity among cities or countries. Apple, Inc., for example, now has a product mix that includes its wildly popular iPhone devices (within which are various generations, versions, sizes, all at different price points), the iOS app store, its line of laptop & desktop computers, software development, music streaming service, Apple TV, and so on.

Product Life Cycle:

The term product life cycle refers to the length of time a product is introduced to consumers into the market until it's removed from the shelves. This concept is used by management and by marketing professionals as a factor in deciding when it is appropriate to increase advertising, reduce prices, expand to new markets, or redesign packaging. The process of strategizing ways to continuously support and maintain a product is called product life cycle management.

As mentioned above, there are four generally accepted stages in the life cycle of a product—introduction, growth, maturity, and decline.

Introduction Stage

The introduction phase is the first time customers are introduced to the new product. A company must generally includes a substantial investment in advertising and a marketing campaign focused on making consumers aware of the product and its benefits, especially if it broadly unknown what the good will do.

During the introduction stage, there is often little to no competition for a product as other competitors may be getting a first look at rival products. However, companies still often experience negative financial results at this stage as sales tend to be lower, promotional pricing may be low to drive customer engagement, and the sales strategy is still being evaluated.

Growth Stage

If the product is successful, it then moves to the growth stage. This is characterized by growing demand, an increase in production, and expansion in its availability. The amount of time spent in the introduction phase before a company's product experiences strong growth will vary from between industries and products.

During the growth phase, the product becomes more popular and recognizable. A company may still choose to invest heavily in advertising if the product faces heavy competition. However, marketing campaigns will likely be geared towards differentiating their product from others as opposed to introducing their goods to the market. A company may also refine their product by improving functionality based on customer feedback.

Financially, the growth period of the product life cycle results in increased sales and higher revenue. As competition begins to offer rival products, competition increases, potentially forcing the company to decrease prices and experience lower margins.

Maturity Stage

The maturity stage of the product life cycle is the most profitable stage, while the costs of producing and marketing decline. With the market saturated with the product, competition now higher than at other stages, and profit margins starting to shrink, some analysts refer to the maturity stage as when sales volume is "maxed out".

Depending on the good, a company may begin deciding how to innovate their product or introduce new ways to capture a larger market presence. This includes getting more feedback from customers, their demographics, and their needs.

During the maturity stage, competition is now the highest. Rival companies have had enough time to introduce competing and improved products, and competition for customers is usually highest. Sales levels stabilize, and a company strives to have their product exist in this maturity stage for as long as possible.

Decline Stage

As the product takes on increased competition as other companies emulate its success, the product may lose market share and begin its decline. Product sales begin to decline due to market saturation and alternative products, and the company may choose to not pursue additional marketing efforts as customers may already have determined themselves loyal to the company's products or not.Should a product be entirely retired, the company will stop generating support for the good and entirely phase out marketing endeavors. Alternatively, the company may decide to revamp the product or introduce it with a next generation, completely overhauled item. If the upgrade is substantial enough, the company may choose to re-enter the product life cycle by introducing the new version to the market.

The stage of a product's life cycle impacts the way in which it is marketed to consumers. A new product needs to be explained, while a mature product needs to be differentiated from its competitors.

Advantages of the Product Life Cycle

The product life cycle better allows marketers and business developers to better understand how each product or brand sits with a company's portfolio. This enables the company to internally shift resources to specific products based on those products positioning within the product life cycle.

For example, a company may decide to reallocate market staff time to products entering the introduction or growth stages. Alternative, it may need to invest more cost of labor in engineers or customer service technicians as the product matures.

The product life cycle naturally tends to have a positive impact on economic growth as it promotes innovation and discourages supporting outdated products. As products move through the life cycle stages, companies that use the product life cycle can realize the need to make their products more effective, safer, efficient, faster, cheaper, or conform better to client needs.

Limitations of the Product Life Cycle

Unfortunately, the product life cycle doesn't pertain to every industry, and it doesn't pertain consistently across all products. Consider popular beverage lines whose primary products have been in the maturity stage for decades, while spin-off or variations of these drinks from the same company fail.

The product life cycle may be artificial in industries with legal or trademark restrictions. Consider the new patent term of 20 years from which the application for the patent was filed in the United States.[1] Though a drug may be just entering their growth stage, it may be adversely impacted by competition when its patent ends regardless of which stage it is in.

Another unfortunate side effect of the product life cycle is prospective planned obsolescence. When a product enters the maturity stage, a company may be tempted to begin planning its replacement. This may be the case even if the existing product still holds many benefits for customers and still has a long shelf life. For producers who tend to introduce new products every few years, this may lead to product waste and inefficient use of product development resources.

What are pricing objectives?

Pricing objectives refer to the goals that drive how your business sets prices for your product or service. These objectives can and *should* apply to pricing for both new and existing customers. The direction provided by pricing objectives is crucial to adjusting prices over time in order to meet your objectives.

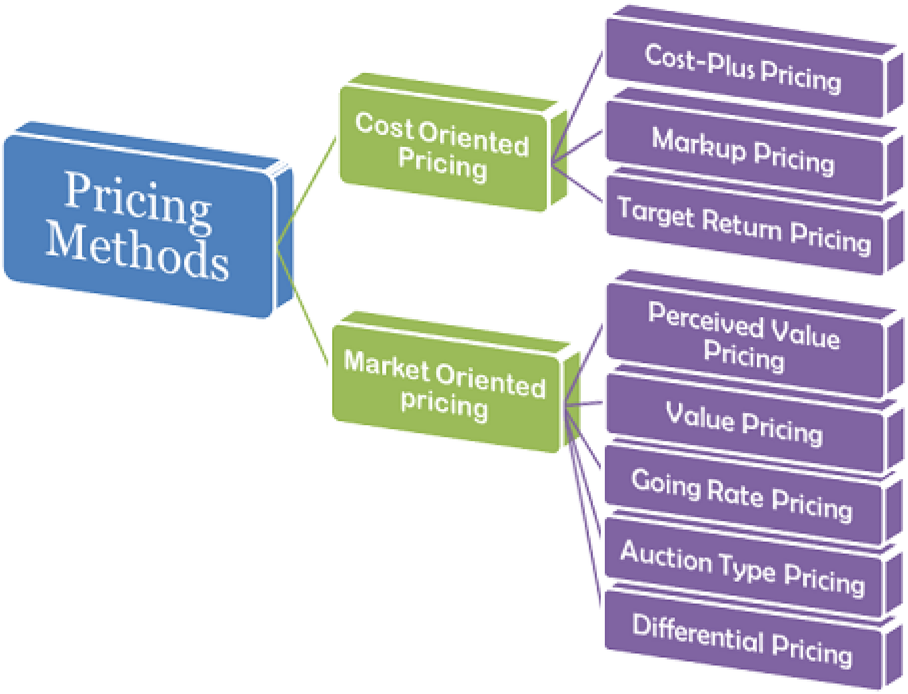
Each pricing objective requires a different pricing strategy to meet business goals. Certain pricing methods work well for meeting a particular objective, while other combinations can contradict one another - it’s important to make sure your pricing objectives and strategies are closely matched.

Pricing Methods

Definition: The **Pricing Methods** are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product’s life cycle, firm’s vision of expansion, etc. influencing the pricing strategy as a whole.

The pricing methods can be broadly classified into two parts:

1. *Cost Oriented Pricing Method*
2. *Market Oriented Pricing Method*



Cost-Oriented Pricing Method*: Many firms consider the* ***Cost of Production*** *as a base for calculating the price of the finished goods. Cost-oriented pricing method covers the following ways of pricing:*

- ***Cost-Plus Pricing:*** *It is one of the simplest pricing method wherein the manufacturer calculates the cost of production incurred and add a certain percentage of markup to it to realize the selling price. The markup is the percentage of profit calculated on total cost i.e. fixed and variable cost.*

  E.g. *If the Cost of Production of product-A is Rs 500 with a markup of 25% on total cost, the selling price will be calculated as Selling Price= cost of production + (Cost of Production x Markup Percentage)/100*
  Selling Price=500+(500 x 0.25)= 625
  Thus, a firm earns a profit of Rs 125 (Profit=Selling price- Cost price)

- ***Markup pricing-*** *This pricing method is the variation of cost plus pricing wherein the percentage of markup is calculated on the selling price .**E.g.** If the unit cost of a chocolate is Rs 16 and producer wants to earn the markup of 20% on sales then mark up price will be:*

  Markup Price= Unit Cost/ 1-desired return on sales
  Markup Price= 16/1-0.20 = 20
  Thus, the producer will charge Rs 20 for one chocolate and will earn a profit of Rs 4 per unit.

- ***Target-Return pricing*** *– In this kind of pricing method the firm set the price to yield a required Rate of Return on Investment (ROI) from the sale of goods and services.*
  ***E.g.** If soap manufacturer invested Rs 1,00,000 in the business and expects 20% ROI i.e. Rs 20,000, the target return price is given by:*

  Target return price= Unit Cost + (Desired Return x capital invested)/ unit salesTarget Return Price=16 + (0.20 x 100000)/5000Target Return Price= Rs 20

Market-Oriented Pricing Method: Under this method price is calculated on the basis of market conditions. Following are the methods under this group:

- **Perceived-Value Pricing:** In this pricing method, the manufacturer decides the price on the basis of customer's perception of the goods and services taking into consideration all the elements such as advertising, promotional tools, additional benefits, product quality, the channel of distribution, etc. that influence the customer's perception.

  E.g. Customer buy Sony products despite less price products available in the market, this is because Sony company follows the perceived pricing policy wherein the customer is willing to pay extra for better quality and durability of the product.

- **Value Pricing**: Under this pricing method companies design the low priced products and maintain the high-quality offering. Here the prices are not kept low, but the product is re-engineered to reduce the cost of production and maintain the quality simultaneously.

E.g. Tata Nano is the best example of value pricing, despite several Tata cars, the company designed a car with necessary features at a low price and lived up to its quality.

- **Going-Rate Pricing-** In this pricing method, the firms consider the competitor's price as a base in determining the price of its own offerings. Generally, the prices are more or less same as that of the competitor and the price war gets over among the firms.

  E.g. In Oligopolistic Industry such as steel, paper, fertilizer, etc. the price charged is same.

- **Auction Type pricing**: This type of pricing method is growing popular with the more usage of internet. Several online sites such as eBay, Quikr, OLX, etc. provides a platform to customers where they buy or sell the commodities.

  There are three types of auctions:

  1. English Auctions-There is one seller and many buyers. The seller puts the item on sites such as Yahoo and bidders raise the price until the top best price is reached.

  2. ***Dutch Auctions***– There may be one seller and many buyers or one buyer and many sellers. In the first case, the top best price is announced and then slowly it comes down that suit the bidder whereas in the second kind buyer announces the product he wants to buy then potential sellers competes by offering the lowest price.

  3. ***Sealed-Bid Auctions***: This kind of method is very common in the case of Government or industrial purchases, wherein tenders are floated in the market, and potential suppliers submit their bids in a closed envelope, not disclosing the bid to anyone.

- **Differential Pricing**: This pricing method is adopted when different prices have to be charged from the different group of customers. The prices can also vary with respect to time, area, and product form.

  E.g. The best example of differential pricing is Mineral Water. The price of Mineral Water varies in hotels, railway stations, retail stores.

Thus, the companies can adopt either of these pricing methods depending on the type of a product it is offering and the ultimate objective for which the pricing is being done.

Price Adaptation Strategies and Marketing Management

Marketing plays a significant role in price adaptation because pricing strategy is one of the four main components in determining product positioning, which is is how a company chooses to present products to consumers and generate interest. The more adaptability a business has, the better chance it has of appealing to more consumers.

Geographic Pricing and Marketing

Geographic pricing relates to how a business chooses to price its products within different regions, as explained by Marketing91. This can mean different parts of a particular state, country or even around the globe. In selecting its product prices for different regions, a business also adapts its marketing strategies to fit those pricing models.

Offering Product Discounts

Adapting pricing models to include product discounts is a marketing strategy used to attract bargain hunting consumers and to fend off new competitors attempting to enter target market areas. Product discounts allow marketing management to create short advertising campaigns to stimulate excitement over a company's brands and individual product offerings. Business marketers can also use discounts to create consumer interest in market areas with traditionally lower median incomes. This allows those consumers to try products they might not otherwise be able to afford on a regular basis.

Managing Cost and Demand

The cost to create a company's products plays an integral part in how much adaptability the business has with its product pricing Usually, goods with low production costs have the largest price flexibility because the organization can accept discounted retail prices and still turn a profit. Higher production costs leave less room for a business to adjust its retail price and still recoup costs. To help with price flexibility, marketing managers create advertising campaigns designed to stimulate demand for a company's products. These campaigns emphasize a variety of product aspects to stimulate consumer interest, including pricing points and attractive features.

Marketing Product Lines

Creating product lines composed of items with different features and target audiences provides a business with a wide range of price adaptability. The business can create an item to fit each target market area and assign a price to match the median incomes in those areas. Marketing managers within the business can develop promotional campaigns to emphasize the different strengths of these products to various target consumer groups.

For example, emphasizing the durability of items within a product line can appeal to consumers who search for bargains, while pushing the high end features of products can attract consumers who always purchase products from industry leaders.

Management & Market Oriented Pricing Strategy

Market-oriented strategies build product features, price, advertising and other elements of marking around the product's set of consumers who are known as the target market. Marketing managers using market-oriented pricing to price the product at an ideal cost for the consumer and the business. Business managers must balance the consumers' desired price of the product with the companies financial needs. Research into needs of both the company and the target market can help create profitable price strategy.

