

# INTEGRATED MARKETING PRACTICE

COURSE CODE: M21CM13DE

Master of Commerce

Discipline Specific Elective Course

Self Learning Material



SREENARAYANAGURU  
OPEN UNIVERSITY

## SREENARAYANAGURU OPEN UNIVERSITY

The State University for Education, Training and Research in Blended Format, Kerala

# SREENARAYANAGURU OPEN UNIVERSITY

## Vision

*To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.*

## Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

## Pathway

Access and Quality define Equity.

# Integrated Marketing Practice

Course Code: M21CM13DE

Semester - IV

## Discipline Specific Elective Course Master of Commerce Self Learning Material (With Model Question Paper Sets)



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Semester- IV

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Master of Commerce

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Dear learner,

I extend my heartfelt greetings and profound enthusiasm as I warmly welcome you to Sreenarayanaguru Open University. Established in September 2020 as a state-led endeavour to promote higher education through open and distance learning modes, our institution was shaped by the guiding principle that access and quality are the cornerstones of equity. We have firmly resolved to uphold the highest standards of education, setting the benchmark and charting the course.

The courses offered by the Sreenarayanaguru Open University aim to strike a quality balance, ensuring students are equipped for both personal growth and professional excellence. The University embraces the widely acclaimed “blended format,” a practical framework that harmoniously integrates Self-Learning Materials, Classroom Counseling, and Virtual modes, fostering a dynamic and enriching experience for both learners and instructors.

The University aims to offer you an engaging and thought-provoking educational journey. This learning material titled Business Policies and Strategic Management offered for MCom programme builds on the knowledge gained in undergraduate studies. It takes the basic understanding of business concepts and expands on them. The course combines theory and real-world practices to give learners a complete picture. We use case studies and examples to help explain complex ideas. Throughout the Blocks, learners will develop their analytical and decision-making skills, which are crucial for managing businesses effectively. The Self-Learning Material has been meticulously crafted, incorporating relevant examples to facilitate better comprehension.

Rest assured, the university’s student support services will be at your disposal throughout your academic journey, readily available to address any concerns or grievances you may encounter. We encourage you to reach out to us freely regarding any matter about your academic programme. It is our sincere wish that you achieve the utmost success.



Warm regards.  
Dr. Jagathy Raj V.P.

01-09-2025

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# 01 | Marketing Communication and Logistics

**BLOCK**

## **Block Content**

- Unit - 1 Corporate Image
- Unit - 2 Media Selection for Advertising and Brand Reinforcement
- Unit - 3 Promotional Tools Like Consumer Promotion
- Unit - 4 Logistics

# Unit 1

## Corporate Image

### Learning Outcomes

After completing this unit, the learner will be able to:

- ◆ comprehend the concept of Buyer Behaviour
- ◆ familiarise the concept of Brand Management
- ◆ gain insight into the Advertising tools, Advertising Design and Advertising Management
- ◆ describe various promotional opportunities used by businesses to reach target audience

### Background

Modern-day businesses need to understand buyer behaviour to tailor their products, services, and marketing efforts to meet the evolving needs and preferences of consumers. Buyer behaviour focuses on how and why consumers make purchase decisions. It involves the study of the various factors that affect the buyers' purchase decisions. This is very important for businesses in framing effective marketing strategies. Brand management plays a vital role in shaping how customers perceive a company. It is essential for building long-term trust and loyalty in today's competitive market. Brand management involves shaping a brand's identity and ensuring that it stands out in the minds of consumers. A strong brand will aid in building trust, loyalty, and long-term relationships. To deliver the marketing messages, businesses rely on various advertising tools like television, radio, newspapers, billboards, social media, websites, and mobile apps. But, simply using a tool is not enough. Advertising design plays a crucial role in creating visually appealing, easy to understand, and emotionally engaging marketing messages. The design includes the use of colours, images, text, and layout that fit the brand's style. All of these efforts come together through advertising management. It refers to the planning, execution, and evaluation of advertising campaigns. It ensures everything runs smoothly, stays within budget, and meets the company's goals. This unit discusses various concepts like Buyer Behaviour, Brand Management, Advertising Tools, Advertising Design and Advertising Management.

## Keywords

Buyer Behaviour, Brand Management, Advertising Design, Advertising Management

## Discussion

### 1.1.1 Buyer Behaviour

The buyers form the cornerstone of any business. It is not possible for any business to survive, grow or prosper without satisfying the needs of their buyers. Hence, it is important for companies to understand how their buyers think and behave. For this, businesses need to carry out detailed research to gain insights into pivotal information related to consumers. They must find answers to questions such as

- i. What prompts a buyer to make a purchase?
- ii. What are their specific needs?
- iii. Who influences their choices?
- iv. What do they purchase?
- v. Where do they buy?
- vi. How often do they purchase?
- vii. How much do they purchase?

#### 1.1.1.1 Meaning of Buyer Behaviour

Buyer behaviour refers to the actions and decision-making process a buyer follows when considering a purchase. It involves determining how a buyer decides whether to buy a particular product or not. Buyer Behaviour is often used interchangeably with Consumer Buying Behaviour. However, there is a slight difference between the two. While Consumer buying behaviour is limited to individual consumers purchasing for personal use, buyer behaviour is broader in scope and pertains to individuals, groups, and organisations involved in buying decisions. Marketers must carefully study buyer behaviour in order to understand the various factors and circumstances that influence how and why a buyer chooses a product. In short, the prime aim of marketers is to identify the key motivations behind a buyer's purchase decision.

◆ Actions and decision making process a buyer follows

### 1.1.1.2 Factors Influencing Buyer Behaviour

Buyer Behaviour is affected by various cultural, social, personal and psychological factors. They are discussed below

#### A. Cultural Factors

- ◆ Set of values, attitudes, perceptions, morals, customs and behaviour that are shared by a society

Culture is one of the basic or fundamental determinants of the wants and behaviour of a consumer. It refers to a set of values, attitudes, perceptions, morals, customs and behaviour that are shared by a society. These are learned by a person from family and other important institutions. These are transmitted from generation to generation. Culture plays a predominant role in shaping the decision making and consumption patterns of consumers. For example, the food habits, religious practices, and dressing patterns are influenced by culture. The cultural factors may be divided into subcultures and social values.

##### i. Sub Culture

- ◆ Defined sense of identity and socialisation

Within a larger culture, there exist smaller subcultures. They provide the members or individuals with a more defined sense of identity and socialisation. Subcultures may be based on nationalities, religions, geographic locations or race. These groups often represent significant market segments. Marketers develop specific products and promotional strategies tailored to the unique preferences and traditions of these subcultures. For example, on the basis of nationality, Indians can be considered as a subculture. Examples of subculture groups based on religion include Hindu, Muslim, Christian, Sikh, Buddhist, Jain, and Parsi consumers.

##### ii. Social Classes

- ◆ Permanent divisions in the society which are hierarchically ordered

It refers to the permanent divisions in society which are hierarchically ordered. The members of each division share similar values, interests, and behaviour. Income is not the sole determinant of social class. Instead, it is measured using a combination of factors such as occupation, income, education, wealth, and other social indicators.

#### B. Social Factors

Social factors involves the influence of other people such as family, reference groups and status.

##### i. Reference groups

This refers to the social, economic, or professional groups which directly or indirectly influence the attitudes or behaviours

- ◆ Opinions and experiences of peer group or reference groups

of individuals. Every individual may be a part of some group or groups. Consumers take into account the opinions and experiences of their peer groups while evaluating the quality, performance, and style of products. These groups play a significant role in shaping an individual's attitudes. These groups introduce an individual/ consumer to new behaviours and lifestyles. When a group member is satisfied with a product, they turn into a brand advocate and influence the rest of the group to try the product. Family members, close friends, clubs, sports teams, and college peer groups are some of the common reference groups.

- ◆ Family influence on buying process

## ii. Family

Family is one of the most significant groups which highly influences one's attitudes. Personal values, attitudes, and buying habits have been shaped by family influences. The members of the family play different roles, such as influencer, decider, purchaser, and user, in the buying process.

**Influencer** is the person who provides suggestions or shares information about a product, often shaping the opinions of others. The influencer is the one who suggests or recommends a product based on research, experience, or personal preference, often shaping the opinion of others.

**Decider** is the individual who has the authority to make the final choice on whether or not to purchase the product.

**The purchaser/ Buyer** is the one who actually goes ahead and buys the product, either online or from a physical store.

**User** is the person who uses or consumes the product, regardless of who made the decision or paid for it.

For example, consider the purchase of a smartphone, a teenage son may influence the choice through research, the parents may jointly decide on the model, the father might go to the store and buy it, and the son might end up using it.

- ◆ Role – set of responsibilities or behaviours expected from the individual by others in the group
- ◆ Status - level of respect or recognition that society attaches to that particular role

## iii. Roles and Status

An individual is part of various groups, such as family, clubs, and organisations. Within each of these groups, the person holds a specific role and status. Role implies the set of responsibilities or behaviours expected from the individual by others in the group. Every role is also associated with a certain status, which indicates the level of respect or recognition that society attaches to that particular role. People usually choose products appropriate to their roles and status.



## C. Personal Factors

Personal factors relate to the unique characteristics of the individual buyer.

### i. Age and Lifecycle

- ◆ Life cycle - different stages through which a person passes during their lifetime

Lifecycle refers to the different stages through which a person passes on during his lifetime, starting from birth, followed by stages such as infancy, childhood, adolescence, adulthood, middle age, old age, and death. Individuals purchase various goods and services throughout their lifetime, and their buying behaviour changes with each stage of life. In addition to this, the age of the individuals also influences their taste in food, clothing, furniture and recreation.

### ii. Occupation and Economic Situation

- ◆ Economic situation - spendable income, savings, assets, borrowing power

The occupation of a person influences the goods and services bought by him. In addition to this, a person's economic situation will also influence his/her product choice. Economic situation refer to the spendable income, savings, assets, and borrowing power.

### iii. Lifestyle

- ◆ Pattern or way of living of a person

It refers to the pattern or way of living of a person. The pattern of living of a person can be understood from their activities, interests, and opinions. People may come from the same subculture or social class, or occupation. However, their lifestyles will be different.

### iv. Personality

- ◆ Traits such as self-confidence, dominance, autonomy, defensiveness, sociability and adaptability

Personality is defined by various traits such as self-confidence, dominance, autonomy, defensiveness, sociability and adaptability. Individuals make purchasing decisions that align with their personality. People choose products and services that reflect or reinforce the image they wish to present to others.

## D. Psychological Factors

These factors are internal to the person and determine how they perceive and respond to products or services.

### i. Motivation

- ◆ Inner drive or urge that compels a person to take action in order to achieve a goal or satisfy a need

Motivation refers to the inner drive or urges that compel a person to take action in order to achieve a goal or satisfy a need. Human behaviour is largely driven by various needs, and when these needs are supported by the ability to purchase, they turn into wants. Therefore, motivation plays a key role in influencing

buyer behaviour, as it stimulates individuals to make buying decisions to fulfil their desires.

## ii. Perception

- ◆ Human behaviour is governed by perceptions

According to Philip Kotler, Perception is defined as “the process by which people select, organise and interpret information to form a meaningful picture of the world. The human mind receives, organises and interprets physical stimuli. Our senses perceive the colour, shape, sound, smell, taste, etc., of this stimulus. Human behaviour is governed by perceptions.

## iii. Learning

- ◆ Changes that arise in an individual's behaviour

Learning refers to the changes that arise in an individual's behaviour as a result of receiving experience. Everything that is done or thought by an individual is learned through their experience. Learning is the process of acquiring knowledge about products, their benefits, methods of usage and also their disposal after use.

## iv. Belief and Attitudes

- ◆ Descriptive thought that a person has about something

Belief refers to a descriptive thought that a person has about something. They may be based on knowledge, opinion, or faith. An attitude refers to a person's long-lasting positive or negative thoughts, emotions, and tendencies to act toward a particular object or idea. In other words, it is an emotionally influenced tendency to consistently react either favourably or unfavourably toward similar types of things or situations.

For example, when a consumer becomes loyal to a brand, it becomes difficult to change their attitudes and beliefs about it. Attitudes are shaped by past experiences and are closely linked with one's perception, emotions, thoughts, and reasoning. For example, many health-conscious individuals perceive soft drinks as unhealthy and therefore prefer alternatives like lassi, lime juice, coconut water, or mineral water instead.

## 1.1.2 Brand Management

Products are rapidly increasing and becoming more alike in today's highly competitive and saturated marketplace. Hence, effective brand management is imperative for the continued existence of both the products and the companies that produce them. Before going into the concept of brand management, it is essential to understand the terms associated with branding.

### 1.1.2.1 Branding Concepts

- ◆ Identify and differentiate from competitors

- ◆ **Brand:** According to the American Marketing Association, Brand is defined as “any name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors”. Brand includes brand name and brand mark.
- ◆ **Brand name:** It refers to that part of the brand which is utterable or which can be vocalised. For example, TV - Sony, Toothpaste- Colgate, Laptop – Apple, Soap –Lux
- ◆ **Brand Mark:** It includes that part of the brand that cannot be vocalised. These are symbols, design or distinctive colouring. In other words, it implies the visual element or symbol of a brand that does not have the brand name in text. It may be a recognisable graphic or logo that helps identify a brand without using words. A striking example of a Brand mark is that of the logo of Apple Inc.. A simple image of an apple with a bite taken out of it is one of the most iconic brand marks in the world. Consumers are able to instantly recognise the company behind the symbol even without the word "Apple" in the logo.
- ◆ **Branding:** It refers to the practice where a specified name is given to a product or group of products from one seller. It is intended to identify and differentiate the goods or services sold by one seller from a group of other sellers. It helps to build trust and loyalty of customers. Branding helps in influencing the perception of consumers and their buying decisions.

### 1.1.2.2 Brand Management

- ◆ Process of managing the identity, image, and reputation of a brand

Brand management is a strategic process that involves overseeing a brand’s identity, image, and reputation. It is a strategic process comprising various steps such as creating and executing strategic plans, developing and implementing marketing communications plans, measurement of brand performance, and identifying and management of risks. The process of brand management commences with the development of a well-framed strategy so as to understand the target market and gradually evolves in a progressive manner depending on the feedback of customers and employees.

### 1.1.2.3 Elements of Brand Management

#### i. Brand Identity

- ◆ Visible and verbal elements

It refers to the visible and verbal elements which represent a company's brand, including colours, design, logo and so on. These elements help in creating a first impression and enable consumers to recognise and remember the brand. A strong and consistent brand identity ensures that the brand stands out and communicates its core values and personality effectively. For example, Nike's "swoosh" logo and the tagline "Just Do It" of Nike can be recognised instantly by the customers.

#### ii. Brand Image

- ◆ Consumer perceptions or picture relating to a brand

It refers to the totality of the beliefs, ideas, and impressions that a customer has about a brand. In other words, it can be considered as the perceptions or picture that a consumer has relating to a particular brand. It is regarded as the key driver of brand equity. A brand image is built over time through product quality, service delivery, company reputation, policies, and marketing efforts.

#### iii. Brand Positioning

- ◆ Act of designing a company's market offering with uniqueness

It is the act of designing a company's market offering in such a way that it occupies a unique place in the target consumer's mind as compared to its competitors. It defines how a company's brand is distinct from its competitors and articulates why consumers should choose it. Effective positioning involves highlighting the benefits, values, and competitive advantage of the brand. This is achieved through consistent messaging and strategic communication. For example, Volvo is positioned as a brand that prioritizes safety, which influences its design, marketing, and overall perception.

#### iv. Brand Equity

- ◆ Value a brand adds to a product or service

It refers to the value a brand adds to a product or service, based on perceptions, experiences, and loyalty of the customers. A brand with a high equity is considered to be trusted, preferred, and often commands premium pricing. A company is able to build brand equity through consistent quality, effective marketing, and positive customer experiences. It is a significant business asset and influences consumer decision making. For example, people may be willing to pay more for an iPhone than a similar device because of Apple's strong brand equity.

## v. Brand Communication

- ◆ Activities by a company to interact with audience

Brand communication comprises various activities used by a company to interact with its audience. These include conveying its identity, values, and core message. It involves advertising, public relations, social media, packaging, sponsorships, and even customer service interactions. Effective communication helps to ensure that the brand's message is consistent, clear, and engaging across all platforms. It helps to shape public perception and reinforce brand loyalty. A well-planned communication strategy helps to maintain a uniform voice that resonates with the target audience.

## vi. Brand Extension

- ◆ Extension of an established brand

It means extending an already established and successful brand name to more products. It is a powerful tool in brand development and management. An example of brand identity can be seen in the case of Nike. Nike is originally known for athletic footwear. However, it has extended its brand name to apparel, sports equipment, and accessories such as backpacks and smartwatches. By maintaining its core values of performance, innovation, and athleticism, Nike successfully expanded its product range. It helps the new products acquire instant brand recognition and faster acceptance. It also helps in saving huge advertising expenses required to build a new brand name. Brand extensions may be done to (i) other items in the same product line, (ii) items in a related product line (iii) items in an unrelated product line.

## vii. Brand Personality

- ◆ Personification of brands

It refers to the personification of the brands of companies so that target consumers associate the product with such a personality. It is an element of brand identity. It is the way a brand is personified. They can be considered as the human characteristics and traits that consumers can associate with. For example, Harley-Davidson embodies a rebellious and rugged brand personality. It appeals to individuals who value freedom, adventure, and a strong sense of individuality.

## viii. Brand Experience

- ◆ Overall impression

Brand experience is the overall impression and feeling that a consumer gets when interacting with a brand, such as browsing a website, seeing advertisements to visiting a store or speaking with customer service. A positive brand experience leads to strong emotional bonds, satisfaction, and repeat purchases. Companies must ensure consistency and quality across all interactions to create memorable and meaningful experiences.

- ◆ Commitment and consistent preference of a brand

## ix. Brand Loyalty

Brand loyalty refers to a customer's consistent preference for and commitment to a particular brand over time. Brand loyalty prompts consumers to make repeated purchases of the products and services of the same brand. This loyalty is often driven by positive experiences, trust, satisfaction, and emotional connection with the brand. Brand-loyal customers are less likely to switch to competitors and often become advocates who promote the brand to others.

### 1.1.2.4 Need for Brand Management

#### i. Helps to build and maintain Brand Identity

Through the process of brand management, a clear and consistent brand identity can be created by standardising elements such as logos, taglines, colours and so on. This, in turn, helps in building a strong image in the minds of consumers and thus confirms that every interaction reflects the same brand values and positioning.

#### ii. Helps to enhance Brand Loyalty

Customers are more likely to stick with a brand when it is able to consistently deliver on its promises. Brand management helps to nurture these relationships by ensuring quality, engaging communication, and aligning with customer expectations. This leads to repeat purchases and the creation of brand loyalty.

#### iii. Helps to increase brand recognition

Effective brand management ensures that the brand is easily recognizable through consistent visuals and messaging. This makes the brand more familiar and memorable to consumers, increasing the chances of selection when they are making a purchase decision.

#### iv. Protects Brand Reputation

Many times a company's reputation may be affected by product issues, customer service failures, or external crises. Brand management involves monitoring public perception and managing communication to handle crises and feedback promptly, ensuring that the brand's image is protected and restored when necessary.

#### v. Supports Premium Pricing

Well-managed brands that are perceived as high-quality or luxurious can charge more than their competitors. For exam-

ple, Apple and Rolex can command premium prices due to their strong brand equity and perceived value. This is possible through building and maintaining consistent brand management.

#### vi. Drives Competitive Advantage

A well-managed brand helps a company to stand out from its competitors. Clear brand positioning, unique brand identity, and a strong brand reputation give a company's brand an edge over its competitors. This helps to attract more customers and gain more market share.

#### vii. Enables Brand Extensions

A trusted and recognisable brand can successfully introduce new products or enter new markets under the same brand name. For example, successful brand management helped Nestlé extend into multiple food and beverage categories while maintaining customer trust.

### 1.1.3 Promotional Opportunities

Promotion is one of the four traditional elements of the marketing mix. The main purpose of promotion is to reach the desired customers and persuade them to act. Even if a company has well-defined products which are judiciously priced with an efficient distribution system, all efforts will go in vain if the consumers are unaware of its existence. This is where the promotion assumes relevance. Promotional opportunities refers to the various platforms and strategies used by businesses to communicate with their target audiences to inform, persuade, and remind them about their products, services, or brand. Promotional opportunities form part of the promotional mix. These are pivotal for building brand awareness, stimulation of demand, and influencing customer behaviour.

◆ Inform, persuade and remind

#### i. Advertising

It refers to any paid form of non-personal presentation and promotion of ideas, goods or services. It is done by an identified sponsor. The main purpose of advertising is to inform, influence and persuade the customers to make the purchase decision. Advertising campaigns are planned and placed to build brand recognition and drive sales. Advertising helps to reach mass audiences. Advertising can be done through various media such as television, radio, newspapers, magazines, digital platforms, and outdoor displays.

◆ Inform, influence and persuade

## ii. Sales Promotion

- ◆ Non-routine incentives to increase sales

These are short-term, non-routine incentives offered to dealers and consumers so as to increase the sales volume. Examples include discounts, coupons, contests, distributing free samples, contests, demonstrations, money refunds, buy-back allowance and so on. Sales promotions offer opportunities to attract new customers, boost short-term sales, and clear out inventory.

## iii. Public Relations (PR)

- ◆ Activities to manage company's image

It involves activities concerned with managing the company's image through media coverage, press releases, sponsorships, community involvement, and corporate social responsibility (CSR). It provides a promotional opportunity to create, develop and maintain goodwill of the company, generate favourable public opinion, and handle crises or controversies positively.

## iv. Direct Marketing

- ◆ Personalised messages

Here, promotional tools like emails, SMS, catalogues, tele-marketing, and direct mail are used for delivering personalised messages directly to consumers. It provides an opportunity for targeted promotion, measurable response, and maintaining long-term customer relationships.

## v. Personal Selling

- ◆ Face to face interaction with potential buyer

This represents a promotional opportunity where a sales representative presents a product to a potential buyer through a face-to-face interaction. It is a highly effective method of promotion as it allows for personalised persuasion and relationship-building. It is effective for selling complex or high-value products where a demonstration of the products is required. Salespersons can tailor their messages based on the customer's preferences, buying behaviour, and specific needs.

## vi. Digital and Social Media Marketing

- ◆ Promotion through online platforms

Online platforms provide powerful and cost-effective promotional opportunities. Social media, search engines, content marketing, and influencer collaborations help brands connect with their audiences in real-time, drive engagement, and build loyal communities.

- ◆ Paid advertising tools help business to manage their advertisement campaigns

## 1.1.4 Advertising Tools

This refers to paid advertising tools that help businesses to create, manage, and optimise their advertisement campaigns across various platforms, such as Google Ads, social media ads,

and display advertising. Advertising tools can be classified into two. They include both Traditional Advertising tools and Modern Advertising tools.

#### **1.1.4.1 Traditional Advertising Tools**

##### **i. Newspapers and Magazines**

These are the classic print media tools used for advertising articles, ads, and classifieds. Newspapers offer wide reach and frequent visibility, while magazines provide focused, niche audiences. They are suitable for both local and national advertising. Magazines are periodically published.

##### **ii. Television Commercials**

Television is one of the most influential traditional tools as it includes both visual and audio media. TV ads help to reach large audiences and are effective for storytelling, emotional appeal, and building brand awareness through repetition. Television advertising is a powerful marketing method that combines visual and audio elements to deliver engaging and meaningful messages to a wide audience.

##### **iii. Radio Advertising**

Radio is a cost-effective medium that uses sound to deliver messages. It reaches audiences on the move and works well for local campaigns. In order to grab the attention of the audience, compelling audio content such as sound effects, music, and voice-overs is used. This approach helps to create a memorable impact on potential customers.

##### **iv. Billboards and Hoardings**

These large outdoor displays are placed in public areas like highways, city centres, and markets. They offer constant brand exposure and are best suited for short, impactful messages that create strong visual impressions.

##### **v. Flyers and Brochures**

Flyers and brochures are often distributed in person, via mail, or placed in stores. Flyers are used to give quick details about events or offers. Brochures provide detailed information about the product or service.

##### **vi. Direct Mail**

It involves sending personalised promotional materials like letters, coupons, or catalogues directly to homes. Direct mail al-

lows targeted communication and often includes offers that encourage immediate customer response.

#### **1.1.4.2 Modern Advertising Tools**

##### **i. Google Ads**

It is a digital advertising platform that allows businesses to display ads in search engine results, on websites, YouTube, and apps. It uses a combination of pay-per-click (PPC) ad targeting based on keywords, location, and user behaviour to reach potential customers effectively.

##### **ii. Social Media Ads**

Social media ads are paid promotions run on platforms such as Facebook, Instagram, LinkedIn, and Twitter. They allow for precise targeting and real-time engagement with users. They also help in reaping high returns on investment and visibility across devices.

##### **iii. Email Marketing**

Email marketing involves promoting products or services through email communication. It helps convey the value a business offers, encourages direct responses from recipients, and attracts new customers.

##### **iv. Influencer Marketing**

Influencer marketing is a marketing strategy where a brand (collaborator) teams up with popular individuals on social media or online platforms to endorse their products or services. These influencers use the trust and loyalty they've built with their audience to raise brand awareness, boost engagement, and increase sales of the products of the sponsoring company or the collaborator.

##### **v. SEO and SEM Tools**

Search Engine Optimisation (SEO) is the process where the visibility of a website is improved by increasing its ranking on search engine results pages (like Google, Bing, or Yahoo) when users search for relevant keywords and phrases. The main goal of SEO is to attract non-paid traffic. This is possible by making the website more accessible, relevant, and trustworthy in the eyes of search engines.

Search Engine Marketing (SEM) refers to a digital marketing strategy that aids in increasing the visibility of a website in search

engine results pages. This is possible through both paid advertising and organic optimisation efforts. Search Engine Marketing (SEM) tools like SEMrush and Ahrefs help to improve online visibility. SEO drives organic traffic, while SEM uses paid ads to rank higher in search results for specific keywords.

#### vi. Video Advertising Tools

These include platforms like YouTube Ads and editing software like Adobe Premiere Pro and CapCut. Video ads are highly engaging, suitable for storytelling, and widely used across digital platforms for product promotion and brand awareness.

#### vii. Analytics Tools

Modern advertising tools like Google Analytics and Meta Insights help track ad performance. These tools help to measure user behaviour, ad reach, engagement, and conversions. This helps businesses to optimise their strategies with data-driven insights.

### 1.1.5 Advertising Design

◆ Process includes planning and creation of advertisement content

It is a process in which visual and textual content for advertisements are planned and created in order to effectively communicate a brand's message to the target audience. Advertising design is created by combining elements such as colour, images, layout, slogans, and typography so that they are both visually appealing and persuasive. Advertising design mainly aids in attracting attention, conveying the intended message with clarity, and motivating the audience to make the purchase decision by visiting a website or engaging with the brand. It plays a crucial role in influencing how consumers view and engage with a brand across various media platforms such as print, digital, television, and social media. Some of the common formats of advertising design include social media ads, banner ads, billboards, flyers, and posters.

#### 1.1.5.1 Steps in advertising design

##### i. Define Objective

The first and foremost step in advertising design is to define the purpose or aim of the advertisement. Some of the purposes may include creating brand awareness, promoting of new products or increasing sales. A well-defined objective helps to guide the entire design process and ensures focused marketing communication.

## **ii. Understand the Target Audience**

It is crucial to know for whom the advertising design is created. It includes analysing the age, gender, income levels, interests, lifestyle, buying behaviour, and preferences of the target market. This analysis helps in choosing the right tone, visuals, and messaging style for the target audience.

## **iii. Developing the Core Marketing Message**

It involves crafting the main idea or marketing message that the ad intends to convey. This may be a product benefit, a promotional offer, or a brand promise. The marketing message must be clear, concise, and emotionally engaging to grab attention and influence the target audience.

## **iv. Choose the Right Media Platform**

The next step is to choose the most suitable media for delivering the ad. The media may be print, digital, TV, radio, social media, or outdoor. This choice depends on where the target audience is most active, as well as the goals and budget of the campaign.

## **v. Create the Visual and Textual Design**

This is the most crucial step in advertising design. Here, the designers use their creative thinking and imagination and combine images, colours, layout and typography to create visually compelling and effective ads. The design must align with brand identity, appeal to the audience, and reinforce the marketing message.

## **vi. Review and Get Feedback**

Before the design is finalised, it should be reviewed internally and tested with small audience groups if possible. Feedback helps to identify if the ad is communicated effectively and if any changes are needed to improve the clarity or appeal of the marketing message.

## **vii. Launching of the Advertisement**

Once the design is finalised and approved, the next step is to publish the ad through the selected media platforms. Proper timing and placement play a crucial role in the success of the ad.

## **viii. Monitoring and Evaluation of Performance**

After launch, it is important to track how the advertisement performs. Metrics such as engagement, reach, click-through

rates, and sales conversions can be used to assess performance. This helps to assess the effectiveness of the design and provides insights for future improvements.

### 1.1.6 Advertising Management

◆ Develop and position Ads

It is the process of planning, overseeing, and controlling various advertising activities to influence the buying decisions of target audiences. The main aim of advertising management is to develop and position ads in the most suitable platforms to yield optimal results. It comprises the systematic planning, supervision, and regulation of various advertising activities which are aimed at influencing the buying behaviour of the target audience. It mainly aims to increase brand awareness, generate customer interest, and ultimately drive sales. This is achieved by ensuring that the message aligns with the company's overall marketing strategy.

The advertising management includes:

- i. evaluating the existing advertising strategies
- ii. understanding the target market
- iii. measuring the effectiveness of advertising campaigns
- iv. aligning the advertising campaigns with the predefined objectives.

In addition to the above, advertising management also covers various activities such as budget planning, development of impactful messages, hiring skilled professionals, and supervising their tasks.

#### 1.1.6.1 The Importance of Advertising Management

Advertising management plays a crucial role in the success and growth of a business. Here are several reasons why effective advertising management is essential:

##### i. Introduction of Brand

Advertising management plays a pivotal role in launching new products and services in the market. It helps to build brand awareness, defines the brand's identity, and effectively conveys its unique value and associated benefits to the target market.

##### ii. Keeps Advertising under Control

Proper advertising management helps to guide marketing strategies in the right direction. It helps to ensure that advertising

efforts are well-coordinated and are in tune with the overall marketing goals. Regular updates and new approaches are explored to stay relevant and competitive.

### **iii. Enhances Sales**

Will significantly contribute to the success of the sales process. Advertising helps generate interest among potential customers, increases awareness about products or services, and significantly supports the overall customer journey, ultimately resulting in higher conversion rates and sales growth.

### **iv. Enables Agility**

Allows businesses to respond quickly to emerging trends in the market. It enables agility in adjusting ad campaigns, helps in optimising content, and helps in crafting targeting strategies to stay ahead in the competitive landscape.

### **v. Building Long-Term Relationships**

Effective and consistent advertising strengthens brand loyalty and nurtures lasting relationships with customers. By continually emphasising the brand's message, core values, and the benefits it offers, advertising helps to establish trust and enhance credibility among the target audience.

## Summarised Overview

Buyer behaviour pertains to the decision-making process followed by a buyer when making a purchase. Buyer behaviour is affected by Cultural Factors, Social Factors, Personal Factors and Psychological factors. Brand management refers to the process of managing the identity, image, and reputation of a brand. It involves creating and executing strategic plans, developing and implementing marketing communications plans, measuring brand performance, and identifying and managing risks. Promotional opportunities refer to the various platforms and strategies used by businesses to communicate with their target audiences to inform, persuade, and remind them about their products, services, or brand. There are traditional and modern advertising tools. Advertising design is the process of crafting visually appealing and attention-grabbing visuals that effectively convey a marketing message to potential customers. It is a process in which visual and textual content for advertisements are planned and created in order to effectively communicate a brand's message to the target audience. It is the process of planning, overseeing, and controlling various advertising activities with the goal of influencing the buying decisions of target audiences. The main aim of advertising management is to develop and position ads in the most suitable platforms to yield optimal results.

## Self-Assessment Question

1. What do you mean by Buyer Behaviour?
2. What is Advertisement Management?
3. Explain the various steps in advertising design.
4. Explain the various promotional opportunities.
5. Explain the various advertising tools
6. Briefly explain the factors influencing buying behaviour.
7. Write a short note on importance of brand management.
8. Describe the elements of brand management.

## Assignments

1. Imagine you are launching a new eco - friendly skin care brand. Identify 5 promotional opportunities you would use to reach Gen z customers. Justify your choices?
2. Compare traditional advertising tools with digital tools. Select a product and recommend the most effective mix.
3. Discuss the importance of corporate image in influencing customer perceptions and business success. How can a company develop and maintain a positive corporate image in a competitive market?
4. Define brand management and its key components. Describe how brand management contributes to customer loyalty and market differentiation. Support your answer with examples from well established brands?

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## Unit 2

# Media Selection for Advertising and Brand Reinforcement

## Learning Outcomes

After completing this unit, the learner will be able to:

- ◆ gain insight into the concept of Integrated Marketing
- ◆ explain the process of IMC planning
- ◆ describe the elements of marketing communication
- ◆ differentiate between Integrated Marketing Communication and Marketing Communication

## Background

Marketing communication refers to the various promotional tools used to share messages with their target audiences, including advertising, sales promotion, public relations, direct marketing, and personal selling. Traditionally, these promotional efforts were often managed separately. However, the lack of consistency in the marketing messages created confusion in the minds of customers. So, Integrated Marketing Communication (IMC) emerged as a strategic approach to overcome these challenges. IMC resolves this problem by unifying and coordinating all communication tools so that a consistent, clear, and compelling marketing message is delivered across every touch-point. This unit discusses the concept of marketing communication, integrated marketing communication and the differences between the two.

## Keywords

Integrated Marketing Communication, Marketing Communication, Sales Promotion

### 1.2.1 Communication Process in Marketing

- ◆ Awareness re-  
garding product's  
existence

Communication plays a crucial role in any exchange activity. Even if the product sold by a company is excellent in quality, is packaged in an attractive manner or fairly priced, it would be pointless if the consumers are not aware of its existence. Therefore, it is imperative for marketers to reach out to potential customers and provide awareness and share relevant market information about the product in a convincing and appealing manner. It is essential to inform the customers that the right product is available, at the right place, and at a reasonable price. This is the role of communication in marketing. It is essential for marketers to understand how communication works in order to communicate effectively.

Communication involves the following elements:

- Sender:** It is the party that sends the message to another party. In marketing, the sender is the marketing company. For example, Nike Inc.
- Encoding:** It is the process of converting thoughts or ideas into symbols. For example, Nike's marketing team crafts a campaign featuring top athletes, with appealing visuals, and motivational slogans like "Just Do It" in order to represent strength, inspiration, and determination.
- Message:** It refers to the set of symbols that is transmitted by the sender. For example, Nike's ad includes images of athletes training, winning, overcoming challenges, and the "Just Do It" tagline.
- Media:** It includes the various communication channels through which the message moves from sender to receiver. Nike uses digital platforms like Instagram, YouTube, Facebook, sports channels, newspapers, and sports magazines to communicate the message.
- Decoding:** It refers to the process where the receiver assigns meaning to the symbols encoded by the sender. For example, a consumer who sees the ad of Nike on Instagram interprets it as a symbol of motivation, athleticism, and self-empowerment.
- Receiver:** It is the person receiving the message sent by another person. In the case of the example, the receiver is

the customer such as a young adult interested in fitness or sports, who sees the Nike ad

**vii. Feedback:** It is the receiver's response or reaction which is communicated back to the sender. The consumers might comment on the ad, consumers might visit Nike's website, or purchase Nike products online or in-store or provide feedback through online reviews or Nike's consumer surveys showing positive emotional impact or suggestions for improvement.

**viii. Noise:** It refers to an unplanned distortion that causes reduce the effectiveness of the communication process. Noise often results in receiver's getting a different message as compared to the one that is intended to be received by the sender. For example, if the consumer is distracted while watching the ad he may miss the key points which the marketer is trying to communicate.

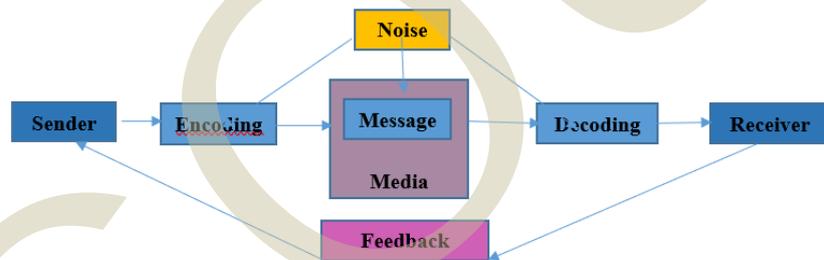


Fig. 1.2.1 Marketing Communication Process

Marketers need to be skilled at crafting messages in a way that aligns with how the target audience interprets them. They must choose communication channels that effectively reach their intended audience and establish feedback mechanisms to evaluate how the audience responds to the message.

### 1.2.2 Marketing Communication Mix

Marketing Communication Mix refers to the totality of promotion mix of a company. Promotion involves all the activities undertaken by a marketer or business organisation in order to inform, persuade, and influence the prospective customers about a product, service, or brand. Marketing communication refers to the various methods and tools used by a business organization to convey messages to its target audience about its products, services, or brand. It is a vital component of the marketing mix. It includes a wide range of promotional activities such as advertising, sales promotion, public relations, personal selling and so on. All these elements are used by the company to communicate customer value and build customer relationships.

◆ Totality of promotion mix of a company

### 1.2.2.1 Elements of Marketing Communication Mix

#### i. Advertising

- ◆ Any paid form of non- personal presentation and promotion of ideas

Advertising is defined as “any paid form of non- personal presentation and promotion of ideas, goods, or services by an identified sponsor.” Various media are available for advertising such as television, radio, newspapers, magazines, social media, and websites. As it is not practical for marketers to personally reach every customer, advertising is the most effective method to communicate with a large audience simultaneously. Advertising helps to shape the perceptions of consumers and build brand recognition by highlighting features, benefits, and value propositions. It aids in persuading the potential customers to initiate purchase and maintaining a competitive edge in the market. There are different types of advertising like television and radio advertising, print advertising, digital advertising, and outdoor advertising

#### ii. Personal Selling

- ◆ Face-to-face interaction between a seller and a prospective buyer

It involves face-to-face interaction between a seller and a prospective buyer where the seller convinces the buyer to buy their product or service. The salesperson makes presentations about the products, answer the customer queries and take orders from them. This method helps to build personal relationships with customers and customise the message as per the needs of the customers and clarify their doubts. Another key advantage of this approach is to receive instant feedback from customers and make timely adjustments based on their responses.

#### iii. Publicity

- ◆ Building goodwill and creating positive image of the company among stakeholders

Publicity involves the non-personal stimulation of demand for a product, service, or business unit by featuring commercially valuable information about it in newspapers or securing favourable coverage on radio, television, or stage without an identified sponsor directly paying for it. Public relations focusses on building goodwill and creating positive image of the company among stakeholders.

#### iv. Sales promotion

- ◆ Short-term incentives to motivate consumer purchase

It involves using short-term incentives to stimulate consumer purchase and enhance dealer performance and encompasses all marketing activities other than advertising, publicity, and personal selling. Some of the commonly used sales promotion techniques include offering refunds, free samples, discounts, conducting lucky draws and contests, container premiums, trade shows, exhibitions, product demonstrations, and so on.

- ◆ Process of building good relations with stakeholders of a company

## v. Public relations

It refers to the process of building good relations with the various public or stakeholders of a company. The marketers should have good relations with customers, shareholders, employees and the community. Participation in social welfare projects enhances public image of the marketer. It aims to increase the goodwill of the company and build a favourable public image. It also includes handling unfavourable rumours or stories.

Companies often employ different promotional media and methods to communicate about the marketing message about products and services to consumers. However, the lack of clarity and consistency in the delivery of marketing messages from different information sources often creates confusion in the minds of the target audience. In order to eliminate this problem, companies are adopting the concept of IMC. It involves integrating all marketing communication tools and resources within a company to maximise their impact on target consumers.

### 1.2.3 Integrated Marketing Communication (IMC)

#### 1.2.3.1 Meaning of Integrated Marketing Communication (IMC)

- ◆ Process of integrating various communication channels

Integrated Marketing Communication (IMC) refers to the process where a company integrates and coordinates its communication channels for the purpose of delivering a consistent, clear and compelling marketing message about itself and its products. It involves the integration of various promotional strategies like advertising, public relations, direct marketing, sales promotion, and digital marketing efforts to achieve marketing objectives. Integrated marketing communications encompasses the identification of a target audience and framing a well-structured and coordinated promotional strategies and programmes so as to obtain the desired response from them. Consistency in marketing messages, communication focused on target audience, alignment of various marketing efforts, and the use of diverse media platforms are the characteristics of IMC.

- ◆ Key difference between marketing communication and integrated marketing communication

The key difference between marketing communication and integrated marketing communication (IMC) lies in their approach to message delivery. Marketing communication uses various promotional tools or communication channels independently to convey messages to customers. In contrast, IMC focuses on coordinating and aligning these tools to ensure that all brand messages are consistent, cohesive, and delivered uniformly across all platforms and touchpoints.

### 1.2.3.2 Definition of Integrated Marketing Communication (IMC)

According to American Association of Advertising Agencies, “Integrated Marketing Communication (IMC), is a concept of marketing communication planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines (advertising, sales promotion, public relation, personal selling and publicity etc.) and combines the disciplines to produce clarity, consistency and maximum communication impact.

### 1.2.3.3 Steps in IMC Planning Process

Integrated Marketing Communications (IMC) is an approach that unifies all promotional tools to convey a consistent brand message. It follows a six-step planning process.

They are as follows:

#### i. Conducting Situational Analysis

Situation analysis is conducted for understanding the current market environment, the target audience, the competitive landscape and the unique selling proposition of the company. Situational analysis involves a thorough examination of the current market environment to gain insights into the recent market trends, consumer behaviour, and overall industry dynamics. This will help in determining the external and internal factors to be taken into account while formulating the promotional strategies. Another key focus of the situational analysis is to identify and understand the target audience by considering demographic factors such as age, gender, and income, along with psychographic attributes like interests, values, and lifestyle, as well as purchasing behaviours. It's also essential to evaluate the competitive landscape for assessing the market positions, strengths, weaknesses, and existing marketing strategies of competitors. Finally, the company must determine its unique selling proposition (USP). USP refers to the distinctive qualities that differentiate a company from its competitors. Such qualities may be superior quality, innovative features, or exceptional customer service.

