MARKETING MANAGEMENT

COURSE CODE: B23NE02AN

Undergraduate Programme in Nano Entrepreneurship

Ancillary Course

Self Learning Material

SREENARAYANAGURU OPEN UNIVERSITY

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

SREENARAYANAGURU OPEN UNIVERSITY

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Access and Quality define Equity.

Marketing Management

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Semester - III

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Undergraduate Programme in Nano Entrepreneurship
Self Learning Material

(With Model Question Paper Sets)

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MESSAGE FROM VICE CHANCELLOR

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. The BA Nano Entrepreneurship program is structured to address the growing demand for innovative entrepreneurs, particularly focused on nano businesses. The program’s curriculum is crafted with a balanced blend of theoretical insights and practical exposure, ensuring that learners are equipped to navigate the challenges and opportunities of this dynamic sector. Special attention has been given to the inclusion of real-world examples and case studies, enhancing learners’ understanding of nano entrepreneurship’s unique landscape. Moreover, the curriculum fosters a holistic approach to entrepreneurship that nurtures creativity, innovation, and strategic thinking. Through practical application and industry-driven examples, learner’s will develop the skills necessary to succeed in this cutting-edge field. 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.

Regards,
Dr. Jagathy Raj V. P. 01-06-2025

Contents

BLOCK 01

Introduction to Marketing

Unit 1

Introduction to Marketing

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ familiarise the concept of Marketing
- ◊ comprehend the nature and scope of Marketing
- ◊ recognise different functions of Marketing
- ◊ distinguish between Marketing and Selling

Prerequisite

Imagine you've just baked a batch of delicious homemade cookies. They smell great and taste even better. Now you want to sell them to make some money. But here's the question - how will people know about your cookies? Will you sell them in your neighborhood? Post about them on Instagram? Give free samples in college? The moment you start thinking about how to reach people, how to price the cookies, how to package them, and how to make people choose your cookies over others, you're already thinking like a marketer!

Marketing is not just about selling. It's about understanding what people want, creating something valuable, and communicating it effectively. To begin learning marketing, all you need is an interest in people, creativity, and a basic understanding of how businesses work around you - like how a tea shop attracts customers, why brands advertise on social media, or why some products go viral. Marketing is everywhere, and once you notice it in everyday life, you'll find it both fun and practical to learn!

Keywords

Marketing Management, Selling, Product, Product concept, Production concept, Selling concept, Marketing concept, Societal Marketing, Holistic Marketing, Targeting, Positioning, Niche Marketing

Discussion

1.1.1 Introduction to Marketing

Human beings are social animals. Human needs and wants are shaped by the interplay of various social forces. Marketing evolves through this peculiar social system. It involves relationships among members of the society. It helps business enterprises to estimate consumer demand and produce for their satisfactory consumption. It helps in anticipating customer demand and creating satisfied customers through conception, production, promotion and physical distribution of goods and services in a socially relevant exchange process.

Marketing is as old as civilisation. Though marketing is discussed in business terms today, its origin goes back to ancient civilisations when people used symbols, signs and material artefacts to transact and communicate with others. Modern marketing evolves around the concepts which are age old. The first sign that people made to communicate with others gave birth to the idea of marketing. The evolution of marketing has made it a structured discipline to study.

Marketing is a crucial function in all organisations and is becoming increasingly crucial to success in our modern global economy. Marketing provides businesses with a competitive edge by helping to acquire loyal customers. Organisations achieve this by convincing potential customers that the product will satisfy their requirements efficiently and consistently. This is what all businesses dream of and it is possible only with a solid marketing plan in place. With the advent of the internet, there are several marketing channels available to businesses, besides traditional marketing. All of them focus on engaging the customers and persuading them to buy the product.

1.1.2 Marketing - Meaning and Definition

The word 'Market' is derived from the Latin word '*Marcatus*', which means goods or trade or place where business takes place. Traditionally, the Market is the physical or virtual location where buyers and sellers come together to exchange their goods. Normally, ownership and possession of goods transfers from seller to buyer for money. 'Marketer' is a person who identifies goods and services for a set of customers, and does marketing those goods and services for companies to boost their sales and services and generate better revenue through effective marketing strategies. The set of marketing tools used by organisations to meet the marketing objectives in a target market is called Marketing mix. Market research is where research activities are focused on a specific market only, whereas in Marketing research, the research activities are conducted broadly on identifying marketing opportunities and solving problems.

According to the American Marketing Society, *"Organisational function and processes for creating, communicating and delivering value to customers and maintaining proper customer relationships is called Marketing."*

According to Philip Kotler; *"***Marketing** *is a social and managerial process by which individual groups obtain what they need and want through creating, offering and freely exchanging value of product and services with others."* He is popularly known as the father of modern marketing.

The primary objective of every organisation is to meet human and social needs. Marketing as an organisational function is also focused on how to "*meet the needs profitably.*" The discipline of **Marketing Management** is the art of choosing target markets and tapping (getting), keeping and growing customers through creating, delivering and communicating customer value. It can also be viewed as a science because of the wide use of scientific tools in it.

1.1.3 Nature of Marketing

Marketing is a complex business function and is a part of our daily life. The discipline of Marketing can be better understood by analysing the nature of Marketing. The following points clearly explain the nature of Marketing.

i. **Managerial function**: Marketing is an important managerial function which covers the successful management of product, place, price and promotion of business to generate revenue.

ii. **Consumer oriented**: Marketing is a human activity which starts and ends with consumers by satisfying their needs.

iii. **Continuous activity**: Marketing activity continues to produce goods and distribute them to the customers according to their demand.

iv. **Art and science:** Marketing is the art and science of choosing a target market and satisfying it by delivering value added products or services.

v. **Goal oriented:** All the marketing activities are aimed at returning reasonable profit to the seller and satisfaction to the buyer.

vi. **Exchange with money:** Marketing ends with the exchange of goods and services with money.

vii. **Social activity:** It is a social activity which focuses on the interest of customers, their satisfaction and profitability of the manufacturer.

viii. **Creation of utilities:** Consumers may get the right products at the right place as per his / her requirement (Time, place and possession utilities).

ix. **Helps to make right production:** Production decisions can be made according to the market demand.

x. **Generate employment and ensure social welfare:** It facilitates commercial production, employment generation and happiness to society.

xi. **Integrated process:** Marketing integrates with all other functions of business to maximise profit through customer satisfaction.

xii. **Guiding activity:** It is the heart of industrial activity which tells the business what to produce, when to produce and how much to produce.

1.1.4 Scope of Marketing

It is tough to explain the scope of marketing briefly because of its wide coverage in an organisational perspective. All the activities from conceptualization of ideas to realization of profit come under the purview of its scope. The scope of marketing spectrum mainly covers the following areas:

i. **Marketing Research**: To find out the customer needs, wants, tastes and preferences, interests, economic position, purchasing power and even the effectiveness of certain advertisements, organisations conduct marketing research. The techniques used in marketing research are data collection, tabulation, codification, analysis and interpretation to reveal what customers will buy, why they will buy it and how much they will pay for it. Questionnaires can be used to get feedback from customers.

ii. **Pricing:** Pricing decisions are important as they directly influence sales and profit. It can be done based on cost of production, purchasing power of customers, market demand, competitor's price and profit. Optimal pricing policy has to be formulated by the marketing manager with the intention of attracting potential customers by analysing all the marketing mix elements.

iii. **Advertising and sales promotion**: It is important to make customers aware of the product and create curiosity in a competitive environment for the purpose of promoting sales. Therefore, advertising and sales promotion become integral parts of Marketing. Marketers are responsible to place their products in the minds of customers by effectively utilising the right source of advertising and sales promotion. Newspapers, Magazines, TV, Radio, Hoarding, Internet and Window display are the common sources of sales promotion and advertising. In addition to these sources, marketing managers can choose face to face personal selling or other innovative advertising and sales promotion techniques to inform target customers about the product.

iv. **Channels of Distribution:** In a global market, distribution channels play a pivotal role in bringing the seller and buyer to initiate exchange of goods. Marketers are very keen to choose the best channel of distribution among media distribution, direct selling, sales agents and jobbers, sales representatives and direct to retailer or retailer through sales representatives. Media distribution chain contains wholesalers, retailers, department stores, chain stores, super markets *etc*. Marketers are also responsible for deciding the length of the distribution channel as it affects the pricing decision. Other elements that influence the channel of distribution decision are perishability, size and weight of product and after sales service.

v. **Financing:** Modern marketing requires an adequate amount of funds. Ensuring the availability of finance at a cheap cost for marketing is another area under the consideration of marketing managers. Budgeting for marketing, obtaining funds and providing financial assistance to customers are the financing activities to initiate the purchase of product and services. Marketers offer attractive financial schemes to their prospective customers for the purpose of increasing sales volume in a global competition. Sources of marketing funds include commercial banks, co-operative credit societies, government agencies, individual investors *etc*. Trade credit is necessary today to compete in the market.

vi. **After sales service:** In the era of competition, free service during warranty period, return or exchange of defective product, after sales company repair *etc*. become the essential responsibility of every business to retain their customers by enhancing satisfaction. Even an average product can achieve a competitive edge with improved after sales service now a days. For example, in the consumer electronics business, sales of LG products remarkably increased because of their 24 x 7 x 365 service facility.