Targeting Strategies

Research into a product's target market is the first step to managing a market-oriented pricing strategy. First, managers identify a product's consumer segment (or segments) of the population. Then, the segments are narrowed down into ideal target markets containing the most desired consumers. Finally, the elements of a product's marketing, including price, is positioned to appeal to the target members. Sometimes, marking managers choose to target more than one market segment or market to more general, less defined segments.

Matching Price to Market Environment

The environment surrounding the product, company and target market members play a role in pricing strategy. Factors of influence include the product's lifestyle stage (if the product is new, growing or mature), the diversity of target market preferences, industry standards, the company's available resources and capabilities, and the competitive atmosphere. For example, new products might have higher prices because the product was previously unavailable.

Emerging Markets

Creating a pricing strategy for a new product with an emerging market can be a challenge for managers because of undocumented market preferences. Some of the products segments may be willing to buy at a higher price, while others are not. Managers often use existing demographic data to forecast which market segments would be the most profitable, and then orient the price to that market.

Growing Markets

Growing markets are markets for existing products, with room to expand to a higher number of target market members or reach underserved market segments. Sometimes products enter into an already existing market with prices already set by competing companies. If economically feasible, marketing managers might choose to enter growing markets with a lower price, to undercut competitors and gain target market members as customers.

Evaluating Finances

While marketers are often attempting to find the best way to orient the pricing strategy, business managers must also focus on the most cost-effective prices. Managers have a number of mathematical analysis tools to help with determining cost-effectiveness. Return on sales, assets, investment and equity ratios are often used to help management forecast the profitability of a price strategy.

Initiating to Price Change

After goods have been produce, price is determined on the basis of its cost and taking reasonable profit. The price so determined may also need changes. Due to external and internal environmental effects, prices may need changes. Two main strategies can be adopted in leadership pricing as follows:

1. Initiating price cut

Every business firm wishes to increase its sale quantity. Changes in price may be needed to achieve such objective. So, the producer should cut down necessary amount of leadership price of the products. Sometimes companies' products can enter in more markets segments only after cutting down prices. This strategy should be adopted in order to face strong competition. Otherwise, there may appear a situation either to quit the market segment or abandon the production. On the other side, there may be a compulsion to cut down prices of products to control the target market segments.

2. Initiating price increase

Sometimes a strategy to increase in price may be adopted not affecting sale quantity. Price may need some changes due to cost inflation. Price may need changes due to government's policy to control price or to increase revenue. On the other hand, demand for products may grow suddenly. In such situation, one needs price change. In the situation when all continuations are suitable, price may be increased according to the time. However, such increase should be very low in percent. Price should not be increased at the rate which may spoil the image and competition of the company.

Responding to Price Change

While changing price of any products, many reactions may come from concerned sides. At first reaction may come from consumers. Such reactions may be positive when price is cut down and negative when it is increased. The company should carefully as well as logically answer both reactions. In the same way, competitors' reactions may also come. The company should give satisfactory answer to them with all reasons such as cost, market study, transport expenses, administrative expenses, etc. The following strategies should be adopted to face reactions of competitors and distributors.

1. Maintaining Price

The producers should try their best to maintain price at the same rate. Producers may cut down some percent of profit. The existing market segments can be maintained with such strategy. Along with this, opportunity can be found to enter new market segments. In this way, sale quantity may increase.

2. Increasing price and quality

Producer may increase in existing quality and price. Production companies may bring in markets the new products or adding new features to the products challenging their competitors. Little more prices of such products do affect competitors so much. However, such analysis cannot last long. Other competitors also may adopt such strategy. This may be only a periodical means to stop competitors' reactions. After sometime, the company should seek other alternatives.

3. Reducing price

Most of the customers become conscious about price. So, the producer should cut down the price of the products after certain time. Competitors of similar products also may adopt this strategy. The producers who cannot adopt such policy may get compelled to quit main market segments among many segments. Such markets once quitted need very hard labor to supply products to there again. Policy of taking low percent of profit should be adopted. Even decreasing price, quality, features and services should be maintained same. Only then, products can control markets.

UNIT IV

Place and promotion Strategies

When we talk about the distribution of channels it says that a way through which commodities (goods and services) are passed until the end-users consume it. As a matter of fact, the channels are from simple to Complex according to the business size in the market. The Channel of distribution involves the organization getting product reach from producer to customer. It is also known as marketing channels or marketing distribution channels or channels of distribution. For any production the prime objective is its consumption, these channels include wholesalers, distributors, agents, and retailers including dealers, brokers, and commission agents.

Marketing channels

There are basically four types of marketing channels:

1. Direct selling.
2. Through intermediation.
3. Dual distribution.
4. reverse channel.

Explanations-

1. Direct selling- This includes party plan, one- on- demonstration, personal contact, and internet sale direct sales mostly use multi-level marketing.

2. Through intermediation- This includes wholesalers and retailers where they make products available and uses in an indirect way.

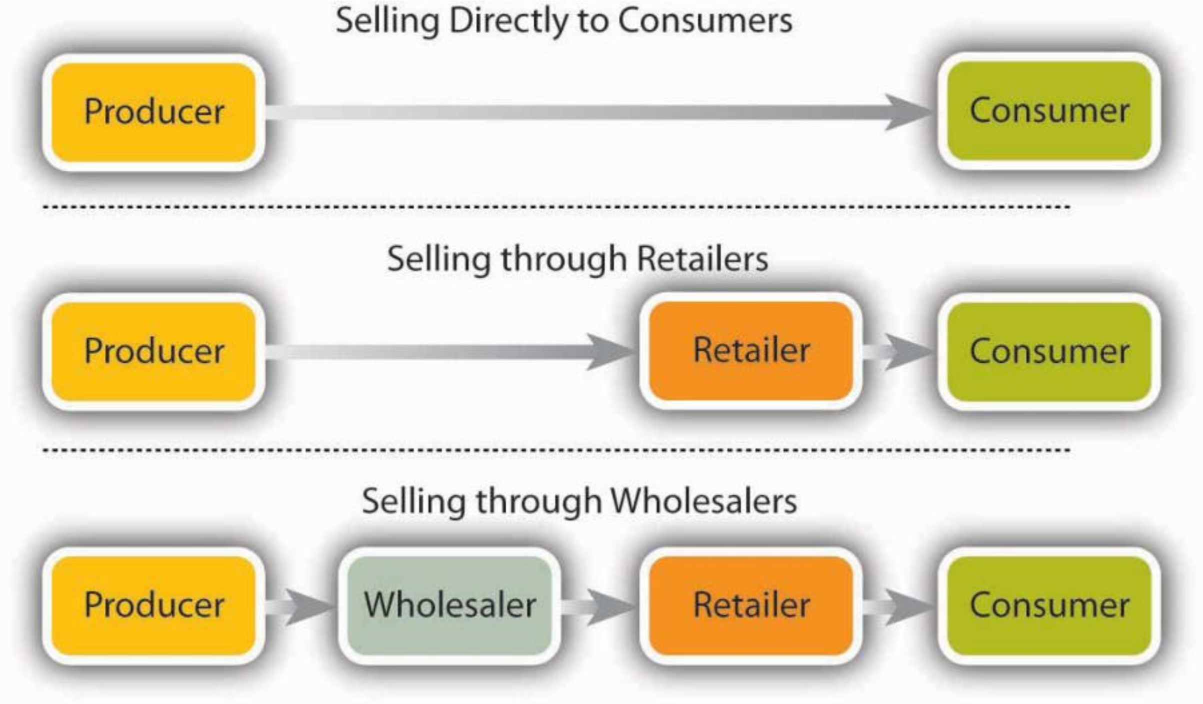


fig.no.2.Through Intermediation(**businessstudynotes.com**)

3. Dual Distribution- This includes simultaneously practice of making a wide range of marketing platform in a direct and indirect way.

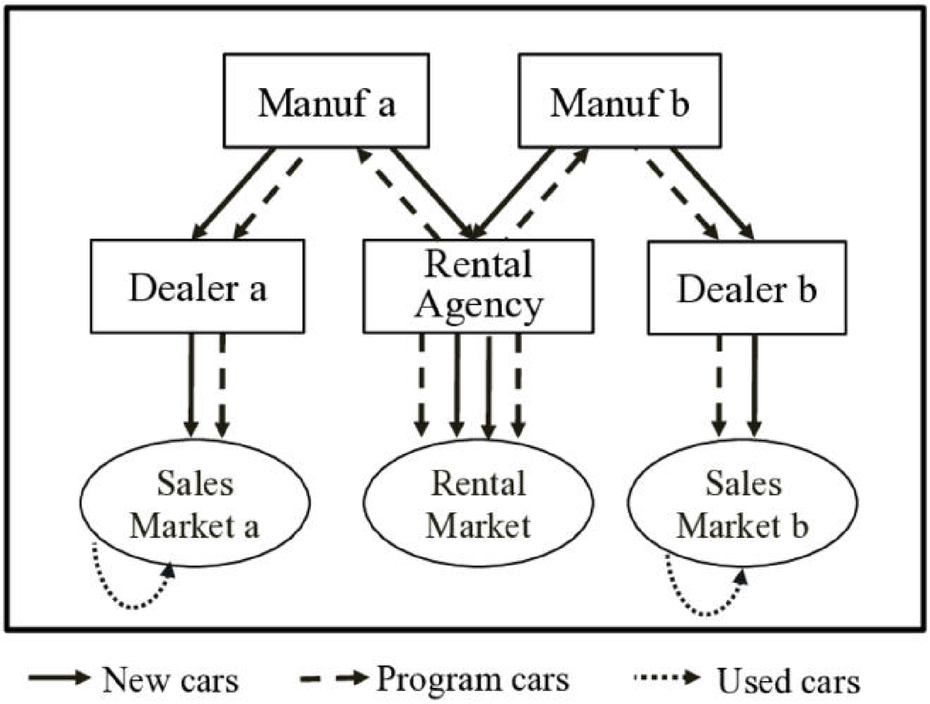
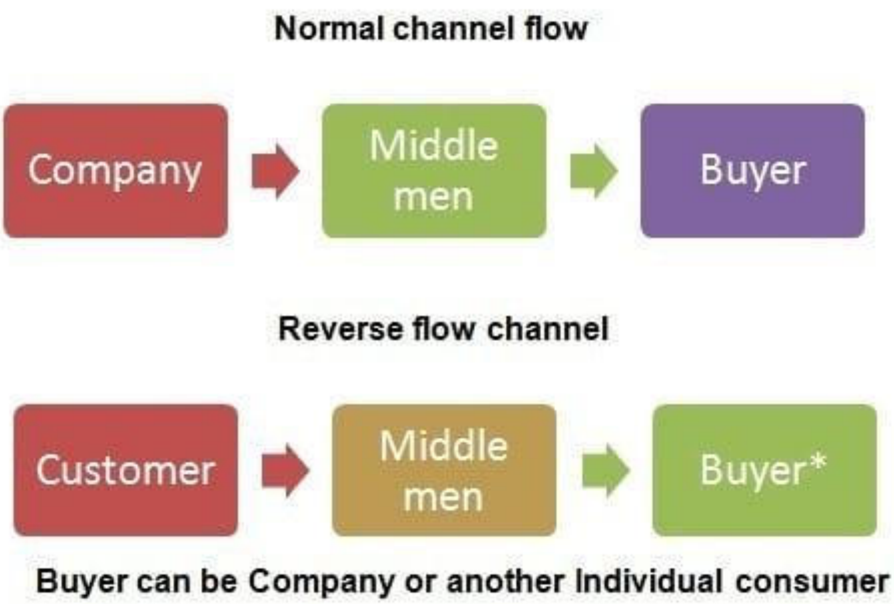


fig.no3.Dual Distribution(**researchgate.com**)

4. Reverse channel-he above three steps have a common thing that is the flow of product from the manufacturer to the end user's this reverse channel due to the help of Technology have made the rivers flow that is from consumer to intermediates to beneficiaries.



The strategic role of marketing channel

The marketing channel plays an important role in order to make and choose the floor of the product in the ever-growing market.

1. Enhance efficiency- A proper system of distributing channels will not be less efficient. In this way, the organization will work.
2. Smooth flow of commodities- This helps in the flow of commodities from creating possession, time, and place utility.
3. Reducing cost- Like the terms and conditions of purchase, sales and payments hear this will lead to a reduction in cost during a transaction.
4. Facilitate search- This function is carried forward by the agents where buyers and sellers search for each other for the exchange of commodities.
5. Proximity to consumers- This helps in reducing the burden of the producer as the middlemen are close to the end-users of product which helps to gather the necessary information and reaction.

Working of the supply chain in marketing channel:

Supply chain works as the connection between the producer and the buyer this might include different activities, people, entities, information, and resources. This is an important aspect of the business so it can reduce its cost and manage the time. This also includes product development, marketing, operations, distribution, finance, and customer service. When the supply chain of any company is effective, it helps in decreasing costs and increasing profitability.

Marketing channel design

Definition (1):

Marketing channel design means designing effective marketing channels by analyzing customer needs, setting channel objectives, identifying major channel alternatives, and evaluating those alternatives.

Definition (2):

It refers to those decisions related to the development of new channels for marketing where none has existed before, or to the modification of available or existing channels. **Marketing channel design** decisions include identifying customer needs and wants, specifying constraints and objectives, and recognizing & evaluating alternatives.

The process of **marketing channel design** involves the following steps:

- Recognizing or identifying the requirement for marketing channel design decisions.
- Setting and coordinating distribution objectives.
- Specifying distribution activities.
- Developing alternatives.
- Evaluating relevant alternatives.
- Selecting the best or ideal channel structure.
- Selecting channel members.

Generally, three parties are engaged in **marketing channel design:**

1. Firms i.e. manufacturers, producers, franchisors, and service providers. They look down the marketing channels.
2. Wholesalers- They look down as well as up the marketing channels.
3. Retailers- They look up the marketing channels for securing suppliers.