◆ Detailed examination of the current market environment

#### ii. Setting the Communication Objectives

The next step is to establish clear and actionable communication objectives. These objectives must align with the company's overall marketing strategy. It is imperative for the objectives to follow the SMART criteria. SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound. The objectives

◆ Clear and actionable communication objectives

may be increasing brand awareness or encouraging trial purchases to promote repeat purchases or strengthening customer loyalty.

### iii. Determine the Communication Budget

As a third step, the marketers need to set a realistic communication budget. The budget must be set by considering the stage of life cycle of the product, i.e, whether it is in the introduction stage or growth stage or maturity stage or decline stage. Budget allocation should reflect both the campaign's objectives and the available financial resources. It should strike a balance between message reach (how many people see it) and frequency (how often they see it).

- ◆ Set budget by considering the product life cycle

### iv. Developing the Communication Strategy

The next step is to develop a solid communication strategy. It involves choosing the right combination of promotional mix elements. For example. It may include advertising (via TV, radio, print, or digital platforms), public relations, sales promotions (such as coupons, contests, or free samples), personal selling, and direct marketing methods like email or telemarketing. However, the critical aspect in this step is to ensure that the strategy delivers a consistent brand message across all channels. This means it must reflect the unique selling proposition (USP) of the brand and must resonate with the target audience. Additionally, the campaign should also align with the brand's positioning and audience's preferences, and media habits must be taken into account

- ◆ Strong communication strategy

### v. Implementation of the Communication Plan

It is the step where the communication strategy is finally put into action. It means executing the promotional activities according to the predefined schedule and budget. Careful coordination of message timing and placement across different media is required to maximise visibility and impact and at the same time, avoiding message clutter or overlap.

- ◆ Communication strategy put into action

### vi. Monitoring and Evaluation of Results

Monitoring and evaluating the outcomes of the IMC campaign is the final step. In this step, the key performance indicators (KPIs) tied to the original objectives are evaluated by the marketers. KPIs may include brand awareness, sales volume, market share, and customer satisfaction. Adjustments can be made to improve campaign effectiveness on the basis of the insights gathered. This feedback helps ensure that future market-

- ◆ Evaluation of outcome

ing efforts are more refined and better aligned with consumer needs and business goals.

### 1.2.4 Marketing Communication Versus Integrated Marketing Communication

Table 1.2.1 Difference between Marketing Communication and Integrated Marketing Communication

Basis of Difference	Marketing Communication	Integrated Marketing Communication
Meaning	A blend of various promotion tools is used to convey specific marketing messages by a company about its products or services to its target audience.	A strategic approach that combines and coordinates various communication tools and channels to deliver a clear and consistent brand message.
Objective	To promote the products and services using individual promotional tools like advertising, sales promotion or personal selling, publicity or public relations.	To ensure consistency in delivering marketing messages by creating a seamless experience for customers by aligning all marketing communication tools.
Approach	A Fragmented Approach is followed. Different strategies are followed for different promotional tools	A Holistic Approach is followed, integrating various promotional tools
Message Consistency	Marketing messages differ in different media and communication channels/ platforms. This creates confusion in the minds of customers	Aims to ensure that marketing messages are consistent across all media and communication channels.
Scope	Has a narrow scope. It is focused on individual strategies	Has a Broader Scope as it integrates all promotional tools and marketing channels.

Example	A company runs a TV ad campaign without coordinating with social media or sales promotions.	A company launches a new product by synchronising TV ads, social media, in-store promotions, and email campaigns using the same message and visuals.
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## Summarised Overview

Marketing Communication or promotion mix represents the totality of various promotional tools used by marketers to promote their market offerings. The main aim of marketing communication is to create awareness, generate interest, and promote sales. However, when marketing messages are delivered across various media or communication channels, they tend to vary. This causes confusion in the minds of consumers. This is where integrated marketing communication assumes importance. Integrated Marketing Communication (IMC) is a strategic approach adopted by businesses to deliver a consistent and unified message to target audiences using communication tools and channels. The difference between marketing communication and integrated marketing communication is that, while marketing communication involves using communicating marketing messages with customers using separate or individual promotional tools or communication channels, integrated marketing communication (IMC) ensures that these promotional tools are harmonised or coordinated so that they deliver a unified, consistent brand message across all communication channels. This in turn, helps in improving the effectiveness of communication efforts of the company and helps in improving customer experience.

## Self-Assessment Question

1. What do you mean by marketing communication?
2. Explain the concept of an integrated communication mix.
3. State the differences between marketing communication and the integrated marketing communication mix.
4. Explain the elements of marketing communication
5. Explain the benefits of integrated marketing communication.
6. Describe the steps in IMC planning?
7. Write a short note on public relations?
8. Briefly explain the concept of integrated marketing communication.

## Assignments

1. How does Integrated Marketing Communication improve the effectiveness of traditional marketing communication efforts? Justify your answer with examples?
2. In what ways can inconsistent messaging across communication channels harm a brand's identity? Choose a brand to explain.
3. What challenges do organisations face when transitioning from traditional marketing communication to an integrated marketing communication strategy?
4. How does IMC contribute to building stronger customer relationships compared to standalone marketing communication methods?
5. Can IMC be equally effective for small businesses with limited resources? Why or why not?

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## Unit 3

# Promotional Tools Like Consumer Promotion

## Learning Outcomes

After completing this unit, the learner will be able to:

- ◆ familiarise the concept of Trade Promotion, Sponsorship, Public Relations, and Internet Marketing
- ◆ gain insight into the evaluation of IMC programs
- ◆ comprehend the recent trends in IMC
- ◆ explain different internet marketing channels and recent trends in IMC

## Background

Today, businesses rely on a mix of promotional strategies to effectively reach and influence their target audiences in today's dynamic marketing environment. Various promotional tools such as trade promotions, sponsorship programs, public relations, and internet marketing are employed by businesses to increase brand visibility, engage customers, and drive sales. Trade promotions refer to offering incentives to retailers and distributors with the intention of stimulating sales. Sponsorships refer to the marketing strategy of forming associations with events or causes to build recognition and loyalty for company brands. Public relations is a promotional tool which helps to foster goodwill and manage a favourable image of the brand among the stakeholders. The rise of internet marketing has revolutionised marketing communication. Internet marketing allows brands to connect with consumers in real-time through personalised digital platforms. However, evaluating the effectiveness of these promotional efforts is essential for refining strategies and maximising return on investment. This unit discusses the concepts of Trade Promotion, Sponsorship, Public Relations, and Internet Marketing in detail. Further, it also discusses the recent trends in Integrated Marketing Communication.

## Keywords

Trade Promotion, Sponsorship, Public Relations, Internet Marketing, Integrated Marketing Communication

## Discussion

- ◆ Activities which are intended to increase the effectiveness of the dealers and distributors

### 1.3.1 Trade Promotion

Middlemen are responsible for the fast movement of products. Manufacturers use a number of techniques in order to secure the cooperation of the wholesalers, retailers and other middlemen. Such activities, which are intended to increase the effectiveness of the dealers and distributors, are referred to as trade promotion. It is also referred to as a dealer or distributor promotion.

The following are the different trade promotion techniques

#### i. Buyer Allowance

It is a temporary reduction offered to dealers for purchasing within a stipulated period of time. It is a very effective method for introducing new products in the market. It encourages dealers to buy a certain quantity which they don't usually buy. It enables the dealers to realise profit immediately.

#### ii. Merchandise Allowance

It is an allowance given to dealers for advertising the features of the manufacturer's product. Display allowance is given by the manufacturers to the dealers for arranging special displays of the product.

#### iii. Price Deals

It is a special discount which allowed over and above the regular discount. This is allowed for a specified quantity of purchase.

#### iv. Push Money or Premium

It is a payment in the form of cash or gifts given to dealers or to the sales force of a dealer to encourage them to promote and sell the manufacturer's product.

#### v. Cooperative Advertising

It is a form of advertising in which the dealer spends money to advertise the manufacturer's product with the consent of the manufacturer. The dealer can claim the allowance from the manufacturer by giving proof of the advertisement.

#### vi. Dealer Sales Contests

It is an indirect way of boosting sales. It is conducted at the level of retailers and wholesalers. This method is aimed at stimulating and motivating distributors, dealers, sales staff etc.

## vii. Dealer's Gift

Here, the manufacturers give attractive and useful articles to dealers against their order.

## 1.3.2 Sponsorship Program

◆ Collaboration between sponsor and sponsored

It involves a strategic collaboration between a brand (or the sponsor) and another party (or the sponsored) in order to achieve shared benefits and defined marketing goals. The sponsor provides financial aid, resources, or services to support the sponsored entity in return for promoting the sponsor's brand. Brand exposure can be done through logo displays, mentions in promotional campaigns, or being directly linked with the sponsored events or activities. Sponsorships enable brands to enhance their visibility, reputation, and public trust. When companies support causes or events that align with their audience's values, they are often seen more positively, as it helps to reflect shared interests and social responsibility.

## 1.3.3 Public Relations

◆ Communication between organisation and its important stakeholders

Public Relations (PR) refers to the strategic management of communication between an organisation and its key stakeholders, such as the public, media, investors, employees, and other important groups. It encompasses a variety of activities designed to create and maintain a favourable image, boost brand recognition, handle crisis situations, and nurture strong relationships with target audiences. PR involves developing persuasive messages, utilising media platforms, hosting events, and engaging directly with stakeholders to shape perceptions and guide public opinion. In essence, PR plays a crucial role in helping organisations communicate clearly, build trust, and enhance credibility in today's highly connected and transparent environment.

### i. Media Relations

It involves building and maintaining relationships with journalists and media outlets in order to secure positive media coverage through press releases, interviews, and media pitches without paying for advertisements. This helps in enhancing credibility and increasing brand visibility.

### ii. Corporate PR

It focuses on managing a company's overall image and reputation by handling communication with the various stakeholders of the company, promoting the company's values and culture, managing crises, and supporting corporate social responsibility (CSR) initiatives.

### **iii. Consumer PR**

It involves promoting products and services to the target audience through press releases, product launches, influencer partnerships, events, and media coverage. It is used in industries like fashion, technology, and food.

### **iv. Investor Relations**

Investor relations involve managing investor-related events, coordinating the communication of financial report releases, and addressing concerns or complaints from investors.

### **v. Internal PR**

Internal PR serves as a link between the company and its employees. It involves advising staff, maintaining employee satisfaction with workplace conditions, and resolving internal issues discreetly to prevent them from becoming public.

### **vi. Public Affairs / Government Relations**

This area of public relations focuses on the relationship between a company and government or regulatory bodies. Its goal is to build strong connections that allow the organisation to offer input to policymakers, influence decisions in the company's favour, and advocate for fair treatment of its clients.

### **vii. Product relations**

It is closely related to the direct operations of a company. This department supports broad marketing plans and is often related to specific, one-time endeavours such as the launch of a new product, a special campaign, or management of a major product change.

### **viii. Community Relations**

It focuses on building a positive relationship with the local community. This includes various aspects such as sponsoring local events, supporting social causes, and participating in community service to enhance goodwill and strengthen the organisation's image.

## **1.3.4 Internet Marketing**

Marketing Strategies have evolved considerably with the rapid growth in technology and the internet. Today, most companies consider online marketing an essential part of their core marketing approach.

- ◆ Use of digital channels and techniques to reach target audience

Internet marketing involves the strategic use of digital channels and techniques to reach and engage target audiences for promoting a brand. It is also referred to as online marketing. As compared to traditional marketing, internet marketing emphasises performance, personalisation and interaction with the target audience to promote products or services.

#### 1.3.4.1 Types of Internet Marketing Channels

##### i. Social Media Marketing

- ◆ Promotion of products and services through the various social media channels

Today, social media has emerged as one of the most powerful and influential platforms for marketing. Businesses have a huge scope in reaching a vast and diverse audience, as there are billions of active users on various social media platforms. Social media marketing refers to the promotion of products and services through the various social media channels like Facebook, Instagram, WhatsApp, Twitter (X), and YouTube. They help in building brand awareness, increasing customer engagement, and increasing sales. One of the key advantages of social media marketing is that businesses or marketers can engage in real-time, two-way communication with customers. These platforms enable marketers to run targeted ad campaigns, collaborate with influencers, track consumer behaviour, and respond promptly to customer inquiries.

##### ii. Search Engine Optimisation (SEO)

- ◆ Enhancing the visibility of a website in search engine results

It is the process of enhancing the visibility of a website in search engine results. This is done by using relevant keywords, optimisation of page content, improving the speed of the websites, and building quality backlinks. Thus, businesses can ensure that their website appears on top of the search results when users surf search engines like Google, Bing, and Yahoo. SEO helps businesses increase user engagement and drive long-term, cost-effective web traffic and. It helps to build credibility and trust, as users tend to view top-ranked sites as more reliable. In addition to this, SEO ensure that the content is not only discoverable but also useful and easy to navigate. This helps to enhance the user experience.

##### iii. Pay-Per-Click (PPC) Advertising

- ◆ Advertisers pay a pre-determined fee whenever a customer clicks their ad

It is a digital marketing model in which advertisers pay a pre-determined fee whenever a customer clicks their ad. It helps to drive targeted traffic to a website through platforms like Google Ads, Bing Ads, or social media ads. When a user clicks on the ad, they get directed to a landing page that offers detailed product information, free trials, or purchase options. This inter-

action, in turn, can help convert a passive browser into an active buyer.

#### iv. Affiliate Marketing

It is a type of marketing strategy where businesses collaborate with individuals or organisations known as affiliates to promote products through digital platforms such as websites, blogs, email campaigns, and social media. Here, each affiliate is given a unique tracking link or code. Whenever a link of the marketer or the business is clicked by the user, the affiliate earns a commission or a percentage of the sale. Affiliate marketing is advantageous to both parties. It allows businesses to broaden their customer base without incurring initial marketing expenses, while also giving affiliates the opportunity to earn commissions based on how effectively they promote the products or services of their client or the marketer.

◆ Collaboration with affiliates for product promotion through digital platforms

#### v. Influencer Marketing

It involves forming a partnership with individuals who have a large and engaged following on social media platforms like Instagram, YouTube, or TikTok. Once the partnership or collaboration is established with these influencers, they create and share content related to the brand's product or service with the intention of promoting it. The credibility and audience trust of the influencers are used to drive the awareness and sales of the brand. The endorsements of the influencers can significantly impact consumer behaviour as they have loyal and niche audiences.

◆ Collaboration with social media influencers

### 1.3.5 Evaluation of IMC Programs

Integrated marketing communications (IMC) refers to the coordination of different promotional tools and channels so that a consistent and compelling message can be delivered to the target audience. Evaluation of IMC programs involves measuring the effectiveness and impact of a company's coordinated marketing efforts across different communication channels like advertising, sales promotion, PR, social media, etc. Since IMC aims to deliver a consistent brand message to the target audience, evaluating its success is critical in evaluating whether communication goals have been achieved and how the strategy can be improved.

◆ Measuring the effectiveness and impact of a company's coordinated marketing efforts across different communication channels

The following are the steps for evaluating the effectiveness of your IMC programs.

#### i. Defining objectives and metrics

Before launching any IMC campaign, the first step is to define the objectives. There may be many objectives like increas-

ing brand awareness or generating leads or increasing sales, or improving customer loyalty. On the basis of the objectives, different metrics can also be selected, such as reach, conversion rate, retention rate, impressions, click-through rate or return on investment (ROI).

## **ii. Choose your methods and tools**

The next step is to choose the methods and tools for testing and evaluating the IMC programs. They have to be selected based on factors like budget, time, and resources. Surveys, interviews, focus groups, or online reviews may be used to collect feedback from customers. Similarly, analytics, tracking, or reporting software can be used for monitoring online performance.

## **iii. Collection and analysis of data**

The next step is to collect and analyse the data to make valid and reliable conclusions about your IMC programs. It is also essential to identify patterns, trends, insights, and gaps. For this, descriptive statistics, charts, or graphs may be used to summarise the data. To draw inferences and hypotheses from the data, inferential statistics, tests, or models may be used.

## **iv. Evaluation of results and ROI**

The next step is to evaluate the results and Return on Investment. For this, a comparison is made between actual performance with the expected performance in light of the objectives. It is also essential to calculate ROI, which is the ratio of profit to cost.

## **v. Communicate and report your findings**

The results obtained have to be communicated to the various stakeholders, such as the management, team, or clients. It is important to report the findings in a clear, concise, and convincing way.

## **vi. Adjust and improve your IMC activities**

The final step is to adjust and improve your IMC programs based on the findings. It is important to identify what worked well and what didn't work well in your IMC campaign. It is also essential to implement changes and improvements to optimise the IMC performance.

## 1.3.6 Recent trends in IMC

### i. Personalisation using AI

- ◆ AI powered data driven content

Artificial Intelligence (AI) is bringing about revolutionary changes in IMC by helping brands to deliver highly personalised and data-driven content across multiple platforms. Marketers can analyse customer behaviour, predict consumer preferences, automate marketing communication and make marketing campaigns more efficient and relevant. AI-powered chatbots and virtual assistants provide instant, consistent responses, which help to ensure smooth and personalised customer experiences.

### ii. Rise of Short-Form Video Content

- ◆ Easily sharable shorts

Another trend in IMC is short videos or shorts. This is a dominant force in digital marketing. Nowadays, platforms like Instagram Reels and YouTube Shorts are being used for creating engaging short videos. These videos can be easily shared. This makes them ideal for increasing reach and engagement.

### iii. Omnichannel and Voice-Enabled Experiences

- ◆ Unified approach covering all touch points

A seamless experience is expected by consumers today, covering all touch points such as online, offline, mobile, and even voice-based platforms. An effective IMC strategy helps to integrate channels like websites, mobile apps, social media, in-store touchpoints, and voice assistants such as Alexa or Google Assistant. Click-and-collect services, chatbot integrations, and voice search optimisation are increasingly used to ensure that the customer journey remains uninterrupted and consistent. This unified approach enhances brand credibility and builds stronger customer relationships.

### iv. Influencer Marketing Evolution

- ◆ Collaborate with influencers

Influencer marketing has evolved from one-time sponsorships to long-term partnerships focused on authenticity and niche engagement. Brands are now collaborating with micro and nano influencers who, despite having smaller audiences, often generate higher engagement due to their closer connection with followers. This strategy allows companies to tap into specific communities and drive more meaningful interactions. Influencers are increasingly seen as content creators and brand ambassadors, contributing to storytelling that feels personal and credible.

### v. Experiential marketing

It focuses on creating memorable, real-world or virtual experiences that allow consumers to interact with the brand in en-

- ◆ Customer interact with brands with the help of AR and VR

gaging ways. With the help of technologies like AR (Augmented Reality) and VR (Virtual Reality), companies are designing immersive campaigns that go beyond traditional advertising. From interactive product demos to virtual brand events, these experiences foster emotional connections and leave lasting impressions. Such strategies are especially effective in encouraging user participation and sharing, which further extends campaign reach.

#### vi. User-Generated Content (UGC) and Community Engagement

- ◆ Social proof and strong emotional bonds

User-generated content is gaining momentum as a powerful tool for building authenticity and trust. Brands are encouraging their customers to share their own experiences through photos, videos, and reviews. This content acts as social proof and resonates more with potential buyers than traditional advertising. Community engagement initiatives like challenges, hashtags, or contests help form strong emotional bonds and give customers a sense of belonging. This, in turn, increases brand loyalty and repeat interaction.

## Summarised Overview

Trade Promotion refers to the activities which are intended to increase the effectiveness of the dealers and distributors. Sponsorships involve a strategic collaboration between a brand (or the sponsor) and another party (or the sponsored) in order to achieve shared benefits and defined marketing goals. The sponsor provides financial aid, resources, or services to support the sponsored entity in return for promoting the brand of the sponsor. Public relations encompasses a variety of activities designed to create and maintain a favourable image with target audiences. Internet marketing involves the use of digital channels and techniques to reach and engage target audiences for promoting a brand. It is also referred to as online marketing. Evaluation of IMC involves measuring the effectiveness and impact of a company's coordinated marketing efforts across different channels like advertising, sales promotion, Public Relations, social media, etc. Personalisation using AI, Short-Form Video Content, Omnichannel and Voice-Enabled Experiences, Influencer Marketing Evolution, Experiential marketing, User-Generated Content (UGC) and Community Engagement are the recent trends in IMC.

## Self-Assessment Question

1. What do you mean by Trade Promotion?
2. What do you mean by Sponsorship?
3. Explain the various Internet Marketing Channels.
4. What do you mean by Sponsorship Programs?
5. What do you mean by Public Relations?
6. Describe recent trends in IMC?
7. Briefly explain the evaluation of IMC programmes.
8. Explain different type of public relations?

## Assignments

1. Define trade promotion. How does it differ from consumer promotion? Illustrate with examples?
2. Explain the concept of sponsorship in marketing. How does it help in brand building?
3. Choose a recent sponsorship deal and examine its impact on the sponsoring brand?
4. Develop a PR strategy for a company launching a new eco friendly product.

## Reference

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2. Pillai, R. S. N., & Bagavathi. (2023). *Modern marketing: Principles and practices*. S. Chand Publishing.
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## Suggested Reading

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2. Kumar, N. (2015). *Integrated marketing communications*. Himalaya Publishing House



## Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU

# Unit 4

## Logistics

### Learning Outcomes

After completing this unit, the learners will be able to:

- ◆ gain insight into the concept of logistics
- ◆ analyse the core and support activities of logistics
- ◆ comprehend the meaning and concept of integrated logistics
- ◆ explain logistical performance cycle

### Background

Logistics is the backbone of business operations. It involves the efficient planning, movement, and storage of goods, services, and information from the point of origin to the point of consumption. It helps to ensure that products are delivered to the right place, at the right time, in the right condition, and at the right cost. The scope of logistics includes key functions like transportation, warehousing, inventory management, order processing, packaging, and material handling. It forms a part of the broader Supply Chain Management (SCM). Supply Chain Management (SCM) involves all processes involved in producing and delivering a product, from raw material sourcing to final delivery to the customer. Logistics functions are divided into core activities (such as transportation, inventory management, warehousing, etc) and support activities (like packaging, material handling, etc). This unit discusses the meaning, definition and scope of logistics, core and support activities of logistics and the concept of integrated logistics.

### Keywords

Logistics, Supply Chain Management, Integrated Logistics, Logistics Performance Cycle

- ◆ Timely fulfillment of customer demand

### 1.4.1 Meaning of Logistics

Logistics refers to the entire process of planning and execution of the activities involved in the smooth and efficient movement and storage of goods from the point of their origin to the point of final consumption. Logistics mainly aims to fulfil the customer demands promptly and in a cost-efficient way. Logistics involves both inbound distribution/logistics, outbound distribution/ logistics and reverse distribution/ logistics. Inbound distribution covers activities involving the movement of products and materials from suppliers to the factory. Inbound distribution covers activities involved in moving the product and materials from suppliers to the factory. Reverse logistics involves the movement of broken or unwanted products or returned items from consumers to resellers.

### 1.4.2 Definition of Logistics

According to Philip Kotler, “Logistics involves planning, implementing, and controlling the physical flow of goods, services and related information from points of origin to points of consumption to meet customer requirements at a profit. In short, it involves getting the right product to the right customer in the right place at the right time”.

According to the American Council of Logistics Management, logistics is defined as "the process of planning, implementing and controlling the efficient, cost-effective flow and storage of raw materials, in-process inventory, finished goods and related information from point of origin to point of consumption for the purpose of conforming to customers' requirements”.

### 1.4.3 Scope of logistics in business

#### i. Order Processing

Order processing is a critical function or component of the logistics function. Once the orders are received from customers, they must be processed immediately. Some of the major activities that come under the purview of order processing include checking the order for any changes in negotiated terms, payment and delivery terms, checking the availability of stock, production and material scheduling to cater to shortages.

## **ii. Transportation**

Transportation is a vital function of logistics. It accounts for 60–70% of total logistics costs, especially for low-priced, high-volume goods. The delivery process is said to be completed only when it reaches the customer. Companies use different modes of transport such as rail, road, water, or air. The choice of transport depends on the infrastructure available in a region.

## **iii. Inventory Management**

It involves maintaining optimal stock levels to meet customer demand and at the same time, minimising costs. It includes various activities like tracking, storing, and controlling inventory efficiently. This is done to avoid overstocking, stockouts and losses due to damage or theft.

## **iv. Warehousing**

It refers to the storage and management of goods within a warehouse or distribution centre. It helps in tracking stock levels and ensuring products are available when required. In addition to this, warehousing helps with order fulfilment by picking, packing, and dispatching goods accurately and on time.

## **v. Packaging**

It is the process of enclosing or protecting products for transportation, storage, handling, and delivery. It plays a pivotal role by preventing damage, ensuring easy product handling, and ensuring efficient space utilisation during shipping and warehousing. Good packaging also supports labelling, tracking, and regulatory compliance, making the entire supply chain more efficient and reliable.

## **vi. Material Handling**

It involves the movement, protection, storage, and control of materials throughout manufacturing, warehousing, distribution, and disposal. Proper material handling reduces labour costs, minimises damage, and improves workplace productivity.

## **vii. Information Management**

Logistics activities are dependent on the accurate and timely flow of information. Proper information management is essential for tracking shipments, managing inventory data, and communicating with suppliers, customers, and other stakeholders.

## **viii. Reverse Logistics**

It refers to the process of moving goods from the customer back to the seller, manufacturer, or distributor. It encompasses

various activities like returns, repairs, refurbishment, recycling, and disposal.

### 1.4.4 Logistics and Supply Chain Management

The planning, execution, and control of the movement and storage of goods, services, and information from the point of origin to the point of consumption is referred to as logistics. Logistics mainly aims to ensure that the right product reaches the right place, at the right time, in the right condition, and at minimum cost. It encompasses various activities such as transportation, warehousing, inventory management, materials handling, packaging, and order processing.

- ◆ Transportation and storage of goods

Supply Chain Management (SCM) is a broader concept that manages the entire network of activities involved in producing and delivering a product or service. It includes all the activities from the sourcing of raw material to the final delivery to the customer. SCM includes logistics, but also involves procurement, production, managing supplier relationships, demand planning, and customer service.

- ◆ Covers the complete activities from the sourcing of raw material to the final delivery

When comparing logistics and supply chain management, logistics mainly concentrates on the transportation and storage of goods. In contrast, supply chain management takes a broader view, overseeing the entire flow of activities, including sourcing, production, movement, storage, and distribution. Simply put, logistics is one component of the larger supply chain process, while supply chain management covers the complete system from start to finish.

- ◆ SCM is a broader term

### 1.4.5 Core and support activities of logistics

#### 1.4.5.1 Core Activities

Core Activities of Logistics refer to the activities that take place in all supply channels, which mainly contribute to the total cost of the total logistical activities.

The following are the core activities of logistics

#### i. Procurement and Inbound Logistics

Procurement is the process where raw materials or finished goods from suppliers, and it can be considered the starting point of logistics. Inbound logistics manages the movement of these materials from the supplier to the company's premises. It involves various processes like transportation, delivery scheduling, and supplier communication. Timely procurement of raw

- ◆ Starting point of logistics

materials is essential for ensuring smooth production processes, and it helps to prevent costly delays.

## ii. Inventory Management

Inventory management refers to the process of monitoring and regulating the movement of goods from raw materials to final products. It helps to ensure that the right quantity of goods is available at the right time and at the right place. It involves various activities like tracking inventory levels, determining optimal reorder points and implementing proper inventory control techniques. Inventory management helps to prevent the situation of stockouts or overstocking. Effective inventory control helps to reduce carrying costs and improve order fulfilment rates. Various systems like JIT (Just-In-Time) and EOQ (Economic Order Quantity) are commonly applied to manage inventory efficiently. Proper inventory management is vital for all organisations regardless of their size, as it helps in streamlining operations, reducing waste, and enhancing overall profitability.

- ◆ Prevent stockouts or overstocking

## iii. Warehousing and Storage

It is the process of storing goods until they are ready for transportation to the various market intermediaries like retailers, distributors and finally to the ultimate customers. Proper warehousing helps in efficient management of inventory and optimising the shipment process. Warehousing provides the required space needed to store goods safely until they are needed for production or sale. Proper storage reduces product damage and loss while enabling faster dispatch. It also helps in reducing transportation costs and delivery time.

- ◆ Required space needed to store goods until they are needed

## iv. Transportation and Distribution

Transportation is concerned with the movement of goods from the place of production to the place of consumption. It involves choosing the most cost-effective and timely mode of transport, such as road, rail, air, or sea, depending on the nature of the product and delivery needs. Efficient distribution ensures that goods reach customers quickly, safely, and at the lowest cost.

- ◆ Movement of goods

## v. Order Processing and Fulfilment

Order processing is a vital logistics function, and it includes managing and fulfilling customer orders. It begins when a customer places an order and ends with its delivery. It includes various steps like verification of customer information, authorising payment, preparing goods for shipment, and tracking the order once it has been shipped. Order processing also involves keeping track of inventory levels, stock availability, and order status.

- ◆ Management of customer orders

## vi. Customer Service and Reverse Logistics

### ◆ Customer handling

Customer service in logistics includes ensuring timely delivery, handling the grievances and queries of customers, and managing post-sale services. Reverse logistics involves handling product returns, replacements, recycling, and disposal of defective or unused goods.

### 1.4.5.2 Support Activities in Logistics

These are activities which assist and enhance the core logistics functions. They are not directly involved in the physical flow of goods but are essential for operational efficiency. They include

#### i. Purchasing

### ◆ Procurement raw materials

It is also referred to as procurement. It is the process of sourcing and acquiring the raw materials and components for production. Purchasing includes various processes like selection of suppliers, negotiation of prices, setting quality standards, managing contracts, and ensuring the timely delivery of goods. The purchasing/ procurement function helps to ensure that the right quantity and quality of raw materials are available at the best possible cost. This function plays a crucial support role by ensuring that logistics operations are not hindered by material shortages or unreliable sourcing.

#### ii. Materials Handling

### ◆ Movement of raw materials throughout different stages of production

Material handling involves the effective movement and management of raw materials and products throughout various stages such as procurement, production, storage, and distribution. It includes a wide range of activities, starting from the loading and unloading of raw materials to the transportation of finished products to their final destination. Proper material handling helps to provide benefits like increased productivity, cost savings, reduced product damage, better inventory management and faster order fulfilment.

#### iii. Packaging

### ◆ Enclosing and safeguarding products

It involves the design and application of protective materials which are used for enclosing and safeguarding products during the activities of transportation, material handling, and storage. Packaging mainly aims to prevent damage, preserve product quality, and facilitate safe delivery. It is also intended for branding, complying with the regulatory requirements and providing information such as barcodes or instructions. Proper packaging helps minimise product damage, improves the visual appeal of items, and maximises the efficient use of space during storage and transportation.

#### iv. Reverse Logistics

- ◆ Management of product's return

Reverse logistics is the process of planning and managing the return of products from the end user or point of consumption back to the manufacturer or distributor for purposes such as recovery, repair, recycling, or disposal. It represents yet another phase in the supply chain that takes place after the final delivery of the product.

### 1.4.6 Integrated Logistics

- ◆ Gather various elements of supply chain

It refers to the smooth coordination and management of all processes related to the transportation and storage of goods, starting from their origin and ending at the final point of delivery. It brings together various elements of the supply chain, such as transportation, warehousing, inventory control, and order handling, into a unified, efficient system.

#### 1.4.6.1 Elements of Integrated Logistics

##### i. Transportation Management

- ◆ Monitoring transportation activities

It is one of the crucial aspects of integrated logistics. It involves the various activities such as planning, execution, and monitoring of all transportation activities. It also comprises of selection of the most efficient modes of transportation, optimisation of travel routes, and real-time shipment tracking.

##### ii. Inventory Management

- ◆ Optimise inventory levels

The aim of integrated logistics is to optimise the inventory levels across the supply chain. Businesses can minimise the situation of stockouts, reduce carrying costs, and maintain optimal inventory levels by adopting advanced inventory management techniques and by leveraging real-time data.

##### iii. Warehousing and Distribution

- ◆ Storage and movement within supply chain

These functions refer to the storage and movement of goods within the supply chain. By adopting an integrated approach to warehousing and distribution, coordination and alignment with other supply chain functions can be achieved. Moreover, it will also help in bringing about significant improvements in inventory management, order fulfilment, and overall customer satisfaction.

##### iv. Order Processing

- ◆ Fulfilment of customer orders

It refers to the receipt, handling, and fulfilment of customer orders. This function can be considered the backbone of order processing. Integrated logistics helps to ensure that order pro-

cessing is streamlined and closely aligned with other supply chain functions.

#### v. Information Technology

◆ Role of IT in integrated logistics

Information technology plays a critical role in integrated logistics, as it enables the seamless exchange of data and information between different supply chain components. Investing in advanced IT systems, such as enterprise resource planning (ERP) software and warehouse management systems (WMS), is essential for facilitating integration and promoting data-driven decision-making.

### 1.4.7 Operational Objectives of Integrated Logistics

#### i. Ensure rapid response

◆ Prompt response to customer demands

This means that the firm should have the capability to meet customer service demands promptly. Now it is possible for companies to delay logistical operations until the last possible moment and, at the same time, ensure quick delivery of the needed inventory due to advances in information technology. This approach helps to eliminate the need for maintaining large inventories that were previously maintained to meet the customer demand. Thus, the priority has shifted from forecasting and stocking in advance to responding to customer needs on a shipment-by-shipment basis.

#### ii. Minimise Variances

◆ Variances due to various factors

Several factors, such as delay in receipt of customer orders from their expected time, disruption in manufacturing, arrival of goods in damaged condition at the customer's location and wrong delivery to an incorrect location, can cause variances. So, the solution to this is to establish safety stock or use premium transportation. Variances arise as a result of various factors such as

- a. Delay in the expected time of customer order receipt.
- b. Unexpected disruption in manufacturing.
- c. Goods arriving in damaged condition at a customer's location,
- d. Delivery to an incorrect location.

#### iii. Minimise Inventory

◆ Management of asset commitment and inventory turnover

It focuses on managing asset commitment and inventory turnover. Asset commitment refers to the total financial value of inventory spread across the logistics network, while turnover

implies how quickly inventory is consumed over a given period. When turnover rates are high and inventory remains readily available, it suggests that inventory-related assets are being used efficiently. The main goal is to keep inventory levels as low as possible while still meeting customer service expectations and minimising overall logistics costs. In recent times, the concept of zero inventory has gained popularity as a strategy to achieve minimal inventory deployment.

#### iv. Movement Consolidation

Movement consolidation focuses on managing transportation costs. Transportation costs are influenced by factors such as product type, shipment size, and travel distance. High-speed, small-shipment transportation, which is common in premium logistics services, tends to be costly. However, by consolidating shipments, businesses can lower transportation expenses. When shipments are larger and transported over longer distances, the cost per unit typically decreases, making the logistics process more cost-effective.

◆ Management of transportation cost

#### v. Enhance Quality

The main goal of integrated logistics is to achieve ongoing improvements in quality. The logistics process adds little value if the product is defective or if the promised service is not delivered. Any failure in quality requires the various logistical processes to be undone and repeated, as logistical costs are irreversible. This will cause additional time and expense.

◆ Continuous improvement in quality

### 1.4.8 Barriers in Integrated Logistics

#### i. Organisational Silos

There are different departments working within a firm, such as procurement, production, marketing, and logistics. These departments often work in isolation with limited communication and collaboration. These silos hinder the smooth sharing of information and coordination among the departments. This makes it difficult to achieve unified logistical goals.

◆ Isolated departments

#### ii. Lack of Information Sharing

Integrated logistics depend on the accurate and timely flow of information across all stakeholders. However, organisations often face numerous difficulties in sharing of information due to incompatible systems, lack of trust, or fear of losing control. This limits visibility across the supply chain and affects the decision-making process.

◆ Difficulties in information sharing

### iii. Incompatible Technology Systems

- ◆ Absence of standardised infrastructure

The absence of a standardised IT infrastructure or integrated platforms like ERP, WMS, or TMS can lead to disconnected operations. When different parts of the supply chain use different software systems, it becomes difficult to synchronise activities and maintain data consistency.

### iv. Resistance to Change

- ◆ Oppose change

Employees and managers might oppose processes or procedures that interfere with the existing workflows. Fear of the unknown, job insecurity, and a preference for traditional methods can cause hindrances to the implementation of integrated logistics systems.

### v. Complex Global Operations

- ◆ Difficulty in global scale integration

For companies operating across multiple countries, differences in regulations, languages, time zones, and transportation infrastructure add complexity. This makes the integration of logistics activities more difficult on a global scale.

Variations in regulations, languages, time zones, and transportation systems increase complexity for businesses functioning internationally. These differences make it more challenging to effectively integrate logistics operations on a global level.

## 1.4.9 Internal integration

- ◆ Co-ordinating and aligning all the logistics related functions

Departments often operate in silos in many companies. They concentrate only on their individual tasks. This often causes miscommunication, delays, increased costs, and inefficiencies. This is where internal integration assumes significance. It refers to the process of coordinating and aligning all the logistics-related functions and activities within a company so as to ensure that departments such as purchasing, production, inventory, warehousing, and distribution work together as a unified system rather than as separate units.

The following are the key features of internal integration

#### i. Cross-functional Coordination

The various departments in an organisation like organisation like procurement, production, and sales, collaborate closely to meet customer demand efficiently.

## ii. Real-time Information Sharing

In order to make timely decisions, information is shared between the various departments. This information may relate to the order status, inventory levels, or delivery schedules.

## iii. Synchronisation of Process

Aligning activities such as order processing, material handling, and shipping helps to ensure smooth workflow and helps to eliminate any bottlenecks.

### 1.4.10 Logistical performance cycle

◆ Series of activities starting from receiving customer

When a firm receives an order from customers, various activities are performed by the firm to complete those orders. These activities are recurring in nature, and they are carried out each time a new order is received. So the Logistical Performance Cycle refers to a series of activities that start with receiving a customer.

It consists of three types. They are

- a. Procurement Performance Cycle
- b. Manufacturing Performance Cycle
- c. Physical Distribution Performance Cycle

#### i. Procurement Performance Cycle

◆ Inbound logistics

It is also referred to as inbound logistics or upstream logistics. This cycle consists of various pre-production logistical activities. It is concerned with the procurement of raw materials from the suppliers or vendors and making them available for further processing. The main goal of this cycle is to carry out logistics elements related to the procurement of raw materials at the lowest price. It forms the foundation of the logistical performance cycle.

#### Activities forming part of inbound logistics

It involves various activities such as

##### a. Resource Planning

It means planning the various physical and financial resources that the firm requires so as to procure the materials as required on time.

##### b. Supply Sourcing

It means the act of finding the right supplier from the list of suppliers from whom materials can be purchased.



### c. Order Placement

It is the step where a confirmation of order is given to the supplier who is finalised/ selected for sourcing the raw materials.

### d. Inbound Transportation

It means the transportation of raw materials from the supplier's location to the manufacturer's location. It is also called carriage inward.

### e. Receiving and Inspection

As and when the consignment reaches the manufacturer, these is received and inspected by the manufacturer. Inspection is carried out to verify that the received materials match exactly with the specifications of the order placed.

### f. Storage and Handling

Until the materials are processed, they need to be stored properly. Additionally, material handling techniques are employed to manage them efficiently.

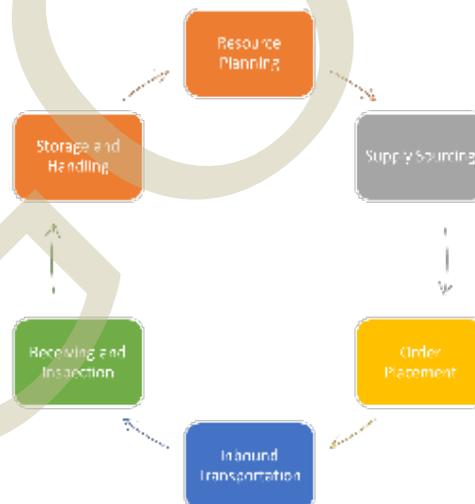


Fig. 1.4.1 Procurement Performance Cycle

### ii. Manufacturing Performance Cycle

It is also referred to as in-process logistics. It involves activities which are intended to support the manufacturing process. Though it is not directly concerned with how the manufacturing activities are carried out, it is certainly related to how efficiently the support activities are carried out to complete manufacturing. This cycle can be considered as an interface between the Procurement Performance Cycle and the Physical Distribution Performance Cycle. This cycle plays a pivotal role in meeting the production schedule.

◆ In-process logistics

### a. Receipt of Materials from Stores

Prior to the actual production, materials are kept in the storage area. When production is set to start, these materials are issued from the store to the shop floor for processing.

### b. Receiving Components

It includes the receipt of certain components, loose tools, and small equipment for the purpose of production.

### c. Conversion to Work in Progress

Production process results in the conversion of raw materials into work in progress or semi-finished goods.

### d. Transfer of Finished Goods

The Production process ends with the conversion of semi-finished goods into finished goods or a final saleable product. The batch of finished goods is then sent for packaging and distribution.

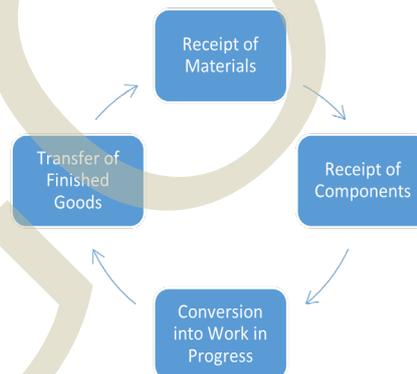


Fig. 1.4.2 Manufacturing Performance Cycle

### iii. Physical Distribution Performance Cycle

It is also referred to as Outbound Logistics, and it is considered the most important cycle under the logistical performance cycle. It includes all logistical elements which are necessary to distribute the goods from the manufacturer's warehouse to the customer. As all major logistical activities are covered in this cycle, it contributes to one of the major costs of logistics. It accounts for a significant portion of the total logistics cost since all major logistical activities are included in this cycle. It includes the following

◆ Outbound logistics

#### a. Placing of order

This cycle begins with the placement of an order by the customer, usually at a selected retail outlet.