1.1.5 Importance of Marketing

A. To the Society

i. It is instrumental in improving living standards. Marketing continuously identifies the needs and wants satisfying products or services which can propel the people to do an extra to earn money which can be exchanged for the desired products or services. People are likely to spend the additional income over and above the disposable income on the products or services which help in minimizing physical efforts. Thus, marketing by indirectly increasing the earning ability will help in improving the standard of living of the customers.

ii. Marketing generates gainful employment opportunities both directly and indirectly. Directly, marketing provides employment to the people in various areas like advertising agencies, company sales force, the distributor's sales force, public relation firms *etc*. Indirectly, marketing is responsible for selling the products of the organisation. If the organisation's products or services are able to satisfy the customers, customers will demand the organisation's products or services again and again, thereby sustaining production activities. Thus, marketing indirectly provides employment in other functional areas like finance, production, research and development, human resource management *etc*.

iii. Marketing helps in stabilising economic conditions in the sense that marketing helps in selling the products or services, which keeps the various organizations functioning and gainful employment is available to the people. With the earnings from the employment, people will purchase the products and / or services, thus sustaining the demand. When this happens in all the industries, gainful employment will be available throughout and the economy will remain stable, healthy and vibrant.

B. To the Firms or Companies

i. Marketing sustains the company by bringing in profits. Marketing is the only activity that brings revenue to the firm, whereas other activities incur expenditure. If the company's products or services satisfy the customer's requirements, the satisfied customers will keep the company in business by repeat orders and recommending other profitable customers. Thus, marketing is the driving force behind a successful company.

ii. Marketing is the source of new ideas. New product or service ideas usually come from the research laboratories, employees or from the marketplace. It is the marketing people who are in continuous touch with the consumers and marketing intermediaries. Interaction with them helps in identifying the strong and weak points of company's product or services as well as competitor's products or services. This interaction can also help in identifying unmet needs or wants of the consumers and the features consumers are looking for in the products or services which can satisfy those unmet needs or wants. Thus, marketing can help immensely in identifying new product or service ideas which can help in sustaining the firm's operations. Successful companies are those which identify customer's requirements early and provide the solutions earlier than the competitors.

iii. Marketing provides direction for the future course. The marketing oriented company continuously brings out new product and service ideas which provide the direction for corporate strategic planning for a longer time.

C. To the Consumers

i. Meeting the unmet needs or wants. Marketing identifies those needs or wants which were not satisfied and helps in developing the product or service which can satisfy those unmet needs or wants of the people. For example, a number of drugs were invented to treat various physical problems of the people. Again, low-cost formulations were developed to treat the people who are unable to afford the expensive drugs.

ii. Reducing the price of products or services. Marketing helps in popularising the product or service which attracts the customers as well as competitors towards that product or service categories. Due to increase in demand, the manufacturing capacity also increases which will bring down the per unit fixed costs of the product or service. Furthermore, increase in competition leads to a decrease in the prices charged by the firm. Thus, the growing demand and increasing competition both help in bringing down the price of the product or service. For example, price of both mobile phone handset and mobile phone service are showing a continuous downward trend thereby making the mobile phone service affordable to more and more people.

1.1.6 Functions of Marketing

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

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

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

iii. **Product Development**: As per your consumer research, the company develops the product that suits the needs of the consumer. The design of the product is also an important factor in many products. For example, when buying a car, the design will play a huge factor. There are other factors to be considered like cost, durability *etc.*

iv. **Standardisation and Grading**: Standardisation means ensuring uniformity in the product. All customers must get the same product of the same design and quality. And these standards need to be maintained throughout. Grading is the process of classification of products according to similar characteristics and / or quality. If the product does not have any predetermined quality or other specifications as in the case of agricultural products, grading will ensure the consumer that goods are of the highest quality.

v. **Packing and Labelling** : The package and the label are the first impressions your product makes on the consumer. They are not only to protect and identify the goods but are great marketing tools. There is proof that an attractive package and label can go a long way in making a product a success.

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

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

vii. **Setting up Customer Support Services** : Depending on your product there may be a variety of customer services that the company has to set up. Presales service, consumer helpline, maintenance services and technical support are some of the services that your product may require. So, it is an important function of marketing.

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

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

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

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

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

In the global economy where we live in, there are almost no barriers to international trade. So, if a company wishes to go global, transportation will be a key factor in their marketing mix.

xii. **Warehousing**

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

1.1.7 Concepts of Marketing

A. Production Concept

The production concept is one of the oldest concepts in business. Managers of production - oriented businesses concentrate on achieving high production efficiency, low costs and mass distribution. They assume that consumers are primarily interested in product availability at low prices. This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features. It is also used when a company wants to expand the market.

Some service organizations also operate on the production concept. Many medical and dental practices are organized on assembly - line principles, as are some government agencies (such as unemployment offices and licence bureaus). Although this management orientation can handle many cases per hour, it is open to charges of impersonal and poor quality service.

B. Product Concept

Managers in the organizations focus on making superior products and improving them over time. They assume that buyers admire well-made products and can appraise quality and performance. However, these managers are sometimes caught up in a love affair with their product and do not realize what the market needs. Management might commit the “better- mousetrap” fallacy, believing that a better mouse-trap will lead people to beat a path to its door.

Product oriented companies often design their products with little or no customer input. They trust that their engineers can design exceptional products. Very often they will not even examine competitors’ products. A General Motors executive said years ago: “How can the public know what kind of car they want until they see what is available?” GM’s designers and engineers would design the new car. Then manufacturing would make it. The finance department would price it. Finally, marketing and sales would try to sell it. No wonder the car required such a hard sell! GM today asks customers what they value in a car and includes marketing people in the very beginning stages of design.

The product concept can lead to a marketing myopia. Railroad management thought that travellers wanted trains rather than transportation and overlooked the growing competition from airlines, buses, trucks and automobiles. That happened in America and is likely to happen in India where middle-class families are opting for their own vehicle. Slide - rule manufacturers thought that engineers wanted slide rules and overlooked the challenge of pocket calculators. Colleges, departmental stores and the post office will assume that they are offering the public the right product and wonder why their sales slip. These organizations too often are looking into a mirror when they should be looking out of the window.

C. Selling Concept

This concept assumes that consumers typically show buying inertia or resistance and must be coaxed into buying. It also assumes that the company has a whole battery of effective selling and promotion tools to stimulate more buying.

The selling concept is practised most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance. These industries have perfected various sales techniques to locate prospects and hard-sell them on their product’s benefits.

The selling concept is also practised in the non-profit area by fund-raisers, college admissions offices and political parties. A political party vigorously “sells” its candidate to voters. The candidate moves through voting precincts from early morning to late evening, shaking hands, kissing babies, meeting donors and making speeches. Countless money is spent on radio and television advertising, posters and mailings. The candidate’s flaws are concealed from the public because the aim is to make the sale, not worry about post purchase satisfaction. After the election, the new official continues to take a sales oriented view. There is a little research into what the public wants and a lot of selling to get the public to accept the politician the party wants.