This channel design and selection is influenced by the following factors:

- The products' nature
- The behavior of buyers
- The business environment
- Competition
- Organization.

Steps involved in Channel Design

1. Recognizing the need for a channel design decision

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

2. Defining the Channel Flow

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

3. Setting and coordinating distribution objectives

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

4. Specifying the distribution tasks

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

5. Developing possible alternative channel structures

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

6. Evaluating the variable affecting channel structure

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

7. Selecting the final channel structure

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

8. Selecting the channel members

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

9. Implementing and coordinating the channel structure

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

Variables that affect Channel Structure

1. Product Variables

The type of product can affect channel structure. Different product variables include bulk and weight, unit value, perishability, technical versus nontechnical, newness, etc.

2. Market Variables

The target market can also affect channel structure. Some markets require a direct channel, while others can be reached through an indirect channel. Common market variables are market geography, market density, market size, and market behavior.

3. Company Variables

The size of the company can also affect channel structure. Some companies are too small to support a direct channel, while others may not have the resources to support an indirect channel. Common company variables are size, managerial expertise, financial capacity, and objectives and strategies.

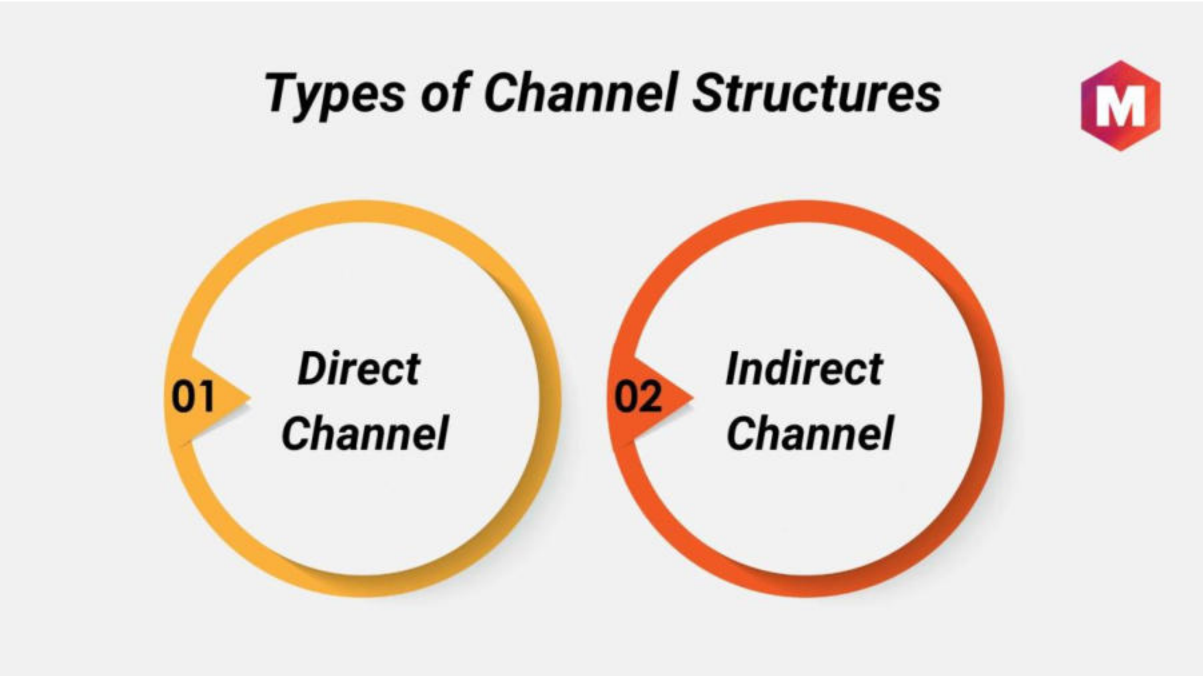
4. Intermediary Variables

The type of intermediary can also affect channel structure. Some intermediaries are more willing to work with a direct channel, while others may prefer an indirect channel. The key intermediary variables related here are availability, services offered, and costs.

5. Environmental Variables

The final variable that can affect channel structure is the environment. The environment includes factors such as government regulations, social trends, and economic conditions. Channel structure should be designed to respond to environmental changes.

Types of Channel Structures



1. Direct Channel

A direct channel is a channel in which the producer sells directly to the customer. Direct channels can be used to reach large markets quickly. The disadvantage of a direct channel is that it can be costly to set up and maintain.

2. Indirect Channel
An indirect channel is a channel in which the producer sells through an intermediary. Indirect channels can be used to reach small markets quickly. The disadvantage of an indirect channel is that it can be difficult to control.

Channel members

1. Upstream Channel Members
Upstream channel members are businesses or individuals who are involved in the production of products and services. Upstream channel members can include suppliers, manufacturers, and wholesalers.

2. Downstream Channel Members
Downstream channel members are businesses or individuals who are involved in the distribution of products and services. Downstream channel members can include retailers, distributors, and dealers.

Approaches you may use to choose the Best Channel Structure:

1. "Characteristics of Goods and Parallel Systems" Approach
According to this approach, the decision on which type of channel structure to use is based on the characteristics of the goods. The Aspinwall model was first developed in the 1950s by Aspinwall.
The main consideration for channel structure selection should be product variables, according to this design. Each item characteristic is labeled with a distinct hue on the spectrum. Different variables involved in this are replacement rate, adjustment, gross margin, time of consumption, searching time, etc.

2. Financial Approach
The financial approach is based on the idea that the best channel structure is the one that minimizes costs and maximizes profits. Channel structures should be evaluated based on their ability to generate revenue and control costs.

3. Transaction Cost Analysis (TCA) Approach
The transaction cost analysis approach is based on the idea that the best channel structure is the one that minimizes transaction costs. Transaction costs can include search costs, information costs, negotiation costs, and monitoring costs.
The crux of TCA is on the expenditures incurred by a corporation in order to complete its distribution operations.

4. Management Science Approaches
Management science approaches to channel structure selection are based on the idea that the best channel structure is the one that maximizes efficiency. Channel structures should be evaluated based on their ability to optimize resources and minimize waste.

5. Marketing Mix Approach
The marketing mix approach is based on the idea that the best channel structure is the one that maximizes the effectiveness of the marketing mix. Channel structures should be evaluated based on their ability to reach the target market, communicate with the target market, and sell to the target market.

6. Judgmental-Heuristic Approaches

Judgmental-heuristic approaches to channel structure selection are based on the idea that the best channel structure is the one that best meets the needs of the company. Channel structures should be evaluated based on their ability to support the company's business objectives.

Factors to Consider When Selecting Channel Members

1. Compatibility

The channel members should be compatible with each other. They should have similar business philosophies and be able to work together to achieve the objectives of the channel.

2. Capability

The channel members should have the capability to perform their roles in the channel. They should have the necessary resources and skills to support the channel.

3. Commitment

The channel members should be committed to the success of the channel. They should be willing to invest the time and resources necessary to support the channel.

4. Cooperation

The channel members should be willing to cooperate with each other. They should be able to work together to achieve the objectives of the channel.

5. Communication

The channel members should be able to communicate with each other. They should be able to share information and ideas in a way that is clear and concise.

6. Coordination

The channel members should be able to coordinate their activities. They should be able to work together to achieve the objectives of the channel.

What is Channel Management?

Gartner sales glossary defines channel management as a company's engagement activities related to selecting, enabling and compensating indirect channel partners[1]. As we have already seen in chapter 3, once the companies go through various channel design decisions, they eventually conclude with a channel strategy.

After the company or the firm chooses a channel system, certain activities are done to ensure that the channel meets its objectives. These activities, in essence, make up the channel management decisions.

Elements that make up the Channel Management Decisions

The following are the important elements which entails the decisions which are to be taken during channel management

I) Selecting Channel Members: Selecting the channel members would be the most crucial decision the manufacturer will take. The channel management decision will be taken keeping the following things in mind:

a) if the firm's values will be taken to the end consumer by the channel members and thus form the face of the organization itself?

b) Any backlash the company might incur can be because of a small mistake done by the final channel member, and this would mean loss of reputation

c) Characteristics that should be kept in mind while selecting the channel members

- Number of years in business- gives an idea of intermediaries' consistence performance.

- Financial record- gives an idea of their creditworthiness.
- Service reputation gives a picture of their credibility to carry the brand forward.
- Location-gives an idea of whether they can meet the sales targets.
- Growth potential- the growth of intermediary, gives an idea of potential growth on that particular channel.
- Cooperativeness-given an idea of how easy or difficult it would be to perform business with the intermediary.

II) Training of Channel Members: This part of the channel management decision can be looked at it an HR ft. The marketing aspect of Marketing Channel Strategies. Training the channel members to perpetuate the company's values among the intermediaries effectively will improve performance.

A few methods by which a behavioural change can be brought about among the intermediaries. These are classical influence techniques seen in the HR domain which showcase how higher-ups can use power to bring about change. Types of power are:

Coercive power: Can be used to ascertain authority via force of severe repercussions if not cooperating

Reward power: performance-linked bonuses can be given. If the stick in the above situation didn't work, the carrot here would be bringing about the change.

Legitimate power: source of power from legal provisions. One difference between coercive power and legitimate power would be that in coercive power, one uses forces, but in legitimate power, one reiterates the positions of legal avenues

Expert power: the technical know-how of the product lies with the manufacturer, which can be leveraged to pass on the knowledge to the channel intermediaries.

Based on the situation, any one of the above powers can change channel members to motivate and perform better.

III) Evaluating Channel Members: In chapter three, we spoke of how X responsibilities given to the intermediaries have Z financial implications on the firm. Every channel member should be periodically evaluated to see if the channel of sale is still profitable after the expenses. The parameters to assess the members would be

- Sales attainment quota: if the sales targets are met
- Average inventory levels: will give us an estimation of movement of goods on one particular channel via that specific channel member
- Customer delivery time and costs associated with the return of damaged products on the channel.

IV) Channel Evolution: Channels evolve. Towards the end of the third chapter, we saw that adaptability of the channel should be a prime consideration in channel design decisions. This adaptability is not just due to external factors but also due to internal concerns.

During the channel life cycle, the products reach keeps increasing till the maturity phase is reached. This growth should be predicted to keep the channel delivery load optimal for each stage.

V) Channel Modification decision: While channel evolution is accommodating the natural progression of the product life cycle, channel modification decisions would be to accommodate any unseen changes which might necessitate the robustness in the channel.

VI) Global Channel Consideration: Future chance of expansion will also be in the back of the mind when deciding the channel and further while maintaining the channel

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Meaning of Channel Conflict

Channel conflict refers to the dispute, discord and difference among channel partners where one prevents other from attaining their objectives. It is simply a situation in which partners of channel compete against each other or with internal sales department of vendor. Channel conflict results in huge losses for partners as it disturbs their business cycle. These conflicts arise when producer disintermediate the channel partners like distributors, wholesalers, retailers, sales personnel's etc. by selling its products directly to client. The manufacturers sell their products over the internet or using various general market method without involving any intermediaries.

Every manufacturing business in order to ensure proper market supply and customer satisfaction must decides its distribution and marketing channel in a right manner. There are number of channel partners and intermediaries which are involved in supply chain of any business. Any type of disturbance or clash among these trading partners will adversely influence the market captivity of business thereby bringing down its overall profitability and growth.

Types of Channel Conflict

There are basically four major classification of channel conflict based on the flow type and parties involved in it: –

1. **Vertical level conflict:** Vertical level conflict is a conflict among the channel partners at different level within the same channel. The member of channel at a higher level enters into dispute with the member at lower level or vice versa. It involves conflict among wholesalers and retailers or retailers and dealers.
2. **Horizontal level conflict:** Horizontal level conflict is simply a dispute in-between channel partners of same level within the same channel. It can be among two or more retailers belonging to distinct region or Stockists on grounds of manufacturer's biases, pricing, promotional schemes, area coverage and target of sales.
3. **Multi-channel level conflict:** This type of conflict arises whenever a manufacturer uses distinct channel for selling off its products. Multi-channel level conflict is a conflict of channel partner belonging to particular channel with the partner of some other channel. It is a dispute among partners of different channels that are participating in common sale for same brand. Example: Suppose if a manufacturer is using 2 channels for selling its products like online channel using website and other one a traditional channel comprising of wholesalers, distributors and retailers. Now, if the product is available at a cheap price on its website as compared to retailer then it will result in multi-channel conflict.
4. **Inter-type channel conflict:** Inter-type channel conflict arises in case of scrambled merchandising. When large retailers challenge the small retailers by entering into a product line which is distinct from their normal product range then it results in conflicts among channel partners.

Causes of Channel Conflict

Various causes for the occurrence of channel conflict can be well-understood from points given below: –

1. **Goal incompatibility:** Incompatibility of goals among different channel partners leads to conflict among them. When these partners such as manufacturer and dealer do not have a same set of objectives then then would work in distinct direction thereby resulting in clash. For example, a manufacturer aims at grabbing large market share via offering their products at low prices and generating higher profits in long run. On other hand, the dealer is willing to sell products at higher price for making profits in short run then it will create differences between the two.
2. **Ambiguous roles:** The uncertain acts of channel partners when they do not have a clear picture of their role may cause conflict among the intermediaries. When partners are unaware regarding what they are supposed to do, which pricing policy should be adopted or which market should they cater to then all this uncertainty may disturb the whole distribution channel.
3. **Different market perceptions:** Variations in perception of channel partners related to market conditions may create differences among the intermediaries thereby hampering the whole business. Perception of manufacturer regarding a potential market and penetration into a particular region may vary from intermediary's perception for same. This will create dispute among them and reduce the interest of intermediaries in capturing that specific market area.
4. **Manufacturer dominance over intermediaries:** All intermediaries like wholesalers, dealers and retailers are hugely dependent upon the manufacturer for carrying out their activities. Whenever manufacturer makes any change in product, its price or marketing activity then it need to implemented by all the intermediaries in the distribution channel. Any change which is unfavorable for the channel partners may results in differences among them.
5. **Change resistant:** Many times, the channel partners within the distribution channel may restrain from adopting the changes. Whenever the channel leader decides to bring any change in distribution channel then the intermediaries may not support it leading to the condition of discord.
6. **Lack of communication:** Lack of efficient communication is one of the major reason responsible for dispute among the channel partners. In case if any of the partner of distribution channel is not informed of changes on right time, it will disturb the process of distribution and leads to disparity. For example, if a retailer needs a stock of products immediately and wholesaler did not communicate him about the availability of time, then it may cause dispute among them.
7. **Marketing mis-alignment:** The mis-alignment of marketing strategies among the channel partners may bring differences between them. When a manufacturer's product is promoted by two-channel partners in a different manner then it may create a varying image of same product in mindsets of consumer.