## b. Transmission of Order

Once the customer's order is received at the retail outlet, it is further transmitted to the distribution centre without further delay, so that timely delivery can be made.

## c. Processing of Order

It is further processed after reaching the distribution centre.

## d. Order Selection

The availability of goods ordered is checked by the distribution centre, and based on this, goods from the warehouse are selected and packaged according to the customer's requirements and the goods are loaded in the transportation vehicle.

## e. Transportation

Using the right vehicle, goods are finally transported from the warehouse to the customer.

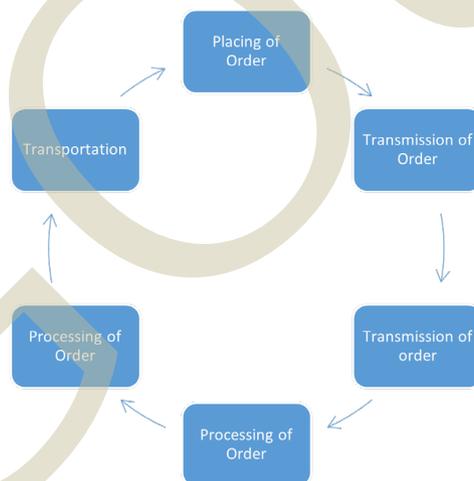


Fig. 1.4.3 Physical Distribution Performance Cycle

## Summarised Overview

Logistics refers to the entire process of planning and execution of the activities involved in the smooth and efficient movement and storage of goods from the point of their origin to the point of final consumption. Supply Chain Management (SCM) is a broader concept that manages the entire network of activities involved in producing and delivering a product or service. It includes the activities from the sourcing of raw material to the final delivery to the customer. Procurement and Inbound Logistics, Inventory Management, Warehousing and Storage, Transportation and Distribution, Order Processing and Fulfilment and Customer Service and Reverse Logistics are the Core Activities of Logistics. Whereas, Purchasing, Materials Handling, Packaging and Re-

verse Logistics are the Supporting Activities of Logistics. Integrated Logistics refers to the smooth coordination and management of all processes related to the transportation and storage of goods, starting from their origin and ending at the final point of delivery. It brings together various elements of the supply chain, such as transportation, warehousing, inventory control, and order handling, into a unified, efficient system. Operational Objectives of Integrated Logistics include minimising variances, ensuring rapid response, minimising inventory, movement consolidation and enhancement of quality. Organisational Silos, Lack of Information Sharing, Incompatible Technology Systems, Resistance to Change and Global Operations are some of the barriers in Integrated Logistics. Logistical Performance Cycle refers to the series of activities which starts from the receipt of orders from customers and ends with the final delivery of products to the customers. It consists of three types. The Procurement Performance Cycle, Manufacturing Performance Cycle, and Physical Distribution Performance Cycle are the three kinds of Logistics Performance Cycle.

## Self-Assessment Question

1. Explain the meaning and definition of logistics
2. What do you mean by integrated logistics?
3. Explain the operating objectives of integrated logistics
4. Explain the scope of logistics
5. What do you mean by internal integration?
6. Explain the core and support activities in logistics
7. Elucidate the concept of Logistics Performance Cycle
8. In what ways does logistics contribute to achieving a competitive advantage in today's global marketplace?

## Assignments

1. Discuss the scope of logistics in modern business operations
2. Describe the support activities and how they enhance logistical efficiency
3. Examine the logistics strategy of a company
4. Evaluate how various technologies used in logistics with suitable examples

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## Suggested Reading

1. Vinod V. S. (2009). *Logistics Management*, Pearson Education, 2nd edition
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### Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU



# 02 BLOCK

# Supply Chain Management and Social Marketing

## Block Content

- Unit - 1     Supply Chain Management
- Unit - 2     Measures of Supply Chain Performance
- Unit - 3     Social Marketing Concept
- Unit - 4     Social Marketing Environment

# Unit 1

## Supply Chain Management

### Learning Outcomes

After the completion of this unit, the learners will be able to:

- ◆ familiarise with the concept of Supply Chain Management
- ◆ explore the differences between service and manufacturing supply chains, focusing on how each operates and what resources they require
- ◆ comprehend types of flows in supply chains, like goods, information, and money, and how they help things run smoothly

### Background

The formal concept of Supply Chain Management (SCM) began in the early 1980s. However, its foundational activities like procurement, production planning, logistics, and inventory control had been integral to businesses for decades. The term "supply chain management" is widely credited to Keith Oliver, a consultant at Booz Allen Hamilton, who used it in a 1982 interview with *The Financial Times* to describe a new approach that integrated internal functions with external partners to improve the flow of materials and information across the entire value chain. Before this, businesses operated in silos, purchasing, manufacturing, distribution, and sales often working independently, leading to inefficiencies, miscommunication, and excess costs.

The genuine organisational embrace of SCM began when major corporations like Hewlett-Packard, Dell, and Toyota started applying integrated planning and coordination across departments and external partners. Through its Toyota Production System (TPS), Toyota demonstrated how synchronised supplier relationships and lean processes could drastically reduce waste and improve quality. In the U.S., companies like Wal-Mart pioneered centralised distribution, real-time data exchange, and vendor-managed inventory, showcasing SCM as a strategic tool rather than a cost centre. By the 1990s, Enterprise Resource Planning (ERP) systems emerged, allowing firms to coordinate demand forecasting, procurement, manufacturing, and delivery within a single digital platform, giving rise to what we now recognise as modern supply chain management.

This unit aims to study the evolution, meaning, and key features of Supply Chain Management, focusing on how it integrates material, information, and financial flows across service and manufacturing systems. It equips learners to understand the distinct dynamics of each type, apply analytical perspectives, and design efficient, responsive supply networks.

## Keywords

Supply Chain Management, Supply Chain Dynamics, Service and Manufacturing Supply Chains, Supply Chain Flows

## Discussion

### 2.1.1 Introduction

#### ◆ Supply Integration

In today's fiercely competitive global economy, the rapid turnover of products and rising consumer expectations have driven businesses to focus more on optimising their supply chains. A supply chain consists of interconnected processes that ensure the seamless transition of goods from raw materials to their final distribution. Continuous advancements in communication technologies have encouraged organisations to adopt innovative strategies for enhancing supply chain management.

#### ◆ Strategic Logistics

Supply chain management involves the strategic design, execution, and oversight of supply chain operations, including planning and control functions. Its primary goal is to maximise value creation, establish a strong competitive framework, optimise global logistics networks, align supply with demand, and assess performance on an international scale.

**Example:** India's automotive sector, exemplified by Maruti Suzuki, showcases effective supply chain management through an extensive tiered supplier network, just-in-time logistics, and robust digital integration. The company sources over 95% of its components domestically, utilising local resources to boost self-reliance. Maruti ensures seamless coordination across procurement, production, and delivery by employing ERP systems and real-time tracking. Its nationwide dealer distribution system, supported by regional warehouses, enables efficient vehicle delivery across urban and rural markets, demonstrating how global best practices are tailored to the Indian context.

◆ Holistic Distribution Management

## 2.1.2 The Evolution of Supply Chain Management

Supply Chain Management is the coordinated oversight of goods, services, and information as they move from raw material origin to final consumer delivery. It encompasses the movement and storage of raw materials, work-in-progress inventory, finished products, and the complete order fulfilment cycle. This includes transporting finished goods from manufacturers to warehouses and ultimately to consumers. While it may seem straightforward, managing this process requires significant workforce effort, particularly for businesses dealing with a vast array of products, numerous suppliers, multiple warehouses, and diverse retail operations.

As the number of business associates grows, supply chain management becomes increasingly complex. The rising challenges in coordination and efficiency have prompted companies to seek practical solutions, which now serve as the foundation for different phases in the evolution of supply chain management.

The evolution of supply chain management has progressed through five distinct stages, each reflecting significant advancements in the industry:

- ◆ **Stage 1** : Emerging in the early 1980s, this phase marked the initial development of supply chain strategies.
- ◆ **Stage 2** : By the late 1980s, companies began refining logistics and inventory management to improve efficiency.
- ◆ **Stage 3** : The early 1990s saw increased integration of supply chain processes, enabling better coordination across different functions.
- ◆ **Stage 4** : Advancements in technology during the late 1990s led to the automation and optimisation of supply chain operations.
- ◆ **Stage 5** : Digital transformation and globalisation have reshaped supply chains in the twenty-first century, emphasising adaptability and data-driven decision-making.

This progression highlights organisations' continuous improvements to enhance efficiency, responsiveness, and innovation in supply chain management.

### 2.1.2.1 Stages of Supply Chain Evolution

#### Stage 1 - Consolidation (Early 1980s)

##### ◆ Productivity Optimization Phase

During this phase, businesses prioritised product quality, with inventory turnover and production costs as key performance indicators. Smaller companies merged into larger entities to streamline operations, optimise inventory management, and implement cost-effective production strategies, leading to more structured and efficient business solutions.

#### Stage 2 – Integration (Late 1980s)

##### ◆ Capacity Expansion Phase

As businesses transitioned from product focus to output volume, production capacity and throughput became critical metrics. Companies that had achieved profitability in the previous stage realised that controlling production costs alone was insufficient. Instead, increasing the rate and volume of production became essential. By the end of this stage, firms had identified solutions to enhance productivity and efficiency.

#### Stage 3 – Market Value (Early 1990s)

##### ◆ Customer Focused Delivery

Organisations shifted their emphasis toward market-driven results, with product availability becoming a defining factor. Performance metrics are now centred on market share and order fulfilment rates. The challenge was no longer about producing more goods but ensuring timely delivery to target markets. Companies successfully addressed this issue, setting the stage for further growth.

#### Stage 4 – Brand Value (Late 1990s)

##### ◆ Value-Driven Focus

Businesses recognised that customer preferences played a crucial role in revenue generation. Consequently, strategies prioritised lead time, with performance metrics evolving to include customer satisfaction, value addition, and response time. Firms realised that products designed with customers' needs yielded higher sales, prompting a stronger focus on value-driven offerings.

#### Stage 5 – Automation (Twenty-first Century)

##### ◆ Automation Enabled Coordination

With knowledge and data becoming central to supply chain efficiency, real-time communication and business intelligence emerged as key performance metrics. As supply chain networks expanded, workforce coordination and information management became increasingly complex. Companies sought automation-driven solutions to enhance communication, streamline operations, and adapt to evolving business landscapes.

This structured evolution reflects the dynamic improvements in supply chain management, enabling businesses to optimise efficiency and remain competitive in a fast-changing market.

### 2.1.3 Meaning of Supply Chain Management

The primary goal of any organisation is to fulfil customer needs most effectively and satisfactorily. To achieve this, it must ensure a continuous and reliable production and distribution of goods and services in the market. This requires seamless coordination with key stakeholders such as suppliers and distributors, ensuring an efficient flow of products. To facilitate this, organisations must establish a well-structured supply chain that systematically gathers and organises resources, raw materials, and components for producing finished goods, guaranteeing timely delivery to customers.

◆ Structured Delivery System



Fig. 2.1.1 Supply chain management

Supply chain management (SCM) is an integrated approach to efficiently oversee the movement of information, materials, and services across different production stages. Its primary goal is to ensure the timely and effective delivery of products to the market.

◆ Streamlined Value Delivery

Supply chain management integrates key functions such as manufacturing, operations, procurement, transportation, and distribution. Its primary goal is to facilitate the timely delivery of products to customers by ensuring a well-coordinated movement of goods and related information. Streamlining order processing and enhancing after-sales services play a vital role in driving the profitable growth of organisations.

### 2.1.4 Definition of Supply Chain Management

The **American Production and Inventory Control Society (APICS)** defines supply chain in two distinct ways. First, it refers to the processes that connect supplier-user companies, spanning from raw material acquisition to the final consumption of the finished product. Second, it encompasses internal and external organisational functions that contribute to the value chain, enabling the production of goods and delivery of services to customers. The value chain consists of a series of activities designed

◆ Holistic Supply Framework

to enhance the value of end products. Additionally, several other well-recognised definitions exist for the concept of supply chain.

◆ Value Connectivity

**Stock and Lambert** describe the supply chain as a system that connects key business processes, linking end users with original suppliers to ensure the seamless flow of products, services, and information, creating value for customers and stakeholders.

◆ Networked Fulfillment

**Mohanty and Deshmukh** define the supply chain as an interconnected network of facilities and distribution channels that manage material procurement, convert raw materials into intermediate and finished products, and efficiently deliver these products to customers.

◆ Logistics Integration

According to Thomas and Griffin (1996), SCM involves managing the flow of materials and information within and across various facilities, including suppliers, manufacturing units, assembly plants, and distribution centres. This comprehensive process covers key functions such as inbound and outbound transportation, warehousing, inventory control, and other logistical operations.

### 2.1.5 Features of Supply Chain Management

Supply Chain Management (SCM) is a crucial aspect of modern business operations, ensuring the efficient movement of goods, services, and information from suppliers to end consumers. Below is a detailed explanation of its key features:

#### 1. Integration of Processes

◆ Consolidation of processes

To ensure a seamless workflow, SCM combines multiple business functions, including procurement, production, logistics, and distribution. By integrating these processes, organisations can reduce inefficiencies, enhance coordination, and improve overall performance.

#### 2. Efficient Resource Management

◆ Better utilisation of resources

SCM optimises the use of resources such as raw materials, labour, and energy. By minimising waste and streamlining production schedules, companies can reduce costs while maintaining quality and productivity.

#### 3. Collaboration with Stakeholders

◆ Cooperation with stakeholders

A strong supply chain requires collaboration between suppliers, manufacturers, distributors, and retailers. Effective communication and coordination help organisations prevent delays, improve responsiveness, and strengthen long-term partnerships with key stakeholders.

◆ Examination of various factors

#### 4. Demand Forecasting and Planning

SCM involves analysing market trends and consumer behaviours to predict demand accurately. Businesses use data analytics and forecasting tools to align production levels with customer expectations, preventing stock shortages or excess inventory.

◆ Handling inventory

#### 5. Inventory Optimisation

Managing inventory efficiently is essential for avoiding overstocking or shortages. SCM utilises strategies like Just-in-Time (JIT) inventory management, automated tracking systems, and strategic warehousing to maintain the right balance of stock levels.

◆ Technology adoption

#### 6. Technology Utilisation

Advancements in technology, including Artificial Intelligence (AI), Machine Learning (ML), and Internet of Things (IoT), have transformed SCM. Companies now use automation, real-time tracking, and data analytics to enhance decision-making, reduce errors, and improve operational efficiency.

◆ Collaborative Efficient Sustainability

#### 7. Logistics and Distribution Efficiency

The transportation of goods plays a pivotal role in supply chain operations. Efficient logistics management ensures timely deliveries, cost-effective distribution channels, and strategic placement of warehouses to minimise transit time.

◆ Minimise risk

#### 8. Risk Management

SCM identifies and proactively manages potential disruptions such as supplier failures, geopolitical conflicts, and natural disasters. Companies implement contingency plans, diversify suppliers, and use predictive analytics to mitigate risks and ensure business continuity.

◆ Customer oriented

#### 9. Customer-Centric Approach

An effectively managed supply chain prioritises customer satisfaction through reliable service and timely product availability. By ensuring the availability of products, reducing delivery times, and providing excellent after-sales services, companies can build stronger relationships with customers and gain a competitive advantage.

◆ Environment friendly

#### 10. Sustainability and Ethical Practices

Modern SCM emphasises eco-friendly practices, such as reducing carbon emissions, utilising recyclable materials, and im-



plementing ethical sourcing policies. Sustainable supply chains help protect the environment and improve brand reputation and compliance with regulations.

### 2.1.6 Objectives of Supply Chain Management

Supply Chain Management (SCM) is implemented in organisations to foster positive relationships among all stakeholders in the supply chain network. The core aim of SCM is to ensure the seamless movement of goods and services while maximising customer satisfaction.

- a. **Enhancing Customer Value:** The primary objective of any organisation is to ensure customer satisfaction for sustained success. SCM contributes to this by designing a customer-centric service strategy that aligns with market demands, leading to repeated business and long-term loyalty.
- b. **Improving Organisational Adaptability:** Businesses must frequently adjust to evolving market conditions, including technological advancements and regulatory changes. A well-structured SCM system enables organisations to respond to these shifts swiftly, maintaining operational efficiency.
- c. **Mitigating Business Risks:** Companies often face unexpected disruptions such as natural calamities, labour strikes, supplier failures, and adverse weather conditions. These events can hinder product availability and market supply, potentially leading to significant setbacks. A robust SCM framework helps mitigate such risks by incorporating contingency plans and alternative sourcing strategies.
- d. **Enhancing Cost Efficiency:** SCM is critical in reducing overhead expenses, including inventory holding costs, labour expenditures, and freight charges. Organisations implement cost-saving strategies through competitive bidding processes, supplier contracts, and optimal resource utilisation, ensuring operational efficiency.

♦ Strategic Enablement

### 2.1.7 Importance of Supply Chain Management

Supply Chain Management (SCM) is vital for an organisation's success, as it enhances operational efficiency and maximises customer satisfaction. Additionally, SCM provides a competitive advantage by ensuring the smooth movement of goods and services within the market. Below are the key reasons why SCM is essential:

**Reduces Inventory Costs:** Proper inventory management within SCM helps organisations minimise storage and holding expenses.

**Facilitates Information Flow:** SCM ensures effective communication and data sharing among stakeholders in the supply chain network.

**Enhances Customer Satisfaction:** By ensuring the timely delivery of products, SCM plays a crucial role in meeting customer expectations.

◆ Streamlined Performance Advantage

**Strengthens Stakeholder Relationships:** Collaboration within the supply chain fosters trust and cooperation among suppliers, manufacturers, and distributors.

**Improves Profitability:** Optimising operational efficiency through SCM helps organisations boost financial performance.

**Identifies and Resolves Disruptions:** SCM provides tools and techniques to detect potential issues early and implement solutions to prevent supply chain interruptions.

## 2.1.8 Supply Chain Dynamics

◆ Operational Flow Volatility

Supply chain dynamics refer to the continuous and interconnected movements within a supply chain system, including demand variability, supply disruptions, inventory fluctuations, transportation delays, and external market influences. Various factors shape these dynamics, including customer behaviour, economic conditions, technological advancements, and geopolitical events. Businesses must actively monitor and manage these variables to maintain operational stability, reduce inefficiencies, and ensure the uninterrupted flow of goods and services.

### a. Demand variability

◆ Fluctuating Demand Challenges

A key component of supply chain dynamics is demand variability, where unpredictable shifts in customer demand pose difficulties for managing production and inventory. Factors such as seasonal buying patterns, sudden market changes, or economic slowdowns can significantly influence demand. For example, demand for consumer electronics typically rises during festive periods, leading firms to scale up production. In contrast, unforeseen drops in demand, like those during a financial crisis, may result in excess inventory and financial setbacks. Companies rely on accurate demand forecasting and flexible strategic responses to navigate these fluctuations.

## b. Supplier Reliability and Disruptions

Supplier reliability and potential disruptions are crucial in shaping supply chain dynamics. Organisations depend on a network of suppliers to provide essential materials and components, and any disturbance, whether due to delays, quality concerns, or financial instability, can significantly disrupt production timelines. A notable example is the global semiconductor shortage, which hindered industries such as automotive and electronics manufacturing, causing postponed product releases and financial setbacks. To strengthen supply chain resilience, companies mitigate these risks by broadening their supplier network, cultivating strategic alliances, and preparing robust contingency measures.

◆ Supplier Disruption Risk

## c. Logistics and Transportation Efficiency

Logistics and transportation efficiency are vital for ensuring supply chain continuity. Unanticipated disruptions such as extreme weather, labour unrest, or fuel shortages can impede the timely delivery of goods. Leading firms like Amazon employ sophisticated logistics systems, predictive analytics, and streamlined warehouse operations to overcome these challenges to enhance delivery performance and alleviate bottlenecks. Integrating real-time tracking and automation further strengthens coordination across transportation networks, helping minimise delays and maintain service reliability.

◆ Transport Resilience Strategy

Organisations must adopt strategic measures such as digital transformation, automation, and forward-looking risk mitigation to manage the complexities of supply chain dynamics effectively. Integrating artificial intelligence (AI) and machine learning (ML) into supply chain operations facilitates predictive analytics for managing inventory, forecasting demand, and overseeing supplier performance. By adapting to shifting supply chain conditions, businesses can achieve greater operational efficiency, reduce costs, and enhance customer satisfaction, ultimately securing a competitive advantage in an increasingly unpredictable global environment.

◆ Intelligent Supply Adaptation

**Example:** Amul, the dairy cooperative, manages a vast and complex supply chain that begins with milk collection from millions of rural farmers across India. The company dynamically adjusts procurement volumes based on seasonal fluctuations in milk production and consumer demand, especially during festivals when dairy consumption spikes. It uses a decentralised chilling and processing network to maintain freshness, while its logistics system adapts to regional weather disruptions and transportation bottlenecks. By integrating real-time data from procurement,

production, and distribution, Amul ensures consistent product availability across urban and rural markets, demonstrating agility, resilience, and responsiveness in a highly variable supply environment.

### 2.1.8.1 Objective of Supply Chain Dynamics

The objective of supply chain dynamics is to effectively manage and respond to the continuous changes and interdependencies within the supply chain to:

◆ Maximise overall value

- ◆ **Ensure flow continuity:** maintaining the smooth movement of goods, information, and finances despite variability.
- ◆ **Enhance responsiveness:** adapting quickly to demand shifts, supply disruptions, and market fluctuations.
- ◆ **Optimise performance:** improving efficiency, reducing costs, and minimising delays across the network.
- ◆ **Strengthen resilience:** building flexibility and contingency into operations to withstand external shocks.

### 2.1.8.2 Importance of Supply Chain Dynamics

Supply chain dynamics are crucial because they determine how well a supply chain can respond to real-world variability and complexity. Their importance lies in the following:

◆ Cost reduction by minimising waste and improving efficiency

- ◆ **Operational Agility:** They help businesses adapt quickly to demand shifts, supply disruptions, and market volatility.
- ◆ **Risk Mitigation:** Understanding dynamics enables proactive strategies to handle uncertainties like supplier failures or transportation delays.
- ◆ **Cost Efficiency:** By managing fluctuations in inventory, production, and logistics, companies can reduce waste and optimise resources.
- ◆ **Customer Satisfaction:** Timely and flexible responses to changing needs ensure consistent service and product availability.
- ◆ **Strategic Decision-Making:** Insights into dynamic behaviour support better forecasting, planning, and investment decisions.

## 2.1.9 Service and Manufacturing Supply Chain Dynamics

Supply chain dynamics vary significantly between service-oriented industries and manufacturing sectors due to differences in how products and services are created, stored, and delivered. While both require efficient management of resources, logistics, and stakeholder collaboration, their underlying structures differ in complexity, operational processes, and demand fluctuations.

### 2.1.9.1 Manufacturing Supply Chain Dynamics

◆ Integrated Manufacturing Logistics

The supply chain in manufacturing focuses on the procurement of raw materials, production processes, warehousing, and distribution of finished goods. Companies manage production schedules to align with market demand while optimising inventory levels to prevent both shortages and excess stock. A well-coordinated supply chain ensures raw materials are sourced efficiently, production remains uninterrupted, and logistics facilitate timely customer deliveries. For instance, in the automotive industry, manufacturers must source multiple components such as steel, microchips, and electronic parts from suppliers worldwide. Any disruption in supply, such as a delay in semiconductor production, can halt assembly lines and impact vehicle deliveries. Manufacturers use demand forecasting, supplier diversification, and real-time inventory tracking to manage these risks and ensure smooth operations.

**Example:** Tata Motors is one of the country's largest automotive manufacturers. Tata Motors manages a highly complex supply chain involving thousands of suppliers and multiple production plants. During the global semiconductor shortage, the company faced significant disruptions in its vehicle production schedules. Tata Motors dynamically adjusted its procurement strategy by diversifying supplier sources, prioritising high-demand vehicle models, and leveraging predictive analytics to forecast component availability. Additionally, it enhanced coordination between its manufacturing units and logistics partners to minimise downtime and maintain delivery commitments, demonstrating agility, resilience, and strategic foresight in navigating volatile supply chain conditions.

### 2.1.9.2 Service Supply Chain Dynamics

Unlike manufacturing supply chains that handle physical products, service-based supply chains coordinate human resources, technology, and infrastructure to deliver services efficiently. The primary focus is on managing service capacity, customer

◆ Dynamic Service Coordination

interactions, and information flow to maintain quality and responsiveness. Since services are intangible and cannot be stored, companies must dynamically adjust their workforce, resource allocation, and scheduling to match demand fluctuations. For instance, in healthcare, hospitals rely on a service supply chain that includes medical professionals, pharmaceutical suppliers, and patient management systems. Increased patient inflow, such as during a health crisis, requires hospitals to reallocate staff, secure medical supplies, and enhance digital systems for efficient patient care. Effective service supply chain management ensures timely medical assistance and optimal resource utilisation.

**Example:** TVS Supply Chain Solutions, a part of the TVS Group, exemplifies service supply chain dynamics through its integrated logistics and end-to-end supply chain services across India and globally. The company manages over 300 warehouses across five continents and serves the automotive, defence, telecom, and healthcare sectors. Its service supply chain is characterised by real-time inventory visibility, predictive analytics for demand forecasting, and reverse logistics for returns and repairs. For instance, in the automotive sector, TVS ensures the timely delivery of spare parts to service centres, manages vendor relationships, and uses IoT-enabled tracking to optimise last-mile delivery. Their ability to offer value-added services like kitting, packaging, and just-in-time delivery showcases how service supply chains can be agile, tech-driven, and customer-centric in the Indian business landscape.

### 2.1.9.1 Key Differences Between Manufacturing and Service Supply Chains

While manufacturing supply chains prioritise material procurement, production efficiency, and inventory management, service supply chains emphasise responsiveness, service delivery optimisation, and workforce scheduling. Manufacturing supply chains have tangible goods that can be stored, while service supply chains rely on real-time operations, requiring flexibility and agility in resource allocation.

#### a. Challenges in Supply Chain Dynamics

Both supply chains face challenges such as demand uncertainty, supplier reliability, logistical disruptions, and technological advancements. Manufacturing industries may struggle with production delays due to supply chain bottlenecks, while service sectors may face workforce shortages or customer service inefficiencies. Organisations must implement robust strategies, such as digital automation, AI-driven forecasting, and collaborative

◆ Robust Supply Strategies



partnerships, to mitigate risks and enhance supply chain resilience.

## b. The Future of Supply Chain Management

Advancements in artificial intelligence, blockchain technology, and data analytics are transforming supply chain management across both sectors. Businesses are integrating real-time tracking systems, predictive analytics, and automation to enhance efficiency, minimise disruptions, and improve customer experiences. Managing supply chain dynamics effectively will be critical for sustaining competitiveness and operational success as industries evolve.

◆ Intelligent Supply Evolution

### 2.1.10 Multiple views and flows in Supply Chain Dynamics

Supply chain dynamics can be understood through multiple perspectives and flows, encompassing various interconnected processes that influence efficiency, responsiveness, and coordination across business networks. The primary views of supply chain dynamics include strategic, operational, technological, and financial perspectives, while the key flows involve material, information, financial, and relationship flows that ensure smooth operations.

#### 1. Strategic View

From a strategic standpoint, supply chain dynamics focus on long-term planning, resilience, and competitive advantage. Organisations must anticipate market shifts, evaluate risks, and integrate sustainable practices to adapt to changing demands. Strategic decisions include selecting suppliers, optimising logistics networks, and implementing digital transformation initiatives.

◆ Long-Term Supply Strategy

**Example:** Apple Inc. exemplifies strategic supply chain dynamics by diversifying its supplier base across multiple countries to mitigate geopolitical risks and ensure continuity. The company invests heavily in digital transformation, using AI and machine learning for demand forecasting and inventory optimisation. Additionally, Apple integrates sustainability into its long-term strategy by committing to carbon-neutral operations and encouraging suppliers to adopt green practices.

#### 2. Operational View

The operational aspect emphasises day-to-day processes such as inventory management, procurement, production scheduling, and distribution. Companies must ensure the seamless flow of

◆ Daily Process Optimization

goods and services, minimising bottlenecks and disruptions. Efficient coordination among suppliers, manufacturers, and distributors leads to cost optimisation and timely deliveries.

**Example:** Toyota exemplifies operational supply chain excellence through its renowned **Just-In-Time (JIT)** manufacturing system, which minimises inventory holding costs while ensuring parts arrive exactly when needed. The company coordinates closely with a vast network of suppliers and logistics partners to streamline procurement, production scheduling, and distribution across global markets. This tight synchronisation enables Toyota to reduce waste, respond quickly to demand fluctuations, and maintain high efficiency and product quality levels.

### 3. Technological View

◆ Digital Supply Intelligence

The technological perspective highlights the role of digital solutions such as AI, blockchain, IoT, and automation in improving supply chain efficiency. Real-time data tracking, predictive analytics, and automated logistics help organisations enhance decision-making, reduce errors, and improve transparency across the supply chain.

**Example:** IBM leverages cutting-edge technologies like AI, blockchain, and IoT to transform its global supply chain into a highly responsive and transparent network. Through its Watson Supply Chain platform, IBM uses real-time data and predictive analytics to anticipate disruptions, optimise inventory, and automate logistics decisions. Blockchain integration enhances traceability and trust across suppliers and partners, ensuring end-to-end visibility and reducing errors in procurement and distribution.

### 4. Financial View

◆ Cost-Driven Efficiency

Supply chain dynamics also impact financial performance, as cost control and revenue optimisation depend on effective supply chain strategies. Managing procurement costs, transportation expenses, and inventory investments ensures profitability. Additionally, financial flows include transactions between stakeholders, payment processing, and investment in infrastructure.

**Example:** Unilever strategically manages its financial supply chain by optimising procurement costs through global sourcing and long-term supplier contracts, which help stabilise input prices. The company uses advanced analytics to balance inventory investments and reduce working capital, improving cash flow and profitability. Additionally, Unilever employs supply chain finance programs like reverse factoring to ensure timely payments

to suppliers while extending payment terms, creating a win-win for financial efficiency and stakeholder trust.

### 2.1.10.1 Key Supply Chain Flows

#### ◆ Integrated Flow Management

- ◆ **Material Flow:** Covers the movement of raw materials, components, and finished goods from suppliers to manufacturers and eventually customers.
- ◆ **Information Flow:** Ensures data exchange between stakeholders, including demand forecasts, inventory updates, and logistics tracking for operational efficiency.
- ◆ **Financial Flow:** Involves monetary transactions such as payments to suppliers, revenue collection from customers, and investment in supply chain improvements.
- ◆ **Relationship Flow:** Focuses on collaboration and trust among supply chain participants, fostering long-term partnerships and effective communication.

Understanding supply chain dynamics through multiple views and flows enables businesses to build resilient, adaptable, and efficient networks, helping them navigate uncertainties and drive sustainable growth.

**Example:** Amazon demonstrates all four key supply chain flows in a highly integrated and dynamic system. For **Material Flow**, it manages the movement of goods from global suppliers to fulfilment centres and finally to customers through a vast logistics network. For the **Information Flow**, its Real-time data on inventory, order tracking, and customer preferences is shared across its ecosystem using advanced analytics and cloud computing. For the **Financial Flow**, Amazon handles complex financial transactions, including supplier payments, customer billing, and reinvestment in infrastructure like robotics and delivery drones. Finally, the Relationship Flow fosters strong partnerships with third-party sellers, logistics providers, and technology partners, ensuring collaboration and long-term value creation.

### 2.1.11 Service Supply Chains

#### ◆ Real-Time Service flow

Service supply chains refer to the interconnected processes of delivering intangible services to customers. Unlike manufacturing supply chains that handle physical goods, service chains focus on managing human resources, technology, information, and infrastructure. They require real-time coordination to ensure efficient service delivery and customer satisfaction. Because services cannot be stored or inventoried, businesses must optimise

scheduling, workforce management, and operational processes to meet demand fluctuations.

#### a. Human Resources and Expertise

A key characteristic of service supply chains is the reliance on human resources and expertise rather than raw materials. Industries such as healthcare, finance, and education rely heavily on skilled professionals to provide high-quality services. For example, hospitals must coordinate doctors, nurses, diagnostic equipment, and pharmaceutical supplies to offer patient care. A shortage of medical personnel or an unexpected patient surge can lead to inefficiencies, requiring flexible staffing and resource allocation strategies.

◆ Skilled Workforce Coordination

#### b. Technology and digital integration

It plays a crucial role in modern service supply chains. Businesses in sectors like e-commerce, banking, and telecommunications leverage AI-driven automation, customer management software, and data analytics to optimise service delivery. For instance, online retailers ensure smooth transactions by integrating inventory tracking, automated chat support, and real-time delivery updates. These digital tools improve service accuracy, reduce wait times, and enhance customer engagement.

◆ Digital Service Optimization

#### c. Logistics and coordination

They are essential for efficient service supply chains, particularly in transportation, hospitality, and food delivery industries. Companies must ensure proper scheduling, timely execution, and effective team communication. For example, airlines manage flight scheduling, crew assignments, ticketing, and baggage handling to maintain smooth operations. Delays in one area can create ripple effects, requiring contingency plans to maintain efficiency and minimise disruptions.

◆ Coordinated Service Execution

#### iv. Customer Satisfaction and Adaptability

It remains at the core of service supply chains. Businesses must continuously refine their processes to accommodate changing consumer expectations, regulatory requirements, and market trends. Effective service supply chain management ensures seamless operations, quick responsiveness, and improved customer experience. Companies that invest in predictive analytics, workforce training, and service innovation gain a competitive edge, making their supply chains more resilient and adaptable to evolving demands.

◆ Adaptive Customer Focus

**Example:** Accenture, a global professional services company, operates a complex supply chain that delivers consulting, technology, and outsourcing services to clients worldwide. It manages the flow of expertise and digital solutions by aligning the right talent, tools, and platforms to client needs in real time, often across borders and time zones. Accenture ensures seamless service delivery, scalability, and continuous innovation in its global operations through cloud-based collaboration, AI-driven project management, and strategic partnerships.

## 2.1.12 Manufacturing Supply Chains

Manufacturing supply chains refer to the systematic flow of raw materials, components, and finished products across various production stages, ensuring efficient manufacturing and timely delivery. Unlike service supply chains, which focus on intangible offerings, manufacturing supply chains revolve around physical goods, requiring meticulous coordination between suppliers, manufacturers, logistics providers, and distributors. Businesses must manage procurement, production schedules, inventory storage, and transportation logistics to minimise costs and optimise efficiency.

◆ Physical Goods Coordination

### a. Raw Material Procurement

A fundamental aspect of manufacturing supply chains is raw material procurement, where companies source essential materials such as metals, plastics, electronics, or textiles from suppliers worldwide. Supplier reliability and cost fluctuations impact production outcomes, making supplier selection and relationship management critical. For example, automobile manufacturers depend on global suppliers for components like microchips, steel, and tires. Any disruption, such as a shortage of semiconductor chips, can halt production lines, necessitating alternative sourcing strategies.

◆ Strategic Material Sourcing

### b. Production Management

It plays a vital role in efficiently transforming materials into finished goods. To optimise workflows, factories employ advanced technologies, automation, and lean manufacturing principles. Process efficiency, quality control, and waste reduction are key considerations. For instance, a smartphone manufacturer must synchronise assembly lines, manage component integration, and implement rigorous testing to meet demand and maintain quality standards.

◆ Efficient Process Execution

◆ Streamlined Goods Movement

### c. Inventory and Logistics Management

They are crucial in ensuring the smooth transition of goods from production facilities to distribution centres and retailers. Warehousing, packaging, and transportation must be strategically planned to minimise costs while ensuring timely deliveries. Many manufacturers use Just-in-Time (JIT) inventory systems to reduce storage costs by minimising on-hand inventory and producing goods in response to real-time demand forecasts. A well-managed logistics network ensures that products reach markets without excessive delays.

◆ Resilient Operational Strategy

### d. Supply Chain Optimisation and Risk Management

It helps manufacturers navigate demand fluctuations, geopolitical uncertainties, and environmental risks. Businesses implement predictive analytics, digital tracking systems, and contingency plans to enhance resilience. Companies that proactively manage these supply chain dynamics gain a competitive edge, ensuring uninterrupted operations and sustained profitability. Efficient manufacturing supply chains contribute to economic growth by maintaining industry stability and responsiveness.

**Example:** Nike operates a highly efficient manufacturing supply chain across multiple continents, sourcing raw materials and producing goods through a network of contract manufacturers. It uses advanced demand forecasting, lean manufacturing principles, and real-time inventory tracking to ensure the timely production and delivery of its athletic apparel and footwear. By integrating digital tools and sustainability initiatives, Nike enhances visibility, reduces waste, and maintains agility in responding to global market demands.

## Summarised Overview

Supply Chain Management (SCM) encompasses the strategic and operational coordination of activities involved in the flow of goods, services, and information from origin to end customer. Its evolution reflects a shift from cost-focused manufacturing systems to value-driven, integrated networks prioritising responsiveness, agility, and customer satisfaction. SCM is the end-to-end oversight of procurement, production, logistics, and distribution to enhance efficiency and competitiveness. Key features include cross-functional integration, information transparency, and performance alignment. The dynamics between service and manufacturing supply chains differ in tangibility, inventory management, and customer interaction, yet both require robust planning and execution. SCM also includes multiple views and flows of physical, information, and financial data that must be synchronised. Understanding the nuances of service versus manufacturing supply chains helps organisations tailor strategies that drive value in sector-specific contexts.

## Self-Assessment Question

1. What are the key milestones in the evolution of Supply Chain Management (SCM)?
2. Define Supply Chain Management in your own words and explain its primary purpose.
3. List and briefly describe at least four core features of an effective supply chain.
4. Compare the supply chain dynamics of service industries and manufacturing industries.
5. What are the different types of flows in a supply chain, and how do they interact?
6. How do multiple views of a supply chain, such as strategic, operational, and technological, shape supply chain decisions?
7. What challenges are typically associated with managing service supply chains compared to manufacturing ones?

## Assignments

1. How does the evolution of Supply Chain Management reflect the changing priorities of businesses in response to global competition and technological advancements?
2. How can a company operating both manufacturing and service functions, such as an automotive firm with production and after-sales service, synchronise supply chain decisions to manage raw material delays, real-time customer demand, and workforce availability while maintaining operational efficiency across physical and intangible resources?
3. How do multiple strategic, operational, technological, and financial views interact within a modern supply chain to influence decision-making and value creation?
4. To what extent can integrated flows (physical, information, financial) be optimised simultaneously, and what trade-offs might organisations face when prioritising one over the others?
5. How can a company optimise its production schedules, supplier coordination, and inventory management while simultaneously improving after-sales service delivery, including spare parts availability and technician scheduling, to ensure a seamless customer experience across both manufacturing and service supply chain channels?

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## Suggested Reading

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## Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU

## Unit 2

# Measures of Supply Chain Performance

## Learning Outcomes

Upon the completion of this unit, the learner will be able to:

- ◆ apply performance metrics for evaluating the efficiency and responsiveness of supply chain operations
- ◆ analyse the bullwhip effect, its root causes, and strategies to minimise its impact across supply networks
- ◆ explore how strategic focus influences supply chain structure, particularly in lean systems
- ◆ examine mass customisation principles and how supply chains can be adapted for flexibility and customer-centric production
- ◆ evaluate the advantages and challenges of outsourcing, offshoring, and virtual supply chains in global operations

## Background

During the mid-20th century, supply chains were predominantly local and linear, centred around production efficiency and cost minimisation. Performance metrics began to take root in the 1960s with the rise of operations management, emphasising lead times, inventory levels, and order fulfilment. Although the symptoms of the bullwhip effect were observed earlier, the term was popularised in the 1990s by Hau Lee and colleagues through formal academic work. However, its symptoms, demand amplification and inefficiencies, had long been observed in manufacturing and retail chains.

As globalisation intensified in the 1980s and 1990s, firms shifted towards strategic supply chain alignment, balancing cost, quality, speed, and flexibility. The emergence of lean manufacturing, popularised by the Toyota Production System, revolutionised supply chain thinking by minimising waste and optimising flow. Simultaneously, mass customisation gained ground with advances in modular product design and postponement strategies, enabling firms to meet diverse customer demands without sacrificing efficiency. The late 1990s and early 2000s marked a turning point with the digital revolution. This era saw the rise of outsourcing and offshoring as firms pursued global

cost advantages, leading to complex, dispersed supply networks. Concurrently, virtual supply chains emerged, enabled by information technologies that allowed companies to coordinate, monitor, and optimise supply activities without owning physical assets. These developments set the stage for today's highly interconnected, tech-enabled global supply ecosystems.

This unit explores key concepts and strategies that drive modern supply chain performance. It highlights how organisations can optimise efficiency, responsiveness, and flexibility through tools such as lean systems, mass customisation, outsourcing, virtual integration, and strategic alignment. It also addresses how to manage the bullwhip effect effectively.

## Keywords

Supply Chain Performance Measures, Bullwhip Effect, Mass Customisation, Lean Supply Chain, Outsourcing and Offshoring, Virtual Supply Chain

## Discussion

### 2.2.1 Supply Chain Performance Measures

- ◆ Supply Chain Evaluation

Supply chain performance measures are tools and metrics used to evaluate how effectively and efficiently a supply chain operates. They help organisations assess the flow of goods, information, and finances across the supply network from suppliers to end customers. These measures provide insight into cost control, service quality, responsiveness, and supply chain health.

Supply chain performance measures are quantifiable indicators used to assess the efficiency, effectiveness, and responsiveness of supply chain activities across multiple functions and organisations. They evaluate how well the supply chain meets strategic goals such as customer satisfaction, cost reduction, timely delivery, inventory optimisation, and adaptability to market changes.

**Example:** Reliance Retail offers a strong example of how supply chain performance measures are applied to enhance operational efficiency and customer satisfaction. As one of India's largest retail chains, Reliance manages a vast network of suppliers, warehouses, and retail outlets nationwide. To ensure smooth operations, the company tracks key performance indicators such as inventory turnover ratio, on-time delivery rate, order fulfil-

ment accuracy, and logistics cost per unit. These metrics help the company monitor product movement, control costs, and ensure timely replenishment of goods, especially during high-demand periods like festive seasons. By leveraging real-time data analytics and automated warehouse systems, Reliance Retail effectively evaluates and improves its supply chain performance, demonstrating the critical role of these measures in managing complex supply networks in India.