Most firms practise the selling concept when they have overcapacity. *Their aim is to sell what they make rather than make what the market wants*. In modern industrial economies, productive capacity has been built up to a point where most markets are buyer markets (the buyers are dominant) and sellers have to scramble for customers. Prospects are bombarded with TV commercials, newspaper ads, direct mail and sales calls. At every turn, someone is trying to sell something. As a result, the public often identifies marketing with hard selling and advertising.

But marketing based on hard selling carries high risks. It assumes that customers who are coaxed into buying a product will like it; and if they do not like it that they will not bad- mouth it or complain to consumer organizations and will forget their disappointment and buy it again. These are indefensible assumptions. One study showed that dissatisfied customers may bad - mouth the product to 10 or more acquaintances; bad news travels fast.

D. Marketing Concept

The marketing concept is a business philosophy that challenges the three business orientations discussed above. Its central tenets crystallized in the mid 1950s. A marketing concept is a business approach that focuses on producing goods that are designed to meet the wants, needs and expectations of customers, as well as product functionality and production efficiency. It holds that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering and communicating customer value to its chosen target markets.

Logically, in order to satisfy target consumers, the firm must first determine their requirements and desires and then build the marketing mix elements to suit those needs and desires more efficiently and effectively than their rivals. Businesses research and analyse their market to understand their customers, thereby gathering information that will be handy in their marketing strategy.

E. Social Marketing Concept

Much as the marketing idea appears to be beneficial to both customers and the firm, it falls short of perfection if it fails to address social issues. The primary determinant of value in this marketing strategy is sustainability.

This ideology is concerned not just with customer happiness, but also with consumer welfare or social welfare. Such social welfare speaks of a clean environment and a high quality of life. As a result, a company producing a pack of cigarettes for consumers must provide not just the greatest cigarettes but also pollution-free smokes; a car must be not only fuel efficient but also less polluting. Further, it is not surprising that, in addition to providing products or services in the exact form that customers will appreciate, using appropriate pricing, distribution and promotion strategies, most businesses now emphasize their level of environmental friendliness in order to attract customers.

F. Holistic Marketing

Holistic marketing is described as a marketing approach that examines the entire organization rather than an interconnected entity and in which all other corporate divisions collaborate to generate a positive and cohesive business image in the eyes of customers. Other marketing concepts such as production, product, selling and marketing concept mingled and found a new concept known as holistic marketing. It connects the market around shared goals and visions, resulting in a strategy that is inclusive, relationship-oriented and socially responsible. Relationship marketing, integrated marketing, internal marketing and socially responsible marketing are all examples of this.

1.1.8 Difference between Selling and Marketing

Marketing is much wider than selling and much more dynamic. In fact, there is a fundamental difference between the two. Selling revolves around the needs and interests of the seller; marketing revolves around the needs and interests of the buyer. Selling starts with the existing products of the corporation and views business as a task of somehow promoting these products. Marketing on the contrary starts with the customers — present and potential — and views business as a task of meeting the needs of the customers by producing and supplying those products and services that would meet such needs. Selling seeks profits by 'pushing' the products on the buyers. Marketing too, seeks profits, but not through aggressive pushing of products, but by meeting the needs of customers and by creating value satisfactions for them. In other words, marketing calls upon the corporation to choose products, prices and methods of distribution and promotion, which will meet the needs of the customers. It does not unwisely limit its role to persuading the customers to accept what the corporation already has or what it can offer readily.

To quote Theodore Levitt, "The difference between selling and marketing is more than semantic. A truly marketing - minded firm tries to create value - satisfying goods and services which the consumers will want to buy. What it offers for sale is determined not by the seller but by the buyer. The seller takes his cues from the buyer and the product becomes the consequence of the marketing effort, not vice - versa. Selling merely concern itself with the tricks and techniques of getting the customers to exchange their cash for the company's products; it does not bother about the value satisfactions that the exchange is all about. On the contrary, marketing views the entire business as consisting of a tightly integrated effort to discover, create, arouse and satisfy customer needs."

Table 1.1.1: Difference between Selling and Marketing

Selling	*Marketing*
Selling starts with the seller, and is preoccupied all the time with the needs of the seller.	Marketing starts with the buyer and focuses constantly on the needs of the buyer.

Seller is the centre of the business universe; activities start with the sellers' existing products	Buyer is the centre of the business universe; activities follow the buyer and his needs.
Emphasises on saleable surplus available within the corporation.	Emphasises on identification of a market opportunity.
Seeks to quickly convert 'products' into 'cash'.	Seeks to convert customer 'needs' into 'products'
Concerns itself with the tricks and techniques of getting the customers to part with their cash for the products available with the salesman.	Emphasises on fulfilling the needs of the customers.
Views business as a 'goods producing process'.	Views business as a 'customer satisfying process'.
Overemphasised the 'exchange' aspect, without caring for the 'value satisfactions' inherent in the exchange.	Concerns itself primarily and truly with the 'value satisfactions' that should flow to the customer from the exchange
Seller's preference dominates the formulation of the 'marketing mix'.	Buyer determines the shape of the 'marketing mix'.
The firm makes the product first and then figures out how to sell it and make profit.	What is to be offered as a product is determined by the customer.
Emphasis on staying with the existing technology and reducing costs.	The firm makes a 'total product offering' that will match and satisfy the identified needs of the customer.
Seller's motives dominate marketing communications.	The 'product' is the consequence of the marketing effort, the marketing effort leads to products that the customers actually want to buy in their own interest.
Transportation, storage and other distribution functions are perceived as mere extensions of the production function.	Emphasis on innovation in every sphere; on providing better value to the customer by adopting better technology

Cost determines the price.	Marketing communications is looked upon as the tool for communicating the benefits/ satisfactions provided by the product.
Emphasis is on ‘somehow selling’: there is no coordination among the different functions of the total marketing task.	Consumer determines price, price determines costs.
Different departments of the business operate as separate watertight compartments.	They are seen as vital services to be provided to the customer, keeping customer’s convenience in focus.
In firms practising ‘selling’, production is the central function of the business.	Emphasis is on integrated marketing- an integrated strategy covering product, promotion, pricing and distribution.
‘Selling’ views the customer as the last link in the business.	All departments of the business operate in a highly integrated manner, the sole purpose is the generation of consumer satisfaction.

1.1.9 Marketing Mix

Marketing is not just selling – it's about delivering the right product, at the right place, at the right price, and in the right manner. To achieve all this, marketers apply a planning tool called the Marketing Mix. Various approaches are followed by the manufacturers to succeed in the market and one of the key approaches is the marketing mix. As described by Borden, "The marketing mix refers to the allocation of efforts, the blending, the designing and the co-ordinating of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces will best accomplish an enterprise at a given time". The Marketing Mix is a business strategy used to design outstanding customer experiences. Traditionally, the marketing mix had 4Ps: Product, Price, Place, Promotion. With the development of modern marketing and especially the services sector, the mix has since been developed to include three new elements. This leaves the complete 7 Ps of the Marketing Mix, which help companies to reach customers and also to provide value and build relationships. There is a summary of the new elements that follows below:

i. **Product** : In marketing, a product is anything that satisfies a customer’s need or want. It can be a physical good or a service. Managers must select the feature of both the core product (either a good or service) and the bundle of supplementary service elements surrounding it, with reference to the benefit desired by customers and how well competing products perform.

ii. **Price** : Price determines the cost to customers, influenced by production costs, competition, and perceived value, with strategies like premium or discount pricing.

iii. **Place** : Place involves distribution channels, ensuring products are accessible through retail, e-commerce, or logistics networks.

iv. **Promotion** : Promotion encompasses communication tactics like advertising, Public Relations and social media to build awareness and drive more sales.

v. **People**: The "People" component refers to all employees, sales staff, and customer service teams who interact with customers, as their skills and attitude directly shape brand perception and customer satisfaction. Proper training and engagement of these employees are especially critical for service businesses where human interaction defines the customer experience.

vi. **Process** : Process element in marketing mix refers to the systems and procedures that ensure efficient delivery of products or services, including order processing, payment methods, delivery, and after-sales support. A well-designed process enhances customer satisfaction while optimizing operational efficiency.

vii. **Physical evidence** : It refers to the visible components that support a brand's reliability, which includes product packaging, retail space design, digital interfaces, and staff attire. These concrete aspects help to establish consumer confidence, especially in-service sectors where offerings are intangible and require material validation.