Consequences of Channel Conflict

The presence of channel conflict may prove quite dangerous for an organization. Some of these outcomes are as discussed below: –

1. **Price war:** There is price war among the intermediaries due to the presence of channel conflict among them. They compete with one another in terms of prices and as result of this customer in search of best deal may defer his/her purchase decision.
2. **Sales deterioration:** Channel conflicts may deteriorate the sales volume of business organizations. These conflicts reduce the interest of distributor in covering large areas for product distribution. It eventually leads to increase in number of customers shifting to products of other competitors in market.
3. **Customer dissatisfaction:** Whenever there is a channel conflict, the retailers and distributors may not pay proper attention towards company's product and also not assist customers in making their purchase decision. This will result in customer's resentment towards the brand.
4. **Poor public relations:** The brand and its products may be negatively publicized by unsatisfied distributors which will have adverse effect on its sale volume. All this is an outcome of unhealthy public relation of manufacturer with its distributors.
5. **Distributors exit:** It is must for a manufacturer to retain its partners and distributors for enhancing his overall sales. The chances of distributors leaving a channel increases whenever there is a conflict in distribution channel.

Management of Channel Conflict

The channel conflict can be managed in following ways: –

1. **Common goal:** Every channel partner working within the distribution channel must decide a common goal in terms of survival, profit maximization, increased market share, quality level, customer satisfaction etc. Deciding of a single and common goal by all channel partner enables in avoiding any conflicts among them.
2. **Exchanges of employees:** This is one of the best ways of avoiding the channel conflicts within the distribution channel. When employees are swap between different levels of channel then they easily understand the role of each other thereby developing better understanding among them. For example, when two or more persons from a manufacturer level are shifted to a dealer level and from wholesale level to retailer level for a temporary period of time, they easily get to know about the responsibilities of distinct level thereby reducing the role ambiguities.
3. **Trade association:** Establishment of dealer council or trade association is another effective way of overcoming the channel conflicts. The dealer can unanimously put their grievances in front of leader which avoids any dispute. In addition to this, by adding channel partners or intermediaries as a member of trade association working for protecting their interest may bring unity and harmony among them.

4. **Regular communication:** Proper communication network enables channel leader in taking feedback from channel partners on a regular basis. Various formal as well as informal meetings take place that enables in knowing the trends and dynamics of market. Also, the issues and conflicts of channel partners can be easily resolved through frequent interactions.
5. **Fair pricing:** Implementation of fair price policy by business avoids channel conflicts as most of these take place as a result of price war. It must be ensured that products are priced equally in all regions including a fair margin for channel partners associated with trading of those products.
6. **Legal procedure:** The channel partner may utilize legal resources for resolving their conflicts in case it cannot be handled by their channel leader. The aggrieved party in case of critical and uncontrollable conflicts can take a legal action against the accused party by filling a law suit.
7. **Co-optation:** A expert possessing well-hand experience of handling conflicts should be hired by manufacturer as a member of board of directors or grievance redressal committee. It will serve as a useful way of addressing the conflicts within the distribution channel.
8. **Diplomacy, Mediation and Arbitration:** For resolving the critical conflicts, the channel partners may resort to any one of following methods. In mediation method, a third person intervenes for resolving the conflict using his/her skills of conciliation. Arbitration is a method in which an arbitrator listens to both party's argument involved in a conflict and declares a decision for resolving the matter. And diplomacy is one in which representative from both the sides meet for a conversation and find a solution thereby overcoming the dispute.

What is a Marketing Communication Mix?

To promote services or products to a target audience, the marketing communication mix refers to a set of tools used to promote them. What makes communication unique is the list of principles and factors that go into marketing those products and services, as well as how they are implemented. Now let's look at the elements of marketing communication mix used to promote them.

1. Advertising

In a paid, indirect way, customers are informed about products and services via television and radio. One of the most popular forms of advertising is public relations, which makes it possible for a company's product and service information to be easily communicated to a large target audience with little effort on their part.

We are all aware of the influence of advertising on our purchasing decisions. Broadcast advertising, or ATL, is the most common type of advertising, while direct response advertising, or BTL, uses print and digital media (out of home advertising).

Market leaders depend heavily on advertising. Advertising is more likely to be used by companies with deep pockets or a large number of competitors in the market. As well as being unique, the advertising message itself must also be so. Advertising messages that are unique and compelling have a stronger connection with their target audience than those that are not.

2. Sales and promotion

Several short-term incentives are included in the sales promotion in order to persuade customers to initiate the purchase of goods and services. Sales promotion tools include rebates, discounts, paybacks, Buy-one-get-one-free schemes, coupons, and more. According to the industry, there are many different ways to run sales promotions and many different tips and tactics.

For consumer durables, free services and value addition (free installation) outperform trade discounts in the FMCG(Fast moving Consumer Goods) sector.

Sales promotion also involves giving the consumer a reason to buy the product, in the form of a discount. Also included may be the provision of incentives for dealers and distributors to help move the product. Sales promotion has lower costs and requires less capital because it gets the product moving.

Increasingly, sales promotions are used as a marketing tool, especially with the rise of E-commerce and online sales. As if on cue, you'll see a 'Online Sale' every other day, where customers can buy impulsively. On-line retailers can move huge quantities of products across the country or region they are selling in because of a temporary discount.

3. Personal selling

When salesmen approach prospective customers directly to explain the products and services they offer, this is the traditional method of marketing communication. You can communicate directly either verbally (face to face) or in writing (via emails and text messages) and it is considered one of the most reliable modes of communication.

When it comes to converting a lead into a prospect, and ultimately a paying customer, personal selling is the second most popular method of doing so. Today, many large corporations and even smaller businesses are focusing on personal selling.

An employee of the company's marketing department will often be present in a branded retail outlet when you enter it. Having their own brand promoter on staff ensures that the customer will receive more attention from the company. Because the company's salesman has been hired specifically, he'll also have a better understanding of its product and its competitors' products.

Alternatively, the retailer's own salesman would have promoted any brand on the shelf instead of a third-party brand promoter. But because he has so many brands and products to sell, the retailer's salesman may not be as knowledgeable as the brand salesman.

He becomes overburdened and forgets the features of the products he's selling as a result. In conclusion, if a company wants to communicate the benefits of its products, persuade and convert the customer, then personal selling with hand picked and trained executives is the best option.

4. Public relation

People talk about your products or services when you use public relations, because it creates a buzz and encourages others to do the same. In the days leading up to the release of a movie or the launch of an upcoming product, news about the movie or product is published in the newspapers.

The same is true for public relations. Since its inception, social media has grown to become one of the most important platforms for public relations campaigns. You'll see a lot of news about what's trending.

The same goes for press conferences, face-to-face interactions with consumers, newspaper advertorials, and community involvement.In spite of this, digital marketing is used by large and small businesses alike because it helps the brand reach its target audience.

PR turns brand messages into stories that appeal to the media and target audiences by turning them into compelling stories. News, strategies, and campaigns are amplified through partnerships with newspapers, journalists, and other relevant organisations to create a positive view of the company.

Not everything, however, can be shared via public relations. Basically, they're trying to figure out which stories they think could be turned into a successful PR strategy. It's therefore best to steer clear of anything that is perceived as too "salesy." In order to create a great PR campaign, you need to find a public interest, current event or trend.

As part of the communications mix, public relations plays a vital role. As a result, a strong brand image can be built, and a brand can release information slowly, keeping the public's attention.

In order to create a positive brand image in the market, the companies engage in a number of social activities. Activities that companies undertake, such as building public restrooms, donating some of their purchases to child education, and organising blood donation camps are examples of this.

5. Direct Marketing

Emails, faxes, and mobile phones are used by the companies to communicate directly with prospective customers without involving a third party in the process, thanks to the technology. In the last few years, digital marketing has been putting a lot of pressure on television and newspaper ads. To date in 2016, digital marketing has nearly surpassed television advertising in terms of spending, and is the most popular form of advertising among all media.

Because digital advertising is accessible to even small businesses and less expensive than traditional television advertising means that even smaller businesses can participate. As a result, digital advertising generates much more revenue than television or radio or newspaper. In spite of this, digital marketing is used by large and small businesses alike because it helps the brand reach its target audience.

The personal connection that the brand makes with the consumer is the key attraction of digital marketing. Social marketing allows brands to enter your private space, such as your email box, your Facebook wall, or your Twitter feed. Brands that execute successful campaigns can actually walk away with a large number of digital followers as a result of their efforts.

Other Practices

When it comes to marketing, these are the spokes of the wheel.

1. Social media

Although relatively new, social media has changed the way we communicate by offering 'the next big thing.' As part of the direct marketing section of the communications mix, it can be used to advertise, retain and gain customers, gather feedback about products or services, and as a customer service tool.

2. Identity & Image of a Brand

Your company's visual appeal is referred to as your brand identity or corporate image. It's all there, from the company logo to the colours used in it.Consistent branding across all marketing collateral tends to be viewed more positively. Businesses with a consistent image are perceived as more serious and well-organized by customers than their counterparts, who tend to use a variety of marketing collateral.

3. Sponsorship

The possibilities are endless when it comes to sponsoring. With major brands and especially in sports, sponsorship is a common occurrence. As a result, it is frequently used to attract new communities and align with them.

An effective marketing and communications tool, sponsorship requires a thorough understanding of your target audience, as well as the setting of clear goals.

4. Product packaging

In terms of marketing and communications, packaging can be considered a component of both. As the company's last point of sale, packaging can make or break a brand's reputation.

In addition to visual design and product writing, packaging can also communicate effectively through its size and shape, as well as the materials it is made from. A customer's decision could be influenced by any of these factors.

5. New variables/innovations

Today's communication tools are vastly superior to what was available ten years ago - or even five years ago for that matter. You should always keep an eye out for new developments and releases that could revolutionise the way you communicate with your target audience.

6. Events and Experiences

In order to reinforce their brand in the minds of customers and create a long-term association with them, several companies sponsor sports, entertainment, non-profit, or community events. There are signs of the event's sponsor on the playground, player's jerseys, trophies and awards in the entertainment shows as well as stage banners and hoardings.

7. Interactive Marketing

Consumers can now interact with companies online and have their questions answered. Interactive marketing has recently gained in popularity as a marketing communication tool. Among the most successful interactive marketing campaigns is that of Amazon.

Customers have the option of choosing what they want to buy and can see what they've chosen or ordered in the recent past. Customers can also ask questions on a variety of websites, such as answer.com, and receive answers online.

8. Word-of- Mouth Marketing

In addition to being one of the most widely used communication tools, it allows customers to inform others about the goods and services they recently purchased.. A brand's image is determined by the customer's perception of the brand and by what he tells others about the brand. Because it's free, word-of-mouth marketing may be the least expensive form of advertising a business can engage in.

However, it is also one of the most difficult forms of advertising because you have no control over what is said about your business by whom.

Examples include new social media platforms (networking, video, messaging), gaming platforms, forums, and mobile apps, among others.

Let's sum up

We've covered a lot of ground when it comes to marketing. When it comes to marketing a product to a large audience, it's even more difficult. When developing a marketing strategy, it's important to keep in mind what customers like and dislike about products and services. Who is your target audience and what is the best way to promote?

As a marketing professional, you must understand the importance of scheduling, pricing, distribution channels, and a good promotion plan when it comes to marketing strategy.

However, you must also have a thorough understanding of the market, taking into account the services offered by your competitors, and acting accordingly to that understanding. I hope that I've been able to shed some light on your knowledge of the marketing communication mix. Read our articles to learn more about upcoming trends and technologies.

Steps for Developing an Effective Communication in International Market

Important steps in developing an effective communication in International Market are as follows:

1) Identifying the Target Audience:

Even for the same product, the target audience may be different in different countries. For example, certain consumer durables, which are used even by the low-income groups in the advanced countries, may be used only by high-income groups in the developing countries. In several cases the need satisfaction by the product varies between markets.

ADVERTISEMENTS:

For example, bicycles are basic means of transportation in countries like India and the important category of consumers are small farmers, blue-collar workers and students. In some of the advanced countries, bicycles are used for sporting and exercising and hence, the target audience is different.

2) Determining Communication Objectives:

The communication objectives may also be different in some cases. For example, when the product is in the introduction stages in a market, the emphasis of communication could be on consumer education and creation of primary demand. In a market where the product is at other stages of the life cycle, the communication objectives would be different.

3) Determining the Message:

The decisions regarding the message content, message structure, message format and message source are influenced by certain environmental factors like cultural factors and legal factors. The differences in the environmental factors among the countries may, therefore, call for different messages so as to be appropriate for each market.

4) Budget Decisions:

ADVERTISEMENTS:

The size of the total promotional expenditure and the apportioning of this amount to the different elements of the promotion mix are very important but difficult decisions.