## 2.2.2 The Bullwhip Effect in Supply Chains

The Bullwhip Effect refers to a supply chain distortion where small changes in consumer demand cause progressively larger fluctuations in orders upstream. Initially observed at Procter & Gamble, this phenomenon led to exaggerated order variability, especially among suppliers, resulting in inefficiencies such as excess stock, shortages, longer lead times, and higher costs. Coined by Dr. Hau Lee, the term likens the amplification to a bullwhip's motion, where a minor flick triggers significant reactions. These distortions stem not from actual demand shifts but from factors like forecasting inaccuracies, bulk ordering, price volatility, and poor coordination. Effective mitigation involves enhancing data transparency, shortening lead times, and harmonising partner incentives to stabilise the supply chain.

◆ Demand Amplification Distortion

◆ Supply Chain Simulation

Developed at MIT's Sloan School in the 1960s, the Beer Game is a supply chain simulation that illustrates how the Bullwhip Effect unfolds. It follows a retail-driven demand spike for Lover's Beer, leading to batch ordering, stock rationing by distributors, and ultimately larger orders placed on the brewery. Unable to immediately scale up, the brewery increases production capacity, triggering panic buying. As supply catches up, demand abruptly drops, causing inventory surpluses and financial losses across the supply chain. The game highlights the consequences of poor coordination, delayed response, and reactive behaviours, emphasising the need for alignment and information sharing to mitigate volatility.

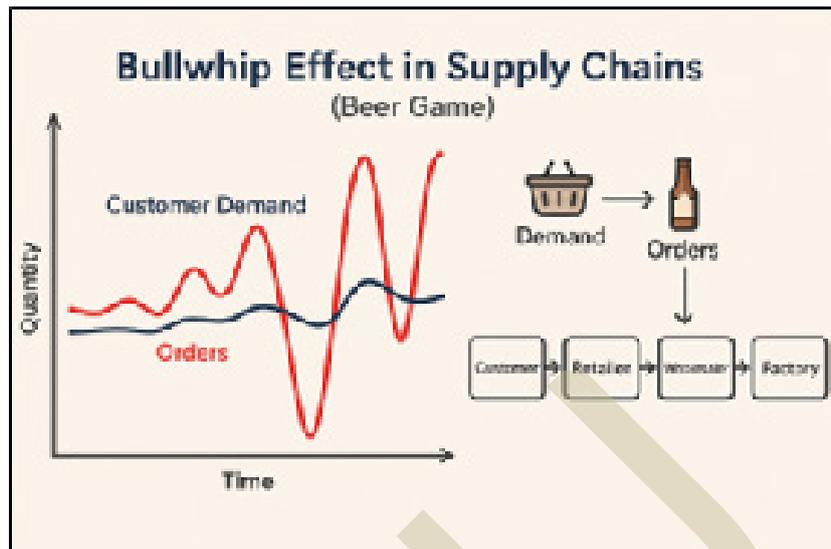


Fig. 2.2.1 Bullwhip effect in supply chain

### i. Product Demand Distortion

The bullwhip effect refers to the escalating distortion of product demand as it moves upstream in the supply chain, from customer to retailer, distributor, and manufacturer. This distortion causes exaggerated fluctuations in order volumes compared to actual demand. This leads distributors to hold surplus inventory to manage unpredictability, driving up transportation and labour costs due to the need for excess capacity during peak periods. Retailers struggle with stock availability and extended replenishment lead times, while during demand surges, insufficient inventory and capacity result in product rationing, delayed order cycles, and lost sales.

◆ Upstream Demand Volatility

### ii. Coordination in the Supply Chain

Research into the bullwhip effect reveals five core contributors: demand forecasting, order batching, product rationing, pricing strategies, and performance incentives, collectively intensifying demand fluctuations across the supply chain. These factors often combine differently depending on the supply network, but they amplify variability and disrupt operational efficiency. To ensure smooth coordination, it is essential to identify and manage these influences effectively.

◆ Variability Amplification Drivers

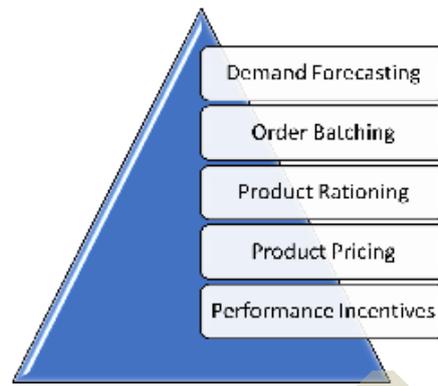


Fig. 2.2.2 Core contributors in coordination of supply chain management

### a. Demand Forecasting

Demand forecasting based solely on incoming orders rather than actual customer demand becomes increasingly inaccurate as it moves upstream in the supply chain, fuelling the bullwhip effect. Companies detached from end users often misinterpret fluctuating orders as actual demand, distorting forecasts and amplifying volatility when passed to suppliers. A practical solution is sharing consistent, real-time demand data, ideally, point-of-sale (POS) information, from retailers or end users across all supply chain partners. This alignment helps every participant respond to genuine market signals and reduce inefficiencies caused by distorted forecasts.

◆ Forecasting Accuracy Improvement

### b. Order Batching

Order batching happens when companies place infrequent, large orders to minimise processing and transportation costs, often guided by Economic Order Quantity (EOQ). This practice causes order volumes to deviate from actual demand, amplifying variability up the supply chain. To reduce this distortion, firms can lower ordering and shipping expenses, leading to smaller, more frequent orders and a steadier order flow. Solutions include adopting electronic ordering systems and leveraging third-party logistics providers to manage small, distributed shipments efficiently.

◆ Batching-Induced Variability

### c. Product Rationing

When manufacturers cannot meet demand, they often ration products by filling a fixed percentage of each order, say 70% and backordering the rest. This prompts distributors and retailers to inflate their orders in hopes of receiving more stock, a behaviour known as "shortage gaming," which exaggerates actual demand. To counter this, manufacturers can use historical order data rather than current inflated orders to guide allocations. Additionally, advanced communication about expected shortages helps reduce panic buying and mitigates the incentive to game the system.

◆ Shortage Gaming Distortion

#### d. Product Pricing

##### ◆ Price-Driven Demand Fluctuations

Frequent changes in product pricing, especially promotional discounts, can lead to distorted demand, with customers buying in larger quantities or earlier than needed (forward buying), followed by sudden drops in demand. These fluctuations disrupt the smooth flow of goods across the supply chain. A standard solution is adopting an "everyday low pricing" strategy, encouraging customers to purchase based on actual need rather than price timing, resulting in steadier demand and improved forecasting accuracy.

#### e. Performance Incentives

##### ◆ Incentive Misalignment Impact

Performance incentives in supply chains often differ across companies and individuals, leading to fragmented decision-making. Sales teams may push products near month-end to meet quotas, regardless of actual demand, while managers may pursue cost reductions that conflict with broader supply chain goals. Such misaligned incentives disrupt efficiency and inflate demand artificially. Addressing this challenge involves using activity-based costing (ABC) to assess the actual impact of these behaviours, analysing conflicting objectives, and gradually implementing incentive structures that promote overall supply chain effectiveness, tailored to each company's context.

### 2.2.3 Strategic Focus on Supply Chain Performance Measurement

##### ◆ Strategic Metrics Alignment Framework

Strategic focus on supply chain performance measurement refers to the deliberate alignment of performance metrics with long-term organisational goals across the supply chain. It involves tracking operational efficiency and evaluating how well the supply chain contributes to competitive advantage, customer satisfaction, and strategic growth. This approach ensures that key performance indicators (KPIs) such as cost, quality, flexibility, responsiveness, and innovation are measured not in isolation, but as interconnected levers driving overall business performance.

##### ◆ Holistic Supply Chain Visibility

Rather than focusing solely on traditional metrics like inventory turnover or order accuracy, a strategic focus emphasises end-to-end visibility and cross-functional integration. It demands a systemic view, leveraging tools like the SCOR model, balanced scorecard, or Six Sigma dashboards, to link tactical actions with strategic outcomes. The goal is continuous improvement and agility, enabling firms to proactively adapt to market shifts, manage risk, and deliver consistent value to stakeholders across the value network.

### 2.2.3.1 Objectives of a Strategic Focus on Supply Chain Performance Measurement

#### a. Align Operations with Business Strategy

The core objective is to ensure supply chain activities directly support the organisation's strategic goals, whether market expansion, cost leadership, or customer intimacy. Metrics are carefully selected to reflect long-term ambitions, not just short-term efficiency.

#### b. Drive End-to-End Visibility and Coordination

It aims to integrate performance tracking across all nodes, suppliers, manufacturers, distributors, and customers, promoting collaboration and reducing silos. This holistic visibility enables proactive decision-making and real-time responsiveness.

#### c. Enhance Value Creation for Stakeholders

Beyond cost control, the focus is on generating consistent value through improved service levels, reduced lead times, product customisation, or sustainability efforts, tailored to stakeholder priorities, including customers, investors, and regulators.

#### d. Foster Continuous Improvement and Innovation

Measurement is not static. It fuels lean initiatives, Six Sigma projects, and benchmarking efforts by highlighting performance gaps and innovation opportunities. The strategic lens ensures improvements are scalable and impactful.

#### e. Support Risk Management and Agility

Strategic KPIs help anticipate and mitigate supply chain risks, from demand volatility to supplier disruptions. By capturing early warning signs, companies can adjust swiftly, maintaining service continuity and reputation.

### 2.2.3.2 Importance of Strategic Focus on Supply Chain Performance Measurement

#### 1. Transforms the Supply Chain into a Competitive Weapon

A strategic focus shifts performance measurement from a routine activity into a critical enabler of competitive advantage. It helps identify which processes truly drive value and which ones need redesign. This level of insight empowers companies to differentiate through agility, quality, speed, or cost leadership.

## 2. Connects Tactical Actions with Strategic Vision

Traditional metrics often optimise local functions without considering the broader impact. Strategic performance measurement ensures alignment across the supply chain, so that procurement, production, and distribution activities contribute coherently toward long-term business objectives.

## 3. Promotes Data-Driven Decisions and Accountability

Businesses can move from intuition-based decisions to evidence-based actions with a structured framework. Strategic KPIs clarify roles and responsibilities, enhance stakeholder coordination, and make performance gaps visible across the value chain.

## 4. Supports Resilience and Responsiveness

Measuring the right things in dynamic markets with increasing uncertainty enables organisations to spot trends, predict disruptions, and respond quickly. Strategic metrics encourage adaptive planning, scenario analysis, and risk mitigation strategies, turning unpredictability into opportunity.

## 5. Drives Sustainable Growth and Innovation

Finally, a strategic lens does not just monitor what is; it pushes the supply chain toward what could be. It encourages continuous improvement initiatives (e.g., TPM, Six Sigma, lean projects), embeds sustainability goals into daily operations, and fosters a culture of innovation rooted in performance insight.

### 2.2.4 Mass Customisation

Mass customisation in supply chain management refers to delivering tailored products and services to individual customers at near mass production efficiency. It blends the low unit costs of mass production with the flexibility of custom manufacturing. This is achieved through strategies like modular product design, postponement of final assembly, and flexible manufacturing systems. For example, Dell and Nike allow customers to configure products to their preferences while maintaining streamlined operations. The key lies in designing supply chains that accommodate variety without sacrificing speed or cost-effectiveness.

Supply chains must be agile, responsive, and highly integrated to support mass customisation. This often involves shifting the customer order decoupling point closer to the end of the production process, enabling final customisation to occur after a customer order is received. Technologies such as advanced planning systems, real-time data analytics, and digital platforms

◆ Flexible Custom Production

◆ Agile Custom Supply

play a crucial role in synchronising demand with production and distribution. Ultimately, mass customisation enhances customer satisfaction and competitive advantage, but it also demands sophisticated coordination across the supply network to manage complexity and maintain efficiency.

### 2.2.4.1 Types of Mass Customisation

Mass customisation in supply chain management can be categorised into four main types, each offering a different approach to balancing personalisation with operational efficiency.

#### 1. Collaborative Customisation

In collaborative customisation, companies engage directly with individual customers to determine their specific needs and preferences before tailoring the product accordingly. This approach is ideal when customers are unsure what they want or need guidance in making choices. The supply chain must be highly responsive and integrated, allowing real-time communication between customer-facing systems and production units. For example, Dell's build-to-order model lets customers configure their computers online, and the supply chain dynamically adjusts to fulfil each unique order efficiently.

◆ Personalized Collaborative Production

#### 2. Adaptive Customisation

Adaptive customisation involves offering a standard product that customers can modify or personalise after purchase, without directly interacting with the manufacturer. The product is designed with built-in flexibility, allowing users to adapt it to different needs or contexts. This type of customisation requires a supply chain that supports modularity and robust product design. A good example is a smartwatch that allows users to change settings, interfaces, or straps to suit their preferences, all while the core product remains the same.

◆ Self-Service Customization

#### 3. Transparent Customisation

Transparent customisation occurs when companies personalise products for customers without explicitly informing them of the customisation. This is based on data analytics and behavioural insights from customer interactions, preferences, or purchase history. The supply chain must be capable of subtle differentiation and agile fulfilment without disrupting standard operations. For instance, streaming platforms like Netflix recommend content based on viewing habits, delivering a personalised experience without requiring user input.

◆ Invisible Personalized Delivery

#### 4. Cosmetic Customisation

- ◆ Personalized Product Presentation

Cosmetic customisation keeps the core product unchanged but alters its presentation or packaging to appeal to different customer segments. This could involve branding, labelling, or aesthetic adjustments that personalise the product. The supply chain must be flexible in packaging and distribution while maintaining consistency in production. A classic example is Coca-Cola's "Share a Coke" campaign, where bottles featured popular names, creating a sense of personalisation without changing the beverage.

#### 2.2.5 Lean Supply Chain

- ◆ Efficient Waste Elimination

A lean supply chain is a streamlined approach to managing the flow of goods, information, and resources to maximise customer value while minimising waste. Rooted in lean manufacturing principles, particularly those from the Toyota Production System, it focuses on eliminating non-value-adding activities such as excess inventory, overproduction, delays, and defects. By emphasising just-in-time delivery, continuous improvement, and close supplier collaboration, a lean supply chain enhances efficiency, reduces costs, and improves responsiveness to customer demand, making it a vital strategy in today's competitive and dynamic business environment.

##### 2.2.5.1 Tools of the Lean Supply Chain

- ◆ Lean Efficiency Tools

Lean supply chain practices stem from Toyota's manufacturing system, which developed a set of eight foundational tools aimed at enhancing efficiency and eliminating waste. These include Total Productive Maintenance (TPM), the Five Ss for workplace organisation, Just-In-Time (JIT) production, Single-Minute Exchange of Dies (SMED), Jidoka or Zero Quality Control, Production Work Cells, Kanban scheduling systems, and Poka Yoke for mistake-proofing processes. Over time, lean methodology has evolved to include additional tools like value stream and process mapping to visualise workflow, and Lean Sigma or FIT SIGMA to integrate lean principles with Six Sigma for performance improvement.

##### 2.2.5.2 Characteristics of Lean Supply Chain

- ◆ Lean Strategic Integration

The concept of a lean supply chain is rooted in the Toyota Production System (TPS) and expanded through Lean Sigma methodology. Womack, Jones, and Roos (1990) outlined five foundational principles: value, value stream, flow, pull, and perfection. While early supply chains focused on forecasting, supplier coordination, and resource planning, modern lean strategies emphasise delivering what customers want, efficiently and

cost-effectively. Though cost reduction remains a significant focus, lean supply chains prioritise speed and quality. Today, supply chains compete as strategic units, requiring them to embody four interconnected goals: maximising value, streamlining processes, responding to demand swiftly, and striving for continuous improvement.

They are:



Fig. 2.2.3 Characteristics of lean supply chain

**a. Elimination of Waste**

The lean methodology, introduced by Womack, Jones, and Roos (1990), centres on eliminating waste by identifying customer-defined value and streamlining value streams. It emphasises enhancing efficiency without significant capital investment by reducing non-value-adding activities, particularly excess inventory, using tools like ERP and JIT. However, despite lean efforts, surplus stock remains common due to demand variability and other uncertainties, and metrics like inventory turnover may not fully reflect overall business performance. Lean thinking also focuses on reducing cycle time through techniques like QRM, which targets lead time and resource optimisation, and SMED, which minimises changeover duration. These principles extend beyond manufacturing to sectors like construction and call centres, where methods such as process mapping and multi-skilled teams help cut lead times and improve flow.

◆ Waste Reduction Strategy

**b. Smooth Operational Flow**

Just-In-Time (JIT) is a fundamental lean supply chain strategy that streamlines material flow by minimising inventory buffers and eliminating process bottlenecks. Techniques that support JIT include cellular manufacturing, which reorganises production into flow-oriented cells to improve throughput and

◆ Demand-Driven Efficiency



inventory control, particularly for high-volume, low-variety products. Kanban systems, developed by Toyota, use visual cues to regulate production and inventory based on actual demand, reducing waste and enhancing responsiveness. The Theory of Constraints (TOC), introduced by Goldratt, addresses system bottlenecks through a structured five-step process to maximise throughput and drive continuous improvement. Lean Six Sigma tools, like Statistical Process Control, often strengthen these methods to reduce variability and boost operational consistency across industries.

### c. High level of efficiency

Lean operations emphasise eliminating waste (*muda*), ensuring smooth flow, and using pull-based systems, but they often presuppose consistently high machine availability, a condition not always met. To address this, the focus shifts from labour to equipment and bottleneck efficiency, with Total Productive Maintenance (TPM) playing a central role. TPM promotes proactive operator involvement in equipment upkeep and targets six root causes of equipment loss, including breakdowns, set-up delays, minor stoppages, reduced speed, quality defects, and startup losses. Supported by Overall Equipment Effectiveness (OEE) and the Five Ss framework, TPM fosters autonomous maintenance, early fault detection, and collaborative equipment design with suppliers. This approach leads to improved reliability, reduced downtime, and better safety, which are crucial for sustaining lean performance.

◆ Proactive Equipment Management

### d. Quality Assurance

The fifth Lean principle, perfection, promotes ongoing improvement through incremental efforts guided by practices like *Kaizen* and Total Quality Management (TQM), which aim to eliminate root causes of defects and institutionalise quality through training and documentation. This philosophy has evolved into Six Sigma, introducing statistical tools and the DMAIC framework to enhance precision and agility. Lean Sigma and FIT SIGMA integrate these principles to maximise value and reduce waste. Supporting this pursuit, the Toyota Production System is anchored in Just-In-Time (JIT) and *Jidoka*, the latter enabling machines to detect and respond to abnormalities autonomously. Inspired by Sakichi Toyoda's self-stopping loom, *Jidoka* emphasises detection, interruption, correction, and prevention, further reinforced by *Poka-yoke* devices that help ensure consistent quality and process reliability.

◆ Continuous Quality Improvement

## 2.2.6 Outsourcing and Offshoring

### 2.2.6.1 Outsourcing

#### ◆ Decentralized Supply Structure

Vertical disintegration represents the opposite of vertical integration, where instead of a single organisation controlling consecutive stages of production, the supply chain consists of multiple independent participants. In such a structure, original equipment manufacturers (OEMs) delegate significant portions of their operations, such as production or design, to external suppliers. This strategic fragmentation aims to optimise value creation and minimise overall costs. Therefore, like vertical integration, outsourcing becomes a crucial aspect of supply chain architecture, impacting structure and strategic direction.

#### ◆ Deliberate Capability Delegation

**Strategic outsourcing**, commonly known as the "make-or-buy" decision, involves more than just cost-cutting. It is a deliberate process where organisations transfer critical functions (e.g., manufacturing, marketing, or software development) to external partners with superior capabilities or cost advantages. Importantly, only strategically significant functions performed externally qualify as outsourcing; routine third-party tasks may not. The process includes identifying suppliers, contract negotiation, performance monitoring, and ongoing review. This comprehensive approach ensures that outsourcing contributes meaningfully to the firm's competitive positioning and supply chain efficiency.

In addition to enhancing value creation and minimising overall costs, outsourcing offers several strategic advantages that often drive decision-making:

- ◆ Enables organisations to concentrate on refining and expanding their core competencies
- ◆ Supports the development of a more distinctive and sustainable competitive advantage
- ◆ Enhances overall business agility, leading to greater adaptability within the supply chain
- ◆ Improves the responsiveness of supply networks to changing market conditions
- ◆ Strengthens barriers to entry by channelling investment into specialised capabilities
- ◆ Boosts return on investment (ROI) or equity (ROE) by reducing dependence on fixed assets

◆ Selective Function Outsourcing

Outsourcing is widely observed across industries, with companies like Dell and Benetton offering illustrative examples. Dell, aiming to strengthen its competitive edge in customised product configuration and agile distribution, retained control over product design and downstream operations while outsourcing most of its manufacturing to Taiwan. This allowed Dell to focus on strategic functions while benefiting from external production capabilities. Similarly, Benetton, a global leader in fashion apparel in over 120 countries, outsources around 80% of its manufacturing to a vast network of independent producers. This strategy has helped the company lower production costs, align supply capacity with market fluctuations, and dampen the effects of demand variability.

◆ Reduced Vertical Integration

From an OEM standpoint, the extent of outsourcing directly influences the level of vertical integration; greater outsourcing results in a more disaggregated supply chain. In recent decades, most manufacturing sectors worldwide have moved toward higher levels of outsourcing, leading to reduced vertical integration. This shift is primarily driven by rising global market volatility, which demands greater supply chain agility and responsiveness. A less vertically integrated structure offers greater flexibility in adapting to changing environments, though it may also increase the need for coordination and oversight.

◆ Global Operational Relocation

### 2.2.6.2 Offshoring

A related concept in supply chain architecture is offshoring, which involves relocating domestic operations to international locations to capitalise on cost advantages, access local resources, or establish a market presence. However, offshoring does not automatically imply outsourcing. No outsourcing has occurred if the company retains ownership and control over the relocated operations. While the two concepts are often linked, it is important to distinguish that outsourcing refers to transferring operations to external entities. In contrast, offshoring can occur within the same organisation's global structure.

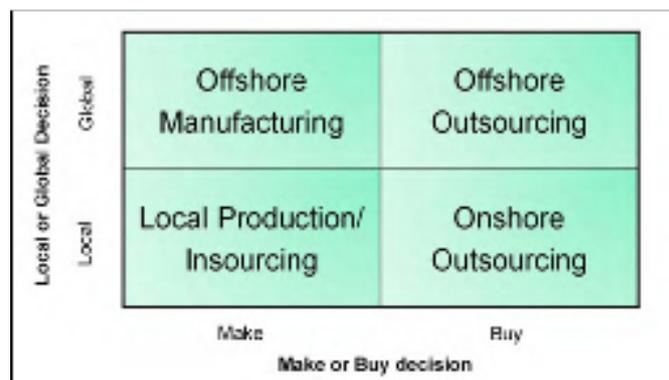


Fig. 2.2.4 Offshoring

### 2.2.6.3 Types of Outsourcing

To support managerial decision-making, outsourcing practices can be broadly categorised into three distinct types:

- ◆ **Business Process Outsourcing (BPO):** Involves delegating specific business functions such as customer service (call centres), research and development, engineering support, human resources, recruitment, and knowledge-intensive tasks (KPO) to external providers.
- ◆ **Business Function Outsourcing:** Focuses on contracting out core service areas like financial auditing, information technology management, and logistics operations.
- ◆ **Facility and Workforce Outsourcing:** This includes leasing capital-intensive equipment and flexible hiring of specialised professionals or freelance experts.

Although the concept of outsourcing may appear straightforward, its successful execution is often complex and demands careful planning. The decision-making process typically involves multiple interdependent variables and stakeholders across organisational levels. To manage this complexity, managers should adopt a structured outsourcing framework, which generally includes the following steps:

1. Analyse the competitive landscape.
2. Define strategic goals and key processes.
3. Evaluate market requirements and trends.
4. Assess internal capabilities and available resources.
5. Conduct a structured "make-or-buy" analysis
6. Identify and evaluate potential strategic partners
7. Establish the nature and scope of the outsourcing relationship

### 2.2.7 Virtual Supply Chain

A virtual supply chain is a digitally enabled, information-centric model of a traditional supply chain that emphasises data flow over physical goods' movement. It integrates various stakeholders, suppliers, manufacturers, logistics providers, and customers through cloud-based platforms, real-time analytics, and interconnected systems to create a seamless, transparent, and agile network. Unlike conventional supply chains that rely heavily on physical coordination and manual processes, a virtual supply chain leverages digital twins, IoT, AI, and blockchain technol-

◆ Digital Supply Network



ogies to simulate, monitor, and optimise operations across the entire value chain. This digital infrastructure allows companies to visualise their supply chain in real time, anticipate disruptions, run scenario analyses, and make data-driven decisions that enhance responsiveness, reduce costs, and improve customer satisfaction. Moreover, its inherent flexibility enables organisations to quickly adapt to changes in demand, supply conditions, or market dynamics by reconfiguring processes and partners without overhauling the physical infrastructure. A virtual supply chain transforms management into a strategic, collaborative, and predictive function that supports innovation, resilience, and competitive advantage in a rapidly evolving business environment.

### 2.2.7.1 Types or Models of Virtual Supply Chains

Virtual Supply Chains (VSCs) can take on different forms depending on how digital technologies are applied to manage and optimise supply chain operations. While the term "virtual" broadly refers to the digital orchestration of supply chain activities, here are several types or models of virtual supply chains based on their strategic focus and technological integration:

◆ Shares real time with everyone

#### 1. Information-Driven Virtual Supply Chain

This type emphasises real-time data sharing and visibility across all nodes. It uses cloud platforms, IoT, and integrated ERP systems to ensure that all stakeholders, from suppliers to customers, have access to the same, up-to-date information.

◆ Tests supply chain plans digitally before use

#### 2. Simulation-Based Virtual Supply Chain

Built around digital twins and scenario modelling, this VSC type allows companies to simulate supply chain behaviour under different conditions. It is ideal for risk management, capacity planning, and testing new strategies before physical implementation.

◆ Partners work together

#### 3. Collaborative Virtual Supply Chain

This model focuses on digital collaboration among partners. It enables joint planning, forecasting, and replenishment (e.g., CPFR) through shared platforms, fostering transparency and synchronised decision-making.

◆ Runs all supply chain task on cloud-platforms

#### 4. Cloud-Native Virtual Supply Chain

All supply chain functions- procurement, inventory, logistics, and customer service are managed through cloud-native applications. This allows scalability, remote access, and seamless integration with third-party systems.

- ◆ Manages online orders stock

### 5. E-Commerce-Enabled Virtual Supply Chain

This type is tailored for online retail and integrates digital order management, real-time inventory tracking, and last-mile delivery coordination. It supports omnichannel fulfilment and customer-centric logistics.

- ◆ Uses AI

### 6. Analytics-Driven Virtual Supply Chain

This model leverages AI, machine learning, and big data analytics to drive predictive and prescriptive decision-making. It is used for demand forecasting, dynamic pricing, and supply risk detection.

- ◆ Supports eco-friendly goals

### 7. Sustainability-Focused Virtual Supply Chain

Designed to monitor and optimise environmental and ethical performance, this VSC type tracks carbon emissions, waste, and compliance across the network using digital dashboards and ESG reporting tools.

## Summarised Overview

The supply chain themes encapsulate the evolution of strategic operations in response to pressures related to efficiency, customisation, and globalisation. It begins with evaluating supply chain performance through key metrics like responsiveness, cost, and reliability. The bullwhip effect highlights demand distortion as information travels upstream, prompting the need for better coordination. Strategic focus ensures that supply chain design aligns with broader business goals, whether emphasising cost, speed, or flexibility. Mass customisation enables firms to deliver tailored products efficiently, while lean principles reduce waste and improve flow. Outsourcing and offshoring are deliberate choices to enhance agility, access capabilities, or cut costs. Finally, virtual supply chains reflect the shift toward digitally managed networks that rely on information flows rather than physical ownership, enabling responsive, scalable operations.

## Self-Assessment Question

1. What key measures are used to evaluate supply chain performance, and how do they reflect efficiency and responsiveness?
2. What causes the bullwhip effect in a supply chain, and what strategies can be employed to mitigate its impact?
3. How does aligning supply chain strategy with overall business goals (e.g., cost leadership or agility) influence supply chain design?
4. How can supply chains support mass customisation without sacrificing operational efficiency?

5. What are the core principles of lean supply chains, and how do tools like JIT, TPM, and SMED contribute to waste reduction?
6. How can the "make-or-buy" decision affect supply chain structure, and what should this strategic choice consider?
7. How does offshoring differ from outsourcing, and under what circumstances might a firm choose one?
8. What are the characteristics of a virtual supply chain, and how does technology enable such a model?
9. Identify and briefly describe the different types of mass customisation. Which type is most applicable to service-oriented supply chains?

## Assignments

1. How might a company like Hindustan Unilever balance cost efficiency with responsiveness when evaluating its supply chain performance across diverse product categories?
2. In what ways could the seasonal demand surges during Indian festivals contribute to demand amplification for firms like Big Bazaar or Flipkart, and how might they mitigate such effects?
3. To what extent has Tata Motors' strategic supply chain design enabled it to differentiate between lean manufacturing for domestic models and agile responsiveness for export variants?
4. How could apparel brands like FabIndia or Biba leverage modular design and postponement strategies to offer mass customisation without compromising delivery timelines?
5. What lessons can be drawn from Infosys or Wipro's global delivery models in integrating virtual supply chains with offshore capabilities to enhance service agility?

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### Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU

# Unit 3

## Social Marketing Concept

### Learning Outcomes

Upon the completion of this unit, the learner will be able to:

- ◆ to introduce the concept and scope of social marketing and distinguish it clearly from traditional commercial marketing
- ◆ to familiarise oneself with the relevance of social marketing in addressing societal issues like public health, the environment, and safety
- ◆ to compare social and commercial marketing regarding objectives, audiences, strategies, and impact
- ◆ to explore various behaviour-change approaches used in social marketing, grounded in psychological and social theories
- ◆ to narrate the ability to plan and design effective social marketing campaigns by applying structured planning models and campaign elements

### Background

Social marketing has emerged as a powerful discipline dedicated to promoting positive behavioural change for the well-being of individuals and communities. Unlike commercial marketing, which focuses on profit and customer satisfaction, social marketing seeks to influence behaviours that improve health, safeguard the environment, and enhance public welfare. The concept gained momentum in the 1970s when scholars and policymakers recognised the potential of applying marketing principles to address pressing social issues such as smoking cessation, road safety, family planning, and environmental conservation. With increasing global challenges like climate change, non-communicable diseases, and misinformation, the relevance of social marketing has grown substantially. Governments, NGOs, and public health organisations increasingly integrate social marketing strategies into campaigns to foster sustainable behaviour change. This study explores the evolution, scope, and strategic application of social marketing, aiming to understand its impact and effectiveness in influencing public behaviour for the collective social good.

## Keywords

Social Marketing, Commercial Marketing, Public Behaviour, Social Marketing Planning process, Campaign

## Discussion

Social marketing has proven instrumental in addressing societal challenges by promoting voluntary behaviour change for the greater good. Unlike traditional commercial marketing, which aims to drive consumer purchases, social marketing focuses on influencing attitudes and practices that benefit individuals and communities, such as adopting healthy lifestyles, conserving the environment, or practising safe behaviours. Its strength lies in audience-focused strategies, blending data-driven insights with empathetic messaging to overcome barriers to change.

Campaigns are crafted using the 4Ps of marketing, Product, Price, Place, and Promotion, but adapted to social contexts, where the “product” might be a new behaviour and the “price” could be perceived as effort or resistance to change. Social marketing success depends on strategic planning, partnerships, cultural relevance, and consistent evaluation. As societies become more interconnected and issues become more complex, social marketing is evolving into a vital tool that educates and empowers people to make informed, responsible choices that ripple through families, communities, and future generations.

### 2.3.1 Social Marketing

Social marketing uses marketing principles and techniques to influence behaviour change that benefits individuals and society. Unlike traditional marketing, which focuses on selling products or services for profit, social marketing aims to promote positive changes, such as healthier lifestyles, environmental responsibility, or safer communities, by understanding and addressing the target audience's needs, motivations, and barriers.

Social marketing is a strategic approach that uses the principles and techniques of commercial marketing to promote positive social change. Unlike commercial marketing, which aims to drive profit by selling products or services, social marketing focuses on influencing attitudes, behaviours, and values to benefit individuals and communities. It addresses public health, environmental sustainability, safety, and social justice issues. The

◆ Purpose-driven Marketing

◆ Ethical Behaviour Promotion

ultimate goal is to create voluntary behaviour change that improves societal well-being, often through campaigns that raise awareness, educate, and empower people to make healthier or more responsible choices.

Social marketing applies the classic marketing mix, product, price, place, and promotion, to social causes. The “product” might be a behaviour (like quitting smoking), the “price” could be the effort or sacrifice involved, the “place” refers to where the behaviour or service is promoted or accessed, and “promotion” encompasses the communication strategies used to encourage change. Social marketing relies heavily on audience research, segmentation, and tailored messaging to ensure relevance and impact. It is inherently ethical and participatory, involving stakeholders and communities in both the planning and execution of initiatives.

**Example:** The 'Give It Up' campaign, launched in 2015 by the Indian government, encouraged affluent LPG users to voluntarily surrender their subsidies to support underprivileged households. This initiative used social marketing principles to promote behavioural change by appealing to civic responsibility and national development. The surrendered subsidies were redirected to provide free LPG connections to low-income families, improving health outcomes and reducing indoor pollution.

### 2.3.1.1 Definitions

Social Marketing is a process that uses marketing principles and techniques to influence target audience behaviours that will benefit society and the individual. This strategically oriented discipline relies on creating, communicating, delivering, and exchanging offerings with positive value for individuals, clients, partners, and society. (*Nancy R. Lee, Michael L. Rothschild, and Bill Smith*)

Social Marketing is the application of commercial marketing concepts and tools to influence the voluntary behaviour of target audiences to improve their lives or the society in which they are a part. (*Alan Andreasen*)

Social Marketing 2.0, more specifically, is the systematic application of interactive marketing principles and techniques that harness audience participation to deliver value and achieve specific behavioural goals for a social good. (*Jay Bernhardt*)

Social marketing is the application of commercial marketing principles and tools, with the primary goal being the public good. (*Rob Donovan*)

Social Marketing is the application of marketing principles to shape markets that are more effective, efficient, sustainable, and just in advancing people's well-being and social welfare. *(Craig Lefebvre)*

Social Marketing is the application of marketing principles and techniques to influence behaviours that benefit individuals and society. It focuses on promoting voluntary behaviour change, such as healthier living, environmental responsibility, or social inclusion, by understanding and addressing the target audience's needs, values, and barriers.

### 2.3.2 Scope of Social Marketing

The scope of social marketing is wide-ranging and dynamic, as it addresses societal challenges that require changes in behaviour for the collective good. Unlike commercial marketing, which is driven by profit and product sales, social marketing seeks to influence voluntary behaviours that benefit individuals and communities. This includes reducing smoking, promoting mental health, encouraging vaccination, improving sanitation, and advancing sustainability practices. By targeting behaviours rather than consumer choices, social marketing acts as a catalyst for social improvement.

◆ Societal Behaviour Transformation

Social marketing operates across various domains such as public health, environmental protection, education, gender equality, and civic engagement. A broad spectrum of organisations, including governments, non-profits, educational institutions, and advocacy groups, use it. Whether promoting road safety in cities or reducing single-use plastic in coastal communities, social marketing campaigns are customised to reflect local cultures, values, and behaviours, enhancing their effectiveness and relevance.

◆ Impact-driven Communication

With the rise of digital platforms and data analytics, the reach of social marketing has become more personalised and interactive. Campaigns now leverage mobile apps, social media, community influencers, and storytelling to connect deeply with audiences and drive meaningful change. This evolution broadens both the delivery of messages and the measurement of impact, enabling more agile, responsive, and inclusive approaches to addressing social issues at local and global levels.

◆ Digital Social Influence

**Example:** The **Swachh Bharat Abhiyan** demonstrates the vast scope of social marketing in India by leveraging mass media, community mobilisation, and behavioural nudges to promote hygiene and sanitation. It successfully influenced millions

to adopt toilet use and reject open defecation through emotional appeals, celebrity endorsements, and grassroots campaigns. The mission showcases how social marketing can drive large-scale behavioural change for national development by aligning public health goals with civic pride and social norms.

### 2.3.3 Relevance of Social Marketing

In today's world, where social issues are increasingly complex and interconnected, the relevance of social marketing has become more critical than ever. It offers a structured and empathetic approach to solving problems such as public health crises, environmental degradation, and social inequality. By applying marketing strategies to non-commercial goals, social marketing enables organisations and governments to reach audiences with compelling messages encouraging informed, positive behavioural change. This makes it vital to drive long-term impact in areas where policy or education may fall short.

◆ Strategic Social Change

Social marketing is crucial in promoting public health and safety. Campaigns encouraging vaccination, healthy eating, safe driving, and smoking cessation have saved countless lives by shifting public attitudes and behaviours. These initiatives often rely on deep audience insights and cultural sensitivity, ensuring that the messages reach people and resonate with them. In places with limited access to healthcare or formal education, social marketing becomes a bridge, connecting communities with life-saving knowledge and motivating action through relatable content.

◆ Health Behaviour Advocacy

Beyond health, social marketing is also highly relevant to environmental protection and issues such as gender equality and social inclusion. Whether reducing plastic use, promoting gender equality, or encouraging energy conservation, social marketing provides the strategies to inspire and sustain individual and collective change. It builds trust and collaboration by involving stakeholders, using technology effectively, and measuring what works. As societies evolve, social marketing remains a flexible and powerful approach to engaging hearts and minds for the greater good.

◆ Sustainable Change Communication

**Example:** The *"Click-It or Ticket"* campaign exemplifies the power of social marketing by combining education and enforcement to increase seatbelt usage across the United States. It uses emotional messaging, media outreach, and high-visibility law enforcement to shift public attitudes and normalise seatbelt compliance. By framing seatbelt use as a legal obligation and a personal safety choice, the Campaign effectively drives behavioural change and reduces traffic fatalities.

### 2.3.4 Comparison with Commercial Marketing

#### ◆ Mission-Driven Outreach

There are key distinctions between social and commercial marketing. In commercial marketing, the goal is to sell products or services that generate profit for the business. In contrast, social marketing focuses on influencing behaviours that benefit society. Because commercial marketers aim for financial success, they tend to target audience segments that promise the highest sales and revenue. Social marketers, however, prioritise segments based on criteria such as the significance of the issue, ease of access to the audience, and openness to behavioural change. Despite differing objectives, both types of marketers aim to maximise the impact and efficiency of their efforts.

#### ◆ Behavioural Change Competition

Both social and commercial marketers recognise the importance of analysing and positioning their offerings against competitors, but the nature of competition differs significantly between them. In commercial marketing, competitors are typically other companies selling similar products or services. Social marketers, on the other hand, often compete with ingrained habits, preferred behaviours, and perceived benefits of the status quo. This competition may include entities actively promoting harmful alternatives, such as industries pushing smoking or chemical-heavy yard maintenance.

#### ◆ Complex Influence Strategy

Social marketing is generally considered more challenging than commercial marketing. One primary reason is the formidable financial power backing certain unhealthy or unsustainable behaviours, which can glamorise or normalise choices like smoking or using gas-powered tools. Influencing people to abandon these behaviours, or adopt healthier, environmentally friendly ones, requires overcoming substantial cultural, emotional, and economic barriers. Social marketing demands deeply strategic thinking and a nuanced understanding of audience motivations.

**Break Addictions:** Encouraging people to quit habits like smoking.

**Adjust Comfort Zones:** Promoting changes to daily routines, such as lowering thermostats.

**Stand Against Pressure:** Helping individuals resist social influences, like peer-driven sexual activity.

**Take Extra Effort:** Motivating actions that require inconvenience, such as disposing of hazardous waste responsibly.

**Endure Discomfort:** Inspiring people to do challenging tasks, like donating blood.

**Build New Habits:** Supporting consistent routines like regular exercise.

**Spend More:** Encouraging ethical purchasing, even at higher costs, like choosing recycled goods.

**Face Embarrassment:** Urging acceptance of social stigma, such as letting lawns dry out in summer.

**Confront Tough Truths:** Promoting actions that reveal uncomfortable realities, like HIV testing.

**Protect Despite Risks:** Motivating choices that could strain personal relationships, like intervening with a drunk driver.

**Trade Free Time:** Inspiring volunteerism and selfless community service.

**Sacrifice Pleasure:** Advocating for reduced indulgence, such as shorter showers.

**Compromise Appearance:** Encouraging protective behaviours like wearing sunscreen.

**Invest Time:** Promoting small but thoughtful efforts, like preparing recyclables properly.

**Acquire Skills:** Encourage the learning of practical habits, such as budgeting.

**Form Reminders:** Supporting memory-based behaviours, like bringing reusable grocery bags.

**Risk Consequences:** Motivating rule-following that may trigger social backlash, like obeying speed limits.

For example, the "**Do not Drink and Drive**" Campaign is a classic social marketing case. It does not sell a product but instead aims to reduce alcohol-related accidents by influencing people's attitudes and behaviours through emotional messaging, real-life testimonials, and public service announcements. While a fitness watch ad might emphasise features and user convenience, the anti-drunk-driving campaign appeals to ethics, community safety, and personal responsibility, highlighting how the two marketing types serve distinct but equally impactful purposes.

### 2.3.4.1 Social Marketing vs. Commercial Marketing

Table 2.3.1 Social Marketing vs. Commercial Marketing

Characteristics	Social Marketing	Commercial Marketing
Purpose	Aims to improve lives through behaviour change	Focuses on selling products or services for profit
Main Goal	Promote societal benefits and healthier habits	Boost revenue and expand brand presence
Success Metrics	Measured by attitude shifts, awareness, and public impact	Tracked via sales figures, ROI, and market share
Desired Outcome	Shaping long-term positive public behaviours	Achieving financial success and customer growth
Driving Force	Motivated by values like health, equality, and safety	Driven by profit and competitive advantage
Approach to Audience	Relies on empathy, education, and social influence	Appeals to desire, ease, and lifestyle branding
Sample Campaigns	Anti-smoking messages, recycling drives, and mental health awareness	Product advertising, discount deals, brand promotions

### 2.3.5 Approaches to Influence Public Behaviour

Social marketers aim to guide individuals toward beneficial behaviours, just as commercial marketers promote products. Their focus is on influencing people to adopt new habits (such as composting), avoid harmful ones (like smoking), adjust current practices (e.g., exercising more frequently), or abandon detrimental routines (such as texting while driving). This can involve encouraging one-time actions or nurturing long-term habits. Expanding on this, Alan Andreasen introduced additional behaviour types: maintaining positive behaviours over time (like regular blood donation) and switching existing ones (e.g., using stairs instead of elevators). Ultimately, success is measured not by awareness alone, but by whether the target behaviour is embraced.