The marketing mix with its 7Ps—Product, Price, Place, Promotion, People, Process, and Physical Evidence—provides a complete framework for businesses to effectively reach and satisfy their target customers. By carefully balancing all these elements, companies can create strong value, enhance customer experience, and stay competitive in the market.

1.1.10 Marketing Environment

1.1.10.1 Introduction to Marketing Environment

Knowledge of marketing environment is fundamental to the marketing activities. Environment plays a crucial role in marketing and securing the right fit between the environment and the firm, using the marketing mix as the tool, is the crux of marketing. The firm has to know where the environment is heading, what trends are emerging there and what should be its response to the environmental changes. Only by analysing the environment, the firm can grapple with these issues.

1.1.10.2 Purpose of Marketing Environment Analysis

i. To know where the environment is heading; to observe and size up the relevant events and trends in the environment.

ii. To discern which events and trends are favourable from the standpoint of the firm, and which are unfavourable; to figure out the opportunities and threats hidden in the environmental events and trends.

iii. To project how the environment, each factor of the environment, will be at a future point of time.

iv. To assess the scope of various opportunities and shortlist those that can favourably impact the business.

v. To help secure the right fit between the environment and the business unit, which is the crux of marketing; to help the business unit respond with matching product market strategies; to facilitate formulation of a marketing strategy in the right way in line with the trends in the environment and the opportunities emerging therein.

1.1.10.3 Features of Marketing Environment

i. Dynamic : The factors that affect marketing environments constantly change over time. These could be technological advancements, industry regulations or even customer tastes.

ii. Relative : Marketing environments are relative and unique to each organization. A specific product from your company may sell quicker in the U. S. than in Europe because of distinctions in the marketing environment.

iii. Uncertain : Market forces are unpredictable. Even with constant study, you may face unexpected threats or opportunities in your marketing operations. Adept marketers must be able to learn, pivot and strategize quickly to achieve their goals.

iv. Complex : The many internal and external forces in a marketing environment make it complex, with various essential moving parts. For example, you must coordinate your team's ability and resources with stakeholder expectations, customer satisfaction and other ethical and environmental concerns.

1.1.10.4 Types of Marketing Environment

The market environment refers to various internal and external factors and forces that affect a firm's activities such as marketing plans, customer management, financial planning *etc*., directly or indirectly. Successful companies recognize and respond effectively to trends in the marketing environment. Marketing environment can be divided into two parts. They are:

A. Micro Environment

B. Macro Environment

A. Micro Environment

The term "micro environment" refers to variables and pressures that the marketing company has control over and can alter to completely satisfy the customers. The functional areas of a firm, rivals, suppliers, additional marketing intermediaries, markets and market segments in which a business operates make up the micro environment. The consumer experience is directly impacted by micro environmental influences. The goal of marketing is to maximise profits by meeting customer needs and this goal can be achieved by modifying the micro / internal environmental aspects that the marketer has influence over, in a way that will best serve this goal.

Micro marketing environment consists of factors that fall within your control and impact your marketing operations, including your organisation's strengths, weaknesses, uniqueness and competencies. Think of essential marketing elements such as your people and teams, the quality of your product or service, capital assets and budgets and company policy. Micro marketing environment factors are controllable.

B. Macro Environment

The wide spectrum of environmental issues that might have an impact on the firm is examined by the macro environment audit. All significant external elements and factors that the marketing firm has no control over are referred to as the macro environment. Political, economic, sociocultural, technological, legal and environmental concerns are the six main macro environmental drivers. To comprehend the threats and opportunities these factors create, to develop strategic plans and to acquire and maintain competitive advantage, marketers should take these factors into account. Finding the important external environmental challenges that could have an impact on the company is the goal of macro environment analysis.

The macro environmental influences are external to an organisation and typically cannot be changed by the organization's efforts or even the actions of a large number of organisations. Instead of trying to change the environment, a company should adapt to it. Therefore, regardless of the type or size of the firm, understanding the external / macro environment is crucial.

Components of Micro Environment

a. **Suppliers :** Manufacturers, importers, wholesalers, retailers and hiring companies are all examples of suppliers who provide the resources required by the company to generate its goods and services as part of the supply chain management. In the micro environment of an organisation, suppliers are important. Suppliers and marketing companies are reliant on one another and their partnership is based on shared values. Strong business links strengthen and nourish this relationship, which creates a mutually beneficial partnership to accomplish the intended aim. If both partners' expectations are met, the bonds grow stronger.

b. **Marketing Intermediaries :** From the producer to the end customer, there are various intermediates in the marketing distribution route. Through sales agreements, the intermediaries assist marketers in promoting, selling and making goods or service available. To create location, time and possession utilities, marketing intermediates are extremely important. Their responsibility is to guarantee that goods and services are delivered when they are required in time.

c. **Customers :** The most significant stakeholders in every company are its customers. They are the resource that the business relies on to succeed. The core of marketing is centered on customers and their experiences. Marketing professionals must thoroughly comprehend all pertinent buyer behaviour and product usage traits. To understand customer wants, marketers can no longer rely only on their antiquated techniques. They can gather information about potential clients using a variety of modern techniques.

d. **Shareholders :** The share holding pattern changes depending on the corporate structure. A public limited company may have thousands of individual and institutional shareholders, but a small business may only have one shareholder, the owner. Shareholders have a significant impact on a company's operations, governance and control. The stockholders anticipate that the management will produce a high rate of return on their investment. A business can increase sales revenue and achieve marketing leadership with the help of effective marketing strategies, which will not only help in giving good returns to shareholders but also increase the value of shares. The marketing department plays a crucial role in meeting the expectations of the shareholders.

e. **Competitors** : Making efficient marketing plans will benefit from careful competitor analysis. Competitor analysis, which evaluates the strengths and weaknesses of current and potential competitors and aids in determining the marketer's position in the market while also assisting in the improvement of its products and marketing strategies, is a crucial component of developing marketing strategies. It is critical to understand what your rivals are doing and how to stay one step ahead of them in the cutthroat industry of today. A realistic image of the market's rivalry is provided by competitor analysis, which also gives marketers a chance to identify areas for potential improvement. It also aids in decision-making about promotions and product comparisons.

f. **Human Resource** : The HR department supplies qualified candidates for various marketing positions and plans training programmes to enhance employee abilities and inspire them. HR and marketing work closely together. The proactive approach taken by the HR department aids in determining the size and competencies of the workforce that the marketing department will need in the future. Marketing and sales are benefited by effective hiring and compensation practices. As a result, the execution of HR rules can produce a motivated staff that can back up the claims made by marketing managers.

g. **Research and Development** : Working closely together are the marketing division and R&D. Development of new items is the R&D department's primary task because it allows marketers to produce revenues throughout the medium and long term. Electronic items, where new technological advancements happen constantly, are an illustration of how all products have a product life cycle and a limited commercial life. For existing products to continue to be produced according to specifications, they must be maintained. A product's commercial life can be extended by adding features, boosting performance, changing its appearance or making it more affordable to create, among other things.

h. **Finance** : Funding generation, distribution, management and control are all aspects of the finance function. The finance department's responsibility is to make sure funds are available to support the achievement of corporate goals. The department also makes sure that there are adequate resources and cost controls. All of those are crucial for any organization's smooth operation.