5) Communication Tools / Mix Decisions:

UNIT V

Organizing & control and Ethical Marketing

Marketing is the most important parts of any business activity. It is what creates customers and generates income, guides the future course of a business and defines whether it will be a success or a failure. Without marketing, a business is like sitting in the dark and expecting people to find you without a light. Marketing can be done without a marketing team, but you cannot expect to go too far or succeed by marketing on your own. For a sustained marketing effort, a business of any size requires a dedicated marketing department or a marketing team.

Importance of A Marketing Department

The Marketing Department is the key to good marketing and sales. It promotes and establishes a business in its niche, based on the products or services the business is offering. It identifies the areas in which the product fits and where the business should focus its marketing strategy and, therefore, spend its budget for the maximum coverage and results. The marketing department helps a business to do the following:

- **Build relationship with the audience**: Creates awareness of the business and its products as well as provide inputs that create interest for the audience. It brings in new customers and creates new business opportunities for the enterprise.
- **Involve the customer**: It engages existing customers, tries to understand them and hear what they have to say. It monitors the competition, creates new ideas, identifies outlets, plans the strategy to involve customers and retain them.
- **Generate income**: Finally, the aim of the marketing department is to generate revenue. All its activities are aimed at broadening the customer base and finding opportunities that would create more revenue for the enterprise.

ORGANIZATION OF A MARKETING DEPARTMENT

The marketing department of any enterprise is responsible for promoting the products, ideas and mission of the enterprise, finding new customers, and reminding existing customers that you are in business. It organizes all the activities that are concerned with marketing and promotion. It may consist of a single person or a group of people working in a hierarchal system who are responsible for bringing the product of the business to the attention of its targeted customers. Since this department is the key to your revenue and business activity, it requires people who have the skills for dealing with people and understanding what they require.

There is no hard and fast rule to the organization of a marketing department, which depends entirely upon the needs of the business, its size and the amount of money that it wants to spend on marketing. But a typical marketing department in a large business operation is organized as follows:

- **Chief Marketing Officer**: This is the person who is at the top of the pyramid and is in charge of the marketing department. The responsibilities of CMO lie in the decision making within the process of the development of the major marketing strategies, as well as running the marketing department. CMO is also answerable to the Board of Directors or the Management about the results of the marketing strategies.

- **Marketing Director:** The person in this role is responsible for all the marketing strategies that are created and implemented. With his tasks he assists the CMO of the company.
- **Vice President Marketing**: He is answerable to the Marketing Director. His responsibility is the implementation of the marketing strategies of the organization. He works with the marketing manager in determining the strategies, messages, and media to be employed for marketing.
- **Marketing Manager**: Marketing Manager works under the vice president marketing and assists him with the implementation of all marketing strategies including creating messages or advertisements for marketing, choosing the medium of displaying the messages, which might include print media, television, banners and hoarding, website and social media marketing, etc. A marketing manager is also responsible for managing the other employees of the department. There may be one or several marketing managers depending upon the size and requirements of the business.
- **Marketing Analyst or Researchers**: These individuals are responsible for research and analysis that drives the marketing department and guides its marketing strategies by finding out about the target customers and the competition of the business. Marketing Analysts employ marketing tools such as surveys or studies to discover information that may be useful for marketing. They report to the marketing manager.
- **Public Relations**: Public Relation Officer is in charge of managing the reputation and goodwill of the company. His job is to create understanding of the clients and try to influence their thinking and behavior. PRO uses media management and communication to build up the company's profile. The PRO works under the Marketing Manager and reports to him.
- **Social Media Expert/Creative services**: With the internet becoming a major player in marketing, a company benefits from the services of Social Media Experts (SME) and creative services. While the SMEs concentrate on marketing the business and its service on the internet so that more people become aware of it, the creative services take care of designing and presentation part of the business, these include websites, web pages, brochures, booklets, flyers, advertisements, mailers and e-mailers, and all other promotional material that is required by the marketing department. The creative services and social media marketing report to the marketing manager and work under him.
- **Marketing Coordinator**: Coordinates all the various sections of the marketing department and manages the advertising and marketing campaigns. Marketing Coordinator is responsible for tracking sales data, maintaining the promotional material inventory, planning events, preparing reports, etc. They work with the Marketing Manager and assist him.
- **Marketing Assistant**: Assists and reports to the marketing manager to run the day to day business of a marketing department. Carries out administrative work required for the smooth running of the department.

Marketing Control

> **Definition**: Marketing control refers to the measurement of the company's marketing performance in terms of the sales revenue generated, market share captured, and profit earned. Here, the actual result is compared with the standard set, to find out the deviation and make rectifications accordingly.

Marketing is one of the crucial functions of any organization. Therefore, the management must exercise proper control over the marketing operations to ensure error-free results, optimum utilization of the resources and achievement of the planned objectives.

Content: Marketing Control

Types of Marketing Control

When we say control, it is not about overpowering the personnel, but it means enhancement of efficiency, by reducing the chances of errors and meeting the standards set by the management.

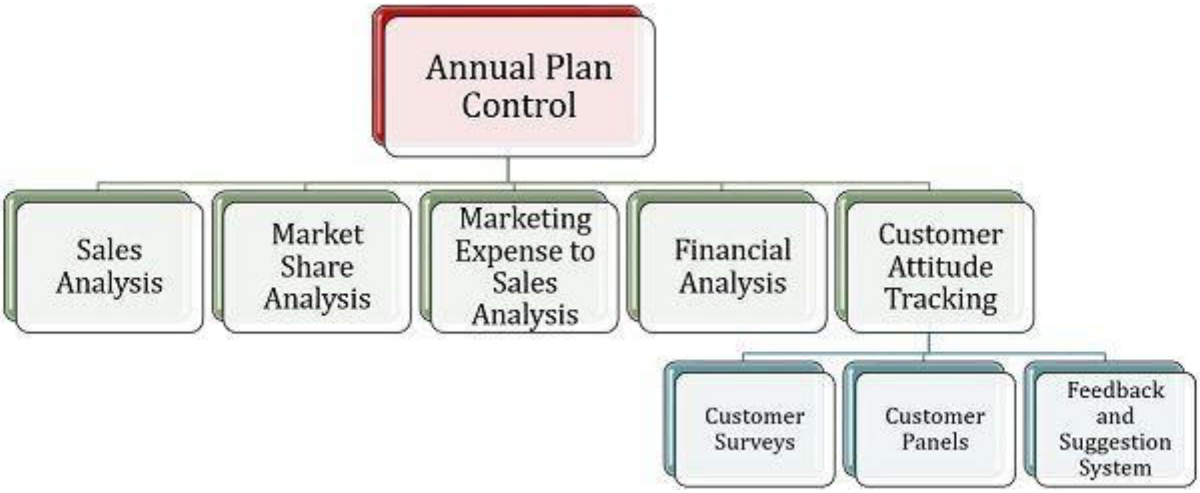
Let us now discuss the four major types of control, implemented in an organization:

Annual Plan Control

As the name suggests, the plans which are determined for one year for the control of operational activities through the successful implementation of management by objectives is termed as annual plan control.

Such programs are usually framed and controlled by the top management of the organization.

Following are the five vital tools used under the annual plan control mechanism:



Sales Analysis

The first one is the sales analysis, where the manager determines whether the sales target of the organization have been achieved or not. For this purpose, the actual sales are compared with the desired sales and deviation is computed.

This method is also used for finding out the efficiency of sales personnel by comparing the individual sales with the target set for each salesperson.

Market Share Analysis

To evaluate the competitiveness, the management needs to find out the market share acquired by the organization.

However, it is quite challenging to determine the market share of other organizations which constitute of unorganized firms, due to lack of sufficient data.

Marketing Expense to Sales Analysis

Sometimes the firms spend much on the marketing of products, which diminishes their profit margin or increases the product price.

Therefore, a marketing expense to sales ratio is calculated to know the percentage of sales value paid off as a marketing expense.

Profitability control

Besides annual plan control, organisations need to measure the profitability of their various products, territories, customer groups, trade channels and order sizes. This information will help management determine whether any products or marketing activity should expanded, reduced or eliminated. There are two major techniques: marketing profitability analysis and Lorenz curves.

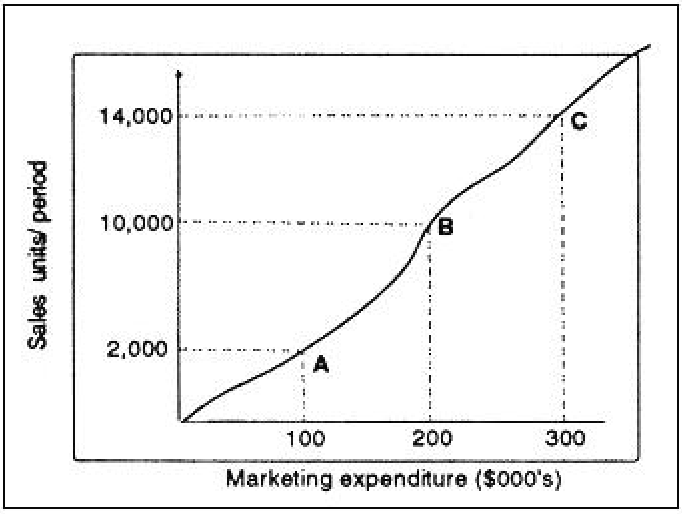
Marketing profitability analysis

This consists of starting from the target profit plan and then applying the control measure - marketing profitability analysis. Assume the manager of a line of baked products is setting his/her annual plan. Further assume that it is believed that:

- demand conditions will be the same next year as this year
- there will be no change in marketing strategy
- the price set will reflect only changes in input costs and not competitive activity
- the manager's interest is in making “satisfactory” not “optimal” profits.

In theory the manager should devise a plan intended to optimise the sales response function. A sales response function forecasts the likely sales volume during a specified period associated with different levels of one or more marketing mix elements. Typically he/she should assess the sales which would be generated by ever increasing amounts of marketing expenditure until the point of diminishing returns is reached.

Figure 3.14 The sales response function



With reference to figure 3.13 marketing expenditure of $100,000 and $200,000 will generate sales units of 2,000 and 10,000 respectively (points A and B). However the optimum marketing expenditure is $300,000 resulting in sales units of 14,000 (point C). Any expenditure beyond this point will generate diminishing returns. In practice, estimating the optimum marketing expenditure is very difficult because of the interrelated effect of the marketing mix variables.

Efficiency Control

If the profitability analysis reveals that the company is earning poor profits in connection with certain products, territories or markets, the question is whether there are more efficient ways to manage the sales force, advertising, sales promotion and distribution in connection with these poor performing entities.

Sales force efficiency

Hartley[15] provides the following key indicators of sales force efficiency in their territory:

- average number of calls per salesperson per day
- average sales call time per contact
- average revenue per sales call
- average cost per sales call
- percentage of orders per 100 sales calls
- number of new customers per period
- number of lost customers per period
- sales force cost as a percentage of total sales.

Advertising efficiency

Difficult as it is, the marketer should try and track the following:

- advertising cost per thousand buyers reached overall, for each media category, and each media vehicle
- percentage of audience who noted, saw/associated, and read most for each media vehicle
- consumer opinions on the advertisement content and effectiveness before/after measures of attitude towards the product
- number of inquiries stimulated by the advertisement
- cost per inquiry.

Sales promotion efficiency

Track should be kept of each sales promotion campaign and its impact on sales:

- percentage of sales sold on the offer
- display cost per $ sales
- percentage of coupons redeemed
- number of inquiries resulting from the demonstration.

Distribution efficiency

This will enable the marketer to search for economies in distribution. Measures are mainly taken through statistical/operational research methods:

- inventory control
- warehouse location
- transportation methods - optimum routing, scheduling, loading, unloading.

Monitoring and control enables marketing management to address two vital questions: are resources being used effectively and is there a better way of using them? In answering these questions much waste can be removed from marketing activities and functions.

Marketing Ethics?

Marketing ethics serve as moral principles and values that should be followed during marketing communication. They are the guidelines that let companies decide about their new marketing strategies. But also keep in mind that it depends on one's judgment of 'right' and 'wrong.' Any unethical behavior is not necessarily unlawful. For example, if a company makes any claims about its products and cannot live up to those claims, it may be called unethical behavior.

Marketing ethics fosters fairness and honesty in all their advertisements. Any fraudulent claims to the customers, intruding on consumers' privacy, stereotyping, and targeting the vulnerable audience (like children and elderly) is deemed unethical. Even trying to damage the competitor's image is considered immoral.

Role of Ethics in Marketing

Ethical marketing refers to a marketer's obligation to ensure all marketing activities stick to core ethics principles, involving integrity, humility, and honesty — both internally and externally. Our economic system has become adequate at providing wants and needs for the public with time.

This has turned the market's primary focus toward ethical values while serving customers' needs. This is mainly due to two reasons: When there is ethical behavior from the organization's side, there is a more powerful positive public attitude to different services and goods. However, to make their efforts valid to the general public, they must stick to specific marketing standards.

In addition, ethical bodies and organizations manage to pressurize and hold organizations and companies responsible for their actions. As a result, there is a lot of inquiry and sets of guidelines, which have to be strictly followed.

Ethics in marketing plays a crucial role in ethical decision-making for a product or service's optimized presence in its target niche. An ethical marketing technique is liable for paying heed upon different factors such as-

- Organization aspects such as culture, norms, values, and opportunity
- Individual factors such as righteous philosophies and values
- Stakeholder interests and concerns
- The intensity of ethical issues in marketing and organization setup
- Ethical decision making
- Evaluation of ethical outcomes

For instance, your marketing team hires a design agency for a new marketing campaign. However, halfway through the campaign, your team finds the agency doesn't treat its workers lawfully and doesn't align well with your values in terms of environmental and social responsibility.

It's in your best interest to stop working with the agency as soon as possible and re-align yourself with agents that uphold the same standards you've established for your team internally.