◆ Positive Behaviour Influence

◆ Empathetic Change Promotion

Unlike traditional approaches that rely on enforcement or punishment, social marketing emphasises positive reinforcement. Its power lies in persuading people to make voluntary changes without guaranteed personal rewards or immediate outcomes. For instance, convincing gardeners to avoid chemicals or encouraging young people to use sunscreen requires appealing to long-term benefits and shared values rather than offering quick incentives. Therefore, campaigns must be thoughtful and informed by what the audience truly wants and values.

◆ Holistic Change Strategy

Because voluntary behaviour change is complex and slow, effective social marketing requires a rigorous, audience-centred strategy. It demands careful planning, tailored messaging, and deliverable benefits that resonate in the short term. However, many experts argue that targeting only individual behaviour is insufficient. They advocate for broader interventions, leveraging laws, media, and policy changes, to create environments that support and sustain desired social outcomes.

◆ Influencing through public awareness

#### a. Education And Awareness

Influencing public behaviour through social marketing involves a deep understanding of human psychology, motivation, and social norms. One of the most fundamental approaches is education and awareness, where campaigns provide clear, factual information to raise public understanding of an issue. This could include public service announcements, workshops, posters, or digital content highlighting the benefits of certain behaviours, such as exercising regularly or conserving water. The goal is to empower individuals with knowledge and encourage voluntary change through informed decision-making.

◆ Affective appeal

#### b. Emotional Appeals and Social Norms

Another effective method is using emotional appeals and social norms, which tap into people's feelings, values, and sense of belonging. Storytelling, testimonials, and visual imagery can evoke empathy, fear, hope, or pride, influencing behaviour. For instance, anti-smoking campaigns often show emotional stories of individuals affected by tobacco-related diseases. Additionally, framing behaviours as widely accepted or socially desirable, like "most people in your area recycle", can motivate change through peer influence and the desire to fit in.

#### c. Behavioural Incentives and Environmental Cues

The behavioural incentives and environmental cues play a critical role. Offering rewards or recognition for positive behaviour, such as subsidies for eco-friendly products or public

- ◆ Emotional appeal connects with people feelings

praise for blood donors, can increase motivation. Similarly, redesigning environments with nudges, like painting footsteps leading to trash bins or making healthy food more accessible in cafeterias, guides people toward better choices without requiring conscious effort. These practical, low-friction interventions make the desired behaviour easier and more appealing, reinforcing long-term change.

**Example:** To encourage helmet use among motorcyclists, a campaign in India featured powerful visuals of crash survivors alongside the message: "Your brain will not get a second chance, wear a helmet." The emotional appeal, combined with public endorsements and roadside billboards, helped shift public perception, making helmet-wearing a norm rather than a legal obligation.

### 2.3.6 Social Marketing Planning Process

- ◆ Strategic Behaviour Framework

The Social Marketing Planning Process is a structured framework to influence behaviours that benefit individuals and communities. It guides practitioners through distinct phases—scoping, selecting, understanding, designing, and managing—to identify the core issue, define behaviour goals, understand audience motivations, and craft strategic interventions. Grounded in audience research and behavioural theory, the process uses tools like SWOT analysis, positioning, the 4Ps (product, price, place, promotion), and evaluation plans to deliver sustainable change. Ultimately, it ensures that campaigns are evidence-based, tailored, and adaptable, prioritising societal gain over profit-driven motives.

- ◆ Purposeful Change Design

The Social Marketing Planning Process is a systematic approach to designing campaigns encouraging voluntary behaviour changes to benefit individuals and society. It involves a series of structured steps, beginning with identifying the problem and purpose, analysing the context, understanding the target audience, designing strategic interventions, and implementing and evaluating outcomes. Unlike commercial marketing, its core objective is not profit but positive social impact, relying on insights from behavioural science, audience research, and communication strategies to achieve meaningful and measurable results.

### 2.3.6.1 Ten Steps to Develop a Social Marketing Plan

Table 2.3.2 Steps to develop a social marketing plan

Phase	Scoping	Selecting	Understanding	Designing	Managing
Step	1. Purpose and focus 2. Situation analysis	3. Target audience 4. Behaviour objectives and goals	5. Barriers, benefits, and competition	6. Positioning 7. Marketing mix: The intervention tools	8. Evaluation plan 9. Budget 10. Plan to implement
Technique examples	Literature reviews, epi and scientific data SWOT analysis, peer interviews	Andreasen's nine criteria McKenzie-Mohr's three criteria	Knowledge, attitudes, and practice studies	Perceptual maps The 4Ps	Objective and task method Logic model
Feedback loops			Findings at this step may suggest adjustments to the target audience and/or behaviour objectives and goals.	A pretest of draft strategies may suggest changes in the 4Ps design.	A pilot may suggest changes, especially in the marketing mix.

## A. Scoping Phase

### 1. Purpose and Focus

- ◆ Describing the issues

This step sets the foundation for the campaign by defining the core issue, intended impact, and behaviour to be addressed. It involves scanning the broader social context and honing in on a specific, actionable challenge, guided by literature reviews, epidemiological data, or scientific studies.

**Example:** The Jal Shakti Abhiyan campaign in India aimed to raise awareness about water scarcity and promote conservation practices like rainwater harvesting and afforestation. It focused on regions with critical groundwater depletion, encouraging widespread behavioural change to support sustainable water management.

### 2. Situation Analysis

- ◆ Inspect the present state

Here, marketers examine the current landscape, including the audience's environment, cultural norms, and existing efforts. Marketers use SWOT analysis, peer interviews, and community insights to map opportunities and risks that guide strategy development.

**Example:** The National Road Safety Campaign in India began by assessing accident-prone zones, common causes of crashes, and public attitudes toward traffic rules. Using SWOT analysis and peer interviews, policymakers identified critical gaps in awareness, enforcement, and infrastructure to inform targeted interventions.

## B. Selecting Phase

### 3. Target Audience

- ◆ Focused audience

This step identifies the segment most likely to benefit from or adopt the intended behaviour. Andreasen's nine criteria help evaluate the size, accessibility, responsiveness, and strategic value of each segment, ensuring resources are focused on those with the highest potential impact.

**Example:** India's Pulse Polio Campaign focused primarily on parents of children under five in high-risk regions. These segments were chosen based on accessibility, vulnerability to polio transmission, and readiness to participate in immunisation drives.

- ◆ Refine the behaviour

### 4. Behaviour Objectives and Goals

Social marketers set clear goals for the desired behaviour change, whether adoption, modification, or discontinuation.

McKenzie-Mohr's criteria help refine which behaviours are feasible, impactful, and sustainable. The results here may spark a redefinition of the target audience.

**Example:** The Fit India Movement aimed to increase citizens' physical activity by encouraging at least 30 minutes of exercise daily. The goal was to build a fitness culture and reduce lifestyle-related diseases by promoting consistent health-conscious behaviour.

## C. Understanding Phase

### 5. Barriers, Benefits, and Competition

◆ Audience behaviour analysis

This step explores what motivates the audience and what prevents change. Marketers assess the perceived benefits of current behaviours and analyze competing influences such as social norms and corporate messaging. Tools like KAP (Knowledge, Attitude, and Practice) studies are used to understand psychological and cultural factors.

**Example:** The Pradhan Mantri Ujjwala Yojana sought to shift rural households from traditional biomass cooking to LPG usage. Barriers included cultural habits and cost concerns, while benefits like reduced health risks and cleaner kitchens had to compete with firewood's deeply entrenched convenience and familiarity.

### 6. Positioning

◆ Create an image in the audiences mind

Positioning defines how the desired behaviour is presented compared to alternatives. It is about creating an appealing image in the audience's mind, often using perceptual maps, to show the personal and societal benefits of change over maintaining the status quo.

**Example:** The Mission Indradhanush immunisation campaign framed vaccines as shields of protection for children's future rather than just medical procedures. By emphasising security, love, and responsible parenting, the Campaign positioned immunisation as a caring and empowering family choice.

## D. Designing Phase

### 7. Marketing Mix (4Ps)

◆ 4Ps of marketing

This is the tactical core of the intervention. The Campaign is shaped by product (the behaviour or tool), Price (cost/barrier), Place (access points), and Promotion (messaging). Each P must align with audience preferences and be tested for relevance and acceptance.



**Example:** The Jan Dhan Yojana financial inclusion campaign. The product was access to no-frills bank accounts. The price involved minimal documentation and no minimum balance requirement. The place included local banks and enrollment camps. Promotion relied on mass media, street plays, and community leaders to build trust and encourage participation.

## 8. Evaluation Plan

- ◆ Determine the success

Marketers design a method to measure success using logic models that link inputs, outputs, and outcomes. Pretests and feedback loops help ensure strategies remain adaptable behavioural tracking, surveys, and impact metrics shape evaluation.

**Example:** The National Nutrition Mission (Poshan Abhiyaan), which tracked progress through regular surveys on child growth metrics and maternal health indicators. Feedback from these evaluations helped refine outreach strategies and resource allocation, ensuring measurable behavioural improvements in nutrition practices.

## E. Managing Phase

### 9. Budget

- ◆ Balance between cost and return

A precise budget outlines expected costs, resources, and funding streams. Using methods like objective and task costing, this step balances ambition with feasibility, ensuring all activities, research, rollout, and promotion are financially covered.

**Example:** The Beti Bachao Beti Padhao campaign, where funds were allocated across media outreach, community engagement, and capacity-building activities. The budget was structured using a task-based approach, aiming to allocate adequate resources for national publicity and grassroots implementation through district-level authorities.

### 10. Plan to Implement

- ◆ From strategy to action

The Campaign moves from strategy to action. This includes timelines, staffing, pilot testing, and adaptation strategies. Pilots reveal flaws or strengths in the marketing mix, and pre-launch adjustments are made to maximise effectiveness and scalability.

**Example:** The Digital India initiative, where detailed execution steps included village-level infrastructure upgrades, digital literacy drives, and partnerships with tech firms. Pilot projects were launched in selected districts to test feasibility and refine approaches before nationwide expansion.

- ◆ Discover public problems

## 2.3.7 Elements of Campaign

In social marketing, a campaign refers to a carefully planned set of activities designed to influence voluntary behaviour change for the benefit of individuals or society. Unlike commercial campaigns that focus on promoting products or services for profit, social marketing campaigns aim to address public issues, such as health, safety, environmental protection, or social justice, using marketing principles to educate, motivate, and engage target audiences. These campaigns often involve research-driven messaging, strategic use of media, and behaviour-focused interventions, all coordinated to shift attitudes and actions in a measurable, positive direction.

**Example:** The UNICEF Tap Project aimed to provide clean drinking water to children in developing countries. Launched globally, the Campaign encouraged restaurant patrons to donate \$1 for the tap water they usually receive for free, turning a simple everyday behaviour into a powerful act of solidarity. It expanded into digital platforms with interactive challenges, like asking users to stay off their phones to unlock donations, blending behavioural insight with global impact.

### 2.3.7.1 Objectives of Social Marketing Campaigns

#### ▶ Promote Adoption of New Behaviours

Encourage people to begin a socially beneficial practice, like using public transport, composting, or getting vaccinated.

#### ▶ Discourage Harmful Behaviours

Prevent individuals from engaging in risky or damaging habits, such as smoking, reckless driving, or excessive plastic use.

#### ▶ Modify Existing Behaviours

Influence the improvement of current behaviours, e.g., increasing exercise frequency or reducing screen time in children.

#### ▶ Sustain Positive Behaviours

Reinforce and support continued engagement in a behaviour, such as regular blood donation or using reusable bags.

#### ▶ Facilitate Behaviour Switching

Encourage alternatives to current habits, like choosing stairs over elevators or digital payments over cash.

### ► Raise Awareness and Shift Attitudes

Inform the public and reshape societal perceptions of mental health, gender equality, or pollution.

#### 2.3.7.3 Elements of a Social Marketing Campaign

Table 2.3.3 Elements of a Social Marketing Campaign

Element	Description	Example
Behavioural Objective	Define the specific action you want the audience to adopt, reject, modify, or maintain.	Promoting handwashing among schoolchildren under <i>Swachh Bharat</i> .
Target Audience	Identify and segment the population most affected or most likely to change behaviour.	Teenagers are targeted in anti-smoking campaigns by <i>NTCP</i> .
Barriers and Benefits	Understand what stops change and what motivates it—psychological, cultural, or practical factors.	Low adoption of solar cookers due to usability issues.
Competition	Recognise competing behaviours and influences, such as habits, peer norms, or industry messaging.	Soft drink advertising is competing with water conservation efforts.
Marketing Mix (4Ps)	Strategically use product (behaviour/tool), Price (effort), Place (access), and Promotion (message).	Promoting helmet use through subsidised gear and school outreach.
Positioning Strategy	Craft a message that makes the behaviour appealing and distinctive to the audience.	"Vaccination = Protection for Your Family" during immunisation drives.
Insight Research	Gather data through surveys, focus groups, and observational studies to inform decisions.	KAP studies used in maternal health awareness in Tamil Nadu.

Evaluation and Feedback	Develop metrics to measure success and adapt strategy accordingly.	Monitoring usage of sanitary pads in tribal areas post-intervention.
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## Summarised Overview

Social marketing is a strategic approach that uses commercial marketing techniques to promote behaviours that benefit individuals and society. Unlike commercial marketing, which aims to sell products or services, social marketing focuses on achieving positive social change, such as improving public health, enhancing safety, or protecting the environment. It involves understanding the target audience's beliefs, barriers, and motivations, then tailoring campaigns to inspire voluntary behaviour change. Core elements include audience research, behavioural objectives, and the marketing mix (Product, Price, Place, Promotion), all aligned toward promoting the *social good*. Social marketing is widely applied by governments, non-profits, and health organisations to address pressing issues like smoking, pollution, or road safety, and it plays an essential role in shaping a more informed, responsible, and empowered society.

## Self-Assessment Question

1. Define the concept of social marketing. How does it differ from traditional commercial marketing in purpose and execution?
2. Explain the scope of social marketing. What sectors or societal issues can it effectively address?
3. Compare social marketing with commercial marketing regarding target audience, goals, and ethical considerations.
4. Why is social marketing particularly relevant in developing countries like India? Provide examples to support your answer.
5. Explain the approaches used in social marketing to influence public actions.
6. List and briefly describe the phases of the social marketing planning process.
7. What are the key elements of a successful social marketing campaign?

## Assignments

1. Imagine you are launching a campaign to reduce single-use plastic in your city. What social marketing principles would you apply to encourage voluntary behavioural change?
2. Identify three public issues in your locality that could benefit from a social marketing intervention. Why is this approach suitable in each case?
3. You are tasked with developing two ads: one for a toothpaste brand and another to promote oral hygiene among schoolchildren. How would your strategy differ between the commercial and social marketing objectives?
4. In what ways can social marketing techniques be more ethically demanding than commercial marketing? Discuss campaigns addressing alcohol consumption or child nutrition.
5. Design a social marketing strategy to promote road safety in a busy urban area. Which behavioural theory would support your approach and why?
6. Identify a behaviour (e.g., littering, tobacco use) in your community and list three common barriers, perceived benefits, and competing behaviours that must be addressed.
7. You are leading a water conservation campaign in a drought-prone region. How would you conduct a situation analysis and prioritise your behavioural objectives?
8. Outline a simple marketing mix (4Ps) for a campaign encouraging digital payments in small retail shops.

## Reference

1. Lee, N. R., & Kotler, P. (2022). *Social marketing: Changing behaviors for good* (6th ed.). SAGE Publications.
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### Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU

## Unit 4

# Social Marketing Environment

## Learning Outcomes

Upon the completion of this unit, the learner will be able to:

- ◆ evaluate how societal trends, cultural norms, and policy frameworks influence social marketing campaigns' strategic direction and behavioural focus
- ◆ examine campaign frameworks that set measurable goals and align with targeted social issues using logic models and strategic impact metrics
- ◆ analyse audience segmentation and profiling techniques to design customised interventions that drive meaningful social behaviour change
- ◆ narrate behaviour-focused social marketing strategies by aligning Product, Price, Place, and Promotion to drive audience engagement and impact

## Background

Social marketing evolved as a strategic discipline in the 1970s, pioneered by Philip Kotler and Gerald Zaltman, who proposed using commercial marketing principles to promote behaviours that benefit individuals and society. Unlike traditional advertising, which aims to sell products, social marketing seeks to influence voluntary behaviour change that benefits individuals and society. The field has since expanded to encompass various issues, from public health and education to environmental sustainability and civic engagement, creating a rich and dynamic environment for campaign development. This evolution necessitated a deeper understanding of the social marketing environment, including regulatory pressures, cultural dynamics, digital trends, and community needs, which shape how campaigns are designed and received.

Effective social marketing is grounded in a campaign's clearly defined focus and purpose, supported by in-depth audience analysis and meaningful value offerings. Through target marketing, practitioners segment audiences based on behavioural, psychographic, and demographic variables, crafting tailored interventions that resonate with specific groups. The strategic framework centres around the adapted marketing mix—Product (desired behaviour), Price (perceived cost of adoption), place (distribution and access points), and Promotion (communication and engagement strategies). Together, these pil-

lars allow social marketers to design behaviour-change campaigns that are both ethically grounded and operationally robust and impactful across diverse sociocultural settings.

This unit outlines the process of creating and executing ethical campaigns that drive positive social change by leveraging key marketing concepts, including assessing the surrounding environment, setting clear objectives, identifying target groups, and strategically applying the four elements of the marketing mix to encourage voluntary shifts in public behaviour.

## Keywords

Social Marketing Environment, Campaign, Target Marketing, Social Marketing Mix, Product, Price, Place, Promotion

## Discussion

### 2.4.1 Social Marketing Environment

The Social Marketing Environment refers to the dynamic context, both internal and external, that shapes how campaigns promoting positive behavioural change are conceived, delivered, and received. Internally, it includes elements like target audiences, stakeholders, organisational resources, and delivery channels, which are directly managed within the campaign. Externally, it spans broader forces such as societal norms, cultural beliefs, government policies, technological trends, and economic conditions that influence public attitudes and access to social interventions. A clear understanding of this environment allows social marketers to craft culturally sensitive, policy-compliant, and audience-relevant strategies, ultimately driving greater social impact.

◆ Behavioural Influence Landscape

The social marketing environment can be broadly classified into micro and macro environments, based on the degree of control and influence over campaign activities. Each plays a critical role in shaping strategy, messaging, and implementation outcomes.



Fig. 2.4.1 Social marketing environment

### 2.4.1.1 Types of Social Marketing Environment

#### A. Micro Environment (Internal & Controllable)

These are elements closely connected to the campaign and can be influenced directly by marketers.

- ◆ **Target Audience:** Demographic, behavioural, and psychographic characteristics
- ◆ **Stakeholders:** NGOs, health departments, schools, partners
- ◆ **Campaign Team & Resources:** Budget, human resources, creative assets
- ◆ **Distribution Channels:** Online platforms, local events, community centres
- ◆ **Message Design & Delivery Tools:** Social media content, posters, PSAs

#### B. Macro Environment (External & Uncontrollable)

These refer to broader societal forces that indirectly impact campaign success.

- ◆ **Cultural Norms:** Traditions, beliefs, stigma surrounding issues
- ◆ **Societal Trends:** Changing attitudes, emerging behaviours
- ◆ **Political & Legal Regulations:** Advertising laws, public health mandates

- ◆ **Economic Conditions:** Income levels, affordability of behaviour-change tools
- ◆ **Technological Advancements:** Mobile penetration, digital literacy, AI tools

**Example:** An anti-smoking campaign targeting urban youth in India operates within a multifaceted social marketing environment shaped by micro and macro factors. On the micro level, it focuses on young adults aged 18–30, with support from NGOs, public health bodies, influencers, and academic institutions, utilising social media, campus events, and mobile health apps as core delivery channels, all within a modest budget aided by government airtime. The macro environment includes cultural shifts that increasingly frame smoking as socially undesirable, strict tobacco regulations and warning mandates, rising prices due to taxation, and expanding digital access that enables widespread message dissemination. Together, these elements guide the campaign's strategic planning, helping marketers tailor messages that resonate with youth perceptions, navigate policy boundaries, and maximise reach within available resources.

## 2.4.2 Campaign Focus and Purpose

In a social marketing environment, campaign focus and purpose serve as the strategic core that defines what behaviour the campaign seeks to change and why it matters to society. The focus identifies a specific issue, such as promoting road safety or reducing plastic use. At the same time, the purpose sets clear, measurable behavioural goals linked to that issue, like encouraging helmet use or switching to reusable bags. These are shaped by insights from audience needs, cultural values, policy frameworks, and societal trends, ensuring relevance and impact. A well-defined focus and purpose help guide message creation, stakeholder engagement, and resource allocation, making the campaign ethically grounded and behaviourally practical.

◆ Mission-driven Targeting

◆ Targeted Behavioural Change

### 2.4.2.1 Campaign Focus

In social marketing, campaign focus refers to the central issue or behavioural challenge a campaign aims to address. It defines the scope and direction of the initiative by pinpointing a specific social concern, such as reducing tobacco use, promoting sustainable habits, or increasing vaccination uptake. This focus is not chosen arbitrarily; it emerges from analysing societal needs, public health priorities, stakeholder interests, and cultural attitudes. The campaign focus serves as the anchor for all strategic decisions, including audience selection, message tone, and

communication channels. Marketers can design precise interventions that drive measurable change by narrowing attention to one well-defined behaviour.

◆ Contextual Campaign Alignment

Selecting the proper campaign focus also depends heavily on understanding the social marketing environment, including micro and macro factors. Micro elements like target audience behaviour, media channels, and partner networks help refine the campaign's relevance and delivery. Meanwhile, macro forces, such as evolving societal trends, government regulations, and technological shifts, frame how the focus should be positioned and promoted.

**Example:** A campaign focused on improving menstrual hygiene in rural India aims to increase the adoption of safe and affordable sanitary products among adolescent girls. It works through school-based awareness sessions, local health workers, and community influencers to challenge taboos and promote healthy practices. The campaign focuses on responding to entrenched social stigmas (macro environment) while leveraging local networks and government support schemes like the Menstrual Hygiene Scheme (micro environment).

#### 2.4.2.2 Campaign Purpose

◆ Behavioural Change Purpose

In a social marketing environment, the campaign's purpose defines the specific behavioural goal that a campaign intends to achieve in alignment with a broader social issue. It serves as the guiding intent behind the campaign and influences every aspect of its design, from messaging to audience engagement. Unlike commercial marketing that focuses on sales and profit, social marketing seeks voluntary behaviour change that benefits individuals and society, such as increasing blood donations, improving sanitation practices, or reducing tobacco use. This purpose must be clear, actionable, and measurable, often articulated through logic models or behaviour change frameworks that specify target behaviours, desired outcomes, and mechanisms of change.

◆ Purposeful Environmental Influence

Both micro and macro environmental factors shape the campaign's purpose. Micro-level elements, such as audience beliefs, partner organisations, and media access, ensure the purpose remains relevant and achievable within the immediate operational context. Meanwhile, macro-level factors like government health policies, social norms, economic barriers, and digital trends influence the ethical framing and scalability of the campaign.

**Example:** A global campaign led by UNICEF to promote childhood vaccination aims to increase immunisation rates to prevent life-threatening diseases in low- and middle-income countries. It aims to build vaccine trust through education, mobile outreach, and collaboration with local health workers and governments. The purpose of this campaign is shaped by global public health priorities (macro environment) and community-level factors like healthcare accessibility, cultural beliefs, and misinformation (micro environment).

### 2.4.3 Target Marketing

To understand the concept of a target market, we must first grasp the ideas of market segmentation, market targeting, and market positioning.

#### a. Market Segmentation

◆ Divide the market into sub-markets

This divides a broad market into smaller, defined groups based on shared characteristics like demographics, behaviours, psychographics, or geography. It helps marketers understand varying needs and preferences among consumers. For example, segmenting youth by lifestyle choices or media habits allows for more tailored messaging.

#### b. Market Targeting

◆ Choose an attractive market

Once segments are identified, marketers select one or more to focus on—these become the target markets. The goal is to choose segments that are both attractive and accessible, based on size, growth potential, and compatibility with organisational goals. Targeting ensures that resources and efforts are concentrated where they are most likely to yield results.

#### c. Market Positioning

◆ Creating an image of the product

This involves crafting a unique brand or campaign identity that resonates deeply with the chosen target segment. It is about communicating the value of a product, service, or behaviour in a way that differentiates it from alternatives and aligns with the audience's needs and values. In social marketing, positioning might emphasise benefits like community health, personal well-being, or social inclusion.

#### 2.4.3.1 Guidelines for Selecting a Target Market

1. Begin by identifying the social issue and the specific behaviour you aim to change.
2. Segment the broader population into meaningful groups based on shared traits such as age, lifestyle, beliefs, location, or readiness to change.

3. Evaluate each segment's attractiveness by considering size, accessibility, responsiveness, and alignment with campaign goals.
4. Assess each segment's barriers and motivations to determine which group is most open to adopting the desired behaviour.
5. Ensure that your available resources, budget, channels, and partnerships can effectively reach and influence the chosen segment.
6. Align the selected target group with your social marketing campaign's ethical values and strategic objectives.
7. Test your messaging and approach with a small sample of the target segment to gather insights and refine your strategy before full-scale implementation.

#### 2.4.3.2 Approaches or Strategies to Target Market



Fig. 2.4.2 Approaches or strategies to target market

##### i. Undifferentiated Marketing (Mass Strategy)

Undifferentiated marketing treats the entire population as one homogeneous group, using a single, universal message designed to appeal broadly. This approach is ideal when social issues such as handwashing, immunisation, or road safety are relevant to everyone, regardless of their demographic or psychographic differences. Campaigns using this strategy often rely on mass media

◆ Mass Appeal Strategy

channels like television, radio, or outdoor advertising to ensure widespread reach. While cost-effective and far-reaching, it may lack personalisation and emotional resonance, making it less effective for issues requiring profound behavioural shifts.

## ii. Differentiated Marketing (Segmented Strategy)

Differentiated marketing involves tailoring separate messages for multiple audience segments with unique characteristics. Marketers identify distinct groups based on age, culture, education, lifestyle, or readiness to change and design interventions that speak directly to each segment's values and concerns. For example, a tobacco control campaign might use edgy social media content for urban youth while opting for community health workshops for older adults in semi-urban regions. This approach enhances relevance and engagement but requires more resources for planning and execution.

◆ Segmented Communication Strategy

## iii. Concentrated Marketing (Niche Strategy)

Concentrated marketing focuses intensely on a segment that shares highly specialised traits or behaviours, often overlooked in mass strategies. This is especially valuable when resources are limited or the social issue affects a narrowly defined group. For instance, a campaign promoting menstrual hygiene among adolescent girls in tribal regions zeroes in on local taboos, health access challenges, and cultural beliefs. Marketers can develop deeply resonant messages and supportive infrastructure to foster sustainable behaviour change by focusing on one segment.

◆ Niche Targeting Approach

## iv. Customised or One-to-One Marketing

This strategy uses personalised data to craft unique experiences for individuals, often powered by technology such as mobile apps, SMS, or AI-based platforms. Customised marketing, often enabled by digital tools and data analytics, allows real-time interaction and adaptive messaging based on individual user behaviours and preferences. An example would be a mental health support app that sends tailored mindfulness exercises based on a user's reported mood. Though resource-intensive, this approach fosters trust, relevance, and long-term engagement, especially in sensitive areas like addiction, sexual health, or emotional well-being.

◆ Personalised Engagement Strategy

## 2.4.4 Social Marketing Strategies

Social marketing strategies are carefully designed to influence positive social behaviours by applying marketing principles to public good campaigns. The first step involves understanding

◆ Strategic Behaviour Influence

the problem and defining the desired behavioural change. This strategic clarity allows campaign planners to focus their resources, messaging, and outreach. For example, if the goal is to reduce drunk driving, the strategy may involve promoting responsible transportation alternatives like ride-sharing or designated drivers. Clear goals enable the team to measure progress and assess the campaign's success over time.

◆ Tailored Marketing Mix

Another critical component is audience segmentation and the tailoring of messages using the 4 Ps of marketing: Product, Price, Place, and Promotion. In social marketing, the "product" is often a behaviour (e.g., using mosquito nets), while "price" includes non-monetary costs like time, effort, or social disapproval. "Place" refers to where the behaviour change can be adopted, like schools, clinics, or social media platforms. "Promotion" covers the communication techniques, such as emotional storytelling, endorsements by trusted figures, or interactive workshops that raise awareness and motivate change. Successful strategies rely on community engagement and continuous evaluation. Engaging local influencers, stakeholders, and organisations builds trust and boosts participation. Feedback mechanisms and data tracking are equally important; they help identify barriers, highlight what is working, and guide mid-course corrections. Social marketing strategies tend to be most effective when they are community-driven, grounded in empirical evidence, and responsive to evolving social contexts.

**Example:** A local municipality launches a social marketing strategy to promote water conservation during the summer months. The campaign encourages households to reduce water usage by fixing leaks and adopting rainwater harvesting techniques. It uses emotional storytelling in video ads to highlight the impact of water scarcity on farmers (Promotion), provides free water-saving kits (Product), makes them available at community centres and schools (Place), and addresses the Price, people's resistance to change, by showing cost savings and convenience. The campaign targets urban families and school-age children, combining education with practical tools to inspire lasting change.

### 2.4.4.1 Social Marketing Strategies – 4 Ps Framework

Table 2.4.1 Social marketing strategies - 4Ps framework

Strategy Element	Explanation	Example
Product	The desired behaviour or related service being promoted. It can be tangible (condoms, sanitary pads) or intangible (smoking cessation, safe driving).	Promoting regular handwashing as a behaviour or providing water-saving taps.
Price	The perceived cost, monetary, psychological, social, or time, associated with adopting the behaviour. Strategies aim to minimise these costs or offer incentives.	Reducing stigma around HIV testing to lower emotional barriers.
Distribution (Place)	How and where are the behaviour or tools accessible to the target audience? It includes channels, convenience, and availability.	Offering contraceptives through schools, health kiosks, or mobile vans.
Promotion	All communication efforts are to inform, persuade, and motivate the target audience. Includes media outreach, testimonials, influencers, and emotional appeals.	Running digital campaigns with celebrity endorsements for anti-smoking.

### 2.4.5 Product in Social Marketing

In social marketing, the "product" refers not to a physical item, but to the behaviour, service, or idea the campaign wants the audience to adopt. This could range from quitting smoking, using seat belts, washing hands, or conserving electricity. It may also include tangible products like condoms in safe sex campaigns,

◆ Behavioural Value Proposition

mosquito nets in malaria prevention, or reusable bags in environmental campaigns. Regardless of the form, the Product must represent a value exchange, something beneficial or meaningful enough to motivate the audience to change their behaviour.

To be effective, the Product in social marketing should be clearly defined, relevant to the target audience, and positioned as a solution to a pressing issue. It must offer tangible or emotional benefits, such as safety, health, savings, or social approval. For example, promoting regular health checkups may highlight peace of mind and early disease detection as key benefits. Additionally, the Product may include both a core product (the behaviour), an actual product (the tools or services enabling it), and an augmented product (support systems like counselling or mobile apps that make the behaviour easier to adopt).

◆ Compelling Behaviour Offering

Designing the Product also involves addressing barriers to adoption. Social marketers must understand what makes the audience resistant to change, a lack of awareness, inconvenience, cultural beliefs, or fear, and tailor the Product to reduce these obstacles. This might mean simplifying access, providing incentives, or enhancing perceived value. In essence, the "product" in social marketing must be more than just an idea; it must be a practical, appealing, and achievable behaviour that feels worth adopting in the real world.

◆ Barrier-Reducing Design

**Example:** A social marketing campaign promotes the behaviour of regular handwashing with soap to prevent the spread of infections. The "product" in this context is not the soap itself but the behaviour of handwashing at key moments, such as before meals and after using the toilet. To make this behaviour appealing, the campaign emphasises benefits like better health and protecting loved ones, especially children. Educational posters in schools and catchy jingles on the radio reinforce the practice as simple, innovative, and socially valued.

## 2.4.6 Price in Social Marketing

In social marketing, "price" refers to the tangible and intangible costs the target audience associates with adopting a new behaviour or idea. Unlike commercial settings, where Price is financial, it includes time, effort, fear, emotional discomfort, or even social pressure. For instance, quitting smoking might involve withdrawal symptoms, loss of a coping mechanism, and peer isolation. Recognising these costs is essential because they often act as barriers to change.

◆ Perceived Behavioural Cost

◆ Cost-Reduction Strategy

To reduce perceived Price, social marketers craft strategies that minimise inconvenience or fear and emphasise the personal or societal benefits of adopting the behaviour. For example, a campaign promoting blood donation may address fears of pain or illness by offering clear information, testimonials, and on-site reassurance. Incentives like recognition certificates or refreshments can also add perceived value and encourage participation by offsetting psychological or physical costs.

◆ Value-Based Framing

Effective pricing in social marketing goes beyond lowering barriers; it also involves framing the benefits to outweigh the costs. For instance, a campaign promoting energy conservation may present upfront effort (e.g., changing light bulbs) as a gateway to long-term savings and a healthier planet. By understanding how people weigh cost versus reward, social marketers can design more persuasive and sustainable campaigns that motivate real behaviour change.

**Example:** A municipality launches a campaign encouraging households to segregate wet and dry waste. The perceived Price is the inconvenience of changing daily routines and maintaining two separate bins. To overcome this, the campaign distributes colour-coded bins for free, shares simple segregation guides, and runs neighbourhood contests with small rewards. By reducing effort and adding a sense of community pride, the campaign makes the behaviour more acceptable and easier to adopt.

### 2.4.7 Distribution Strategies

◆ Accessible Behaviour Delivery

In social marketing, distribution strategies refer to how and where the desired behaviour, idea, or supporting tools are accessible to the target audience. Unlike commercial marketing, where products are sold for profit, distribution focuses on convenience and accessibility. For instance, if a campaign promotes oral rehydration salts (ORS), distribution points might include community health centres, schools, or mobile vans in rural areas. The goal is to reduce effort and ensure the behaviour-supporting tools or services are within easy reach.

◆ Lifestyle-Aligned Access

Effective distribution also considers the audience's lifestyle and habits. A campaign targeting working adults to donate blood might set up mobile donation vans near office complexes during lunch hours. Similarly, promoting eco-friendly menstrual products could involve partnerships with pharmacies, supermarkets, or even digital platforms for home delivery. The choice of channels, whether physical or digital, depends on what is most accessible and trusted by the specific segment of the population.

◆ Equitable Access Strategy

Finally, distribution strategies must be inclusive, sustainable, and adaptable to changing needs. Campaigns may rely on local leaders or door-to-door outreach in areas with limited infrastructure to bridge gaps. Technology also plays a key role; apps, SMS reminders, or online booking platforms can increase reach and interaction. A well-planned distribution strategy ensures that the target behaviour becomes visible and easy to adopt and sustain within the audience's daily routines.

**Example:** A campaign promoting iron-rich nutrition for adolescent girls partners with local schools to distribute free iron supplement tablets during lunch breaks. The campaign ensures the tablets are accessible where the target group is present daily, making it easy for them to adopt the behaviour. By using trusted school health staff and familiar locations, the strategy removes barriers like travel or unfamiliar settings and encourages regular consumption.

### 2.4.8 Promotional Strategies

◆ Persuasive Behaviour Communication

In social marketing, promotional strategies are designed to communicate the desired behaviour effectively and motivate the target audience to adopt it. These strategies go beyond simply informing; they aim to engage, persuade, and inspire. Promotion often includes emotional storytelling, clear calls to action, and culturally appropriate messaging. Whether encouraging parents to vaccinate their children or urging people to stop littering, the promotional message must align with the audience's values and lifestyle to resonate authentically.

◆ Multi-Channel Engagement

Social marketers use a mix of communication channels such as social media, television, print, community events, influencer partnerships, street plays, or even mobile apps to ensure wider reach and lasting impact. For example, a road safety campaign might combine billboard slogans, helmet-distribution drives, and video testimonials from accident survivors to reinforce its message across touchpoints. The channel choice depends on the audience; youth might be reached through Instagram reels or YouTube ads, while older citizens may respond better to newspaper articles or local TV broadcasts. Successful Promotion is often interactive and community-driven. This includes engaging local influencers, encouraging public participation through contests or pledges, and using real-time feedback to adapt messages. Reinforcing behaviour through social proof, like sharing real stories of peers who adopted the change, can also strengthen credibility. Effective promotional strategies blend creativity with empathy, ensuring that the audience hears the message and feels empowered to act on it.

**Example:** Swachh Bharat Abhiyan (Clean India Mission)

Table 2.4.2 Promotional strategies

Promotional Strategies Used	
Strategy Type	Description
Mass Media Campaigns	TV, radio, and cinema ads featuring celebrities like Amitabh Bachchan and Akshay Kumar are being used to normalise toilet use.
Social Media Engagement	Hashtags like #MyCleanIndia and user-generated content encouraged public participation.
Community Mobilization	Local influencers, school children, and panchayat leaders conducted rallies and street plays.
Public Endorsements	Prime Minister Narendra Modi's involvement gave the campaign national visibility and credibility.
Behavioral Nudges	Wall paintings, slogans, and visual cues in villages reminded people to use toilets.

## Summarised Overview

Social marketing is a strategic approach that uses marketing principles to influence voluntary behaviour change for societal benefit. It begins by analysing the social marketing environment, including cultural, economic, and political factors that affect campaign design. A clear campaign focus and purpose define the promoted behaviour, while target marketing ensures messages reach the right audience using demographic and behavioural insights. The strategy applies the adapted 4 Ps: the Product (desired behaviour or idea), its associated price (barriers like effort or social resistance), effective distribution through accessible channels, and persuasive promotional strategies that motivate action through relatable messaging. These components create impactful campaigns that address real-world issues with empathy and purpose.

## Self-Assessment Question

1. What distinguishes a social marketing environment from a traditional commercial, and how do external factors influence campaign design?
2. How can the focus and purpose of a social marketing campaign be aligned with measurable behavioural outcomes and social impact?
3. What segmentation strategies most effectively identify target audiences for behaviour-change interventions?

4. How can audience profiling based on demographics, psychographics, and behavioural data enhance message relevance and campaign reach?
5. In what ways do social marketing strategies differ when promoting intangible benefits such as health or environmental sustainability, compared to commercial products?
6. How is 'product' defined in social marketing, and how can behavioural offerings be made attractive and accessible to diverse audiences?
7. What factors influence 'price' in social marketing, and how can perceived barriers to behaviour change be minimised or reframed?
8. What role does 'place' play in social marketing, especially regarding accessibility, community reach, and service delivery points?
9. How can promotional strategies, including social media, public service announcements, and influencer advocacy, be tailored to drive public engagement and behavioural shift?
10. What metrics and feedback tools can be used to evaluate the effectiveness of distribution and promotion strategies in achieving desired social outcomes?

## Assignments

1. How would you analyse the social environment when planning a campaign to reduce single-use plastic in urban communities?
2. What purpose and behavioural objective would you set for a campaign to increase organ donation registrations in India?
3. How would you segment your target market for a campaign promoting hand hygiene in primary schools?
4. What social marketing strategies could you apply to encourage active commuting (cycling/walking) in congested city zones?
5. How would you define the 'product' in a campaign promoting mental health awareness among university students?
6. What are the perceived 'costs' (Price) associated with quitting smoking, and how would you address them in your messaging?
7. Which 'place' channels would most effectively distribute information and resources in a rural child vaccination campaign?
8. What promotional mix would you recommend for a government-led campaign promoting eco-friendly menstrual hygiene products?
9. How would you use digital platforms to drive engagement for a campaign reducing food waste at the household level?
10. What metrics would you track to evaluate the effectiveness of a social marketing campaign promoting water conservation in apartment complexes?



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# 03 BLOCK

# Global Marketing

## Block Content

- Unit - 1 Introduction
- Unit - 2 Targeting Segments
- Unit - 3 Pricing Policy and Strategy

# Unit 1

## Introduction

### Learning Outcomes

On completion of this unit, the learner will be able to:

- ◆ explain the meaning and importance of global marketing
- ◆ identify and describe different modes of entry into the global market
- ◆ comprehend the process of international marketing
- ◆ describe the concept of global segmentation and positioning

### Background

As part of expanding the business to new markets, companies began to look beyond their home countries to explore opportunities in international markets. This gave rise to the concept of Global Marketing. In earlier times, trade was limited by geography, transportation, and political boundaries. However, with the advancement of technology, transportation, and communication, the world has become increasingly interconnected, creating what we now refer to as a global marketplace.

As economies opened up and international trade barriers were reduced, companies began to see the advantages of selling their products and services worldwide. The rise of multinational corporations (MNCs), international trade agreements, and digital platforms has further accelerated this trend. Today, even small and medium-sized enterprises can access customers across continents through online platforms and global supply chains.

Global marketing is more than selling the same product everywhere. It includes understanding varying preferences of the customers, differences in cultures, legal systems, and economic conditions in various countries. It is significant for companies to adapt their marketing strategies to meet local needs so as to maintain a consistent global brand identity.

## Keywords

Global Marketing, Segmentation, Targeting, Positioning, Market Entry, Cultural Adaptation, Behavioral Segmentation, Economic Segmentation, Brand Identity, Marketing Mix.

## Discussion

### 3.1.1 Global Marketing

#### ◆ Global Marketing

A company aiming to market its products in more than one country is engaging in global marketing. Global marketing involves promoting and selling products or services to customers across the world, rather than focusing solely on a single local market. It focuses on understanding diverse cultures, adapting messages for different regions, and maintaining a consistent brand identity across all markets.

#### ◆ Satisfy needs across different regions

Global marketing tries to identify and satisfy the needs of customers across different regions of the globe. As we know, most companies have high sales and profit targets. So, in order to achieve these ambitious targets, it is essential for companies to move out of their domestic markets and reach a wider audience.