Components of Macro Environment

a. **Political Environment :** The laws, governmental bodies and lobbying organisations that control or impose restrictions on people or organisations are included in the political environment. Although not every marketing company places the same emphasis on following political trends, marketing tactics are firmly influenced by changes in the political environment. The likelihood of laws being created or enforced that are unfavourable to the firm may increases when elected political parties have a negative attitude toward the company or its industry.

b. **Legal Environment :** This offers a framework for laws, rules and government policies pertaining to the establishment of laws or regulations. Various laws and regulations have an impact on marketing strategies. Many marketers adhere to and embrace these laws as a fixed element of market strategy because of the goals behind these laws and regulations. It is incorrect to suggest that the legal environment places restrictions on how businesses can operate because occasionally these regulations also open up new business prospects. For instance, mandatory helmet use has increased helmet sales, which has stimulated the growth of numerous new businesses.

c. **Economic Environment :** The term "economic environment" refers to the totality of economic factors, including laws, the character of an economy, trade cycles, available economic resources, level of income, how income and wealth are distributed and other factors, which together form a significant determinant of the economic environment in which a business enterprise operates. Economic environment has traditionally been seen as a more comprehensive perspective and it varies periodically due to shifts in lifestyle, governmental policies and regulations.

d. **Demographic Environment :** Demography is the study of people, and the "demographic environment" of the market in which an organisation works includes trends in income levels, household patterns, regional features and other demographic elements. Studying the demographic environment is very beneficial, particularly in the short term because organisations must adapt to changes in population size and structure as they occur. The size and pace of population increase in cities and regions, age distribution and ethnic diversity, educational levels and household patterns are the main demographic elements that require more consideration. Marketers can create products and services in accordance with these parameters.

e. **Natural Environment** : The term "natural environment" refers to a collection of natural resources that businesses use as inputs and have an impact on their marketing efforts. This includes using natural resources as raw materials to create products. In addition to this, all agricultural inputs are employed in manufacturing and business equipment is also created from natural metals. A business unit needs energy for all of its natural resource - based activities, whether it is electricity, gas or diesel fuel. However, the unrestricted use of natural resources in recent years has changed the natural ecosystem. The level of air and water pollution increased dangerously in many places of the world. Global warming, floods, famines, tsunamis and earthquakes are all major causes for concern. Marketers must therefore be aware of the risks and opportunities related to the natural environment and it is the responsibility of business to safe-guard this environment. An organisation must assess the following components of the natural environment before beginning marketing operations.

f. **Socio- Cultural Environment :** An individual's relationship to themselves and others can be described by their socio - cultural environment, which is a collection of ideas, practices, conventions and behaviours that exist within a community. Socio - cultural aspects have a significant impact on how people live and affect what, where, how and when customers purchase a company's goods. It is challenging for marketers to anticipate these shifts because socio - cultural values and beliefs affect and alter consumer behaviour.

1.1.11 STP : Segmentation, Targeting and Positioning

1.1.11.1 Market Segmentation

Market segmentation is the process of dividing a heterogeneous market into smaller, more manageable groups of consumers who share similar characteristics, needs, or behaviors. According to Philip Kotler, it involves "sub-dividing 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."

Importance of Segmentation

- Helps businesses focus marketing efforts on the most valuable customers.
- Enables customized product offerings and promotional strategies.
- Improves resource allocation and marketing efficiency.

Bases of Consumer Market Segmentation

1. **Demographic Segmentation**

    ○ Divides consumers based on measurable characteristics such as age, gender, income, education, occupation, family size, religion, and nationality.

    ○ Example : Johnson & Johnson offers baby products for infants, specialized shampoos for teens, and anti-aging creams for older adults.

2. **Geographic Segmentation**

    ○ Categorizes consumers based on location—neighborhood, city, region, country, or climate.

    ○ Example: A clothing brand markets winter wear in colder regions and lightweight fabrics in tropical areas.

3. **Psychographic Segmentation**

    ○ Focuses on lifestyle, personality traits, values, and attitudes.

    ○ Example: Luxury brands like Rolex target affluent consumers who value prestige and exclusivity.

4. **Behavioral Segmentation**

    ○ Groups consumers based on purchasing behavior, usage rate, brand loyalty, and occasions.

    ○ Example: Airlines offer loyalty programs to frequent flyers (heavy users) while targeting occasional travelers with discounted fares.

1.1.11.2 Targeting

Targeting involves evaluating and selecting the most attractive market segments to focus marketing efforts on. As Philip Kotler states, "There is only one winning strategy: carefully define the target market and direct a superior offering to that target market."

Bases of Targeting:

1. **Demographic Targeting:**

    ○ Focuses on age, gender, income, or education.

    ○ Example: Kinder Joy chocolates are advertised during children's TV shows and placed near checkout counters to attract kids.

2. **Geographic Targeting (Geo-Targeting):**

    ○ Customizes marketing efforts based on location.

    ○ Example: A fashion retailer promotes raincoats in monsoon-prone areas and sunglasses in sunny regions.

3. **Psychological & Behavioral Targeting:**
   - Uses personality traits, past purchases, and online behavior (e.g., social media likes, search history).
   - Example: Facebook ads display products based on a user's recent searches or shopping habits.

Benefits of Targeting:

- Increases marketing efficiency by focusing on high-potential customers.
- Enhances customer engagement through personalized messaging.
- Reduces wasteful spending on irrelevant audiences.

1.1.11.3 Positioning

Positioning is the strategic process of creating a distinct image of a brand or product in the consumer's mind relative to competitors. According to Kotler, it is "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market."

Types of Positioning

1. **Functional Positioning:**
   - Highlights practical benefits, such as problem-solving or cost savings.
   - Example: Ariel detergent emphasizes stain removal efficiency.
2. **Symbolic Positioning:**
   - Appeals to emotions, social status, or self-identity.
   - Example: Apple positions itself as innovative and premium, attracting tech-savvy consumers.
3. **Experiential Positioning:**
   - Focuses on sensory or emotional experiences linked to the brand.
   - Example: Starbucks creates a cozy café ambiance to enhance customer experience.

Key Factors Influencing Positioning:

1. **Product Features:**
   - Unique attributes (e.g., smartphone camera quality).
2. **Utility & Benefits:**
   - Cost-effectiveness or convenience (e.g., energy-efficient appliances).

3. **Use Categories:**
   - Versatility (e.g., a smartphone for work, entertainment, and photography).
4. **Occasion-Based Positioning:**
   - Associating products with events (e.g., Cadbury with festivals).
5. **Competitive Comparison:**
   - Differentiating from rivals (e.g., Pepsi's "The Choice of a New Generation" vs. Coca-Cola's heritage).

The STP (Segmentation, Targeting, Positioning) framework is fundamental in marketing strategy. By segmenting markets, targeting the right consumers, and positioning brands effectively, businesses can enhance customer engagement, optimize resources, and gain a competitive edge. Successful implementation of STP ensures long-term brand loyalty and market sustainability.

1.1.12 Niche Marketing

Suppose you are starting a store to sell shoes. You have two choices. In the first, you are selling all categories of shoes for all people in general for the public—kids, adults, men, women, party people, sports players, and so on. In the second, you are selling vegan running shoes for women sports players. This second one is a niche market. Rather than attempting to attract all types of customers, niche marketing targets a limited, defined group of people with unique needs or interests. Niche marketing focuses on a small, specific group of people with special needs or interests. This focused approach helps businesses understand their target customers better and serve them more effectively, often leading to higher customer satisfaction and profitability.

A niche market refers to a narrowly defined segment of the market that caters to a distinct group of passionate customers with unique preferences. A niche market is the subset of the market on which a specific product is focused. The market niche defines the product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that is intended to impact. It is also a small market segment. Example: Sports channel like ESPN, Star Sports targets sports enthusiasts specifically, making it a good example of niche marketing.

Stanton, Etzel and Walker (1991) has defined niche marketing as; " a method to meet customer needs through tailoring goods and services for small markets". Let us now examine the various characteristic features of niche marketing.

Key Characteristics of Niche Marketing

1. **Focus on small segment :** It targets on specific section of customers with similar interests or needs.
2. **Specialized products and services :** Niche marketing offers those products or services designed to specifically address the needs of their target audience.

3. **Less competition** : Niche markets usually have less competition, which makes it easier for businesses to stand out, attract the right customers, and create a loyal customer base.

4. **Higher Profitability:** Since the target customer group is small, businesses can often charge higher prices because they offer something special to the focused group in which they are willing to pay even at high price. This can lead to better profits.

5. **Customized products and services :** Through niche marketing, businesses create products or services specially designed to suit targeted customer's specific needs. Its products are customized to the smaller section of the population.

Importance of Niche Marketing

Niche marketing plays an important role in the modern economy. The following reasons explains the importance of niche marketing

1. **Reduced Competition:** In a niche market, there are fewer businesses offering the same products or services when compared to other and so this makes it easier for a brand to get noticed, attract loyal customers, and become successful in that specific area.