Equally important, of course, is the public-facing element of ethical marketing.

Additionally, ethical marketing also implies treating workers reasonably, employing sustainable materials, and doing your part to help environmental or social causes that feel vital to your brand.

What Makes Marketing Ethics Important?

According to the reports by Forbes, Over 90% of millennial customers like buying products from ethical companies. Also, over 80% of those users believe that ethical brands beat other market players that follow ethical marketing. Ethical marketing is important to an organization's overall growth and development over time.

The involved set of guidelines and rules leads to a purely good, organized roadmap for everyone to follow. These sometimes overlay with media ethics since they are closely connected with definition and functioning.

Here are the reasons why ethical marketing is an integral part of the life of an organization.

1. Customer Loyalty

It is one of the most critical factors for ethical marketing. With the proper adoption of ethics in business and operation, the company can earn its consumers' loyalty, trust, and confidence that can serve in the long run.

The natural human inclination to go after the genuine brand will surely give them promising gains, both in the present and future.

2. Long-term gains

The company or organization's foundation is based not only on its ability to survive the present but also on planning a bright future. By adopting appropriate marketing ethics, brands can engage prospects with high credibility, customer loyalty, significant market share, improved brand value, better sales, and better revenue. These ethical practices will place their right towards achieving both short-term and long-term goals with perfection.

3. Improved credibility

When the organization looks forward to keeping its commitments surrounding its services and products on a constant and consistent basis, it slowly and steadily goes towards the path of cutting itself into an authentic and genuine brand in the market and customers' minds.

It is not just limited to these two, and a good process can even make good respect in front of investors, counterparts, competitors, stakeholders, etc.

4. Advanced Leadership qualities

When a company pursues ethical practices for an extended period, it gradually presents itself as a leader who can benchmark its policies and strategies that surround its structure and functioning.

This eventually leads to numerous benefits like enhanced share in the market, higher sales, inspiration for others, respect, mutual benefits, etc.

5. Display of a rich culture

This structure offers a positive outlook when seen from the outside, but it also leads to a good structure and environment within the hierarchy internally. It gives rise to higher production owing to a confident and highly motivated staff.

6. The attraction of the right talent at the right place

Once the company can build brand value in the market, it becomes a beacon for prominent individuals for the association. Various people like prospective employees, consultants, vendors, etc., look forward to associating and working with the ethical brands that encourage them exponentially. This further let them achieve their goals in a short period successfully.

7. The satisfaction of basic human wants and needs

Once an organization is on route for the appropriate marketing ethics, it solves its customers' basic requirements and desires in the form of integrity, trust, and honesty. When this is displayed for a long time, various other benefits follow.

8. Reaching financial goals

To function smoothly for long periods, the company has to have good financial partners that allow them to grow and make significant strides in the market. Moreover, it helps them earn the moral ground necessary to entice such people.

9. Enhancement of brand value in the market

Once a proper code concerning ethical marketing is followed by the organization, the public in the form of consumers, competitors, stakeholders, etc., look up to such organizations. They pursue such brands with religious dedication, providing a sufficient boost to mark the market.

Ethical Decision Making

Ethical Decision Making Model

When you're making a major decision for your company, it can be tempting to choose the easiest or most cost-effective course of action -- even if that option isn't the best from an ethical standpoint. The PLUS model, a set of questions designed to help you make a decision from an ethical point of view, can ensure you're doing the right thing.

The PLUS model is especially objective because it doesn't focus on revenue or profit, but rather urges leaders to take a legal and fair approach to a problem.

PLUS Model:

P = Policies and Procedures (Does this decision align with company policies?)

L = Legal (Does this decision violate any laws or regulations?)

U = Universal (Is this decision in line with core values and company culture? How does it relate to our organizational values?)

S = Self (Does it meet my standards of fairness and honesty?)

Once you've considered potential solutions using these questions as a guide, you're ready to implement the six necessary steps to make your decision.

Ethical Decision Making Process

When you come across a difficult problem that threatens your company's integrity or beliefs (or could be illegal), you'll want to employ these six steps to make an ethical decision.

Step One: Define the Problem

Use PLUS filters to define your problem, and how it might affect one of the PLUS acronyms. Is it illegal, or does it violate your company's values? Make sure you've outlined the full scope of the problem -- be honest with yourself about it, even if you're partially at fault.

Step Two: Seek Out Resources

It can be difficult, if not impossible, to reach an objective solution on your own. To fairly evaluate your problem, you'll want to seek out all available resources. These resources might be mentors, coworkers, or even friends and family, but they could also be professional guidelines and organizational policies. Make sure you've armed yourself with knowledge to understand the extent of the damage.

Step Three: Brainstorm a List of Potential Solutions

When you're brainstorming a list of potential solutions to your problem, you don't want to only consider what's been done before. Stay open to new and different ideas, and urge other people to share their advice. Consider outside resources, including what other companies have done. Ultimately you'll want a list of at least three to five potential solutions. This way, you avoid feeling like it's an either/or situation.

Step Four: Evaluate Those Alternatives

Dive into your list of potential solutions, and consider all positive and negative consequences of taking each action. It's important you consider how likely those consequences are to occur, as well. You'll again want to refer to resources, guidelines, and standards. For instance, you might decide one solution has only one negative consequence, but that negative consequence has a high likelihood of happening. Another solution has two negative consequences, but both are extremely unlikely. These are important factors to weigh when making your decision.

Step Five: Make Your Decision, and Implement It

At this stage, you've got all the information you need to make a fair and ethical decision. If you've made the decision alone but need to share it with your team, create a proposal outlining why you chose this route, and what alternatives you considered, so they can understand your steps. Transparency is key. Your team needs to understand you used appropriate and objective measures to find a solution.

Step Six: Evaluate Your Decision

Now that you've implemented your solution, decide whether your problem was fixed or not. If there are unforeseen consequences, perhaps you want to consider alternative measures to combat the problem, or refer to outside guidance.

Modern Marketing Strategies

Social Media Marketing

This should be no surprise to you: the first marketing strategy you should know in today's day and age is social media marketing. Using social media platforms is effectively free and is a great way to get the word out about you and your product. You can reach an audience spread across the entire world with super-specific interests, without any trouble at all. That said, make sure you do it right (don't spam your followers: give more than you take!) if you want to see any results. Oh, and one last thing — make sure you pick the social media platforms that are most appropriate to your organization. If you're selling B2C (business-to-consumer), pick platforms like Facebook, Snapchat, and Pinterest, whereas if you're selling B2B (business-to-business) pick more conservative mediums like Twitter or LinkedIn.

Email Marketing

Email marketing is another fantastic strategy nowadays, especially as most people check their emails multiple times a day (if their phone doesn't already do it for them with notifications). Email marketing differs slightly from social media marketing in that it is a more effective way to get in contact with people who already engage with your brand, while social media is more effective in bringing in the initial attention. Basically, don't send unsolicited emails. Try to collect the emails of potential customers with opt-in newsletters, or gather from those who submitted their details in previous purchases, and follow up discreetly and unobtrusively for best results.

Affiliate Marketing

Affiliate marketing can sometimes be seen as a less-respected practice on the internet, but that's just because of the thousands of 'wantrepreneurs' who send their friends product links to make money. As a business though, you can introduce an affiliate program to encourage other webmasters to advertise your product for you, in exchange for a percentage cut of every sale which they can drive. If you have a useful product or service, and you can pick the right affiliate rates, then there'll be plenty of people who'll want to sell your product for you.

Internet Ads

Internet ads fall under the "advertising" portion of marketing, which means that you have to pay to use this marketing strategy. In exchange for your hard-earned cash, there are plenty of online platforms which will display your advertisements for you. For example, Google Adwords and Facebook Ads are two online advertising platforms that allow you to display your offerings to highly-targeted audiences and receive more metrics about how they perform than with any other strategy. Additionally, there are tools to help you out when designing your ads on these platforms, like a Facebook Ad template, that can not only save you time when setting up your internet ad but also make your ad look professional.

Product Placement

Another up-and-coming internet marketing strategy is to pay for product placements in content creators' work. Take video — many YouTube channels nowadays are willing to incorporate your product into their videos for some sum of money, as long as it doesn't bother their audience too much. Again, if you've got a killer product then this shouldn't be an issue.

In conclusion, there are a number of different modern marketing strategies you can use to promote your business online. From social media to product placement, many of these methods use little-to-none cash and yield great results.

green marketing?

Green marketing (or environmental marketing) is the promotion of environmentally friendly products, services, and initiatives. More specifically, green marketing refers a broad range of environmentally friendly practices and strategies. Some green marketing examples include:

- Creating eco-friendly products
- Using eco-friendly product packaging made from recycled materials
- Reducing greenhouse gas emissions from production processes
- Adopting sustainable business practices
- Marketing efforts communicating a product's environmental benefits
- Investing profits in renewable energy or carbon offset efforts

Green marketing is becoming more popular as more people become concerned with environmental issues. Indeed, in 2020, more than three quarters of consumers (77%) cited a brand's sustainability and environmental responsibility as very important or moderately important in their choice of brands.

While green marketing can be more expensive than traditional marketing messages and practices, but it can also be profitable due to increasing demand. For example, products made locally in North America tend to be more expensive than those made overseas using cheap labor, but local sourcing and supply chain means they have a much smaller carbon footprint than goods flown in from overseas. For some consumers and business owners, the environmental benefit outweighs the price difference.

Green marketing and LOHAS consumers

The rise of green marketing stems from a growing market segment of consumers who prefer to purchase green products even though they might be more expensive. These consumers are known as the Lifestyles of Health and Sustainability (LOHAS) demographic.

“[LOHAS] is a demographic defining a particular market segment related to sustainable living, "green" ecological initiatives, and generally composed of a relatively upscale and well-educated population segment.”

LOHAS consumers are active supporters of environmental health, and are the heaviest purchasers of eco-friendly and socially responsible products. They also have the power to influence other consumers.

With about 100 million LOHAS consumers worldwide, this segment suggests a surging market for green marketing campaigns built around eco-friendly practices and products.

Green marketing strategy

Beyond making an environmentally friendly product, business owners can implement other tactics to create a business strategy that capitalizes on the benefits of green marketing. The following can all be part of a green marketing strategy:

- Using eco-friendly paper and inks for print marketing materials
- Skipping printed materials altogether in favor of electronic marketing
- Adopting responsible waste disposal practices
- Using eco-friendly or recycled materials for product packaging
- Seeking official certifications for sustainability and
- Using efficient packing and shipping methods
- Using renewable energy and sustainable agriculture practices
- Taking steps to offset carbon emissions via investment

Green companies take a long view of their businesses, prioritizing the well-being of the planet and future generations over short-term profits.

What is greenwashing?

Some brands and marketers have attempted to capitalize on consumer demand for environmental consciousness by taking a green marketing approach to products or services that are not necessarily green or sustainable. This practice is known as "greenwashing."

Some popular examples of greenwashing include:

- Employing unregulated terms like "green" or "natural" to describe products
- Using the color green or environmental symbols like leaves or trees on packaging
- Promoting misleading studies or statistics to support an eco-marketing message
- Portraying cost-cutting measures as motivated by environmental sustainability

Using greenwashing to falsely market your products as environmentally conscious is not only misleading to consumers: it can also be hazardous to a company's health. For example, following its 2015 scandal involving falsified emissions reports for its vehicle, Volkswagen's stock price tumbled more than 50 percent—and took six years to completely recover.

If you plan to build a sustainable brand and practice green marketing in your business, be sure that the claims you're making about your products are clear and factual.

Mobile Marketing

Mobile marketing is any advertising activity that promotes products and services via mobile devices, such as tablets and smartphones. It makes use of features of modern mobile technology, including location services, to tailor marketing campaigns based on an individual's location.

Mobile marketing is a way in which technology can be used to create personalized promotion of goods or services to a user who is constantly connected to a network.

- Mobile marketing is an advertising activity that uses mobile devices, such as text promos and apps via push notifications.
- Mobile marketing audiences are grouped by behaviors and not by demographics.
- Mobile marketing is a subset of mobile advertising.
- Marketing faces privacy issues related to data collection.
- Mobile marketing is much more affordable than traditional marketing on television and radio.

Mobile Marketing vs. Traditional Marketing

Unlike traditional marketing efforts, mobile marketing takes advantage of the fact that many users of mobile devices carry them around wherever they go. As a result, location-based services can collect customer data and then offer coupons, deals, or promotions based on their proximity to a store or a place frequently visited by the consumer.

These marketing campaigns can be more targeted and specific to the individual user, and should, therefore, be more effective for the company doing the marketing. One example may be a marketing campaign that sends food-related coupons to a customer any time they come within half a mile of a specific supermarket.

Advantages and Disadvantages of Mobile Marketing

Advantages

In regards to online related advertising, mobile marketing is much easier to access. You don't need high-level technology or significant technical experience to get started. It's also easier to measure the success of mobile marketing campaigns.

Mobile marketing is also extremely cost-effective. There are a variety of options to choose from for any budget and the impact it can have when compared to the cost is significant. In a common comparison, social media ads are much cheaper than purchasing ad space for radio or television.

Customers can also be reached in real-time with mobile marketing no matter where they are. Radio or television marketing only works when a customer is in front of the television or has the radio on.

Disadvantages

There are privacy issues concerning how the data collected by mobile devices are used and whether or not companies have the right to collect such data without explicit consent. Such data can be used for identity theft or to send spam if it falls into the wrong hands due to data theft or poor security of the information. Also, the tracking of an individual's locations and movements may be considered crossing the line by some.

A particular drawback of mobile marketing is that it has the potential of increasing costs for the user. For example, if a campaign directs a user to a video that requires a significant amount of data and the user does not have an unlimited data plan, it may eat into their monthly data allowance or result in charges if they go over their allotment.