*As per Prof M.V. Kulkarni, "Global marketing involves identifying needs, wants and demand of global customers and making the products/services available to them either through own manufacturing or outsourcing and distributing the product/service at the places convenient for consuming."*

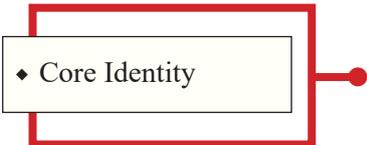
#### ◆ Advantages

Thus, we can say that Global marketing is the strategy of promoting a company's products or services in the international marketplace. Global firms plan, operate, and coordinate their activities on an international basis and have several advantages in the field of research and development, marketing, production, logistics, etc., when compared to domestic competitors.

#### ◆ Local Preferences



Coca-Cola is a great example of the successful implementation of global marketing. Its red can and famous logo are known all over the world. Coca-Cola adjusts its marketing to fit local cultures, like using local celebrities in ads or celebrating regional festivals. As part of their global marketing strategy, the company has created unique-



◆ Core Identity

marketing campaigns customised to local preferences, traditions, and customs. For instance, in India, Coca-Cola has partnered with Bollywood stars to promote its products, while in Brazil, the company has launched customised campaigns during major sporting events like the FIFA World Cup. Even though the message changes a bit to match each place, the core idea of happiness, refreshment, and togetherness stays the same everywhere. From Coca-Cola's success, we can learn that global marketing works best when businesses adapt their message to local audiences.

Global marketing is creating and carrying out marketing plans in different countries around the world by adjusting their strategies to fit the needs and preferences of each local market. This helps the brand connect with different audiences while still keeping its core identity. Also, businesses can enter new markets more easily and build a better reputation. When a brand feels relevant and meets local expectations, it has a better chance of forming strong, lasting relationships with customers.

### 3.1.1.1 Objectives of Global Marketing

As we had discussed earlier, global marketing is essential in order to reach a wider audience and achieve ambitious targets. Global marketing is gaining more importance in developed as well as developing countries. With the help of global marketing, consumers are provided with greater value by making reliable products available at affordable prices. The main objectives of global marketing are as follows:

1. To increase revenue by finding new customer bases and thereby taking advantage of the global demand.
2. To ensure the company's global presence by entering into new international markets.
3. To build a strong and consistent brand that is trusted across the globe.
4. Enjoy economies of scale by producing at a larger volume globally, thereby reducing per-unit costs of production.
5. Adapt to global trends by staying updated and quickly responding to technological changes and global market trends.
6. To meet the diverse needs and preferences of customers across the globe through localised marketing strategies.
7. To reduce dependence on a single market and thereby reduce the business risk by spreading it across different regions.

8. Provide high-value products and services at competitive prices.
9. To establish and strengthen trade relationships among nations, promoting cooperation and contributing to global peace and harmony.
10. To facilitate and encourage social and cultural exchange among countries across the globe.



World-famous coffeehouse chain, Starbucks, accounted for 40,199 stores worldwide in 2024.

Tata Starbucks arrived in India in October 2012, as a joint venture between Starbucks Coffee Company and Tata Consumer Products Limited.

*Source: Statista Research Department - Dec 10, 2024*

*(<https://www.statista.com/statistics/218366/number-of-international-and-us-starbucks-stores/>)*

### 3.1.1.2 Initial Modes of Entry

◆ How to go Global

Once the company has decided to go global, it must then decide how to go global. A company should decide how it will enter into a foreign market, i.e. it must choose the best mode of entering into a global market. There are different modes of entry into a foreign market, and each of these modes has its own level of rules and regulations, risk, investment as well as returns.

Now let's look into the various modes of entry in a foreign market in detail:

#### 1. Indirect exporting

◆ Low investment and risk

Indirect exporting typically works through domestically based agents or independent intermediaries. Domestically based agents seek and negotiate foreign purchases on behalf of manufacturers for a commission. Domestically based merchants, on the other hand, buy products from manufacturers and sell them in foreign markets. In the case of indirect exporting, the level of involvement of the firm with the foreign market is low. The major advantages of indirect exporting are that it requires less investment and there is less risk.

## 2. Direct Exporting

When a company decides to export its product by itself, it is known as direct exporting. The investment and risk in direct exporting are comparatively higher when compared with indirect exporting. Similarly return is also higher. In direct exporting, the company develops overseas contacts, conducts market research, and handles documentation as well as transportation. Here, the company may establish its sales and marketing office in the foreign market as well as employ its own salespersons.

◆ Higher investment, risk and return

## 3. Licensing

Licensing is an easy way to engage in the global market. In licensing, the licensor issues a license to a foreign company which permits it to use the manufacturing process, trademark, patent, trade secret, etc. The licensee has exclusive rights to produce and market the product in the specified area for a limited period. The licensee, in return, gets a license fee or royalty. The main advantage is that it requires less investment for a company to enter into a global market through licensing. One major drawback of licensing is that substantial information, such as process know-how, is shared with an outsider who may in the future become a competitor, once the license period is over.

◆ Exclusive Rights

## 4. Joint Ventures

A joint venture is a business arrangement where two or more organisations pool their resources to achieve strategic and competitive advantages in the market. When a company aims to enter into a global market, it enters into a joint venture agreement with a company from the target market. Economic or political factors such as a firm's lack of financial or managerial resources to operate independently, or government regulations requiring joint ownership as a condition for market entry (i.e. a joint venture may be necessary due to legal restrictions on foreign investment) can lead to the formation of a joint venture. One of the benefits of a joint venture is that both partners can specialise in their particular area of technological expertise. The foreign firm can make use of the local management's knowledge of the rules and regulations of the market. However joint venture can lead to conflicts while making decisions or policies. It can also restrict a foreign firm from carrying out its business activities on a worldwide basis.

◆ Joint Ownership

## 5. Direct Investment

In the case of direct investment, a foreign company may acquire a partial or full stake in a local company, or it may establish

◆ Control of Operations

its own manufacturing or service facilities. The company invests the maximum amount of capital and effort in direct investment. Here, the company has control over its operations when compared to a joint venture or licensing. The company does not need to share proprietary information in the case of direct investment. Another benefit is that in a large market, the firm can enjoy cost economies through cheaper labour, raw materials, etc. The main disadvantage of direct investment is that it is very expensive and risky; as if the venture fails, there will be a huge loss. Also, there is a risk of expropriation.

### 3.1.1.3 Process of International Marketing

As part of the expansion strategy, businesses think about selling their products or services beyond their home country. Meeting the needs of customers across the globe is not as simple as just shipping goods overseas. Different nations have their own language, cultures, laws, and buying habits. In order to be successful, companies need to avoid mistakes, use their resources better, and create strategies that work in different parts of the world. Understanding the process of international marketing can help you understand how brands grow globally and make a name for themselves across countries. Let's look in detail at the process of international marketing:

#### i. Market Research

◆ Gaining Information

The decision regarding expanding the business by entering into global market is based on the opportunities available to the firm abroad. These opportunities must be greater than those present in the home country. Before entering into any new country, it is important to learn as much as you can about that market. Market research is the tool that helps you succeed in gaining information about the global market. The more knowledge you gain, the better you can shape your marketing efforts to fit local expectations. Market research helps you understand what local customers are like, what they need, who your competitors are, and how the market works.

#### ii. Understanding cultural differences

◆ Connect with People

Every country has its own way of communication, culture, and values. What is acceptable in one place might be offensive in another. So it is important to understand the local language, culture, and behaviour as it helps you connect with the people in a meaningful way. People always tend to trust the brands that understand them.

◆ Local Appeal

### iii. Flexible marketing mix

Product, price, place, and promotion are the key elements of the marketing mix. We need to adjust each of these elements in order to match the local needs of the people. Being flexible will help you appeal to local customers without losing your brand identity. The marketing mix should be perfectly in tune with the typical demands of the marketing environment of the foreign target markets.



Nestle, the parent company of Kit Kat, recognised the potential of the Japanese market and adopted a strategic approach to localisation. Instead of imposing Western flavours, Nestle embraced the Japanese palate by introducing unique and even region-specific Kit Kat flavors. These flavours ranged from matcha (green tea) and sake to sweet potato and wasabi, creating a diverse and appealing product line for Japanese consumers.

◆ Online Presence

### iv. Make use of Local Search Engines and Social Media

The significance of online presence in today's world is well known. But just being online is not enough. It is essential to ensure that the business is visible on the platforms that local people use. Using the most popular search engines in that country and being active on local social media platforms can help boost sales. Using the most popular search engines in a country and maintaining an active presence on local social media platforms can significantly boost sales.

According to Adyen retail report 2024, approximately 65% of Brazilian consumers reported shopping through social media platforms as of February 2023, reflecting the deep integration of smartphones and social media into daily life. In-app purchases and personalised advertisements enhance user experience, prompting further growth in social commerce.

*(Source: <https://finance.yahoo.com/news/brazil-social-commerce-market-intelligence-133100799.html>)*

◆ Avoid Mistakes

### v. Build local partnerships

Getting help or working with local businesses as well as experts makes it easier to succeed in a new market. These partners know the local rules, customers, as well as the challenges in the

local business environment. Such partnerships will help to avoid mistakes and accelerates business growth.

#### vi. Monitor, Adapt, Succeed

##### ◆ Flexible Approach

International markets are dynamic and constantly evolving. Strategies that yield success today may become ineffective tomorrow. So it is essential to regularly monitor your performance, analyse customer feedback, and keep an eye on your competitors. A flexible approach should be adopted so that you can refine your products or explore new ideas as the situation demands. This approach will help your brand remain strong and successful over time.

The process of international marketing is not only about selling products in other countries but also about building strong and meaningful connections with global customers. Every step, from researching the market to adapting products and strategies, plays a crucial role in helping a business succeed internationally. International marketing requires research, flexibility, creativity, and cultural understanding, so that, with the right approach, businesses can expand their reach, build a global brand, and make a lasting impact across borders.

### 3.1.2 Global Segmentation and Positioning

#### 3.1.2.1 Global Segmentation

##### ◆ Similar needs

Segmentation, targeting, and positioning are key for any marketing strategy. Segmentation involves breaking down a large, heterogeneous market into smaller, more manageable segments. Each segment should consist of consumers with similar needs, characteristics, or behaviours. Companies can then develop unique marketing strategies (marketing mix) for each segment to better address their specific needs. Segmentation is the first step in the three-phase STP marketing strategy: segmentation, targeting, and positioning.

According to Philip Kotler, market segmentation is the subdividing of a market into homogeneous subsets of customers, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix.

##### ◆ Distinct Consumer Segments

Market segments are chosen because they are likely to respond similarly to marketing strategies and offers, allowing companies to tailor their marketing efforts for greater effectiveness. Global segmentation is an important strategy for MNCs. In global segmentation, global markets are divided into distinct consumer segments based on their common characteristics. This

will allow companies to effectively tailor their strategies and offerings among various countries.

Global segmentation can be approached in several ways. A group of countries that exhibit similar product demand can be identified as a cluster, which forms the basis of regional selling. This approach emphasises geopolitical and economic segmentation factors, allowing companies to develop strategies specific to regions with shared market conditions and consumer preferences. For example, many companies treat the European Union (EU) as a single regional market due to its shared economic structure, regulatory alignment, and similar consumer expectations across member countries. For instance, automobile manufacturers like Volkswagen or Toyota often design and market specific car models like compact, fuel-efficient vehicles for the European market cluster. These models cater to common regional needs such as high fuel prices, narrower roads, and environmental regulations. Instead of creating a separate marketing and product strategy for each EU country (e.g., France, Germany, Italy) the company uses a regional selling strategy that leverages the economic similarities and common regulatory environment across the cluster.

#### ◆ Cluster

Another approach to global segmentation is to target different segments in different countries for the same product. For example, in the United States, a soft drink company may target young adults and sports enthusiasts by aligning the brand with major sporting events and using energetic, competitive themes. In contrast, in India, the same brand often appeals to family values and community, positioning the product as a beverage to be shared during family meals and festivals. So in this approach, despite selling the same product, the brand differentiates its messaging and positioning to fit local lifestyles and consumer behaviour. Here focus is on behavioural and lifestyle segmentation factors.

#### ◆ Different Segments

Identifying the segments present in many or most countries is another approach to global segmentation. This is known as Universal selling. In this approach, consumer groups with similar characteristics, needs, or preferences that exist across multiple countries are identified as segments. These segments exhibit distinct behaviours regardless of their geographical locations. Here, a single marketing strategy is applied broadly across various countries. In this segmentation, there is a hybrid balance between macro segmentation factors (broad groups such as geographic, demographic) and micro segmentation factors (specific groups such as values, lifestyles). For example, let's consider Apple. The company targets affluent, tech-savvy consumers around the world, whether in the US, Germany, India, or Japan.

#### ◆ Universal Selling



These consumers share a desire for premium products, sleek design, and seamless user experience. Apple uses a unified global marketing message (e.g., “Think Different”) that resonates with this segment, even though the customers are located in different regions.

### 3.1.2.2 Market Targeting

After developing distinct market segments, the firm must decide which of these segments to target and how many to pursue, based on factors such as market potential, competition, and alignment with the firm's capabilities. Several variables are combined in an effort to identify smaller, better-defined target groups. For example: After segmenting the market, a smartphone company identifies various market segments such as tech savvy professionals looking for high performance and premium features, budget-conscious users who need essential functions at an affordable price, teenagers focused on design, gaming, and social media use, elderly users who need basic, easy-to-use phones and business users requiring strong security and productivity tools. Out of all these segments identified, the company chooses to target tech-savvy professionals, and teenagers because these segments are highly engaged with technology, regularly upgrade their devices, and are responsive to branding and innovation. By targeting these segments, the company can align its product features and marketing strategies to suit their expectations, such as advanced cameras, sleek design, and powerful processors.

◆ Targeting

### 3.1.2.3 Global Positioning

Positioning is the process of designing a company's offering and brand image in such a way that it occupies a distinctive, valued, and meaningful place in the minds of the target market. The goal of positioning is to locate the brand in the minds of consumers to maximise the potential benefit to the firm. A company positions its offerings so that the target market recognises their distinct value and brand identity.

◆ Minds of Consumers

Once the global market has been segmented and one or two markets are targeted, it is important to develop a plan to reach its target market. For this, positioning is used to create an image for its products in the minds of the customers. Global brand positioning is essential for organisations expanding into international markets. It involves developing a consistent brand identity across diverse regions while respecting local cultural differences. Effective positioning strikes a balance between universal appeal and cultural sensitivity i.e. standardisation for global consistency and customisation for local relevance. Positioning is influenced by several variables, including product features,

◆ Consistent Brand Identity

pricing strategies, distribution channels, packaging, support services, and customer interactions with company representatives. Each of these factors contributes to how a brand or product is perceived in the market. Two key elements of product positioning are how customers perceive the product in terms of value, quality, or relevance, and how the product is positioned relative to its competitors. A strong product position helps a company stand out in a crowded marketplace and directly influences customer choice and brand loyalty.

### Key Features of Global Positioning:

- i. **Consistency across Markets:** The brand's core identity, message, and values remain the same globally. This consistency enhances brand recognition and builds consumer trust.
- ii. **Adaptation Where Necessary:** While the main message stays consistent, companies may adjust certain elements like language, cultural references, or packaging to better suit local audiences.
- iii. **Emotional & Functional Appeal:** Global positioning often focuses on universal values like quality, innovation, trust, or freedom.

Attempting product positioning in global markets is similar to domestic positioning, as the core process of understanding customer perceptions and differentiating from competitors remains largely the same. However, additional complexities arise due to the unique nature of the global environment. Factors such as technological variations, country-of-origin perceptions, differing regulations, and packaging and labeling requirements significantly impact how products are positioned across borders. These challenges reflect global influences such as culture, language, political and regulatory frameworks, economic conditions, and infrastructural limitations. Successful global positioning requires marketers to adapt to these variables while maintaining a consistent brand identity.

#### 3.1.2.4 Global Market Segments

Companies divide global markets into smaller groups to better understand and serve customer needs. Just like in domestic markets, businesses can group people or countries based on things like location, economy, politics, culture, etc. Let's look in detail at these types one by one.

◆ Group People

- i. **Geographic Segmentation:** Geographic segmentation means dividing the market based on location, such as re-



◆ Based on location

◆ Age, Gender, Income, etc.

◆ Political system and legal rules

◆ Economic Development

◆ Cultural factors

gions, countries, cities, or climate zones. This helps companies adjust their products and marketing to suit the unique needs, preferences, and living conditions of people in different areas. For example, a business might sell one type of product in cities and another in rural towns, or create advertisements that reflect the weather and cultural habits of a particular region. By focusing on specific geographic segments, businesses can better meet local expectations and improve customer satisfaction.

**ii. Demographic Segmentation:** In this method, segmentation is based on factors such as age, gender, income, education, family size, etc. These factors help marketers understand the basic profile of their target customers and customise products, services, and promotions accordingly.

**iii. Political and Legal Segmentation:** This means looking at the political system and legal rules of a country. Some countries are more open to foreign investment, while others impose strict regulatory controls and restrictions on foreign businesses. Marketers need to consider factors such as how stable the government is, whether the country allows foreign businesses to operate, whether there are any tariffs (import taxes), and if there are rules requiring the use of local materials.

**iv. Economic Segmentation:** Countries can also be grouped by their level of economic development, such as developed, developing, or underdeveloped. Developed countries like the US or Germany have high income, lots of industries, and better living standards. Developing countries like India or Brazil are growing but still face issues like poverty and low income. Low-income countries typically have poor infrastructure and lower standards of living. Marketers often focus on developed countries first, but developing countries can also offer big opportunities with the right strategy.

**v. Cultural Segmentation:** Cultural factors like shared language, religion, values, and attitudes can also be used to divide markets. McDonald's follows a "think global, act local" approach to meet the cultural preferences of different regions. This means that while it keeps some popular items the same worldwide, like McNuggets and McFlurry, it also adjusts other menu items to suit local tastes. For example, in India, where many people are vegetarian, McDonald's introduced the Maharaja Mac, made with a corn and cheese patty. (The name "Maharaja" connects with India's royal heritage).



#### ◆ Behaviour

**vi. Behavioural segmentation:** This is about grouping consumers based on how they behave when making buying decisions. It looks at things like how often a customer uses a product, what benefits they're looking for, brand loyalty, etc. By understanding these patterns, companies can adjust their marketing to highlight the features or experiences that resonate with each group. This approach helps businesses connect better with customers, meet their needs more effectively, and encourage long-term loyalty.

Global market segmentation helps companies understand the diverse needs of customers across different regions and cultures. By dividing the global market using factors like geography, demographics, politics, economy, culture, and behaviour, businesses can design more effective marketing strategies. This targeted approach not only improves customer satisfaction but also increases the chances of success in competitive global markets.

## Summarised Overview

Global marketing involves promoting and selling products or services to customers across the world, rather than focusing solely on a single local market. It tries to identify and satisfy the needs of customers across different regions of the globe. With the help of global marketing, consumers are provided with greater value by making reliable products available at affordable prices. Global firms plan, operate, and coordinate their activities on a global basis and have several advantages in the field of research and development, marketing, production, logistics, etc. when compared to domestic competitors. There are different modes of entry into a foreign market, such as direct and indirect exporting, licensing, joint ventures, direct investment, etc.

The process of international marketing includes market research, understanding the culture differences, creating flexible marketing mix, making use of local search engines as well as social media, building local partnerships, and monitoring and adapting to the dynamic global environment.

Global segmentation is an important strategy for MNCs. In global segmentation, global markets are divided into distinct consumer segments based on their common characteristics. This will allow companies to effectively tailor their strategies and offer-

ings among various countries. After developing distinct market segments, the firm must decide which of these segments to target and how many to pursue, based on factors such as market potential, competition, and alignment with the firm's capabilities. Once the global market has been segmented and one or two markets are targeted, it is important to develop a plan to reach its target market. For this, positioning is used to create an image for its products in the minds of the customers.

## Self-Assessment Question

1. What is Global Marketing?
2. Explain the initial modes of entry into the global market.
3. Describe the process of Global Marketing.
4. What are the objectives of Global Marketing?
5. What is meant by global market segmentation?
6. What do you mean by target marketing?
7. Explain any three bases used for global market segmentation.
8. Describe positioning in the context of global positioning.

## Assignments

1. Choose an MNC and analyse its approach to global market segmentation and positioning.
2. Identify a product that has been marketed differently in two or more countries. Understand the factors that influenced these changes in strategies.
3. Imagine you are launching a product in the global market. Describe the steps you would take in the international marketing process.
4. Choose a foreign market for expansion and justify your answer based on political, legal, and economic segmentation.

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## Suggested Reading

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## Unit 2

# Targeting Segments

## Learning Outcomes

On completion of this unit, the learner will be able to:

- ◆ comprehend the concept and strategic importance of global products, including their advantages and challenges
- ◆ explain the need for balance between product standardisation and adaptation in international markets
- ◆ identify and describe various global pricing approaches including cost-based, demand-based, value-based, penetration and skimming strategies
- ◆ analyse the key factors influencing global pricing decisions

## Background

Today, as the world gets more connected, businesses are increasingly expanding their operations beyond domestic borders, offering products and services in global markets. In this unit, we will discuss the concept of global products and explore how companies design and deliver offerings that meet the varying needs of global consumers. In global marketing, product standardisation and adaptation is of strategic importance. Global branding plays a significant role in cross-cultural contexts. Global pricing strategies focus on how companies determine the right price for their products across different markets by considering factors such as costs, customer expectations, competition and market conditions. Through this unit, the learner will gain a foundational understanding of how global products are developed and priced to ensure both customer satisfaction and business success worldwide.

## Keywords

Global Products, Product Standardisation, Product Adaptation, Brand Element Adaptation, Economies of Scale, Global Brand Recognition, Global Pricing, Cost-Oriented Pricing, Demand-Oriented Pricing, Value-Based Pricing, Penetration Pricing, Skimming Pricing, International Market, Customer Perception, Pricing Strategy.



## Discussion

### 3.2.1 Global Products

◆ Value to customers

A product can be defined as a bundle of benefits that provide value and satisfaction to customers. It is a collection of physical, service, and symbolic attributes designed to fulfil the needs, desires, and expectations of the users. Attributes include tangible elements such as size, colour, shape, design, etc., as well as intangible elements like brand image, perceived quality, and emotional appeal. When a purchase decision is made, a product is evaluated on both its physical and psychological dimensions. Therefore, it is significant for companies to ensure that the product not only ensures functional utility but also expresses the brand image and the value they intend to communicate.

◆ International customer base

Global products are products offered in multiple countries under a common name with standardised features, quality, and design. They are marketed with a consistent identity and minimal adaptation across borders. Global products are different from regional products, which are customised to the taste and preferences of specific geographic areas. Global products focus on meeting the needs of the international customer base. This standardised nature helps maintain brand consistency, achieve economies of scale, and enhance global recognition.

◆ Challenges

For global marketers, the challenge lies in designing product strategies that are coherent and effective across diverse international markets. Thus, a product is not just a physical object but a comprehensive offering that includes tangible benefits, functional performance, emotional resonance and symbolic significance.

◆ Strategic Balance

A global product is designed to appeal to consumers across the world, with little or no modification from one market to another. It maintains a strategic balance of delivering consistent value and brand identity while addressing the needs of consumers in multiple markets.

◆ Cost per unit

#### 3.2.1.1 Advantages of Global Products

Global products play a major role in international marketing and offer a wide variety of strategic advantages for businesses operating across borders. The main advantages are as follows:

- i. **Economies of Scale:** One of the most important benefits of global products is that it helps firms to achieve economies of scale on the basis of production. Global firms have to produce large quantity of goods in order to meet the de-

mand of domestic as well as international markets. As the volume of production increases to meet global demand, per unit cost of manufacturing decreases, resulting in improved cost efficiency. This enables companies to offer competitive pricing while maintaining profitability.

◆ Reduction of overall Cost

**ii. Economies of Scope:** Economies of Scope means the ability to use shared resources, technologies, or processes to produce a variety of related products, thereby enhancing operational efficiency and reducing overall costs. So when firms produce different kinds of products to cater to the varied preferences, needs, and cultural differences of consumers across regions, the overall cost for production is lower than what it would cost if they were produced separately. This is because, instead of setting up separate production systems for each product line, companies can use common inputs such as manufacturing facilities, distribution channels, marketing team, etc. across various products. This helps reduce the overall cost compared to producing each product independently.

◆ Brand Visibility

**iii. Global Brand Recognition:** Another significant advantage of global products is that it will help in the development of global brand recognition. When companies successfully market and sell their products in multiple countries, it will help to enhance their brand visibility and reputation on a global scale. Global products that are marketed under the same brand are vital for building this international brand equity. This widespread recognition fosters consumer trust, strengthens brand loyalty, and contributes to the overall goodwill of the company.

### 3.2.1.2 Challenges of Global Products

Even though global products offers numerous benefits, there are several significant challenges that companies face while developing, marketing and sustaining these products across the global markets. Some of the challenges are as follows:

◆ Financial Investment

**i. Heavy Capital Requirement:** One of the foremost challenges of launching global products is the huge financial investment required. Expanding business operations across multiple countries include large scale commitments such as establishing new production facilities or modifying existing ones, large investment for advanced technology and infrastructure, hiring and training competent workforce, upgrading business processes to meet international standards. All these activities require huge capital investment which is challenging for many enterprises.



◆ Complexity in Management

**ii. Managing Global Business Operations:** Positioning a product in multiple global markets is highly complex. Even if a company plans to sell a standardised global product, it will have to deal with regional differences such as customer preferences, taste and habits, cultural norms and values, legal and regulatory requirements, purchasing power etc. In order to address these variations firms may have to engage in complex decision making process such as modifying product features, adjusting pricing strategies, developing marketing communications. Keeping a balance between standardisation and localisation without affecting the brand identity is a difficult task.

◆ Price Sensitive

**iii. Competition from Local Brands:** Global firms often face stiff competition from well-established local brands, especially in price sensitive markets. Local competitors have better understanding of the regional consumer behaviour. Their operational as well as distribution costs are comparatively lower. They also have a very loyal customer base. In such a business environment, global products may be perceived as premium-priced, making them unaffordable to price-conscious consumers. So this can affect the market share as well as profitability of the global firm.

### 3.2.2 Developing New Global Products

Developing new global products involves designing products that can succeed in various global markets. While developing products for global markets, it is significant to keep a balance between standardisation and adaptation. Standardisation should be followed so as to maintain the efficiency and consistency of the brand whereas adaptation is vital if there are any specific local needs or preferences that need to be addressed. Often global product strategies consider cultural, economic, regulatory and behavioural differences across markets.

#### 1. Global Product Strategies

The main focus while developing global product strategy is to position, design and deliver products across international markets. Global product strategy tries to answer major strategic questions regarding standardisation and adaptation of products. These decisions help in shaping product design as well as branding, marketing etc. Knowledge about the kind of products that can be easily standardised and various adaptation strategies are essential for developing global product strategies.

◆ Position, Design and Deliver

## 2. Product Standardisation

### ◆ Uniform Branding

When a uniform product is offered across all markets with minimal or no modification, it is known as product standardisation. Product standardisation focuses on providing uniform branding and experience across all markets. By product standardisation firms can also enjoy economies of scale in production as well as marketing. It helps in maintaining consistent quality of products or services throughout various markets.

### ◆ Universal Product Functions

Standardisation strategy is suitable in cases where consumer needs and usage patterns are similar across regions. Similarly when the product's functions or performance expectations are universal, a firm may choose to offer standardised products. At times firms can even surpass cultural differences and follow standardisation strategy if the brand equity is strong enough. In the case of luxury goods as well as technology, global consistency and prestige are part of the value proposition and therefore standardised products can be offered. Food and beverage companies find it harder to standardise their products because people in different region have their own taste, preference and eating habits.

The benefits of product standardisation strategy are as follows:

- ◆ When large volumes of a standardised product are produced, it can lower the cost per unit i.e. economies of scale
- ◆ Standardised approach helps in maintaining a consistent brand image across various international markets.
- ◆ It helps to simplify business operations.
- ◆ It creates a centralised approach to the management enabling greater control over various operational aspects.
- ◆ With the help of product standardisation the need for different product versions as well as marketing modes can be eliminated, thereby saving costs.

## 3. Product Adaptation

### ◆ Modifications

Product adaptation involves modifying an existing product to meet local preferences, conditions or regulations. Here, the core product may stay the same, but aspects like design, features, size, packaging etc. may change. The key drivers of product adaptation are cultural preferences, climate or environmental factors, economic conditions, purchasing power, legal or regulatory constraints etc.

According to Warren Keegan, there are five international product and communication adaptation strategies. We will discuss about the product adaptation strategies below.

		Product		
		Do Not Change Product	Adapt Product	Develop New Product
Communications	Do Not Change Communications	Straight extension	Product adaptation	Product invention
	Adapt Communications	Communication adaptation	Dual adaptation	

Fig. 3.2.1 International product and communication adaptation strategies

First one is known as straight extension strategy. In this strategy, a product is introduced into the foreign market without any change. Some of the benefits of this strategy are that it helps in reducing the cost as there are no additional expenses like different promotional activities, R&D expenses, separate manufacturing etc. The major limitation of this strategy is that, this is successful only for limited types of products such as electronics, machine tools etc.

◆ No Change

Product adaptation modifies the product to suit local conditions or preferences. Product adaptation can be performed at various levels like retailer, city, country, regional and so on. Local market circumstances often favour product adaptation. Many companies make additions to their product portfolio by acquiring local companies. So when this strategy is employed, the product is altered or new products are introduced across markets.

◆ Alterations

Product invention is the process of creating entirely new products to address the specific needs of a foreign market. This can be of two types:

Backward invention: Reintroducing the earlier version of a product that better suits or adapts to a foreign market.

Forward invention: Designing a completely new product customised to the local conditions or needs.

Product invention represents a deep level of market commitment and is particularly relevant when standardised or adapted product does not align with local need or demand.

◆ Cultural Misinterpretation

#### 4. Brand Element Adaptation

When expanding globally, brand elements such as the name, logo, slogan, colour etc. may require modifications so as to avoid cultural misinterpretation and to ensure relevance. Companies

should be careful while deciding brand names and slogans and should ensure that they are pronounceable and meaningful in local languages. Colours, numbers, symbol etc. may have different meaning, perception and beliefs across cultures. Brand adaptation ensures that the brand maintain its identity while being culturally sensitive.

◆ Customer Centric Products

Developing new global products requires strategic foresight and cultural intelligence. It is about finding the right balance to deliver value, efficiency and relevance. By aligning product development with global trends and by taking local differences into consideration companies can develop scalable and customer centric global products.

### 3.2.3 Global Pricing

Price is the value of a product offering, which is influenced by other elements of the marketing mix such as product, place and promotional decisions. Therefore global pricing decisions are closely interconnected with other components of the marketing mix.

◆ Factors Influencing Global Pricing

At its core, pricing involves determining the amount a company expects to receive in return for its products. Pricing is the only element among the four P's of marketing mix that directly generates revenue. Several factors such as production costs, market dynamics, competition, product quality, distribution channels, both country specific and company specific conditions etc. can influence pricing in global markets. Global pricing strategies must also consider elements like tariffs, local taxation policies, currency exchange, government subsidies, consumer purchasing power and the specific traits of local businesses and consumers.

Pricing plays a major role in global marketing because it reflects how much value customers place on a product or service and what they are willing to pay for it. So pricing is not just about covering the costs but also satisfying customer expectations and thereby staying competitive in different markets. Some of the key factors that affect global pricing are as follows:

- ◆ Local firms often offer high quality products at lower prices so as to attract more customers, especially those sensitive to price changes. This puts pressure on global companies to adjust their pricing to remain competitive.
- ◆ In the case of new products launched, there may be no previous price history to guide decisions. So if a new product is priced wrong it can affect the product's long term success and reputation.

- ◆ New versions of existing products or entirely new products are released more frequently due to rapid technological advancements. So existing products become outdated quickly. Companies have to price products in a way that allows companies to recover cost more quickly. Pricing strategies must aim for fast sales growth, quick market penetration and faster recovery of R&D costs.

In global marketing, pricing is a strategic decision which is influenced by customer perceptions, local market forces and global business trends. Marketers must constantly adapt pricing strategies to stay relevant, competitive and profitable across different regions.

### 3.2.3.1 Global Pricing Approaches

◆ Maintain Strategic Balance

Setting prices in international markets is a complex but essential part of global marketing. Pricing decisions in global marketing must be in line with both international business objectives and external market conditions such as demand, costs of production, competition and customer expectations.

There are various approaches for global pricing which can be used based on the situation. Let's look into each one of it:

◆ Cost plus Fixed Margin of Profit

- Cost oriented pricing:** One common method of global pricing is cost oriented pricing. In this method, the company fixes the price on the basis of cost of production plus a fixed margin of profit. Cost oriented pricing method ensures that all costs is covered and can be easily applied in retail and manufacturing businesses. For example, many supermarket chains use a fixed mark up over the cost of goods to determine prices. However it is important to note that this approach does not consider what customers are willing to pay and sometimes product price may appear too expensive or too cheap in specific markets.

◆ Sensitive Buyers

- Demand oriented pricing:** Another approach in global pricing is demand oriented pricing. This approach focuses on customer demand. It takes into consideration how sensitive buyers are to changes in price. This is a very effective approach in competitive markets where price can be a tool to attract or retain customers. For example airline companies use demand based pricing where ticket price vary based on season or demand level. This approach allows companies to maximise revenue by charging high price when demand is high and offering discounts when demand is low.

◆ Customer Centric



**iii. Value based pricing:** According to this approach customer is the centre of the pricing decision. Here the main focus is on the value that a customer derives from a product rather than its cost of production. Apple is a classic example of a company that follows value based pricing. Their products are priced based on the value they offer such as innovation, design, brand reputation and not just the cost of materials. This strategy enables companies to maintain high profit margins while fostering strong customer loyalty.

◆ Low Initial Price

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**iv. Penetration pricing and Skimming pricing:** This approach involves setting a low initial price to quickly enter a new market and attract a large number of customers. The main benefits of this approach are that it helps to gain market share, encourage product adoption and create brand recognition. Netflix is a good example of a company that followed penetration pricing approach. In India, Netflix introduced lower subscription plans to attract price sensitive consumers and to compete with local streaming platforms.

◆ High Initial Price

On the other hand, skimming pricing sets a high price at the time of launch to target customers who are willing to pay more for a new or innovative product. As time passes, the price is gradually reduced to attract more price sensitive buyers. Sony used this strategy when it launched its PlayStation gaming consoles. Initially priced higher to attract gaming enthusiasts and thus recover R&D costs and later price were reduced to reach a broader audience.

So pricing in global marketing is not an easy process. Companies must carefully choose a pricing approach based on product type, market conditions, customer behaviour and competitive strategy.

## Summarised Overview

Global products are products offered in multiple countries under a common name with standardised features, quality, and design. They are marketed with a consistent identity and minimal adaptation across borders. The main benefits of global products include economies of scale, economies of scope and global brand recognition. Some of the challenges that global products face are heavy capital requirements, complexity in managing global business operations and competition from local brands.

The main focus while developing global product strategy is to position, design and deliver products across international markets. Global product strategy tries to answer major strategic questions regarding standardisation and adaptation of products. These decisions help in shaping product design as well as branding, marketing etc. When expanding globally, brand elements such as the name, logo, slogan, colour etc. may require modifications so as to avoid cultural misinterpretation and to ensure relevance. Brand adaptation ensures that the brand maintain its identity while being culturally sensitive. Pricing plays a major role in global marketing because it reflects how much value customers place on a product or service and what they are willing to pay for it. Pricing is not just about covering costs but also about meeting customer expectations and remaining competitive in different markets. Various approaches of global pricing includes cost oriented pricing, demand oriented pricing, value based pricing, penetration and skimming pricing.

## Self-Assessment Question

1. What do you mean by global product? How is it different from a regional product?
2. What are the major advantages of offering standardised global products?
3. Explain the concept of economies of scope and its relevance in global product strategy.
4. What challenges do companies face when introducing global products in diverse international markets?
5. Differentiate between product standardisation and product adaptation with suitable examples.
6. What is brand element adaptation, and why is it important in global marketing?
7. Describe the key factors that influence pricing decisions in international markets.
8. Compare and contrast penetration pricing and skimming pricing strategies in a global context.

## Assignments

1. Select a well-known global product and analyse how the company has adapted or standardised the product features, branding elements, and pricing in two different countries.
2. Imagine you are a product manager for a company planning to launch a new food or personal care product globally. Outline your product strategy by identifying what aspects you would standardise and what you would adapt for three different regions (e.g., Asia, Europe, Middle East). Justify your choices.

3. Conduct a comparative study of penetration pricing and skimming pricing strategies by analysing two real-world products that followed each strategy. Explain how effective these strategies were in gaining market entry and customer acceptance.

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1. Sherlekar, S. A., & Krishnamoorthy, R. (2019). *Marketing management: Concepts and cases*. Himalaya Publishing House.
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1. Kotabe, M., & Helsen, K. (2020). *Global marketing management* (8th ed.). Wiley.
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## Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

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## Unit 3

# Pricing Policy and Strategy

## Learning Outcomes

On completion of this unit, the learner will be able to:

- ◆ comprehend the role of global logistics in facilitating efficient international trade and distribution
- ◆ identify the key functions of global logistics providers
- ◆ analyse the challenges and impacts of parallel distribution and global sales promotion across different markets
- ◆ evaluate how e-commerce serves as an effective tool for global marketing

## Background

In today's global marketplace, logistics as well as marketing functions play a significant role in connecting firms with customers across the globe. Global logistics ensures the smooth flow of goods and services across borders. Global logistics providers handle key operations such as transportation, warehousing, and customs clearance. A concept like parallel distribution highlights the challenges in managing market control and pricing. Promotional tools like global advertising and global sales promotion help brands maintain brand visibility. E-commerce, as an emerging technology, is an effective tool for global marketing to expand reach and increase customer base. Together, all these elements form the base for successful global marketing practices.

## Keywords

Global Logistics, Supply Chain Management, Warehousing, Parallel Distribution, Grey Markets, Global Advertising, Standardisation, Localisation, Sales Promotion, Trade Promotions, E-Commerce, Digital Payment Systems.

### 3.3.1 Global Logistics

#### ◆ Distribution

Market logistics involve planning and designing the infrastructure to meet demand, followed by executing and managing the physical movement of materials and finished goods from their origin to the final destination, ensuring customer needs are met efficiently and profitably. Physical distribution of goods begins at the factory, where managers select a network of warehouses and transportation carriers to ensure that goods are delivered to their final destinations either within the required time frame or at the lowest possible total cost. Market logistics consists of several activities. It starts with sales forecasting, which, helps the company make decisions on schedules, distribution, production, and inventory levels.

#### ◆ Connecting business and consumers across countries

Global logistics involves the process of managing the flow of goods, information, and resources across international borders, from the point of production to the point of consumption. It comprises the coordination of transportation, warehousing, inventory management, and other activities necessary to ensure goods reach their destination efficiently and cost-effectively. Global logistics is the backbone of international trade, connecting businesses and consumers across different countries. The primary objective of global logistics is to ensure that products are delivered to the right place, at the right time, in the right quantity, and at the right cost, while complying with legal and regulatory requirements in different countries.

#### 3.3.1.1 Significance of global logistics

The significance of global logistics is discussed below:

- ◆ Global logistics supports and facilitates the entire lifecycle of trade activities, from the initial movement of goods to their final delivery across international markets.
- ◆ Global logistics helps businesses to reach new markets.
- ◆ It helps businesses grow their customer base and enhance operational efficiency in the international markets.
- ◆ Efficient global logistics is essential for businesses to gain a competitive edge.
- ◆ It helps in dealing with a wide network of suppliers and vendors.

- ◆ Global logistics helps to unite global operations using the right technology.
- ◆ It helps to comply with the different norms, standards, and communication protocols from various vendors across the international markets.

### 3.3.1.2 Functions of global logistics providers



A global logistics provider is a company that offers comprehensive logistics and supply chain services across international borders. They are specialised in managing the end-to-end movement of goods and information from the point of origin to the point of consumption on a global scale. Global logistics providers play a major role in facilitating smooth and efficient international trade operations.

◆ Facilitating trade operations

It supports the business in managing the complexities of cross-border logistics by offering end-to-end solutions. Some examples of global logistics providers are DHL Global Forwarding, FedEx Logistics, Maersk Logistics, etc. The major functions of global logistics providers are as follows:

#### 1. Transportation and Distribution

◆ On time and within budget

The main responsibility of global logistics providers is to manage the transportation of goods across various countries and continents. This includes organisation and coordination of multimodal transport based on the nature of goods, delivery period, and cost. Multi-modal transport includes air freight, ocean freight, rail, and road. In global logistics, the most efficient route, reliable carriers, and appropriate modes are selected so as to ensure goods reach the destination safely on time and within budget. Global logistics providers use advanced tracking systems to monitor shipments and provide transparency and updates to customers.

#### 2. Customs, Clearance, and Regulatory Compliance

◆ Avoid legal complications

Understanding and complying with customs regulations and procedures at the border is a difficult task due to the varying rules and documentation requirements in different countries. Global logistics providers deal with handling customs clearance, ensuring that all necessary paperwork, such as invoices, certificates of origin and import-export licenses, are accurately prepared and submitted. Other requirements, such as duties, taxes,

tariffs, and other fees associated with international shipments, are also managed by global logistics providers. They also help to avoid or minimise the risk of delays, penalties, or legal complications for businesses by staying updated on the changing laws and compliance standards.

### 3. Warehousing and Storage Solutions

Effective warehousing is essential for the success of any global firm. Global logistics providers help businesses to store goods closer to their markets by offering them strategically located warehouses in key international hubs. These warehouses provide safe and efficient storage for the goods with the help of advanced inventory management systems, climate control, as well as security measures. Various services offered by these warehouses include cross-docking, order fulfilment, labelling, packaging, and returns management.

◆ Safe and Efficient Storage

### 4. Risk Management and Insurance

There are various risks involved in international trade, such as damage, theft, delays, and political instability etc. Logistics providers offer risk management services, which include cargo insurance and contingency planning to safeguard goods in transit. They also identify potential risks and implement strategies to help clients mitigate these risks.

◆ Safeguard goods in transit

### 5. Supply Chain Management and Optimisation

Global logistics providers assist businesses in planning and managing the entire supply chain from sourcing raw materials and managing suppliers to coordinating manufacturing, warehousing, and final delivery. They use data analytics, forecasting tools, and digital platforms to optimise inventory levels, improve demand planning, and enhance overall responsiveness.