2. **Enhanced customer engagement:** Niche marketing helps businesses to build a deeper connection with their target customers. By creating messages that speak directly to a specific group, customers feel more valued and understood. This makes them more likely to interact with the brand and stay loyal over time.

3. **Stronger Customer Relationships:** Niche marketing business focuses on a specific group of people; hence it can build closer and more personal connections with the targeted group. Offering products or services that match their exact needs makes customers feel important and satisfied. This leads to repeat purchases and long-term support for the brand.

4. **Cost-Efficient Marketing:** Niche marketing is often more budget-friendly than broad-spectrum advertising. Since efforts are directed toward a specific audience, businesses avoid wasting resources on uninterested consumers. This targeted strategy maximizes marketing efficiency, leading to higher returns with less spending.

5. **More Effective Marketing Campaigns:** Niche marketing allows businesses to create ads that directly match the needs and interests of a specific audience, making them more impactful and memorable. This targeted approach often results in higher sales and better returns on the money spent

6. **Higher Profit Margins:** Since niche products are often unique or specialized, businesses can charge a premium price, leading to better profits even with fewer customers.

Niche marketing offers several advantages by allowing businesses to focus on a specific group of customers with unique needs. This targeted approach not only builds stronger customer relationships but also leads to more effective, cost-efficient marketing and long-term brand success.

1.1.13 One -to- One Marketing

Imagine you go to a shoe store, and the salesperson greets you by remembering your previous purchase and say, "You bought running shoes last time, and we now have a new model that fits your style and size perfectly." This is called one-to-one marketing, where the service is personal and is made just for you.

One-to-one marketing is also called as personalized marketing which is a customer focussed strategy that cares for individual customer marketing, businesses concentrate on their products, services, and communications to each customer, creating a unique and personalized experience. One- to- one marketing is one among the newest trend where companies connect to individuals. This is a customer relationship management strategy emphasizing personalized interaction with customers. This strategy helps to foster greater customer loyalty and better return on marketing investment. The concept of one- to- one marketing as a CRM approach was popularised by Don Peppers. In simple terms, we could say one-to-one marketing is treating different customers in different ways with respect to their preferences, behaviours, and needs. Now let us see the characteristic features of one- to-one marketing.

Characteristics of One-to-one marketing

1. **Highly Customized Marketing :** One-to-one marketing uses customer data to send highly personalized messages, offers, and product suggestions. Each customer receives information that matches their interests, needs, and past behaviour.

2. **Direct Communication with customers :** One-to-one marketing connects with their customers through personal channels like emails, text messages, chatbots, or face-to-face interactions. It feels more like a conversation than a general advertisement.

3. **Customer-Focussed Approach :** The focus is not just on selling once, but on building long-lasting relationships with customers. The main aim is to understand the customer well and meet their needs over time.

4. **Interactive and Responsive :** One-to-one marketing invites customers to share their thoughts and feedback, making them feel heard and involved. Businesses use this input to quickly adapt their strategies, creating a more engaging and personalized experience for each customer.

5. **Use of customer data :** One-to-one marketing uses information about customers-such as their past purchases, browsing habits, age, or location-to understand

what they like. This helps businesses send the right offers or messages at the right time, making the communication more useful and personal.

Importance of One-to -one marketing

1. **Customers feel valued and special :** When a business gives individual attention to each customer, it helps them feel recognized and cared for. This kind of personal approach boosts their satisfaction and makes their experience more positive.

2. **Builds strong relationships :** One-to-one marketing allows a brand to form closer bonds with its customers. As time goes on, this connection becomes stronger, resulting in better mutual understanding and lasting customer involvement.

3. **Increases trust and loyalty :** When customers get services tailored to their specific needs, they begin to trust the brand more. This trust leads to loyalty, with customers coming back regularly and even suggesting the brand to others.

4. **Helps companies offer exactly what the customer wants :** By learning about each customer's likes and habits, businesses can deliver the most suitable product or service at the perfect time. This improves the chances of making a sale and encourages customers to return.

5. **Improves Customer Retention :** When customers receive personalized attention, they are more likely to stay with the brand over time. This reduces the need to constantly find new customers and helps build a stable customer base.

6. **Increases Marketing Efficiency :** One-to-one marketing targets specific individuals, so businesses can avoid spending money on broad, general campaigns. This focused approach saves time, reduces costs, and delivers better results.

7. **More Referrals :** When customers feel happy and satisfied with the personalized experience which the companies provide, they are more likely to recommend their brand to others. This turns loyal customers into brand promoters, helping you gain new customers through word of mouth.

One-to-one marketing can be done through various channels, including email, direct mail, social media, and online advertising. The concept of One-to-one marketing is a powerful strategy for building strong customer relationships, for improving engagement, and boosting sales. By leveraging data and personalization, businesses can create unique experiences that foster customer loyalty and long-term success.

Recap

◊ Marketing is an organizational function which is mainly focused to "*meet the needs of customers profitably*".

◊ Marketing Management is the art of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating customer value.

◊ Nature of Marketing Management
  - Managerial function
  - Consumer Oriented
  - Continuous activity
  - Art and Science
  - Goal Oriented
  - Exchange with money
  - Societal Activity
  - Creation of utilities

◊ Scope of Marketing Management
  - Marketing Research
  - Pricing
  - Advertising and sales promotion
  - Channels of Distribution
  - Financing
  - After sale service

◊ Importance of Marketing Management
  - To the Societies
  - To the Companies
  - To the Consumers

◊ Functions of Marketing Management
  - Identify customer needs

- Planning
- Product Development
- Standardisation and Grading
- Packing and Labelling
- Branding
- Setting up Customer Support Service
- Pricing
- Promotion
- Distribution
- Transportation
- Warehousing

◊ Concepts of Marketing Management

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

◊ Marketing and Selling are two different concepts.

◊ Marketing environment refers to various internal and external factors and forces that affect a firm's activities

◊ Features of Marketing Environment: Dynamic, Relative, Uncertain, Complex

◊ Types of Marketing Environment: Macro and Micro Environment

◊ STP (Segmentation, Targeting, Positioning)

- Segmentation divides a broad market into smaller groups with similar needs (Demographic, Geographic, Psychographic, Behavioral).
- Targeting selects the most profitable segments to focus marketing efforts (Mass, Niche, Micromarketing).

- Positioning creates a unique brand image in customers' minds (Functional, Symbolic, Experiential).
- STP ensures efficient marketing, personalized messaging, and competitive advantage.

Objective Questions

1. Who is father of Modern Marketing?
2. From which word is the term 'Market' derived?
3. What is the meaning of "Marcatus"?
4. What do organizations conduct in order to find out the customer needs, wants, tastes and preferences, interests, economic position, purchasing power and even the effectiveness of certain advertisements?
5. What type of businesses concentrate on achieving high production efficiency, low costs, and mass distribution?
6. What is described as a marketing approach in which all other corporate divisions collaborate to generate a positive and cohesive business image in the eyes of customers?
7. What is the primary determinant of social marketing strategy?
8. What kind of markets does marketing management aim to choose?
9. What is the ideology that is concerned not just with customer satisfaction, but also with consumer welfare or social welfare called?
10. What is the term used for ensuring uniformity in the product so that all customers get the same design and quality?
11. Which concept focuses on creating customer value?
12. What is Micro Environment?
13. What is Macro Environment?
14. Which environment consists of the factors like inflation rate, interest rate and unemployment?
15. Which type of segmentation categorizes consumers based on lifestyle and personality traits?

Answers

1. Phillip Kotler
2. Latin word 'Marcatus'
3. Goods or trade or place where business takes place
4. Marketing research
5. Production oriented businesses
6. Holistic Marketing
7. Sustainability
8. Target
9. Social Marketing
10. Standardisation
11. Marketing concept
12. Micro marketing environment consists of factors that fall within your control and impact your marketing operations
13. All significant external elements and factors that the marketing firm has no control over are referred to as the macro environment.
14. Economic environment
15. Psychographic segmentation.

Self-Assessment Questions

1. What do you mean by Marketing?
2. Define Marketing Management.
3. What is Selling?
4. What are the differences between Marketing and Selling?
5. Explain the various Concepts of Marketing
6. Elaborate the nature of Marketing.