Mobile marketing also needs to be perfect from the start. As users have smaller attention spans and a variety of companies competing for their attention, a poor mobile marketing plan will fail to grasp a user's attention and possibly lose their interest forever. For this reason, a mobile marketing plan does not have room to be less than perfect.

How Do You Start a Mobile Marketing Business?

Set up a Mobile Website

People use their smartphones for almost everything these days and so it's important that your website is formatted correctly for viewing on a smartphone. If you have an existing website, many companies offer automated systems that convert your existing website for viewing on a mobile platform. WordPress and GoDaddy are two great examples of companies that do this.

Other companies also create a completely new version of your website just for viewing on a mobile device, commonly known as plug-and-play platforms. Another alternative if you are comfortable with writing computer code is adding a line of code on your website that is able to determine the screen size of the device being used and adjusts the site accordingly.

Set up Your Business on Location-Based Platforms

Setting up your business on the various location-based platforms, such as Foursquare, Gowalla, and Facebook Places is a good way to make your business available to a wider range of people and to start running mobile ad campaigns. Foursquare has been a pioneer in this respect, where companies can run various promotions, such as offering discounts for meeting a certain number of visits or "check-ins" on the app.

Dive Deeper

To get a real feel and understanding of mobile ad marketing you need to fully immerse yourself in the experience. Start using location-based platforms wherever you go, check-in, use the various apps available for paying in restaurants or grocers, check out ads, perform various voice searches, all to get a feel of how people might use their mobile devices for consumer transactions. This can help you to design your mobile ad campaigns more efficiently.

Start a Mobile Ad Campaign

Once your website is set up for mobile device viewing and you've understood how the mobile ad marketing world works, it's time to set one up for your business. Mobil ad campaigns are a crucial element for businesses to get viewership. If you have a skateboard shop in the neighborhood and someone searches "best skateboard shops near me" you want to make sure that your business pops up in their search.

There are a variety of ways that mobile ad marketing campaigns can be paid for. These include flat fees for running an ad for a certain period of time, or on a cost-per-click basis, a cost-per-thousand basis, or a cost-per-acquisition basis. Facebook, Google, Apple, Instagram, and other social platforms all offer the ability to start your own mobile marketing campaign.

Utilize QR Codes

QR codes, which are square bar codes containing information, can be placed in a variety of locations, and once scanned by a phone's camera, direct a user to a website that can show a business's website, promotions, or other important information. They're a simple and easy way to make your business known.

Examples of Mobile Marketing

Samsung

For the release of its Galaxy S6 phone, Samsung worked with Indian tech company InMobi to develop interactive ads. These ads created a personalized real-time battery identification mobile ad unit that displayed the product and service to a user with a demo on their phone when their battery levels were low. The mobile ad highlighted the new phone's "super fast charging capability" right when their battery was low, enticing them to upgrade to the new phone.

Online Marketing

Online marketing is a set of tools and methodologies used for promoting products and services through the internet. Online marketing includes a wider range of marketing elements than traditional business marketing due to the extra channels and marketing mechanisms available on the internet.

Online marketing can deliver benefits such as:

- Growth in potential
- Reduced expenses
- Elegant communications
- Better control
- Improved customer service
- Competitive advantage

Online marketing is also known as internet marketing, web marketing, or digital marketing. It includes several branches such as social media marketing (SMM), search engine optimization (SEO), pay-per-click advertising (PPC), and search engine marketing (SEM).

Online marketing combines the internet's creative and technical tools, including design, development, sales and advertising, while focusing on the following primary business models:

- E-commerce.
- Lead-based websites.
- Affiliate marketing.
- Local search.
- Social media.

Online marketing has several advantages, including:

Low costs

Large audiences are reachable at a fraction of traditional advertising budgets, allowing businesses to create appealing consumer ads. Many advertising platforms also allow for scalable ads with different levels of reach that are proportioned to the advertising budget. Rather than committing a large amount of money to advertising, smaller companies can spend a small amount and still increase their reach.

Flexibility and convenience

Consumers may research and purchase products and services at their leisure. Business blogs can be used to let consumers and prospects conduct their own research on the business's products as well as provide their feedback and reviews.

Analytics

Efficient statistical results are facilitated without extra costs. Many advertising tools include their own analytics platforms where all data can be neatly organized and observed. This facilitates business intelligence efforts and data-driven decision making.

Multiple options

Advertising tools include pay-per-click advertising, email marketing, interstitial ads and banners, social media advertising, and local search integration (like Google Maps). Digital marketing companies usually offer their services across various online advertising channels by tuning their offer to the individual client's needs.

Demographic targeting

Consumers can be demographically targeted much more effectively in an online rather than an offline process. Coupled with the increased analytics potential explained above, organizations can improve their targeting over time, have a clearer understanding of their customer base, and create specific offers that are shown only to certain demographics.

The main limitation of online marketing is the lack of tangibility, which means that consumers are unable to try out, or try on items they might wish to purchase. Generous return policies are the main way to circumvent such buyer apprehension.

Online marketing has outsold traditional advertising in recent years and continues to be a high-growth industry.

What is Surrogate Advertising?

The term **Surrogate Advertising** describes the practice of businesses promoting their goods through advertisements claiming to be for other goods or services. When there are limitations or prohibitions on the promotion of specific items, usually for legal or regulatory reasons, this method is frequently used. It describes the practice of promoting a product through advertisements that seem to be for a different product. This tactic is frequently used in situations where it is illegal or restricted to directly promote particular products, like alcohol or tobacco. Surrogate Advertising can have an impact on public opinion. While some customers might find the creativity appealing, others might think it is unethical. It may also affect a brand's reputation, particularly if customers believe the business is attempting to avoid laws.

Types of Surrogate Advertising

1. Brand Depiction: Hiring influencers or celebrities to serve as brand ambassadors as these individuals help the brand by endorsing it or making appearances, all without actively promoting the product that is prohibited.

2. Event Promotion: Companies may sponsor sporting events, concerts, or other occasions where they may publicly promote their brand. The oblique connection to the brand helps in preserving awareness without outright endorsing the prohibited item.

3. Events for Public Relations: Planning press conferences, public relations efforts or events that highlight the brand's good reputation without overtly promoting the restricted product.

4. Digital and Online Marketing: Using digital channels to market the brand quietly. Online games, applications or other content that showcases the brand without overtly promoting the prohibited goods could fall under this category.

5. Videos and Albums of Music: Creating music videos or CDs under the brand enables businesses to use entertainment as an indirect means of brand promotion.

Major Benefits of Surrogate Advertising

1. Brand Visibility: When it comes to items, surrogate advertising lets businesses be visible in the market even in situations when direct product promotion is strictly prohibited. This contributes to maintaining brand awareness and recognition.

2. Brand Loyalty: Businesses can strengthen consumer brand loyalty by employing surrogate advertising. Positive reviews and customer loyalty might arise from the link of the promoted product with the brand, even if it is not the limited item.

3. Perfect Brand Image: An efficient use of surrogate advertising can enhance a company's reputation. Public perception can be improved by linking the brand to non-controversial products or socially conscious causes.
4. Collaborations and Financial Assistance: Surrogate advertising frequently entails collaborations and funding of entertainment, sports or events. This not only creates favorable associations with liked and popular activities, but it also indirectly promotes the brand.
5. Innovative Approaches to Marketing: Marketing techniques become more creative as a result of having to work around advertising constraints. Businesses are forced to use original ideas and inventive strategies to quietly market their brands.

Disadvantages of Surrogate Advertisements

1. Deceptive Nature: By endorsing one product while trying to boost sales of a regulated one, surrogate advertising undermines customer trust by misleading them.
2. Undermining the Goal of Regulation: The practice reduces the efficacy of policies intended to protect public health by enabling businesses to get around the purpose of restrictions.
3. Adverse Social Effects: Surrogate advertising can have a detrimental social influence by subtly endorsing items that may be dangerous, particularly when it comes to products that pose health risks.
4. Moral Issues: The technique could make customers feel tricked or misled, which raises ethical questions regarding openness and truth in advertising.
5. Aiming for Vulnerable Groups: Vulnerable groups, like children, may be disproportionately affected by surrogate advertising since they are more likely to be indirectly promoted age-restricted products.

Strategies to Implement Surrogate Advertising

1. Event Promotion: Use connections with popular activities to your advantage by sponsoring events to increase brand awareness without actually advertising the restricted product.
2. Products with a Brand: Selling products with the brand name or emblem on them will increase income and brand awareness.
3. Messages of Public Service and Social Causes: Create favorable brand associations by linking your brand to public service announcements or social concerns.
4. Integration of Film and Television: Use product placement to incorporate the brand into motion pictures, television shows, or online series in an indirect marketing manner.
5. Internet and Digital Marketing: Make use of online channels to market the brand subtly by using imaginative apps, games, or digital content.
6. Videos and Albums of Music: Continues to promote your brand by releasing albums of music or videos below it.

Measuring the Surrogate Advertising Success

1. Awareness of Brands: To determine whether the surrogate advertising has improved brand visibility, track changes in brand awareness levels using surveys, social media analytics or other tracking techniques.
2. Views of the Consumer: After the surrogate advertising campaign, conduct consumer perception surveys to find out how the target audience feels about the brand and related items.
3. Sales and Revenue: Examine revenue and sales information to see if there has been a boost in product sales, particularly for non-restricted items linked to the brand.
4. Market Portion: Determine whether surrogate advertising has assisted the brand in maintaining or growing its market share by analyzing changes in market share.

5. Return on Investment (ROI): Determine the Return on Investment (ROI) by contrasting the surrogate advertising campaign's expenses with the income or other quantifiable results.
6. Shifts in Consumer Behavior: Analyze alterations in consumer behavior, such as modifications in inclinations, viewpoints, or buying habits, to understand the influence of advertising on consumer behavior.
7. Media Attention: To determine how much the brand and its form of advertising are covered in the media, assess public relations results and media coverage.
8. Feedback and Surveys: To immediately get feedback on the success of the surrogate advertising campaign and how it affected brand perception, use consumer surveys and feedback surveys.
What is internal marketing?

Internal marketing is the promotion of a company's objectives, products and services to employees within the organization. The purpose is to increase employee engagement with the company's goals and foster brand advocacy.

Employees who are enthusiastic about their company and its offerings are likely to share that enthusiasm with their social networks. As a result, internal marketing can be an effective part of external branding and marketing efforts.

However, internal marketing can only go so far, since an employee's attitude toward the organization is affected by every element of that individual's experience working for the business.

Therefore, keeping employees happy and engaged throughout their experience with the business is vital to external marketing efforts as well.

What is Rural Marketing – Meaning and Definition

According to the National Sample Survey Organization (NSSO), rural marketing is buying, selling, and promoting goods and services in rural areas. It is distinct from urban marketing as it has to deal with different customers whose needs are also different. Also, their preferences and buying behaviour are different. It is a complex process in which rural consumers have unique socio-economic and cultural factors affecting their buying behaviour.

Importance of Rural Marketing in India's Growth Story

Rural marketing refers to the sale of goods and services in villages and small towns. It helps people in rural areas to access things they need.Access to the rural money market facilitates consumer access to essential goods. It is important because it improves lives and aids business growth.

Helping Farmers and Villagers

It enables farmers and villagers to buy vital products. It provides tools, seeds, and fertilizers to help in farming. They also purchase clothes, food, and medicines. With better products, farmers grow more crops and receive more income. When the farmers prosper, so does the village. It enhances life in villages.

Growing Small Businesses

It aids small businesses to sell their products. Many villagers make things such as pottery, baskets, and clothes. Marketing helps them sell these items in other places. This helps small businesses grow and earn more money. When small businesses grow, more jobs are created in villages. It helps take modern products to villages. Now, people can buy things such as mobile phones, televisions, and even vehicles. This makes life more comfortable and exciting. Villagers also learn new technology through marketing.

Bringing Modern Products to Villages

Rural marketing connects villages to big cities. A farmer can sell his products in the city market. All city businesses take their products to a village. This exchange of goods facilitates both villages and cities to grow. It ensures that people at both ends obtain what they need. It helps develop the economy of villages. People earn more by buying and selling more products. More employment takes place, and people lead their lives better. It reduces the poverty in villages. A prosperous rural economy enhances the whole nation.

Rural Marketing Strategies

Effective rural marketing strategies help companies tailor offerings for village consumers. Rural marketing strategies help companies sell products in villages. Companies must plan well to reach and serve rural customers. Rural marketing in marketing management requires planning, segmentation, and targeting. These strategies ensure that people in villages receive useful products at fair prices.

Understanding Rural Customers

Companies need to first know what the villagers require and how they purchase things. Majorly, most of the villagers purchase items useful for farming, homes, and daily activities. They require something that is durable, inexpensive, and simple in use. A company needs to learn about local culture and customs. The understanding of customers allows businesses to sell better. That makes it more effective.

Simple and Clear Advertising

Advertisements in villages must be easy to comprehend. Villagers are unable to read, so pictures, symbols, and native language assist. Messages can be disseminated through radios, posters, and fairs. Loudspeakers and community events are also utilized by companies for promotions.

Affordable and Durable Products

Village residents want products to be strong enough to last. The villagers further need products within affordable prices. This is so because they lack a daily bread-winning income source. Companies ought to provide mini-packs, low-cost alternative. Discounts or special seasonal packages are also appreciated in the local shops and villages. When items are durable but low-priced, people in a village will feel safe and increase buying.

Selling at Local Shops and Markets

Most items are bought in villages at local shops and weekly markets. Companies should ensure that their product is there. Selling in the village market increases coverage for a business. Even shopkeepers can tell customers more about a product. This makes it easier for a villager to buy and use a product.