◆ Optimise inventory level

◆ Unauthorised channels

### 3.3.2 Effects of Parallel Distribution

Parallel distribution occurs when products are purchased in a country where they are cheaper and transported for sale to other countries where they are more expensive. In global markets, it often involves parallel imports or grey markets where genuine products are imported and sold through unauthorised channels. For example, suppose a Television manufacturer sells his/her product in India for Rs. 20,000 and sells the same Television in China for Rs10,000 due to local market conditions. Now, a third party distributor buys the television at a lower price from China and sells it in India for Rs. 15,000, i.e., undercutting the official price and bypassing the authorised distributor. This is known as parallel distribution.

Parallel distribution often bypasses authorised distribution channels, allowing the same genuine products to be sold at lower prices, compared to those offered through official distributors. This cost advantage usually arises due to differences in regional pricing, taxes, or currency values, making parallel goods more affordable for consumers. The effects of parallel distribution are as follows:

◆ Effects of parallel distribution

1. Parallel distribution weakens the producer's ability to maintain consistent pricing, market strategies, and brand image across markets.
2. It damages the relationship of the manufacturer with authorised distributors who are affected by cheaper parallel imports.
3. Product distributed to one region might be transferred to another, interrupting sales strategies and bringing down sales in high-margin markets.
4. Competition from unauthorised channels forces authorised sellers to reduce their margins to retain customers.
5. The normal supply–demand pattern is disrupted when unauthorised sellers intervene, and hence, predicting demand becomes more difficult.
6. Authorised distributors who make heavy investments may feel their efforts are undermined by the presence of parallel products.
7. Consumers' benefits as products are available at lower prices due to the competition between parallel and official channels.
8. Parallel distribution helps in increasing the availability of certain products in specific regions where official channels may be limited or non-existent
9. Products bought out of authorised channels may not be accepted by the manufacturers for after-sales service, warranties, or technical support. Hence consumers may face challenges.
10. Variance in product specifications, e.g., plugs, manuals, or software versions intended for specific regions, may confuse or cause inconvenience to buyers.
11. In some countries, parallel imports may face bans or are subject to strict regulations, specifically in the case of pharmaceuticals, electronics, etc.

### 3.3.3 Promotion – Global Advertising and Sales Promotion

#### ◆ Communication

In marketing, communication represents the promotion element of the marketing mix and includes key tools such as advertising, sales promotion, public relations, personal selling, etc. These tools help in communicating a brand's message, influencing consumer behaviour, and increasing sales.

#### ◆ Global advertising

#### 3.3.3.1 Global Advertising

Advertising is defined as a paid, non-personal form of communication by an identified sponsor delivered through various media such as television, print, digital platforms, etc. In a global context, global advertising refers to the use of advertising themes, messages, and visuals across multiple international markets. Global advertising involves creating messages that echo across cultures while also adapting to specific market needs.

#### ◆ Common message

Standardised advertising refers to the use of a common message and creative content globally to ensure a consistent brand image. Adapting messages to reflect local languages, values, and preferences is known as localised advertising. When the core message is standardised and its execution is customised, it is known as a glocal strategy. i.e., a mix of global consistency and local relevance.

#### Significance of Global Advertising

Global advertising is the strategic promotion of a brand, its products, or services to audiences across multiple countries and regions. It involves creating campaigns that transcend geographical boundaries and communicate effectively across various cultures.

Significance of global advertising is discussed below:

- ◆ Global advertising helps in maintaining a unified brand identity across all markets.
- ◆ It helps in increasing product visibility and awareness in new or competitive markets.
- ◆ Global advertising builds relationships and trust with local customers.
- ◆ Through effective communication, global advertising helps in boosting sales.

## Challenges in Global Advertising

The major challenges of global advertising are as follows:

- ◆ Misinterpretations in advertising can lead to offense. This is because of the cultural sensitivity present in global marketing.
- ◆ When advertisements are translated from one language to another, they may not convey the intended meaning or emotional appeal. Hence, language barrier is a major challenge in global advertising
- ◆ Advertising standards may vary widely by country.
- ◆ Media infrastructure differs from region to region, and this affects how people receive and interact with ads.

### 3.3.3.2 Global Sales Promotion

Global Sales Promotion is designed to increase sales, encourage customer loyalty, or generate brand awareness. It is a temporary part of a large marketing plan. It involves the use of short-term incentives and promotional activities by companies to encourage the purchase or sale of a product or service across international markets. Sales promotions are designed to boost immediate customer interest, stimulate demand, increase brand awareness, and support marketing efforts globally. Sales promotion is used to target consumers, business buyers (B2B), or intermediaries such as retailers and wholesalers. It is often used in combination with advertising and personal selling in a company's global marketing strategy.

◆ Encourage purchase

◆ Customer and trade-oriented

Global sales promotion can be classified into two – Customer-oriented promotions and Trade-oriented promotions. Customer-oriented promotion include tools such as coupons and rebates, free samples, premiums and gifts (offering additional items with purchase), contests and sweepstakes, loyalty programs etc. Trade oriented programs includes tools like trade discounts, Point of Purchase (POP) displays (promotional material at retail location), dealer incentives, trade shows and exhibitions etc.

The main objectives of sales promotion are as follows:

- ◆ To encourage new customers to try the product and existing customers to buy more.
- ◆ To increase short-term or immediate sales, especially during product launch or seasonal peaks.

- ◆ To encourage customers to switch brands through attractive offers.
- ◆ To motivate trade partners such as retailers, wholesalers, etc., to stock, display, or promote the product.

### Challenges of Global Sales Promotion

Global Sales Promotion is a powerful marketing tool that drives short-term engagement and long-term loyalty when used effectively. However, its success depends on a company's ability to understand and adapt to various local market conditions. Let us examine the various challenges associated with global sales promotion:

- ◆ Cultural difference is a major challenge for global sales promotion. What works in one country may not be effective in another country. Sometimes it may even be offensive.
- ◆ Legal and regulatory constraints differ from one nation to another. Some promotions may be illegal or regulated in specific regions.
- ◆ The economic condition of the market causes challenges for companies to follow a standardised approach. Price promotions may have a stronger impact in low-income markets, whereas in premium segments they may be treated as devalued.
- ◆ Supply chain limitation makes it difficult to offer samples or gifts in remote or underdeveloped regions
- ◆ Deciding whether to follow the same promotional strategy or adapt to each market is also a challenge in global sales promotion.

### 3.3.4 E-Commerce as a tool of Global Marketing

E-commerce refers to business transactions that are conducted online or over the internet. E-commerce is used in global marketing to sell products to customers in foreign markets through an online store. There are many benefits of E-Commerce, such as reducing costs, increasing access to global markets, and removing challenges of time and distance. Compared to local e-commerce, in which a retailer only sells within its country of origin, global e-commerce allows sellers to reach markets in different countries. E-Commerce eliminates many barriers to trade, such as geographical distance, high distribution costs, and limited access to foreign markets. Global e-commerce has made expanding into international markets easier than ever, enabling

◆ Online business transactions

businesses to connect with global customers quickly. The main features of E-Commerce are as follows:

- i. **Wider reach:** E-Commerce helps companies access consumers in multiple countries without the need for a physical store or regional offices. A well-designed website or an established online platform like Amazon, Alibaba, or Shopify can access a worldwide audience. This provides an opportunity for businesses of all sizes the opportunity to compete in international markets, regardless of their physical location.
- ii. **Cost Efficiency:** E-Commerce avoids the need for physical stores, staff, etc., and thereby it helps in reducing the costs associated with establishing physical presence, distribution infrastructure, and intermediaries in foreign markets. E-Commerce follows direct-to-consumer models, which cut out intermediaries and allow businesses to sell directly to global customers.
- iii. **Customised Marketing:** With the help of data analytics, companies can track consumer behaviour, preferences, and purchase patterns across regions. This enables companies to target and personalise marketing strategies customised to each market segment.
- iv. **Available 24/7:** E-Commerce operates 24 hours a day, allowing global customers to browse and purchase at any time. This is applicable to customers anywhere in the world, regardless of time zones.
- v. **Digital Payment:** E-Commerce supports a variety of global payment methods, making transactions easy and convenient for international buyers. The flexibility in payment methods removes friction from the buying process and builds trust among customers in various international markets, where local preferences and banking systems may vary.

◆ Brand awareness

E-Commerce is a transformative force in global marketing, enabling businesses to overcome geographical limitations and connect with a worldwide audience. It helps businesses to make faster entry into new international markets. A strong online presence enables businesses to build brand awareness in diverse global markets. However, global e-commerce faces various challenges. They are as follows:

- i. Marketing content and user experience should be customised to reflect cultural diversity and local languages
- ii. Businesses must bypass various regulations, data protection laws, import duties, and tax systems.

- iii. Complexity in the management of logistics and delivery, such as international shipping, customs clearance, timely delivery, etc.
- iv. Challenges in handling currency exchange rates, cross-border transaction fees, integrating localised payment gateways, and ensuring secure transactions.
- v. Global customers may hesitate to purchase from unfamiliar websites due to concerns such as data breach, payment fraud, and product authenticity.
- vi. Unequal distribution of technological infrastructure across countries can cause issues like slow internet speeds, limited broadband access, incompatibility with local browsers, etc.

Besides these challenges, e-commerce has turned out to be an effective tool for global marketing by breaking down various barriers to international trade. When approached strategically, e-commerce becomes not just a sales channel but a powerful engine for brand expansion, customer engagement, and long-term global growth. However, in today's world, e-commerce has turned out to be an essential tool for any business aspiring to succeed in the global market.

## Summarised Overview

Global logistics involves the process of managing the flow of goods, information, and resources across international borders, from the point of production to the point of consumption. Global logistics supports and facilitates the entire lifecycle of trade activities, from the initial movement of goods to their final delivery across international markets. A global logistics provider is a company that offers comprehensive logistics and supply chain services across international borders. Their major functions include transportation and distribution, customs, clearance, regulatory compliance, warehousing, and storage functions etc. Parallel distribution occurs when products are purchased in a country where they are cheaper and transported for sale to other countries where they are more expensive.

In marketing, communication represents the promotion element of the marketing mix and includes key tools such as advertising, sales promotion, public relations, personal selling, etc. Global advertising is the strategic promotion of a brand, its products, or services to audiences across multiple countries and regions. Global sales promotion is designed to increase sales, encourage customer loyalty, or generate brand awareness. It can be classified into two: Customer-oriented promotions and Trade-oriented promotions. E-commerce is used in global marketing to sell products to customers in foreign markets through an online store. Global e-commerce has made expanding into international markets more easily than ever, enabling businesses to connect with global customers quickly.

## Self-Assessment Question

1. What is global logistics, and how does it facilitate international trade operations?
2. Explain the key functions performed by global logistics providers.
3. What is parallel distribution? What are its effects on authorised distribution channels and pricing strategies?
4. What are the main challenges a business faces in executing global sales promotion effectively?
5. Differentiate between standardised, localised, and glocal strategies in global advertising.
6. How does e-commerce support global marketing?
7. What are the advantages and limitations of using e-commerce as a tool for cross-border marketing?
8. What are the main features of e-commerce?

## Assignments

1. Identify a global logistics provider and prepare a report on how it supports international trade for a specific industry.
2. Find out how e-commerce platforms localise their offerings for different countries. Compare product listings, language, and pricing between at least two countries.
3. Design a global advertising campaign for a product of your choice. Include a global message and then create two localised versions for two different countries, considering cultural, language, and media preferences.

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### Space for Learner Engagement for Objective Questions

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# 04 BLOCK

# Digital Marketing and Green Marketing

## Block Content

- Unit - 1 Digital Marketing
- Unit - 2 Content Strategy
- Unit - 3 Green Marketing

# Unit 1

## Digital Marketing

### Learning Outcomes

At the conclusion of this unit, learner will be able to:

- ◆ familiarise with the concept of Social Media marketing
- ◆ comprehend the significance of Web Analytics
- ◆ gain an insight on creation of Website
- ◆ familiarise the concept of Search Engine Marketing

### Background

In an age where the internet influences almost every aspect of our daily lives, understanding how to build and manage an online presence has become a valuable skill for anyone whether you are a business owner, a student, or a creative professional. The digital world offers countless opportunities to connect with people, promote ideas, sell products, and grow brands. However, simply being online is not enough. To truly succeed, one must know how to reach the right audience, communicate effectively, and measure the impact of those efforts. This is where digital marketing tools and techniques come into play.

By exploring key areas such as social media marketing, website creation, web analytics, and search engine marketing, learners can gain knowledge on how to attract visitors, engage audiences, and improve online performance. These skills are essential in today's fast-moving digital landscape and serve as the foundation for building a strong and effective online presence.

### Keywords

Social media marketing, Website Analytics, Search Engine Marketing, Conversion Rate, Planning Website



## Discussion

### 4.1.1 Social Media Marketing

- ◆ Social media a powerful tool

In today's digital world, social media is not just about scrolling through photos or chatting with friends; it has become one of the most powerful tools for online marketing. From staying updated on current events to following your favourite interests, social media keeps people connected and informed.

- ◆ Social media Benefits

Social media is a form of online communication where users build communities, share ideas, send messages, and post content like videos and photos. But beyond personal use, it is also a key part of digital marketing. Businesses use social media platforms to promote their products and services, reaching potential customers where they already spend their time.

Social Media Marketing (SMM) involves using platforms like Facebook, Instagram, X (Twitter), LinkedIn, and others to promote your products or services, build brand awareness, and engage with your audience.

Key strategies in SMM include:

- ◆ Creating consistent, valuable, and shareable content.
- ◆ Using paid ads to target specific audiences based on demographics, behavior, and interests.
- ◆ Engaging with your audience through comments, polls, and messages.
- ◆ Using influencers and user-generated content to build credibility.

Social media platforms offer powerful analytics tools to track engagement, reach, clicks, and conversions. This data helps refine your content and advertising strategies.

### 4.1.2 Benefits of social media marketing

#### 1. Increased Brand Awareness

- ◆ Wide Reach

Social media platforms like Facebook, Instagram, X (Twitter), LinkedIn, and TikTok have billions of users worldwide. By consistently sharing valuable and engaging content, businesses can put their brand in front of a large and diverse audience. Even small businesses have the potential to reach thousands of people through engaging content that gains significant traction online.

Hashtags, shares, and tagging also help expand your brand's visibility beyond your immediate followers.

## 2. Cost-Effective Advertising

◆ Low cost Advertising.

Compared to traditional advertising methods like TV, radio, or print, social media marketing is highly cost-effective.. Most platforms are free to join and use, and even paid campaigns can be run with minimal budgets. You can set daily or lifetime limits on ad spend, allowing you to control costs. With the right strategy, even a small investment can bring high returns, especially if the content connects with your audience.

## 3. Better Customer Engagement

◆ More Customer Interaction

Social media opens up two-way communication between brands and customers. You can respond to comments, answer questions, and acknowledge feedback in real time. This helps create a personal connection with your audience. Engaged customers are more likely to become loyal fans, share your content, and even recommend your brand to others. It also gives your brand a human touch, making you more relatable and trustworthy.

## 4. Targeted Advertising

◆ Helps in Focussed Advertising

Social media platforms offer advanced targeting tools that let you narrow your ad audience by demographics such as age, gender, location, language, interests, job title, online behavior, and more. This ensures your ads are seen by people who are most likely to be interested in your products or services. Retargeting also allows you to reach users who've previously visited your website, keeping your brand top-of-mind.

## 5. Increased Website Traffic

◆ More Website Traffic

Sharing blog posts, product pages, or promotional offers through social media can drive more users to your website. This not only helps improve your search engine rankings but also increases the chances of turning visitors into leads or customers. You can use call-to-action buttons like "Shop Now," "Learn More," or "Sign Up" to guide users to take specific actions once they land on your site.

## 6. Competitor Insights

◆ Better Positioning of the products

Monitoring your competitors' social media activity allows you to stay updated on their marketing strategies, customer interactions, and product launches. This helps you identify trends in your industry and discover what's working for others. It also

provides an opportunity to spot gaps in the market that your brand could fill or to position yourself differently.

## 7. Brand Loyalty and Community Building

Social media provides a platform to build a loyal community around your brand. By sharing behind-the-scenes content, customer stories, or user-generated content, you make your followers feel included and valued. Regular interaction builds trust, and loyal customers often become brand advocates who promote your business for free. A strong community can also support each other and provide recommendations.

◆ Log Term Customer Commitment

### 4.1.3 Web Analytics

Imagine you own a small but popular coffee shop in your town. To attract more customers, you decide to create a website. You post your menu, add photos, and even include a form where people can order ahead. A few weeks go by, but you are not sure if the website is helping your business. Are people visiting it? Are they reading your menu or placing orders? Do they like the layout, or are they getting confused and leaving?

◆ Analysing website activity

This is where website analytics comes in. It tells you how many people are visiting your site, where they came from, which pages they looked at, and what actions they took. It is like having a bird's-eye view of every customer who walks through your online door. Web Analytics is the process of collecting, measuring, and analyzing data related to website activity.

◆ Tracks and analyzes user behavior

Website analytics is the detailed process of tracking, measuring, and analyzing data about how users interact with a website. It provides valuable insights into user behavior, traffic sources, content performance, and overall site effectiveness. By studying this data, website owners and marketers can better understand how visitors are engaging with their site, identify what's working well, and uncover areas that need improvement. For example, website analytics can show how many people visit your site, which pages they spend the most time on, how they found your site (such as through Google, social media, or a direct link), and what actions they take while they're there like clicking a button, filling out a form, or making a purchase. It also reveals how long visitors stay, whether they return, and where they tend to leave. This kind of data is critical for optimizing user experience and improving business outcomes.

Using analytics, you can monitor key metrics such as bounce rate (how many people leave after viewing only one page), ses-

sion duration, conversion rate, and page load time. These insights help businesses make informed decisions like redesigning a confusing page layout, improving mobile responsiveness, or adjusting marketing strategies to attract more qualified visitors. Tools like Google Analytics, Hotjar, and Matomo offer detailed dashboards and reports that break down this information clearly. In essence, website analytics acts as a roadmap, guiding website improvements and helping ensure that your online presence aligns with the goals of your business and the needs of your audience.

### Importance of Website Analytics

Imagine you run an e-commerce store. Web analytics can offer deep insights into customer behavior and business performance, including:

- ◆ Which products are getting the most views and clicks
- ◆ How long visitors spend browsing different categories or product pages
- ◆ At what stage in the checkout process customers are abandoning their carts
- ◆ What devices and browsers your customers are using to shop
- ◆ How users are navigating your site including entry and exit pages
- ◆ Which geographic regions are generating the most traffic and sale
- ◆ How returning customers behave compared to new visitors
- ◆ What search terms or referral sources are bringing users to your site

Website analytics also reveals the effectiveness of your content. It shows which pages are attracting the most traffic, how long users stay on each page, and which ones they leave quickly. This insight helps you determine what content is engaging and valuable to your audience and what might need improvement. If users consistently leave a certain page without interacting, it might be due to unappealing content, slow load time, or a confusing layout. On the other hand, pages with high engagement can offer clues on what to replicate elsewhere on the site.

Website analytics also plays a key role in tracking marketing performance. You can see how visitors are finding your website

◆ Track Performance

whether through search engines, social media platforms, email campaigns, paid ads, or direct visits. By understanding which marketing channels are driving the most traffic, you can focus your time and budget on the most effective strategies. For instance, if most of your conversions come from organic search, investing in SEO might provide a better return than paid advertising.

In addition, analytics monitors user behavior throughout your website. It shows how users navigate between pages, what links or buttons they click, and where they drop off or exit. This helps identify pain points in the user journey such as pages that cause confusion or areas where users abandon the process before completing a form or purchase.

◆ Benefits of Website Analytics

Finally, website analytics supports data-driven decision-making. Instead of relying on assumptions or gut feelings, you have concrete data to guide your choices. Whether it is deciding which content to promote, which landing page to redesign, or which campaign to scale, analytics gives you the evidence needed to make smart, informed decisions. This leads to more effective strategies, better resource allocation, and improved performance across all aspects of your website and digital marketing efforts.

#### 4.1.4 Web Analytics Metrics

Ever think about how people land on your website, what catches their attention, or what causes them to click away? That's where Web Analytic Metrics comes in. By tracking key metrics like page views, bounce rates and traffic sources, you can start to see the full picture of how your site is performing. Whether you are running a blog, an online store, or a business site, understanding these numbers helps you make smarter decisions and create a better experience for your visitors.

Website analytics metrics are data points used to measure the performance, user behavior, and effectiveness of a website. They help in understanding how users interact with your site and inform decisions to improve user experience and business outcomes

##### 1. Page Views

◆ Number of Views

Page views indicate how many times a page on your website is loaded or refreshed. This metric provides a basic count of how frequently your content is accessed. For example, if your homepage is loaded 1,000 times in a day, that means your homepage has 1,000 page views. It's important to note that if one person refreshes the page multiple times, each refresh counts

as a separate page view. High page views can indicate popular content, but it doesn't necessarily mean that users are engaged or converting. You will want to pair page views with other metrics to get a fuller picture.

## 2. Unique Visitors

Unique visitors count the number of distinct individuals visiting your website over a specific time frame, regardless of how many times they visit. For example, if 500 people visit your site today, and some visit more than once, your unique visitor count remains 500. This metric helps you understand your actual audience size, as opposed to total page views which may be inflated by repeat visits. Tracking unique visitors over time can help you gauge growth and the effectiveness of your marketing efforts in attracting new users.

◆ Number of Unique visitors

## 3. Average Session Duration

This metric measures how long, on average, a visitor spends on your site during a single session. A session starts when a visitor lands on your site and ends after a period of inactivity or when they leave. Longer sessions generally suggest higher engagement and interest. However, it's important to consider context if your site is designed for quick visits like a news site, shorter session durations might be normal.

◆ Average time spent

## 4. Bounce Rate

Bounce rate is the percentage of visitors who leave your website after viewing only one page, without interacting further. A high bounce rate can indicate that visitors aren't finding what they expected or that the page is not compelling enough to encourage further exploration. However, for certain pages like contact or information pages, a high bounce rate might be normal if visitors get the information they need quickly.

◆ Immediate Exit

## 5. Traffic Sources

Traffic sources reveal where your visitors are coming from such as organic search, paid ads, social media, direct visits, or referral links from other websites. For example, if 50% of your traffic comes from Google search, 25% from Facebook ads, and 25% from email campaigns, you know which channels are driving visitors. This insight helps you allocate marketing budgets effectively and understand which campaigns are performing best.

◆ Source of visits



## 6. Returning Visitors

- ◆ Indicates Brand Loyalty

This compares first-time visitors to those who have visited your site before. For instance, if 60% of visitors are new and 40% are returning, you have a balance between attracting fresh traffic and maintaining loyal users. Returning visitors often indicate brand loyalty and engagement, while new visitors show your reach is expanding. Both groups are important for growth.

## 7. Conversion Rate

- ◆ Effectiveness of Website

Conversion rate is the percentage of visitors who complete a desired action such as making a purchase, signing up for a newsletter, or filling out a contact form. For example, if 2,000 people visit your store and 60 buy something, your conversion rate is 3%. This is one of the most critical metrics because it directly measures the effectiveness of your website in achieving business goals. Improving conversion rates often involves optimizing your website's design, content, and user experience.

## 8. Cart Abandonment Rate

- ◆ Purchase abandonment

This metric shows how many shoppers add items to their online cart but leave before completing the purchase. High abandonment can indicate issues like unexpected costs, complicated checkout processes, or a lack of trust. Understanding where users drop off can help you streamline the checkout experience and recover lost sales with tactics like abandoned cart emails.

### 4.1.5 Planning and Creating a Website

A website is a digital space on the internet made up of one or more interconnected pages that are designed to present information, offer services, or enable interaction. Creating an effective website involves more than just attractive visuals. A good website is user-friendly, mobile-optimized, fast-loading, and aligned with your business goals.

Steps to Plan and build a successful Website:

#### 1. Define Purpose and Goals

The first and most critical step in planning a website is to clearly define its purpose and goals. This means understanding exactly why you need the site and what you want it to accomplish. Is it to sell products, generate leads, build brand awareness, provide customer support, or share information? Setting specific and measurable goals helps you stay focused throughout the project. For example, a goal might be to increase online sales

by 15% in six months or to gain 1,000 newsletter subscribers. Without a clear purpose, it's easy to add unnecessary features or create content that doesn't resonate with your audience, ultimately diluting your website's effectiveness.

#### ◆ Define Purpose

Knowing who your website visitors are is essential to designing an experience that meets their needs. Audience research involves identifying the demographics, preferences, behaviors, and pain points of your target users. For instance, if your site is aimed at busy professionals, you might prioritize a clean, fast-loading design with straightforward navigation to accommodate their limited time. Understanding your audience also informs your tone, style, and content strategy, ensuring you speak their language and provide value. Additionally, researching competitors can reveal gaps and opportunities, helping you differentiate your website in a crowded online space.

#### ◆ Design the Website

### 2. Website Design

Once you understand your goals and audience, the next step is organizing your website's content and structure. This involves creating a site map that outlines the main pages and subpages, ensuring logical navigation paths for users. Planning content includes deciding what text, images, videos, and other media are necessary to effectively communicate your message. For example, an e-commerce site might need detailed product descriptions, high-quality images, and customer reviews. Organizing content thoughtfully not only improves user experience but also supports SEO, making your site easier to find via search engines.

#### ◆ Naming the Website Address

### 3. Domain Name and Hosting

Choosing a domain name is like naming your business online; it should be simple, memorable, and reflective of your brand. A good domain name helps users remember and trust your site. Next, selecting the right hosting provider is important as it determines your website's speed and security. Hosting options vary from shared hosting, suitable for small sites, to dedicated servers for high-traffic websites. Reliable hosting ensures your site loads quickly and stays accessible, which is vital for retaining visitors and ranking well on search engines.

Development is the technical stage where your design is brought to life. Depending on your skills and needs, this might involve using a website builder like Wix for simple projects, a content management system like WordPress for flexibility, or custom coding for advanced features. During development, focus on optimizing site speed, ensuring security and making the site easy to update and maintain. Proper development practices

improve performance, protect user data, and set a solid foundation for future growth.

#### 4. Test Thoroughly

Before going live, thorough testing is essential to catch any issues that could frustrate users. This includes checking the site's performance across different browsers (Chrome, Firefox, Safari) and devices (desktop, tablet, mobile) to ensure consistency. Functional testing verifies that links, forms, shopping carts, and other interactive elements work correctly. Usability testing with real users can provide feedback on navigation and content clarity. Additionally, testing helps identify any SEO or accessibility problems, allowing you to fix them before launch, which improves overall site quality and user satisfaction.

◆ Comprehensive testing

#### 5. Launch and Promote

Launching your website means making it publicly accessible on the internet. But simply publishing it isn't enough; a successful launch also involves promoting your site to attract visitors. This can include sharing on social media, sending email newsletters, running paid ads, and optimizing your site for search engines to improve visibility. Announcing the launch creates initial buzz and helps build momentum. Submitting your sitemap to search engines accelerates indexing, making it easier for users to find your website when searching relevant keywords.

◆ Promotion of Website

#### 6. Monitor and Improve

After launch, continuous monitoring and improvement keep your website effective over time. Using analytics tools like Google Analytics lets you track how visitors interact with your site, what pages they visit, where they drop off, and how well your goals are being met. Regularly reviewing this data helps identify opportunities to improve design, content, and functionality. For example, if analytics show a high bounce rate on a landing page, you might redesign that page or adjust its content. Constant optimization ensures your website remains relevant, user-friendly, and aligned with changing business goals and audience needs.

◆ Continuous Improvement and Updates.

### Search Engine Marketing

Imagine someone is searching online for a product or service you offer. It would be great if your website showed up right at the top? That's exactly what Search Engine Marketing helps you do. SEM is a form of online advertising that lets you place your website in front of potential customers when they search for specific keywords on platforms like Google

Search Engine Marketing (SEM) uses paid advertising to enhance a website's visibility on search engine results pages. It includes various strategic techniques aimed at enhancing online presence and attracting targeted traffic.

A key component of SEM is keyword research, which identifies relevant and specific terms to focus on. Ad copywriting is another critical element, involving the creation of persuasive ads with clear calls to action. Audience targeting helps ensure ads are shown to the most relevant users, while ad extensions add valuable information to ads, making them more visible and informative. For businesses targeting local customers, local SEM tactics such as optimizing Google My Business listings and using geo-targeting are essential. Meanwhile, competitor analysis helps identify gaps and opportunities to fine-tune strategies.

◆ SEM enhances website visibility

These combined efforts aim to maximize visibility, attract quality traffic, and boost return on investment (ROI). To ensure SEM campaigns are performing at their best, it is essential to track and analyze key performance metrics SEM offers immediate visibility and can complement SEO for a strong presence in search results.

### Significance of Search Engine Marketing

#### 1. Instant Online Visibility

◆ Immediate Exposure

Search Engine Marketing (SEM) provides immediate exposure by placing your ads at the top of search engine results unlike SEO, which can take weeks or even months to gain traction.

**Example:** Imagine a local coffee shop launching a new seasonal espresso drink. Instead of waiting for their website to climb search rankings, they use SEM to run an ad for “best espresso coffee near me.” Instantly, their ad appears to nearby users searching for that exact thing bringing in real-time sales.

#### 2. Reaches High-Intent Audiences

◆ Targeting Consumers

SEM connects your business with people who are actively searching for what you offer, increasing the likelihood of conversions. SEM allows precise targeting based on keywords, location, demographics, device type, and even user behavior, making your campaigns more efficient and cost-effective.

**Example:** A user searching “buy running shoes online” is clearly ready to purchase. An online shoe retailer that bids on this keyword can place their product right in front of this motivated buyer at the exact moment they are ready to buy.

#### ◆ Relevant Audience

### 3. Precise Audience Targeting

You can define exactly who sees your ads based on criteria like location, time of day, device, and specific keywords ensuring your budget is spent only on relevant audiences.

**Example:** A plumber based in Bangalore can set their ads to only appear for users searching for “emergency plumbing services” within Bangalore city limits, and only during working hours eliminating irrelevant leads.

#### ◆ Track Results

### 4. Trackable, Measurable Results

Every aspect of an SEM campaign such as clicks, impressions, conversions, and cost per acquisition is fully measurable. This level of insight allows marketers to analyze performance, identify what’s working or not, and continuously refine their strategy for better results over time.

**Example:** An e-commerce store promoting a “Summer Sale” can track how many users clicked their ad, how many made a purchase, the total revenue generated, and how much each conversion cost. With this data, they can adjust ad copy and budgets.

#### ◆ Builds Brand Recognition

### 5. Boosts Brand Awareness

Even when users don’t click your ad, consistently appearing at the top of search results helps build familiarity and trust with your brand.

**Example:** A new skincare company runs SEM ads for “natural face moisturizer.” While not everyone clicks the ad, repeated exposure to the brand name and product builds recognition. So when customers are ready to make a purchase later, that brand comes top of mind.

## Summarised Overview

Social media marketing strategically utilizes different platforms to promote brands, engage with target audiences, and drive key business objectives like brand awareness, customer loyalty, and sales growth. By leveraging these channels, businesses can create meaningful interactions, build communities, and boost their online visibility.

To measure the success of social media and websites, analytics tools can be used to track important metrics including bounce rates, conversion rates, page views, returning visitors, and cart abandonment rates. High bounce rates may indicate issues like poor website design, irrelevant content, or slow loading times, while conversion rates reveal the percentage of visitors completing desired actions such as purchases or sign-ups.

In addition to organic social media strategies, Search Engine Marketing plays a crucial role by delivering instant visibility through paid search ads, helping businesses reach potential customers quickly and effectively. Together, these digital marketing tactics create a comprehensive approach to building a strong online presence, enhancing customer engagement, and driving sustainable business growth.

## Self-Assessment Question

1. Discuss the different phases of planning a website.
2. What is the importance of web analytics for digital marketers?
3. How does social media marketing influence customer behavior?
4. What is a website? What is its significance?
5. Can you describe how Web Analytics informs digital marketing decisions?
6. Explain about the basics of web design?

## Assignments

1. Define Web Analytics. Discuss key metrics that businesses should monitor.
2. How does paid search advertising impact business performance? Explain the pros and cons of SEM compared to organic strategies
3. Explain bounce rate and discuss how a high or low bounce rate can impact the interpretation of a website's performance. Suggest strategies to improve bounce rate if it negatively affects site goals.
4. Choose a brand and analyze its social media presence. What platforms do they use, and how effective is their content in engaging the audience?

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## Unit 2

# Content Strategy

## Learning Outcomes

At the conclusion of this unit, learner will be able to:

- ◆ comprehend the concept of E-mail Marketing
- ◆ explain the significance of SEO
- ◆ gain an insight on Mobile Marketing
- ◆ know the Ethical issues in Digital Marketing

## Background

Today, most people spend a significant amount of time online browsing websites, using mobile apps, checking emails, and scrolling through social media. This shift has created new opportunities for businesses and individuals to connect with their audience through digital marketing. Digital marketing is the use of online platforms and technologies to promote products, services, or ideas. It includes a variety of strategies such as creating engaging social media content, designing user-friendly websites, appearing in search engine results, and communicating through emails and mobile devices.

At the heart of these efforts is Digital content, which plays a crucial role in attracting, informing, and engaging audiences. High-quality, relevant content helps build trust, encourages interaction, and drives customer actions. As technology continues to evolve, digital marketing and the content that fuels it plays a key role in how information is shared and how decisions are made.

## Keywords

E-mail Marketing- SEO -Mobile Marketing-Legal and Ethical Issues in Digital Marketing

### 4.2.1 Email Marketing

Email marketing is a digital marketing strategy that involves sending emails to a group of people to promote products, services, build relationships, or share valuable content. It is one of the most cost-effective and direct forms of marketing used by businesses to communicate with their audience.

- ◆ Engage customers directly

For example a clothing brand sends a weekly email newsletter with styling tips, exclusive discounts, and early access to new arrivals. Customers engage with the content and are encouraged to visit the website and make a purchase.

#### Why Email Marketing Matters

- ◆ Cost-Effective

Email marketing is significantly more affordable than traditional advertising methods like TV, radio, or print. Even small businesses or startups can run professional campaigns on a limited budget. Despite the low cost, email marketing typically delivers one of the highest returns on investment (ROI) of any marketing channel.

- ◆ Low Cost

- ◆ Highly Personalized

One of the greatest strengths of email marketing is its ability to customize content for individual recipients. Marketers can segment their email lists based on demographics, purchase behavior, interests, location, and more. Using personalization tools, emails can include the recipient's name, recommend products based on their past purchases, or send tailored offers. This relevance and personalization often lead to higher open rates, more clicks, and improved customer satisfaction.

- ◆ Personalisation

- ◆ Easy to Automate

Email marketing platforms support automation, allowing marketers to set up campaigns that run without manual intervention. For example, a welcome email can be automatically sent to a new subscriber, or a birthday message can be triggered on the customer's special day. Abandoned cart reminders, follow-up emails, and thank-you messages can all be scheduled in advance. This not only saves time but also ensures consistent, timely communication that nurtures leads and encourages conversions.

- ◆ Automated Messages

- ◆ Boosts Customer Loyalty

Consistent, relevant email communication helps build long-term relationships with customers. By keeping subscribers informed about new products, company news, helpful tips, or exclusive offers, brands stay top-of-mind. This regular interaction strengthens trust and loyalty over time. Additionally, emails that express appreciation, like thank-you notes or VIP rewards, help customers feel valued, increasing the likelihood of repeat business and brand advocacy.

- ◆ More trust

#### 4.2.1.1 Challenges of Email Marketing

- ◆ Spam Filters and Deliverability Issues

One of the biggest obstacles in email marketing is getting your emails delivered to the recipient's inbox rather than being filtered into the spam folder. Using spammy words (like "Free!!!" or "Buy Now"), sending to unverified email addresses, or not following proper formatting can trigger spam filters. Poor deliverability means your content never reaches the audience no matter how good it is.

- ◆ Spam Messages

- ◆ Low Open and Click-Through Rates

Even when emails are delivered, many may remain unopened or ignored. This can be due to boring subject lines, irrelevant content, poor timing, or a lack of personalization. Low engagement affects the overall success of your campaign and may even impact future deliverability.

- ◆ Low Engagement

- ◆ Unsubscribes and List Fatigue

Over-emailing or sending repetitive, irrelevant content can lead to subscriber fatigue. This happens when recipients start ignoring your emails, unsubscribe, or even mark them as spam. Losing subscribers over time reduces your list quality and reach.

- ◆ Repetitive Emails

- ◆ Design and Compatibility Issues

Emails may look great on one device but appear broken or unreadable on others. Formatting problems, non-responsive designs, or images that don't load properly can lead to poor user experience and lost conversions.

- ◆ Design problems

#### 4.2.2 Search Engine Optimization

Search Engine Optimization (SEO) is the practice of enhancing a website's visibility on search engines, helping it rank higher so that more people can discover it when searching for topics related to your business.

◆ Optimize website to rank higher in search engine results

SEO involves a combination of strategies aimed at improving your site's ranking and driving organic traffic. Search engines want to recommend pages that offer a good user experience. The quality of your content matters, too. You need to create helpful, valuable content that answers what your audience is looking for. User experience plays a huge role as well. A website that is easy to navigate and loads quickly keeps visitors around longer. Regularly checking your site's performance through tools like Google Analytics can help you see what is working and where you need to improve since search engines are always updating their algorithms, staying current and adapting to new trends, like voice search, is key to staying ahead. By combining all these elements, you can improve your site's ranking, attract more visitors, and build a solid online presence over time.

#### 4.2.1.2 Phases of SEO

In digital marketing, Search Engine Optimization is a multifaceted process aimed at enhancing a website's visibility on search engine results pages. The SEO process can be effectively organized into six distinct phases, they are:

1. Research
2. Design
3. Implementation
4. Monitoring and Maintenance
5. Optimization
6. Reporting and Communication

##### 1. Research

The first phase of SEO is all about understanding the foundation of your website and market. The process begins with assessing the current state of the website. This includes identifying areas for improvement, analyzing competitors, conducting keyword research, and setting up tools like Google Analytics and Search Console to track performance.

◆ Planning and Re-search

Tools like Google Keyword Planner or SEMrush help in discovering these keywords. In addition, you need to perform competitor analysis, studying your competitors' SEO strategies, keyword usage and content to identify areas of opportunity.

##### 2. Design

In this phase, the focus is on creating a user-friendly and search-engine-friendly website design. Key considerations include designing intuitive navigation, fast-loading pages, and a

responsive layout to enhance user engagement. Optimizing title tags, meta descriptions, headers, and images to align with targeted keywords is also essential.

◆ Designing high quality content

Content strategy is at the heart of any successful SEO strategy. Website content includes text, images, videos, infographics, podcasts, and other media that provide value to users. High-quality, engaging content that matches user intent is essential for ranking well in search results. Freshness matters in content, so it's important to update existing content and regularly add new, relevant material. Long-form content, such as detailed guides or case studies, often performs better in search results because it tends to address more aspects of a user's query. By continually refining your content based on search trends and user feedback, you ensure your site remains competitive and relevant.

### 3. Implementation

This phase involves executing the strategies developed during the research and design stages. It includes ensuring proper site architecture, implementing structured data, and resolving crawl errors to facilitate search engine indexing. Building quality backlinks, engaging in social media marketing, and managing online reputation are also crucial to enhance domain authority.

**On-page optimization:** It focuses on optimizing individual pages of your website for better rankings. On-page optimization involves making adjustments directly on your website to improve its visibility in search engine results and provide a better user experience. One key strategy is keyword research, ensuring relevant terms are placed naturally in the title tags, meta descriptions, URLs, header tags, and throughout the content. Proper use of header tags organizes content in a readable and search engine-friendly way.

◆ On-Page SEO

Technical SEO comes under the broader category of On Page SEO. However, On-Page SEO primarily focuses on optimizing the content and user experience while technical SEO specifically deals with the behind the scenes elements that impact how well search engines can crawl, index, and render the site. Technical SEO also involves fixing crawl errors, improving internal linking, and using structured data to enhance visibility in search results.

◆ Continuous supervision

### 4. Monitoring and Maintenance

Continuous monitoring is crucial to ensure sustained SEO performance. This phase involves using tools like Google Analytics and Search Console to monitor traffic, user behavior, and

site performance. Conducting periodic reviews helps identify and address issues such as broken links, slow loading times, or outdated content. Staying updated with search engine algorithm changes and adjusting strategies accordingly is essential.

## 5. Optimization

Building upon the insights gained from monitoring, this phase focuses on refining and enhancing SEO efforts. Activities include updating existing content to improve relevance and engagement, and adding new content based on emerging trends and keywords. Implementing improvements such as mobile optimization, enhancing site speed, and ensuring secure connections are also important. Enhancing elements like interactive features and personalized content can boost user interaction.

◆ Implementing Improvements

## 6. Reporting and Communication

Transparent reporting and effective communication are vital for assessing the success of SEO initiatives. This phase includes providing stakeholders with detailed analyses of SEO metrics, including traffic trends, keyword rankings, and conversion rates. Engaging with team members and stakeholders to review results, discuss challenges, and plan future SEO activities is essential. Using insights from reports to inform decision-making and refine SEO strategies ensures ongoing growth.

◆ Review Results

### 4.2.1.3 Significance of SEO

Search Engine Optimization is important because it helps a website get more visitors, build trust, and improve the overall experience for users. Let us take a look at some of the key reasons why SEO is so significant.

◆ Drive more organic traffic and improve conversions

#### ◆ More Visibility

SEO helps your website show up higher in search engine results, which makes it more visible. When your site ranks higher for the right keywords, people who are searching for your product or service are more likely to click on your link.

#### ◆ Stay Ahead of Competitors

Many businesses are trying to rank on search engines. By using SEO, your website can stand out from competitors. Websites that optimize their content and improve their technical features are more likely to rank higher than those who don't use SEO. This gives you an advantage and can lead to more opportunities.

- ◆ Better User Experience

SEO is not just about ranking; it's also about making your website better for visitors. A well-optimized website loads faster, is easy to use, and has good content that answers people's questions. Search engines like Google pay attention to how good the user experience is, and better UX can help improve your SEO rankings.