7. Discuss the scope of Marketing?
8. What is Holistic Marketing?
9. Explain Social Marketing.
10. How did the marketing concepts evolve from the production concept to the holistic marketing concept, and what factors drove this evolution?
11. Forces in the internal environment of the company are controllable. Explain.
12. How micro and macro environments influence marketing decisions?
13. Explain Marketing Mix.
14. Explain how a company uses behavioral segmentation in its marketing strategy. Provide examples.

Assignments

1. Write a short note on the Social Marketing activities of a company of your choice.
2. Critically evaluate the impact of Covid 19 pandemic on the marketing activities of entertainment medias like Cinema.
3. Develop a marketing plan for a new product launch, considering the various functions of marketing management, such as product development, pricing, promotion, and distribution strategies.
4. Analyze the marketing concept and Social Marketing concept in the context of a specific industry or company. Discuss the benefits and challenges of adopting these concepts.
5. Take an example of a company in your locality and try to explain different forces (Micro and Macro) affecting the marketing environment of the company.
6. Choose a company or industry of your interest and conduct an in-depth analysis of its marketing environment. Identify and discuss the key factors in the micro and macro environments that affect the company's marketing operations.

7. Choose a brand (e.g., Amul, Flipkart, or Zara) and:

   a. Segment its market using at least two bases (e.g., Demographic + Behavioral).

   b. Identify its primary target audience.

   c. Analyze its positioning strategy (Functional/Symbolic/Experiential).

   d. Suggest one improvement in its STP approach.

Suggested Reading

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Unit 2 Consumer Behaviour

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ comprehend the concept of Consumer Behaviour
- ◊ identify the determinants of Consumer Behaviour
- ◊ analyse the decision-making process of Consumer Behaviour

Prerequisite

Anika had just launched her online store selling eco-friendly notebooks and planners. She had put her heart into the design, ensured good quality, and even priced them affordably. But after three months, she noticed that while some customers came back for more, many never returned, and some products didn't sell at all.

She wondered, "Why do some people love my brand while others don't even notice it?" Her friend Ravi, a marketing student, explained, "To grow your brand, you need to understand not just what people are buying, but why they are buying it. That's where consumer behaviour comes in."

Ravi helped her look deeper into how customers think, what motivates their purchases, how their culture or family influences their choices, and how they make decisions while shopping. With this understanding, Anika slowly started adjusting her product range, packaging, and social media messages. Soon, her business began to see real growth.

Just like Anika, every marketer or entrepreneur needs to understand the behaviour of consumers to succeed. This unit will help you explore the same — the what, why, and how of consumer behaviour — so you can apply these insights in real-world marketing.

Keywords

Consumer Behaviour, Determinants, Motivation, Involvement, Attitudes, Personality, Self- concept, Learning, Memory, Information Processing, Culture, Subcultural, Social Class, Social Group, Family Influences, Personal Influences, Opinion Leaders, Decision Making Process

Discussion

1.2.1 Consumer Behaviour

A consumer is an individual or group who consumes a product or service that is provided by a seller. At the same time, a customer is an individual or group who is the buyer but not necessarily the end - user of a product or service that is provided by a seller.

Here the term consumer is a relative term and varies as per the product. For instance, the general public are the consumer for goods like grocery, garments *etc*., while companies or organisations are the consumers for Industrial goods like machinery, tools, raw materials like iron ore, aluminium *etc*., the companies or organisations become the consumer. In that respect, consumer behaviour is the study of consumer actions in the marketplace and the underlying reasons behind these actions. Broadly it is the study of how individuals, groups or organisations select, buy, use and dispose of products (including ideas, goods, and services) to satisfy their needs and wants.

According to marketing authors Louden and Bitta, consumer behaviour can be defined as, "the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services".

According to marketing pioneer Philip Kotler "consumer behaviour is the study of how individuals, groups and organisations select, buy, use and dispose of goods and services, ideas or experiences to satisfy their needs and wants".

Thus, understanding the reason behind the consumers choosing to buy particular products or services will help to determine and streamline the products in the marketplace to suit consumers' needs and wants and it also aids in how best to present these products to the consumers.

The behaviour of consumers is influenced by not only personal but certain external factors also. These are referred to as determinants of consumer behaviour and they are as follows.

1.2.2 Determinants of Consumer Behaviour

We are aware that an individual's behaviour is mostly influenced by many personal and social causes. Similarly, a consumer's behaviour is also influenced by certain internal and external determinants.

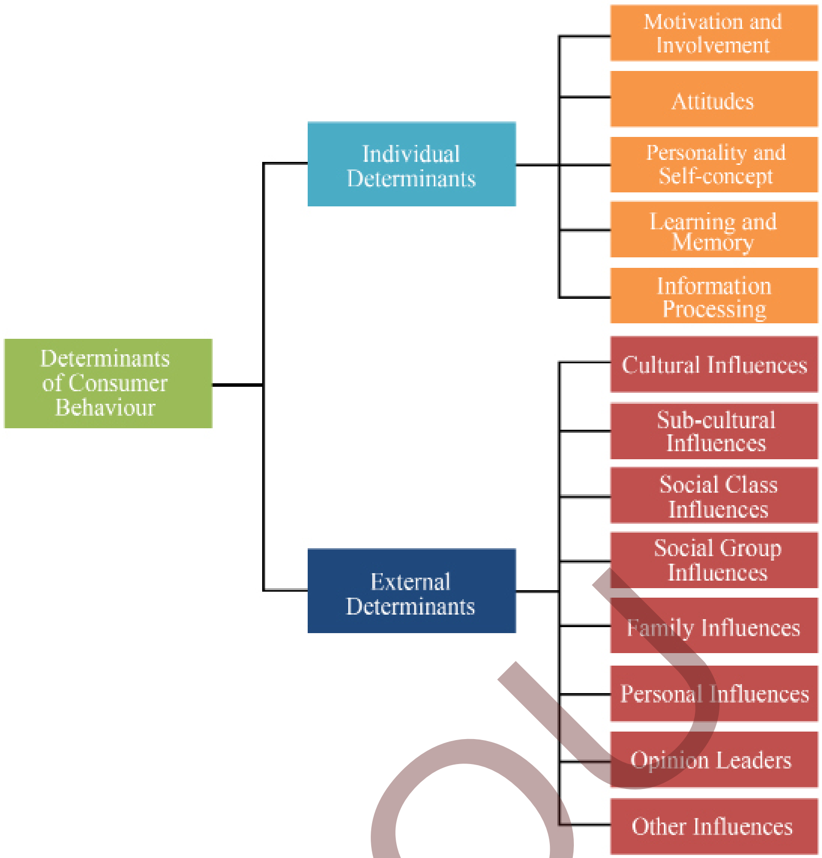

Fig. 1.2.1 Determinants of Consumer Behaviour

The factors influencing consumer behaviour can be classified into individual determinants and external determinants. The individual determinants determine the needs and motives of a consumer and direct the consumer towards a purchase, whereas the external determinants indirectly influence the purchasing action by filtering through individual determinants.

1.2.2.1 Individual Determinants

The individual determinants are further classified into Motivation and Involvement, Attitudes, Personality and Self-concept, Learning and Memory and Information Processing.

Motivation and Involvement

Every consumer is a unique individual with a unique set of needs, desires and motivations. The internal force that arouses the need and directs the behaviour towards the fulfilment of that need is termed motivation. A consumer has both physiological and psychological motivations. The physiological motivations are directed towards the fulfilment of biological needs such as thirst and hunger, whereas psychological motivations are directed towards the satisfaction of psychological desires such as the desire for achievement, seeking status, job satisfaction *etc.* Every consumer tries to fulfil both physiological and psychological motivation in their unique way, for instance, one consumer quenches his thirst by drinking water whereas the other drinks soft drinks for the same.

Consumers adopt different methods of satisfaction of motivations because of the differing level of personal involvement in various activities. The personal relevance of a product that a consumer perceives in a given situation is termed involvement. For instance, a homemaker perceives a camera as a convenient tool to record family events; thus she will be motivated to buy the handiest one that fits the budget whereas a professional photographer is motivated to buy the best camera in the field irrespective of handiness and price. The higher the involvement, the higher the motivation of the consumer, as mentioned in the case of the professional photographer. This is why people with high involvement and high motivation showcases different consumer behaviour than people with low involvement and low motivation.