Establishing Trust and Quality Service

Villagers believe in products that are recommended by their relatives and friends. Firms have to provide good and useful service. They have to give customer service and easy replacements if products are damaged. Sometimes, companies send representatives to greet villagers and answer questions. Trust and good service enable firms to sell more in rural regions.

Characteristics of Rural Marketing

There are a number of different aspects of rural marketing.The features of rural marketing reflect its unique customer base and distribution challenges.The concept of rural marketing revolves around trust, low cost, and direct communication. For example, it deals in selling products at villages and small towns. Prices are lower in order to be compatible with the earning of rural people. It has simple and simple-to-understand advertisements. Those who live in the countryside are often more faithful in believing at their local store and word-of-mouth than great advertisement. It also has to contend with seasonal fluctuations, including farm cycles, that influence when individuals purchase products. Finally, it needs effective distribution channels to access areas remote from towns.

Scope of Rural Marketing

Rural marketing is pretty broad in scope.The scope of rural marketing is expanding due to digital penetration and changing consumer behavior. Rural money market institutions like co-operative banks influence consumer demand. It aspires to sell foods, clothes, and household utilities to villagers. The scope of rural marketing also includes selling agricultural tools and seeds to farmers. It provides business opportunities to touch new customers who may be existing in far-flung areas. Many firms are now focusing on rural markets because that demand for products is on the rise.

Rural Marketing Examples

Rural marketing delivers valuable goods to villages and small towns. Rural areas are supplied with unique products by firms so that they are able to meet their needs. There are numerous examples of rural marketing which reflect how firms make villagers' lives better.Examples of rural marketing demonstrate how companies meet rural consumer demand

Selling Farm Equipment

Farmers require good tools, tractors, and quality seeds to carry on farming. Here companies like Mahindra sale tractors for the farmer for better work. Microloans and rural money market credit have allowed farmers to purchase branded tools.Quality tools for farmers help them yield more crops and thus obtain their rightful amount. Many businesses sell fertilizers and pesticides to plants to reduce damage. These products make it easier to farm and be successful. It provides the farmer with effective equipment to do the job.

Cheap Cooking and Food Items

Different food items are being marketed by companies, which can be bought very easily in villages. For example, Nestlé markets Maggi noodles in small packets at very low costs. So it is available for villagers to buy and consume. Other companies are marketing cooking oil, rice, and spices in small packets. These products assist the people living in rural areas to cook mouth-watering and healthy food. Small and cheap packs make it easy for villagers to shop.

Classification of Rural Marketing

Rural marketing can be classified into various forms depending on what is sold and purchased. It involves selling goods to villages as well as selling village products to cities. Knowing these forms enables companies to better serve rural individuals.

Criteria	**Types**	**Examples**
By Product	Consumer Goods, Agri Inputs, Services, Handicrafts	Soaps, Seeds, Telecom, Pottery
By Location	Periodic (Haats), Permanent, Mobile, Mandis	Weekly markets, Shops, Vans, Yards
By Buyer Type	Consumers, Resellers, Institutions	Households, Retailers, Govt Schemes

Marketing of Consumer Goods

Consumer goods are daily items villager needs. They are such products as foodstuffs, clothes, washing powders, and cooking fat. Companies incinerate such products in small quantities at cheap prices. This enables the villagers to have what they want without having to use a lot of money. There are shops around villages that give villagers such commodities so individuals cannot be required to cover a high distance. It enables people living in the rural areas to acquire necessary commodities easily.

Marketing of Agricultural Tools and Machines

Farmers cultivate food crops such as wheat, rice, and vegetables. They sell them in markets in rural and urban areas. Agricultural commodities are also purchased by industries to process flour, oil, and foods in packages. Effective marketing helps farmers obtain appropriate prices for what they produce. This enhances their income and enables them to better their lives. This results in making their villages more productive.

Marketing of Handmade and Village Products

Most villagers produce things such as pottery, baskets, and handcrafted clothing. They sell these things in village and city markets. Individuals enjoy buying these special handcrafted products. Village product selling assists small enterprises to expand. It assists villagers in making more money from selling their handicrafts.

Marketing of Services in Rural Areas

People in villages require services such as banking, health care, and education. Companies bring these services to rural areas through mobile banks, health camps, and schools. Mobile phone companies also provide network services in villages. These services enhance the quality of life for villagers. It ensures that people in villages receive the services they require.

Factors Affecting Rural Marketing

Following are some of the factors influencing rural marketing: individuals in the rural areas have unique traditions and values, so they tend to prefer certain products; these individuals tend to earn smaller amounts of money and are extremely careful about their expenses; roads, electricity, and internet connectivity in rural areas are slightly inferior and impact delivery. Availability of credit through rural money market institutions impacts purchasing power. Ads for all these items must be extremely plain, as individuals might not get much education. The villagers have their word, often via a relative or a neighbor. And what's true is that seasons influence what the farmer purchases and eats because there is some excess amount when they reap a good harvest.

Rural Marketing Objectives

The primary motive of rural marketing is to bring the product to the rural area. It is aimed at knowing what people in the villages require and fulfilling their needs. Furthermore, it assists companies in gaining new customers in the countryside. It is aimed at providing products at affordable prices acceptable in rural family income. One of the major objectives is to take products to the points of choice, making rural products readily accessible to purchase there. It also seeks to make people aware of new products and services through easy and simple advertisements. Finally, It makes the quality of life among the villagers better by taking useful things nearer to them.

Components of Rural Marketing

Rural marketing refers to those activities which help in finding ways and means for distributing and promoting goods and services in rural areas. Each element of rural marketing must adapt to rural consumers' preferences.The rural money market supports pricing and promotion by enabling finance. Rural marketing in marketing management deals with the 4Ps tailored for village consumers. Product planning ensures that the goods are compatible with the needs, tastes, and purchasing power of rural consumers. Pricing strategies take into account affordability and fluctuations in income with the seasons. Distribution channels are mainly geared towards reaching distant and scattered locations through intermediaries, village retailers, or mobile vans. Promotion methods used in rural areas include local media along with fairs (haats), wall paintings, and personal contacts for effective rural outreach. The function of market research becomes critical in understanding rural behavior, consumption practices, and cultural distinctions. Together, these components make up a comprehensive approach to exploiting the vast and changing rural market.

Advantages and Disadvantages of Rural Marketing

Rural marketing is both beneficial and disadvantageous. On the one hand, it facilitates reaching masses of people; on the other hand, it creates obstacles.

Advantages of Rural Marketing

Rural marketing provides an opportunity for businesses to reach several customers. Villages harbor a significant population, and so companies can sell their goods to many people. Villagers require basic items like food, garments, and tools for cultivating crops, so there is the demand. With better connectivity through roads and technology, businesses easily transport their goods to the villages. There is also relatively less competition in rural areas compared to cities, so businesses can grow rapidly. "Rural marketing helps both companies and villages blossom together".

Low-Cost Advertising

In the case of rural marketing, advertisements are cheaper. People in many villages may listen to the radio or read posters in their respective towns. It can be cost-effective for providing products to these individuals. The business organizations do not need to invest a lot of money in costly TV commercials or cyber campaigns. Simple and straightforward advertisements go to reach more individuals throughout the rural regions. It makes advertisement cost-effective and effective for the business organizations.

Negative Aspects of Rural Marketing

Rural marketing also has certain drawbacks. Transportation is often cumbersome in many rural villages as there are poor roads. It's time and expense consuming to cover the distances leading to high expenses. The rural people are very slow to respond to new things. They seem to be resistant to adopting things they have always used for such a long period.

Less Access to Technology

There are many rural folks who don't even use the internet or smartphones. It will be quite tough for businesses to promote products over the web. Alternative options such as radio or posters may be used in order to fulfill the advertising goal. For instance, with lack of proper access to modern technology, firms face it difficult reaching out to every probable buyer. This keeps the prospects of certain advertising campaigns at bay. Businesses thus need to utilize other sources for accessing rural customers.

Seasonal Demand

There is demand in rural areas for commodities which can be seasonal. A farmer spends much money during harvest season, otherwise not many commodities which he can afford. So, the sales are not as stable. Companies need to plan marketing according to the seasons and festivals. The seasonal nature of demand can make it harder for businesses to maintain steady sales.

Four A’s of Rural Marketing in India

Rural marketing in India develops around such customers who constitute a large chunk of the population living in the villages and far-flung areas. A structured rural marketing approach includes affordability, availability, awareness, and acceptability.

Affordability

Rural consumers typically have small and seasonal incomes, and they judge purchases primarily on the basis of prices. Low price or low quantity (like sachets) for affordability and accessibility was offered by firms.

Availability

The rural areas are very sparse, making it challenging to ensure product availability.

Building a strong distribution network with rural stockists, vans, and local retailers for maintaining product availability.

Awareness

Lack of literacy and less interaction with mass media make advertising through the traditional means least effective. Marketers depend on traditional techniques like wall paintings, street plays, and village events to put up awareness on brands.

Acceptability

Only when products fit into the lifestyle, values, and needs of rural consumers would they trust and use them. Localization in terms of design, packaging, and communication will ensure good acceptability of the offer in rural markets.

What does responsible marketing mean?

Responsible marketing is a marketing approach that encompasses ethical, sustainable, and socially responsible practices while keeping the best interests of the customer at the core. It aims to deliver engaging and creative marketing campaigns that promote transparency, social responsibility, and a genuine connection with the target audience.

Why is responsible marketing important?

Responsible marketing is essential for creating strong customer relationships and ensuring sustainable business growth. Let's explore the reasons behind the significance of utilizing an ethical and responsible approach to marketing.

1. **Building consumer trust:** With increasing awareness about data protection and privacy, customers are becoming more cautious about sharing their personal information. By using responsible marketing practices, you'll build trust with your customers by being transparent about data collection, usage, and security measures.

2. **Customer-centricity:** You should prioritize the needs, preferences, and well-being of your customers. This can be achieved by actively seeking feedback, understanding their concerns, and providing relevant and meaningful experiences through your marketing initiatives.
3. **Meeting regulatory compliance:** Data protection regulations such as GDPR (General Data Protection Regulation) and CCPA (California Consumer Privacy Act) require you to be diligent in protecting customer data and obtaining consent. Implementing responsible marketing helps you ensure compliance with these regulations, avoiding potential legal complications and financial penalties.
4. **Enhancing brand reputation:** Adopting ethical and sustainable marketing practices demonstrates to consumers and stakeholders that your brand prioritizes integrity and social responsibility. This enhances your brand's reputation, sets your brand apart from competitors, and attracts customers who value ethical business practices.
5. **Boosting customer loyalty:** Organizations that practice responsible marketing tend to generate more personalized and meaningful engagement with their target audience. This, in turn, fosters an emotional connection with customers, driving brand loyalty and encouraging long-term relationships.
6. **Social responsibility:** You should consider the social impact of your products and services. This can be achieved by creating marketing campaigns that support social causes, raise awareness about important issues, or advocate for positive change.
7. **Supporting sustainability:** By integrating environmental and social considerations into your marketing strategies, your brand can reduce its negative impact on the planet and contribute to a more sustainable future. This not only benefits the environment but also appeals to the growing consumer base that values eco-friendliness.
8. **Long-term brand success:** Responsible marketing contributes to the long-term success of your brand by building strong customer relationships, enhancing brand reputation, and fostering consumer trust. These factors ultimately lead to repeat purchases, positive word of mouth, and customer referrals, which boost revenue and ensure the sustained growth of businesses.

How can I be a responsible marketer?

Becoming a responsible marketer starts with a mindset shift and a commitment to ethical practices. Here are six steps you can take to become a responsible marketer:

1. Understand your audience

When it comes to marketing, understanding your audience is critical. It's not just about knowing their age, gender, or location. It's about digging deeper and understanding their values, beliefs, and concerns. When you have this knowledge, you can tailor your marketing messages and strategies to resonate with your audience on a deeper level.

For example, if your target audience values sustainability, you can incorporate eco-friendly practices into your business operations and highlight them in your marketing messages. If they are concerned about the impact of your product on their health, you can provide detailed information about the safety and efficacy of your product.

It's important to remember that your audience is made up of individuals with unique needs and preferences. By taking the time to research and understand your audience, you can create marketing messages and strategies that are more effective and meaningful.

2. Be transparent

Transparency is an essential aspect of building trust with your customers. When you are transparent, you show your customers that you have nothing to hide and that you respect their privacy. To achieve this, you need to be clear and open about how you collect and use customer data. You should also ensure that you have proper consent for any data collection activities. This means that you need to inform your customers about what data you are collecting and why you are collecting it.

It's also important to communicate your privacy policies and data protection measures in a way that is easy for your customers to understand. Make sure that you use simple language and avoid technical jargon. This will help your customers to make informed decisions about their data and understand how you are protecting their information.

3. Be authentic

In today's hyper-connected world, customers expect to be treated as human beings and not as targets. It's essential to be authentic and honest about your business practices, from where you source your materials to how and why you are collecting customer data. The more informed customers are, the more they will trust you.

Customers are more cautious while making decisions and gaining their loyalty requires gaining their trust. Therefore, it's crucial to adopt responsible practices that can help build trust with them. Explicitly explain to your customers why you need their data and what benefits they will receive in return for sharing their data with you, such as birthday discounts and invitations to local events.

4. Support social causes

Supporting social causes is a great way to showcase your brand's commitment to making a positive impact beyond just selling products or services. It helps you align your brand with social causes that resonate with your target audience and can create a more meaningful connection with them.

There are many ways to support social causes, such as donating a portion of your profits to a charitable organization, supporting community initiatives, or participating in volunteer efforts. You could choose to support a cause that is related to your industry or a cause that is important to your customers and employees.

By supporting social causes, you can not only make a positive impact on society but also create a positive image for your brand. It can help you differentiate yourself from your competitors and build stronger relationships with your customers.