- ◆ Trust and Credibility

Websites that appear at the top of search results are seen as more trustworthy by users. Search engines give higher rankings to reliable sites. Good SEO helps build credibility by providing quality content and gaining backlinks, links from other reputable websites, which tells both users and search engines that your site is trustworthy.

- ◆ Long-Term Results

SEO is a long-term investment. Unlike paid ads that stop bringing in visitors once you stop paying, SEO can continue to attract visitors even after the work is done. As your website becomes more trusted and ranks for more keywords, it can keep bringing in traffic for a long time.

- ◆ Improved Local Visibility

For businesses with physical locations, local SEO helps you appear in search results when people are looking for nearby businesses. Optimizing your Google My Business profile, local listings, and customer reviews can attract more local customers to your business.

### 4.2.3 Mobile Marketing

Think of yourself at the grocery store, and as you walk past the fresh produce section, your phone lights up with a notification from your favorite supermarket's mobile app. The message offers you an exclusive "Buy One Get One Free" deal on organic apples but only valid for the next two hours. Interested, you open the app, add the apples to your shopping list, and head straight to the checkout with a sense of satisfaction. Later, the app sends you a quick survey asking how you liked the shopping experience. This is mobile marketing in action.

◆ Connects with customers personally and on-the-go

Mobile marketing is a form of digital marketing designed specifically for mobile devices like smartphones and tablets. It involves sending targeted, relevant messages through various

channels such as SMS, mobile apps, social media, push notifications, and mobile-friendly websites. Because people spend so much time on their phones, mobile marketing helps brands reach their audience instantly and personally.

The core advantage of mobile marketing lies in its ability to deliver content that's not only personalized but also context-aware taking into account factors like location, time of day, and user behavior. This allows businesses to engage customers with offers and information that feel timely and relevant, increasing the chances of interaction and conversion. Whether it's a special discount, a reminder, or a call to action, mobile marketing taps into the constant connectivity of mobile users.

According to the Mobile Marketing Association (MMA), mobile marketing is defined as:

“A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device or network.”

## 4.2.4 Ethical issues in Digital Marketing

### 1. Privacy Invasion

Privacy is one of the most sensitive ethical concerns in digital marketing. Many companies collect and analyze personal data, such as browsing habits, location, and interests, often without users' full knowledge or explicit consent. This can happen through the use of cookies and behavioral analytics tools that monitor how users interact with websites and ads. When this data is collected without clear, informed permission or used beyond its original purpose, it becomes an ethical violation. Consumers may feel watched or manipulated, and their trust in brands can erode as a result.

◆ Loss of Privacy

### 2. Misleading Advertising

Misleading advertising involves promoting products or services in a way that deceives consumers. This can include making exaggerated or false claims about the effectiveness or benefits of a product, or using visuals that misrepresent the actual item. A common unethical tactic is the "bait and switch," where a company advertises a product at a low price to attract customers but then tries to sell them a more expensive alternative. These practices not only harm consumers but also damage a company's reputation and can lead to legal consequences.

◆ Mislead Consumers

### 3. Manipulative Content

- ◆ Manipulates Consumers

Digital marketers often use psychological strategies to influence purchasing decisions, but when these tactics cross the line into manipulation, they become unethical. For example, dark patterns are design techniques that trick users into taking actions they didn't intend such as signing up for a subscription or sharing more data than they realized. Similarly, influencer marketing can be manipulative if the influencer fails to disclose that a post or review is paid or sponsored, making the endorsement appear unbiased when it is not. This lack of honesty can mislead followers and exploit their trust.

### 4. Spamming

- ◆ Excessive messages

Spamming refers to the excessive and unsolicited sending of promotional messages, usually via email, but also through SMS or messaging apps. This practice is intrusive and often violates consumer preferences. Overusing pop-ups and push notifications can also be considered a form of spam when it disrupts the user experience and pressures users into taking action, such as signing up or purchasing a product. Ethical marketing respects user attention and provides value rather than annoyance.

### 5. Lack of Transparency

- ◆ Privacy Policies

Transparency is essential in building trust with consumers. Ethical issues arise when companies hide key information such as data collection practices, terms and conditions, or their relationships with third parties like affiliates and sponsors. For instance, not disclosing that a link is an affiliate link or that content is sponsored can mislead users into thinking they are receiving unbiased information. Similarly, vague or hidden privacy policies prevent users from understanding how their data is being used.

### 6. Exploitation of Vulnerable Groups

- ◆ Exploitation of Groups

Targeting vulnerable populations with aggressive or inappropriate marketing strategies is a serious ethical concern. This includes advertising harmful or addictive products (like gambling apps, weight loss pills) to groups such as children or the elderly. These groups may be less able to critically evaluate marketing messages or resist pressure, making them easy targets for exploitation. Ethical marketing requires extra care and responsibility when engaging with these audiences.

## 4.2.5 Legal issues in Digital Marketing

Digital marketing presents both significant opportunities and complex challenges, particularly in the areas of ethics and legality.

### 1. Data Protection Laws

One of the most critical legal concerns in digital marketing is compliance with data protection laws. In India, this is governed by the Digital Personal Data Protection Act, 2023 (DPDP Act), which sets clear guidelines on how personal data should be collected, stored, processed, and shared. Regulations such as the General Data Protection Regulation (GDPR) in the European Union and the California Consumer Privacy Act (CCPA) in the U.S. are designed to protect individuals' personal data and privacy.

#### ◆ Data Security

These laws require companies to:

- ◆ Obtain explicit consent before collecting or processing personal data.
- ◆ Provide users with the right to access, correct, or delete their personal information
- ◆ Ensure secure storage and handling of this data to prevent unauthorized access, breaches, or misuse.
- ◆ Non-compliance can result in heavy fines, reputational damage, and legal action. Digital marketers must ensure their campaigns and platforms adhere strictly to these regulations.

### 2. Intellectual Property Infringement

Intellectual property (IP) laws protect original works such as images, videos, logos, music, and written content. In digital marketing, using copyrighted or trademarked materials without proper authorization constitutes infringement. For example:

- ◆ Using a photo found on the internet in a promotional campaign without a license.
- ◆ Copying a competitor's logo or branding elements.
- ◆ Publishing music in a video ad without rights to use it.

#### ◆ Protecting Original Works

These violations can lead to lawsuits, financial penalties, and the forced removal of content. Marketers must ensure all creative assets are either original or legally licensed.



### 3. Advertising Standards and Consumer Protection

Governments enforce strict advertising laws and consumer protection guidelines to ensure honesty and transparency in marketing. The Indian government enforces advertising and consumer protection laws to promote transparency, fairness, and truthfulness in marketing practices. Key regulatory bodies like the Advertising Standards Council of India (ASCI) and the Central Consumer Protection Authority (CCPA) oversee advertising content and protect consumer interests. For example, companies in India can face action for:

- ◆ False or misleading claims about products or services.
- ◆ Using deceptive tactics like hiding terms and conditions or exaggerating benefits.
- ◆ Not disclosing sponsored or affiliate relationships in endorsements.

◆ Consumer Protection

Violations can lead to regulatory investigations, legal penalties, and damage to brand credibility. Advertisers must back up claims with evidence and ensure ads are clear and truthful.

### 4. E-commerce Regulations

Online businesses must comply with e-commerce laws that protect consumer rights during digital transactions. These regulations require:

- ◆ Transparent display of product prices, taxes, and shipping costs.
- ◆ Clear terms and conditions, including return, refund, and cancellation policies.
- ◆ Accurate product descriptions that match what the customer will receive.

◆ comply with Laws

Misleading or unclear information can result in legal claims, chargebacks, and consumer complaints. Marketers must ensure all online sales content complies with national and international trade laws.

### 5. Accessibility Requirements

Digital marketers must also consider accessibility laws, such as the Americans with Disabilities Act (ADA) in the U.S., which mandate that websites and online content be accessible to people with disabilities. In India, similar standards are outlined under the Rights of Persons with Disabilities Act, 2016 (RPWD Act),

◆ Accessible to everyone

which promote inclusive access to digital platforms for individuals with disabilities.

- ◆ Ensuring websites can be navigated using screen readers.
- ◆ Providing text alternatives for images.
- ◆ Using high-contrast text and accessible fonts.
- ◆ Allow users to zoom or increase font size without breaking the page layout.
- ◆ Making sure videos have captions or transcripts.

Failure to meet accessibility standards can lead to lawsuits and exclusion of a segment of the population. Legal compliance also promotes inclusivity and brand responsibility.

## Summarised Overview

Email marketing is a highly effective digital strategy that involves sending targeted and personalized messages directly to customers' inboxes to promote products, services, or foster engagement. Its direct and customizable nature often leads to higher conversion rates compared to other marketing channels. SEO depends on factors such as relevant keywords, high-quality content, fast site speed, mobile-friendliness, and authoritative backlinks, all of which help drive sustainable, long-term traffic.

Mobile marketing has become increasingly vital as smartphone usage grows, targeting users through SMS, mobile apps, push notifications, and location-based services. Ensuring websites that are mobile-friendly is crucial not only for SEO rankings but also to provide a seamless user experience, reducing bounce rates and encouraging longer visits. Mobile apps offer businesses direct access to customers, enhancing engagement, personalized communication, and fostering brand loyalty.

Beyond strategy and technology, digital marketing must navigate important legal and ethical considerations. Compliance with data protection laws like the GDPR in Europe and the IT Act in India safeguards user privacy and builds trust. Moreover, marketers must be mindful of consent when collecting and using personal data, ensuring clear opt-in processes and secure data handling.

Together, email marketing, SEO, and mobile marketing form a cohesive digital marketing ecosystem that maximizes reach, engagement, and conversions while prioritizing customer trust and regulatory compliance. This integrated approach enables businesses to build lasting relationships with their audience, adapt to evolving technology trends, and maintain a strong competitive edge in the digital landscape.

## Self-Assessment Question

1. Why is mobile optimization critical for both marketing and SEO?
2. What is the importance of respecting privacy in digital marketing?
3. Discuss the different phases of SEO
4. How does email automation benefit marketing teams?
5. What makes a subject line effective in email marketing?
6. How do backlinks influence a website's SEO?
7. In what ways can false advertising lead to legal or reputational damage?

## Assignments

1. Write a short case study on a brand that successfully used mobile marketing.
2. Evaluate the risks associated with email marketing campaigns. Suggest best practices.
3. Discuss the ethical implications of targeted advertising and behavioral tracking.
4. Describe a scenario where digital marketing crossed ethical boundaries and how it could have been avoided.

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### Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

SGOU

# Unit 3

## Green Marketing

### Learning Outcomes

After this unit, the learner will be able to:

- ◆ familiarize the concept of Green Marketing
- ◆ know the elements of Green Marketing
- ◆ get an idea on the significance of Green Marketing
- ◆ gain an insight into the Implementation of Green Marketing

### Background

In an era where climate change, pollution, and resource depletion dominate global conversations, businesses are increasingly expected to do more than just generate profit; they are called upon to act responsibly toward the planet. This growing awareness has given rise to green marketing: a strategic approach that aligns products, services, and brand values with environmental sustainability.

Green marketing extends beyond simply labeling goods as 'green'. It involves the careful design, production, packaging, and promotion of offerings that minimize environmental impact while meeting consumer needs. As eco-consciousness becomes a driving force behind purchasing decisions, companies that prioritize environmental integrity not only gain customer trust but also play a vital role in shaping a more sustainable future.

This chapter explores the features, elements, and benefits of green marketing, highlighting its potential as both a powerful business tool and a meaningful contribution to environmental stewardship.

### Keywords

Green Marketing, Eco-Friendly, Sustainability, Product Recycle-Green Washing-Eco Label



## Discussion

Have you ever come across a product with labels like “eco-friendly,” “natural,” or “sustainable” and wondered what those words mean? These terms are increasingly appearing on packaging, ads, and store shelves. This trend comes as no surprise. As people become more aware of environmental issues like climate change, pollution, and plastic waste, they are starting to think carefully about the things they buy.

Green marketing involves creating and promoting products that are considered environmentally friendly or safe for the planet.

- ◆ Give priority to environmental sustainability

Green marketing is the practice of developing and promoting products, services, and business strategies that prioritize environmental sustainability. It involves creating offerings that are environmentally friendly in their design, production, packaging, and disposal, while also communicating these benefits transparently to consumers.

The American Marketing Association (AMA) defines green marketing as:

"The marketing of products that are presumed to be environmentally safe."

It involves creating and advertising offerings that are environmentally friendly, sustainable, or produced in an eco-conscious manner. This approach not only highlights a company's commitment to environmental responsibility but also appeals to consumers who are increasingly concerned about environmental issues.

### 4.3.1 Evolution of Green Marketing

#### Three Phases of Green Marketing

##### 1. Ecological Green Marketing (First Phase)

The first phase emerged as a response to growing environmental concerns like pollution, resource depletion, and industrial waste. The focus was on reducing the negative environmental impact of industrial activities. Companies began to make minor adjustments to comply with environmental laws, such as reducing emissions or removing harmful chemicals from products. The marketing was largely reactive, focusing on technical environmental issues rather than consumer engagement.

- ◆ First Phase

**Example:** Labels like “CFC-free” or “phosphate-free” on cleaning products started appearing during this period.

## 2. Environmental Green Marketing (Second Phase)

In the second phase, companies began to see green marketing as a market opportunity rather than just a compliance issue. The Environmental Green Marketing marked a shift toward clean technologies that emphasized the development of innovative products specifically designed to address pollution and waste problems.

The focus shifted to creating products that are environmentally friendly in their materials, packaging, and lifecycle. Eco-labels and certifications (like Energy Star or ISO 14001) gained popularity, helping consumers identify sustainable products. Environmental messages became more prominent in advertisements, and consumer awareness started influencing purchasing decisions.

**Example:** Brands began promoting biodegradable packaging, organic products, and energy-efficient appliances.

## 3. Sustainable Green Marketing (Third Phase)

In the modern phase, green marketing is part of a broader sustainability strategy. It involves not just green products but ethical sourcing, carbon neutrality, social responsibility, and long-term environmental goals. Companies integrate sustainability into branding, operations, and supply chains. Consumers expect transparency, and many brands use sustainability to differentiate themselves and build loyalty. However, companies must also avoid greenwashing, making false or exaggerated environmental claims.

**Example:** Brands like IKEA, Patagonia, and Indian companies like Infosys build their identities around sustainability.

## 4.3.2 Features of Green Marketing

### 1. Eco-Friendly Focus

Green marketing starts with placing environmental considerations at the core of business decisions. This approach emphasizes sustainability and environmental protection in every aspect of a company's operations and marketing strategies. In simple terms, being eco-friendly means doing business in a way that does not harm nature. It involves using resources wisely, reducing waste and pollution, and ensuring that future generations can enjoy a healthy and balanced ecosystem.

◆ Second Phase

◆ Third Phase

◆ Sustainable development and Environment Protection

One of the key aspects of this focus is the use of sustainable raw materials. Businesses are shifting from traditional, resource-heavy materials to renewable and recyclable alternatives. For example, instead of using plastics, which take hundreds of years to decompose, many companies now use biodegradable or compostable packaging materials. This switch helps reduce landfill waste and pollution. Similarly, manufacturers are adopting energy-efficient technologies and reducing water consumption in their production processes. These efforts not only protect the environment but also often lead to cost savings over time, making them both ethical and economical.

Another important part of an eco-friendly strategy is reducing carbon emissions. Businesses are increasingly aware of their carbon footprint and are taking steps to lower it through better transportation choices, cleaner energy sources like solar and wind, and energy-saving designs in their buildings and logistics. Some companies even go further by planting trees, investing in carbon offset programs, or achieving carbon-neutral certifications. These efforts demonstrate a serious commitment to sustainability and often become a central message in their marketing campaigns.

## 2. Environmentally Conscious Consumers

In green marketing, consumer awareness is a critical feature because it focuses on educating and engaging people who care about the environment. Today's consumers are more informed and concerned about ecological issues than ever before. They actively seek products and brands that align with their values of sustainability and environmental responsibility. Green marketing targets these consumers by highlighting how products or services contribute positively to the environment, whether through sustainable materials, reduced carbon footprints, or ethical production methods.

Consumer awareness goes beyond just promoting green features; it involves building an ongoing relationship where customers feel informed and empowered. For example, brands might use social media campaigns, blogs, or documentaries to share stories about their sustainability efforts or the environmental impact of their products. This educates the public and creates emotional connections that can drive purchase decisions.

Many consumers today look for transparency, wanting to know exactly what makes a product eco-friendly. They appreciate clear labels, certifications, and honest claims. In addition, targeting environmentally aware consumers means understand-

ing their motivations and behaviors. These customers might be willing to pay a premium for green products, but they also expect quality and performance. Green marketing strategies must therefore balance environmental claims with a strong focus on value and usability.

◆ Consumer Awareness

Moreover, consumer awareness encourages a community feeling, where customers become advocates for sustainability by sharing their experiences and influencing others.

◆ Minimize environmental pollution

**3. Product Life Cycle Responsibility**

A crucial feature of green marketing is the idea of product lifecycle responsibility. This means companies don't just focus on one stage of a product's existence but consider its full journey from raw material sourcing, through manufacturing, distribution, usage, and finally disposal or recycling. This comprehensive approach helps minimize environmental harm at every stage and supports a more sustainable economy.

Starting with sourcing, companies seek materials that are renewable, recycled, or sustainably harvested. During manufacturing, businesses focus on reducing energy consumption, cutting emissions, and minimizing waste. Some use closed-loop systems where scraps and leftovers are reused in production rather than discarded. Packaging also plays a part here, with many firms switching to materials that are recyclable, biodegradable, or reusable.

Distribution is another important stage. Companies are optimizing logistics to reduce carbon footprints, using fuel-efficient transport, or switching to electric vehicles. Even product design considers usage, aiming to create durable goods that require less frequent replacement and can be repaired instead of discarded.

At the end of the lifecycle, disposal and recycling become critical. Green marketing often promotes take-back programs, where customers can return used products for recycling or refurbishment. This circular model reduces landfill waste and conserves resources.

◆ Streamlining eco friendly practices across the supply chain

Product lifecycle responsibility requires a holistic mindset and cooperation across the supply chain. It also offers a powerful marketing message, reassuring consumers that the product they buy is truly sustainable from start to finish.

#### 4. Green Packaging

Green packaging is an essential aspect of eco-friendly marketing because packaging waste is a major environmental prob-

lem worldwide. Many traditional packaging materials, especially plastics, take years to break down and often end up polluting oceans and landscapes. Green marketing emphasizes the use of biodegradable, recyclable, or reusable packaging to reduce this impact.

Biodegradable packaging is designed to naturally break down in the environment without leaving harmful residues. Materials such as cornstarch-based plastics, paper, or plant fibers fall into this category. This type of packaging helps reduce the amount of waste accumulating in landfills.

Recyclable packaging allows materials to be processed and reused, conserving resources and cutting the need for virgin raw materials. Companies promote clear recycling instructions to encourage consumers to participate in waste reduction.

Reusable packaging goes a step further by allowing customers to reuse containers multiple times, reducing the demand for single-use items. Examples include glass bottles that can be refilled or durable containers designed for repeated use.

◆ Reusable packaging

Green packaging also often uses minimal design, avoiding excess material to reduce waste and transportation emissions. Brands may highlight eco-friendly packaging as a key selling point in their marketing materials, demonstrating their commitment to sustainability.

## 5. Transparency & Authenticity

Transparency and authenticity are fundamental to successful green marketing. In an era where consumers are highly skeptical, companies must avoid greenwashing, the practice of exaggerating or fabricating environmental claims to appear more responsible than they are. Greenwashing damages trust and can lead to legal consequences and public backlash.

Transparency means openly sharing accurate information about a product's environmental impact, including both strengths and challenges. Authentic brands provide evidence for their claims, such as certifications, third-party audits, or sustainability reports. This honesty helps build credibility and loyalty.

◆ Environmental responsibility

Authenticity also means integrating environmental responsibility into the company culture, rather than treating green marketing as a superficial add-on. Customers can sense when a company is genuinely committed versus when it is simply trying to capitalize on a trend. Clear communication about sourcing, manufacturing processes, carbon footprint, packaging, and disposal options helps consumers make informed choices.

## 6. Legal Compliance

Green marketing requires strict adherence to environmental laws and standards to ensure claims are accurate and products meet safety and sustainability criteria. Different countries have regulations governing environmental labeling, advertising, and product standards.

Companies must comply with rules on what qualifies as “organic,” “biodegradable,” or “recyclable,” among others, to avoid misleading consumers. Regulatory bodies monitor green advertising and can issue penalties for false claims. Legal compliance also includes following manufacturing and waste disposal regulations that protect ecosystems and public health.

◆ Adhere to the Environmental Laws and Standards

Staying compliant not only avoids legal risks but enhances credibility and consumer confidence. Ethical green marketing means meeting or exceeding these standards consistently.

## 7. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) and green marketing often go hand-in-hand. CSR involves companies taking responsibility for their wider social and environmental impacts, beyond profit-making. Green marketing reflects these efforts by promoting sustainable practices, community engagement, and ethical sourcing. Many companies use CSR programs to support environmental projects such as reforestation, clean water access, or renewable energy investments. These initiatives are often highlighted in marketing campaigns to demonstrate genuine commitment.

◆ Aligning CSR with Green Marketing Practices

By aligning green marketing with CSR, companies build stronger brand identities and attract consumers who prioritize ethical consumption. CSR integration shows that sustainability is a core value, not just a marketing tactic.

### 4.3.3 Elements of Green Marketing

Green marketing is a holistic approach that integrates several essential elements to promote sustainability in business operations, product development, and communication with customers. These elements work together to ensure that companies not only offer eco-friendly products but also demonstrate environmental responsibility throughout the entire value chain. Understanding these elements helps businesses build stronger connections with environmentally conscious consumers while contributing positively to the planet.

Now, let us explore some of the important elements of Green Marketing.

### 1. Green Product

The first and most fundamental element is the Green Product. This refers to products designed and manufactured using sustainable raw materials that have minimal adverse effects on the environment. These products often avoid harmful chemicals, rely on renewable or recycled resources, and are created to be durable, recyclable, or biodegradable. Offering green products appeals to consumers who seek healthier and more sustainable options, making it a critical aspect of green marketing.

◆ Eco-friendly Product

For example, a company that produces clothing from organic cotton instead of synthetic fibers reduces chemical use and supports more sustainable farming practices, thus aligning its product with environmental values.

### 2. Green Price

Next is Green Price, which reflects the ecological value and true cost of sustainability. Producing green products often costs more due to sustainable sourcing, non-toxic materials, and responsible manufacturing. By pricing green products based on their environmental benefits, companies encourage consumers to make thoughtful, ethical purchases rather than opting for cheaper, less sustainable options. A company selling biodegradable cleaning products may charge slightly more than traditional brands because the ingredients are plant-based, and the packaging is compostable. Customers who care about reducing their environmental impact are often willing to pay the difference. However, pricing these products appropriately helps communicate their value and the benefits of sustainability.

◆ Higher due to sustainable materials

### 3. Green place

Green Place, or distribution, is another key element. It focuses on ensuring that the logistics and supply chain processes minimize environmental impact. This means using eco-efficient transportation options, like electric or hybrid vehicles, optimizing delivery routes to reduce fuel consumption, and selecting warehouses or stores powered by renewable energy.

◆ Buying locally

Sustainable distribution reduces the carbon footprint associated with getting products to consumers. Additionally, local sourcing and shorter supply chains can contribute to reducing emissions and supporting community economies.

#### 4. Green promotion

##### ◆ Educate Customers

The fourth element is Green Promotion, which highlights a product's environmental benefits through honest, transparent advertising and branding. Rather than using vague or exaggerated claims. Green promotion aims to educate consumers on a product's sustainable features and its contributions to environmental protection. This approach builds trust and credibility by avoiding greenwashing, it is a deceptive marketing practice where a company falsely claims or exaggerates its environmental friendliness to attract Eco-conscious consumers.

Effective green promotion connects emotionally with Eco-conscious consumers, inspiring them to make choices aligned with their values.

#### 5. Eco-Labels and Certifications

##### ◆ Environmental Standards

To strengthen these claims, many companies rely on Eco-Labels and Certifications. These third-party verifications provide independent proof that products meet established environmental standards. Labels such as Energy Star for energy efficiency, FSC for sustainable forestry, or USDA Organic for organic farming help consumers identify genuinely sustainable products and avoid being misled. Eco-labels play a critical role in building consumer confidence and combating greenwashing by providing trustworthy evidence of a product's environmental credentials.

#### 6. Recycling & Disposal Policies

##### ◆ Reusing and proper disposal of products

Finally, Recycling & Disposal Policies complete the product lifecycle by encouraging responsible end-of-life management. Many companies implement take-back or recycling programs that allow customers to return used products for reuse, refurbishment, or proper disposal. These policies support a circular economy by keeping materials in use longer and reducing land-fill waste. Promoting recycling and responsible disposal demonstrates a brand's full commitment to sustainability beyond the point of sale.

Together, these elements form a comprehensive framework for green marketing that goes beyond simply promoting eco-friendly products. They integrate sustainability into every aspect of business operations, from product design and sourcing to pricing, distribution, communication, and post-consumer management. By embracing these elements, companies can build authentic, trusted brands that appeal to increasingly eco-conscious consumers while making a positive impact on the environment.

### 4.3.4 Implementation of Green Marketing

Implementing green marketing effectively involves a comprehensive and strategic approach to embedding sustainability into every aspect of a business. The process is not just about promoting eco-friendly products but transforming the company's operations, supply chain, communications, and corporate culture to align with environmental responsibility.

Below are key steps businesses should follow to implement Green Marketing successfully.

#### 1. Conduct Environmental Audit

The journey begins with conducting a detailed environmental audit to assess the company's current environmental impact. This audit examines all aspects of the business, from energy consumption and waste generation to raw material sourcing and carbon emissions. It helps identify practices that harm the environment and areas where improvements can be made. By understanding the baseline environmental footprint, companies can set realistic and measurable sustainability goals. The audit also reveals opportunities to reduce costs through energy efficiency or waste reduction and highlights risks related to regulatory compliance or reputation. Without this foundational assessment, efforts to implement green marketing may lack focus and effectiveness.

◆ Environmental Assessment

#### 2. Product Redesign

Once areas for improvement are identified, companies must redesign their products with sustainability in mind. Product redesign involves innovating to create eco-friendly alternatives, or enhancing existing products with sustainable materials, reduced harmful substances, improved energy efficiency, and recyclable or biodegradable design. For example, switching from plastic packaging to biodegradable materials or using recycled content in manufacturing can significantly reduce environmental impact. This step not only helps meet regulatory and consumer demands but also differentiates the brand in a competitive market. Importantly, green product redesign should not compromise quality or performance, ensuring consumers receive value while supporting sustainability.

◆ Redesigning the Products

#### 3. Sustainable Supply Chain

Green marketing implementation requires extending environmental responsibility to the supply chain. Partnering with suppliers and vendors committed to eco-friendly practices ensures

◆ Implementing Sustainable Supply Chain Practices

that sustainability is maintained from raw material extraction to final product delivery. Sustainable supply chains focus on ethical sourcing, minimizing carbon emissions, reducing waste, and ensuring fair labor practices. Companies often work closely with suppliers to improve standards and innovate sustainable materials or methods. Sustainable sourcing reduces risks associated with unethical or environmentally damaging practices and enhances transparency. It also appeals to consumers who want assurance that their purchases are not contributing to environmental degradation or social injustice.

◆ Ensure Environmental Standards

#### 4. Green Certification

Green certifications, including eco-labels, serve as credible third-party validations of a company's sustainability claims. Obtaining certifications such as Energy Star for energy-efficient products, Forest Stewardship Council (FSC) for responsible forestry, or LEED for green buildings provides independent proof that a product or operation meets recognized environmental standards. These certifications help companies avoid accusations of greenwashing, prevent false or exaggerated claims, and build consumer trust. Certifications often require rigorous audits and adherence to strict criteria, reinforcing the company's commitment to sustainability. Displaying these labels in marketing materials can influence purchasing decisions by reassuring customers about the product's environmental credentials.

◆ Employee Awareness

#### 5. Staff Training

Employees are key players in the successful implementation of green marketing. Providing staff training on sustainability principles and company-specific green initiatives ensures that employees understand their role in achieving environmental goals. Training programs should cover eco-friendly operational practices, such as energy conservation or waste reduction, as well as how to communicate green benefits effectively to customers. Empowered and knowledgeable employees can act as brand ambassadors, enhancing the company's credibility and fostering a culture of sustainability throughout the organization. This internal alignment supports consistent and authentic green marketing efforts.

◆ Realigning marketing goals

#### 6. Marketing Strategy Realignment

Implementing green marketing requires realigning the overall marketing strategy to integrate sustainability as a core message. This realignment includes identifying target audiences who value environmental responsibility and crafting messaging that highlights the ecological benefits of products and practic-

es. Marketing campaigns should be transparent and backed by factual evidence to avoid misleading consumers. Channels like social media, content marketing, and influencer partnerships can be leveraged to reach eco-conscious consumers. Realigning marketing strategies also means monitoring trends and consumer feedback to adapt messages and maintain relevance in a rapidly evolving green marketplace.

## 7. Consumer Involvement

Engaging consumers actively in green initiatives strengthens brand loyalty and enhances the impact of green marketing. Companies can involve customers through programs like product take-back schemes, recycling initiatives, or awareness campaigns about responsible consumption. Encouraging consumer participation not only reinforces the company's sustainability values but also builds a community around the brand. When customers feel involved and empowered to contribute to environmental causes, they become advocates who promote the brand organically. Moreover, consumer feedback gained through involvement helps companies improve their green offerings and better meet customer expectations.

◆ Active Participation by consumers

## 8. Transparency

Transparency is essential in building and maintaining trust with consumers regarding green marketing claims. Companies must clearly communicate their sustainability efforts and provide evidence such as environmental impact reports, third-party certifications, or case studies. Being transparent about both achievements and ongoing challenges demonstrates authenticity and a genuine commitment to improvement. Transparency helps counter skepticism related to greenwashing and encourages customers to believe in the company's environmental mission. Honest communication also fosters long-term relationships with customers who appreciate openness and accountability.

◆ Genuine Commitment to improvement.

## 9. CSR Integration

Green marketing is most effective when integrated with broader Corporate Social Responsibility (CSR) initiatives. CSR aligns a company's environmental efforts with social causes, community engagement, and ethical business practices, creating a holistic approach to responsible business. This integration shows that sustainability is embedded in the company's core values rather than a superficial marketing tactic. CSR-linked green marketing enhances the company's reputation, attracts ethically minded consumers, and motivates employees by giving their work a meaningful purpose. It also provides opportunities for

◆ Align with CSR

partnerships with NGOs or community programs that amplify impact.

## 10. Feedback & Improvement

Finally, continuous feedback and improvement processes are essential to sustain and advance green marketing efforts. Companies should regularly collect input from customers, employees, suppliers, and other stakeholders to assess the effectiveness of their initiatives. Key performance indicators related to environmental impact and marketing results must be monitored to identify successes and areas needing adjustment. Learning from feedback allows companies to refine products, messaging, and operational practices, ensuring their green marketing remains relevant and impactful. This commitment to ongoing improvement reflects the dynamic nature of sustainability and positions the company as a forward-thinking leader.

### ◆ Continuous Improvement

Some Green Marketing practices of Indian Companies are stated below:

#### ◆ Tata Group

Tata Group has emerged as a sustainability leader in India, especially through Tata Motors, which is actively promoting electric vehicles like the Tata Nexon EV to reduce dependency on fossil fuels. The group's energy division, Tata Power, invests in renewable energy and rooftop solar solutions for homes and businesses. Tata's green initiatives are promoted through various campaigns that emphasize clean technology, carbon reduction, and responsible business practices, making sustainability a core part of its brand message.

#### ◆ Infosys

Infosys has set a global example by becoming carbon neutral in 2020, ahead of its target. The company has developed energy-efficient buildings, uses solar power across campuses, and promotes paperless operations. Infosys markets its environmental leadership through detailed sustainability reports and corporate campaigns, reinforcing its identity as a responsible and future-forward IT services provider.

#### ◆ Biotique

Biotique is a leading Ayurvedic beauty and wellness brand that focuses on using natural ingredients, cruelty-free testing, and sustainable packaging. The brand markets itself as environmentally friendly, with messaging centered around nature, wellness, and zero chemical usage. Its eco-friendly branding strong-

ly resonates with health-conscious and green-minded customers in India and abroad.

- ◆ Wipro

Wipro has implemented the EcoEye initiative to promote sustainability across its operations. The company focuses on Carbon Mitigation and Energy Efficiency, Responsible Water, Waste and Pollution Management, and Biodiversity.. Through sustainability reporting and public engagement, Wipro positions itself as an environmentally responsible IT company committed to green business practices and ethical innovation.

## Summarised Overview

Green marketing is the practice of promoting eco-friendly products and integrating sustainability into the core elements of marketing-product, price, place, and promotion. Green marketing has evolved through three key phases, each reflecting a deeper commitment to environmental responsibility. The first phase, ecological marketing, focused primarily on regulatory compliance and pollution control, addressing immediate environmental concerns. The second phase, environmental marketing, shifted attention toward raising consumer awareness and developing eco-friendly products to meet growing demand for sustainable options. The third and most advanced phase, sustainable green marketing, goes beyond individual products or campaigns by integrating sustainability into the core of business strategies, aligning long-term environmental goals with overall corporate objectives.

Key features of green marketing include targeting environmentally conscious consumers, taking responsibility for the entire product lifecycle, and using green packaging made from recyclable, biodegradable, or reusable materials to minimize waste. Green marketing also aligns with Corporate Social Responsibility (CSR), reflecting ethical and sustainable business practices. Green marketing helps businesses build long-term brand loyalty and stand out in competitive markets.

## Self-Assessment Question

1. What is Green Marketing?
2. How does green marketing differ from traditional marketing?
3. Name any three features of green marketing.
4. What are the elements in the context of green marketing?
5. What is Greenwashing, and why is it harmful?
6. Explain how green marketing contributes to CSR.

7. Explain the steps in green marketing Implementation?
8. Why is consumer education important in green marketing?

## Assignments

1. Study and present a case study of a successful green marketing campaign
2. Compare and contrast green marketing strategies of two competing brands
3. Compare and contrast green marketing with traditional marketing
4. Write a critical review of a green marketing advertisement you have seen recently

## Reference

1. Dave Evans., Susan Bratton, (2010). *Social Media Marketing: The Next Generation of Business Engagement*. Wiley
2. Murphy, H. A., Hildebrandt, H.W., & Thomas, J.P. (1997). *Effective Business Communication*(7th Revised ed.). Boston: McGraw-Hill Companies.
3. Philip Kotler, Ned Roberto, Nancy Lee, *Social Marketing: Improving the quality of life*,Sage.1 Publication, 2nd edition
4. Philip R. Cateora: *International Marketing*: Tata McGraw Hil

## Suggested Reading

1. Fuller, D. A. (1999). *Sustainable marketing: Managerial-ecological issues*. SAGE Publications.
2. Grant, J. (2007). *The green marketing manifesto*. Wiley.
3. Martin, D. M., & Schouten, J. W. (2012). *Sustainable marketing*. Pearson Education.
4. Belz, F.-M., & Peattie, K. (2009). *Sustainability marketing: A global perspective*. Wiley.

## Space for Learner Engagement for Objective Questions

Learners are encouraged to develop objective questions based on the content in the paragraph as a sign of their comprehension of the content. The Learners may reflect on the recap bullets and relate their understanding with the narrative in order to frame objective questions from the given text. The University expects that 1 - 2 questions are developed for each paragraph. The space given below can be used for listing the questions.

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## MODEL QUESTION PAPER SETS





# SREENARAYANAGURU OPEN UNIVERSITY

## Model Question Paper (SET- A)

QP CODE: .....

Reg. No: .....

Name: .....

FOURTH SEMESTER MASTER OF COMMERCE (M.COM) DEGREE EXAMINATION

DISCIPLINE SPECIFIC ELECTIVE

**M21CM13DE – INTEGRATED MARKETING PRACTICE**

Time: 3 Hours

Max Marks: 70

### SECTION A

**Answer any five of the following questions in one or two sentences each. Each question carries 2 marks.**

**(5x2=10)**

1. Define corporate image.
2. What is buyer behaviour in marketing?
3. Mention any two advertising tools used in brand promotion.
4. What is SMM?
5. Differentiate between marketing communication and IMC.
6. State two consumer promotion tools.
7. What is trade promotion? Give an example.
8. Define logistics ?

### SECTION B

**Answer any six of the following questions in half a page each. Each question carries 5 marks.**

**(6x5=30)**

9. Briefly explain the factors influencing buyer behaviour?
10. Explain the significance of Brand Management?
11. What are the functions of global logistic providers?
12. Explain the elements of communication in marketing
13. What are the features of E-commerce?
14. Briefly explain the features of green marketing?
15. What is global segmentation?



16. Describe the core activities of logistics?
17. What is global advertising? What are its challenges?
18. Explain the steps in advertising design

### SECTION C

**Answer any two of the following questions in detail. Each question carries 15 marks.**

**(2x15= 30)**

19. Define supply chain management? Explain its objectives and features?
20. Describe target marketing? what are the guidelines to select target market and the approaches of selecting a target market?
21. Imagine you are launching a product in the global market. Describe the steps you would take in the international marketing process.
22. Discuss the steps to implement green marketing? Give examples for the green marketing practices followed by Indian companies?



# SREENARAYANAGURU OPEN UNIVERSITY

## Model Question Paper (SET- B)

QP CODE: .....

Reg. No: .....

Name: .....

FOURTH SEMESTER MASTER OF COMMERCE (M.COM) DEGREE EXAMINATION

DISCIPLINE SPECIFIC ELECTIVE

### M21CM13DE – INTEGRATED MARKETING PRACTICE

Time: 3 Hours

Max Marks: 70

#### SECTION A

Answer any five of the following questions in one or two sentences each. Each question carries 2 marks.

(5x2=10)

1. What is a logistical performance cycle?
2. Define IMC?
3. Define lean supply chain.
4. What is strategic outsourcing?
5. What is web analytics metrics?
6. What is Market segmentation
7. What is global sales promotion?
8. What is Social Marketing?

#### SECTION B

Answer any six of the following questions in half a page each. Each question carries 5 marks.

(6x5=30)

9. Write a short note on elements of brand management?
10. What are the traditional tools of advertising?
11. Differentiate between marketing communication and integrated marketing communication?
12. Explain the advantages of global product?
13. What is bullwhip effect in supply chain?
14. Explain the various modes of entry in a foreign market?



15. What is global positioning? Explain its key features?
16. Explain the approaches of global pricing?
17. What is supply chain dynamics? How manufacturing supply chain dynamics differ from service supply chain dynamics?
18. What are the elements of green marketing?

### SECTION C

**Answer any two of the following questions in detail. Each question carries 15 marks.**

**(2x15= 30)**

19. Discuss Logistic performance cycle and its types?
20. Explain the steps to develop a social marketing plan?
21. What is brand management, and what are its main components? Explain how effective brand management helps build customer loyalty and set a brand apart from its competitors. Support your explanation with examples from well-known brands
22. Describe the ethical and legal issues in digital marketing?

സർവ്വകലാശാലാഗീതം

വിദ്യായാൽ സ്വതന്ത്രരാകണം  
വിശ്വപൗരരായി മാറണം  
ശ്രദ്ധപ്രസാദമായ് വിളങ്ങണം  
ഗുരുപ്രകാശമേ നയിക്കണേ

കുതിരുട്ടിൽ നിന്നു ഞങ്ങളെ  
സൂര്യവീഥിയിൽ തെളിക്കണം  
സ്നേഹദീപ്തിയായ് വിളങ്ങണം  
നീതിവൈജയന്തി പറണം

ശാസ്ത്രവ്യാപ്തിയെന്നുമേകണം  
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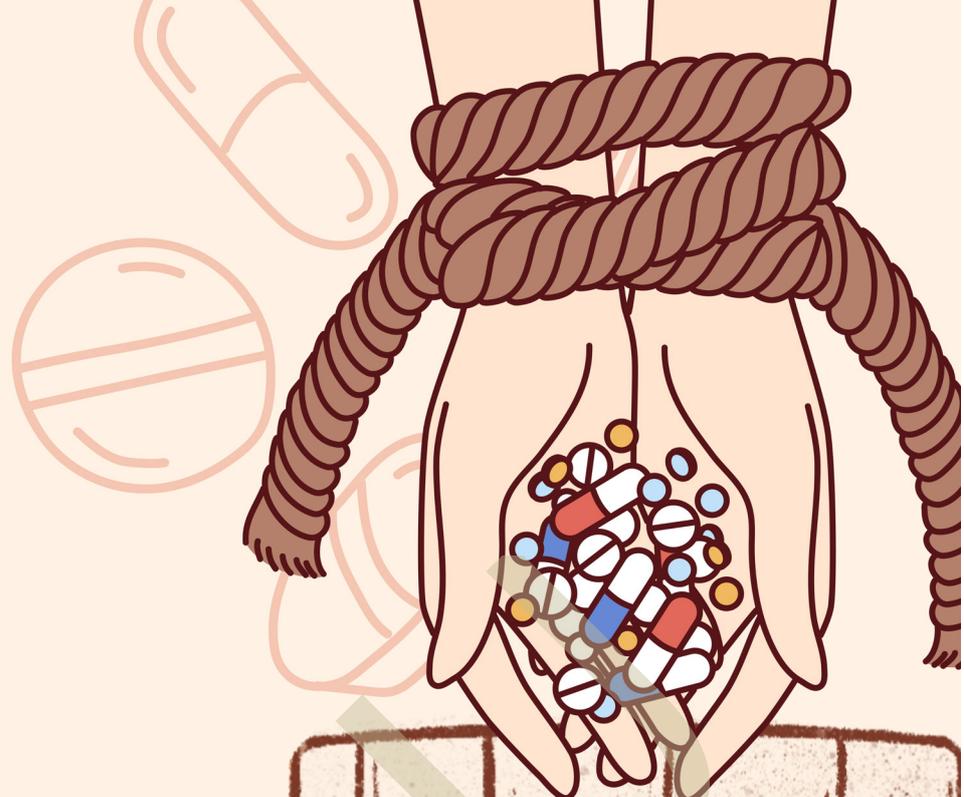
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HEALTHY**



**SREENARAYANAGURU OPEN UNIVERSITY**

The State University for Education, Training and Research in Blended Format, Kerala



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COURSE CODE: M21CM13DE



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