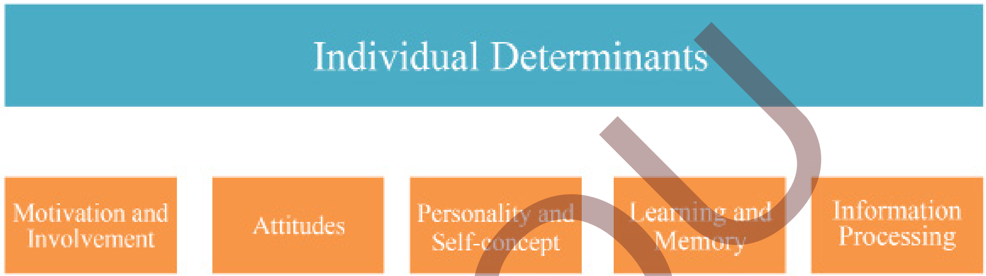

Fig. 1.2.2 Individual Determinant

Attittude

The learned predispositions towards a product (goods or services) are termed attitudes. It guides a consumer's orientation towards the product and influences how they respond to various products. Attitude is not inherent in consumers; rather they are acquired from people and surroundings. The attitude of people influences their consumer behaviour and purchase decisions. For instance, consumers with an attitude of aversion to risk-taking would only invest their money in savings and government bonds with a low rate of returns rather than investing in risky investments like shares and stocks with a higher rate of returns.

Personality and Self-concept

The total of the unique individual characteristic patterns of thinking, feeling and behaving is termed personality. It provides a blueprint for consistent behaviour patterns. At the same time, self-image or self-concept is the way a person perceives themselves (that is their behaviour, abilities, and unique characteristics) in a social framework. Consumers mostly tend to products that match their personality. This is the reason marketers try to give distinct personalities or images to their products that match the target consumers. For instance, Raymond Suit fabrics have always been promoted with the image and personality of the complete man to match well with the self-concept of their target consumer.

Learning and Memory

Consumers retain only a selective amount of marketing information in their memory from billboards advertising to listening to the radio in their daily life. The retention of this information is based on its relevance and importance or where they have a motivation to remember. This is referred to as selective retention. For instance, when a small family watches a family show on television, they are exposed to nearly 10 to 15 advertisements every 20 minutes. In this family the kid will retain the advertisement about the toy, the father might retain the advertisement about the car and the mother might retain information about the kitchen appliances or apparel depending on their circumstances. This is because each of them is motivated by different products. Thus, a consumer's motives, attitudes and personality act as filters by letting in only relevant information and keeping the rest out.

Information Processing

The process and activities that consumers engage in while gathering, assimilating and evaluating information are termed information processing. As we are aware, consumers only retain some selective information, but how a consumer assimilates and evaluates this selective information is determined by their motives, attitudes, personality and self-concept. The same information may be evaluated differently by two different individuals and the resulting response may also be very different. For instance, a soft drink bottle of 2.5 litres seems to be too much for an occasional consumer whereas the regular consumer will buy the same as it provides better value for money.

Now let's look into the external determinants one by one.

1.2.2.2 External Determinants

The external determinants are further classified into Cultural Influences, Sub-cultural Influences, Social Class Influences, Social Group Influences, Family Influences, Personal Influences, Opinion Leaders and Other Influences.

Let us explore each, one by one

Cultural Influences

The sum of knowledge, belief, traditions, customs, art, morals, law and any other habits acquired by a consumer as members of a society is termed culture. It varies from society to society. For instance, the attitude towards the purchase of a good amount of gold jewellery as a form of savings and status symbol is unique to Indian society.

Sub-cultural Influences

Every culture has many groups or segments of people with distinct customs, traditions and behaviour that set them apart from the rest of the people in the same culture. Each of these groups, with one cultural heritage, has uniquely distinct subcultures. These groups have different styles of dressing, food habits, customs, traditions and behaviour that set them apart from each other. Thus, marketers need to fine-tune their products to be accepted in these subcultures. For instance, in some parts of India consumers prefer bigger diamonds irrespective of their quality that adds to status. In other parts of the country, they prefer diamonds of the highest quality in their jewellery irrespective of the size.

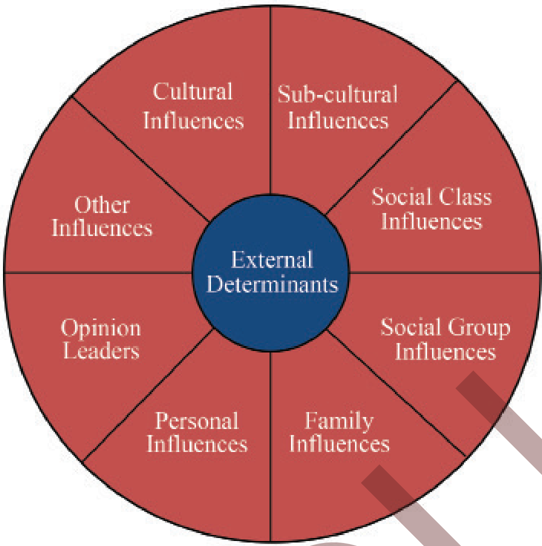

Fig. 1.2.3 External Determinants

Social Class Influences

The group consisting of several people who share more or less equal positions in a society is termed a social class. People in this group mostly share beliefs, values and display similar patterns of behaviour and consumption. Social classes are ranked from higher, middle and lower based on income or occupation. It varies from one society to another, but their standing in society is susceptible to change with time. Based on the social class consumers belong to, their wants and needs may vary like the choices of residence, food, apparel, transportation, entertainment, leisure activities *etc*.

Social Group Influences

A company of individuals who share some common attitudes and a sense of relationship as a result of interaction with each other are termed a social group or reference group. It can be classified into primary and secondary groups. The primary groups are characterized by personal relationships that may last a lifetime where face-to-face interaction takes place frequently like families, friend circles, workgroups and study groups. The Secondary groups are where the relationships are impersonal, temporary and goal-oriented, like co-workers, club members *etc*. In these groups, individual consumer behaviour is greatly influenced by other members of the group. For instance, a new joiner who only used to wear casual attire earlier may be inspired to follow the trend of his new co-workers to wear a suit in the office.

Family Influences

Family is the primary social group that holds the strongest source of influence on consumer behaviour. The foremost and strongest influence on children is that of their family. Each member of the family imprints many behavioural patterns on the other members of the family, especially children. Most families make joint decisions where each member exerts a different degree of influence. The changing structure of families from traditional joint family to single nuclear family has a great influence on consumer behaviour.

Personal influences

Personal characteristics such as age, occupation, income and lifestyle can influence a consumer's buying decision. A consumer's taste in food, clothing, automobiles, furniture, etc., might change as his or her age progress. For example, a teenager might prefer to buy a sports bike whereas an older individual might prefer to buy a car. Similarly, the consumer's occupation and income can determine their buying behaviour. Lifestyle encompasses more than just social class or personality. The concept of lifestyle helps marketers understand changing consumer values and how they affect buying behaviour.

Opinion Leaders

People who in a given situation can exert personal influence on others are known as opinion leaders. In simple words, an opinion leader can informally influence the action or attitude of others, who are referred to as opinion seekers. Opinion leaders are mostly those people who have used a product themselves, thus new consumers often take the opinion of these leaders to know more about the product and its utility. Most of the time opinion leaders in one product category are opinion seekers of another product category. For instance, people always seek the opinions of YouTube tech reviewers before purchasing an electronic gadget.

Other Influences

All other influences like national or regional events like festivals, holidays, product promotions, inflations, recessions etc. do influence consumer behaviour. For instance, during the holiday season consumers are always ready to spend extra on good products.

The various determinants in the individual and external environment are mostly influenced by each other. The decision process is usually triggered by the external determinants which in turn affect the individual determinants; this, in turn, influences the consumer behaviour. 'Companies use to develop new promotional messages to capture niche markets for their products. Customers who watch these advertisements during TV programs inclines towards the brand. After watching these advertisements, they searches for information regarding the product online and among their friends. After comparing it with many alternatives, they decides to purchase the product. After purchasing, if the customer is happy with the product, they will recommend it to their family and friends. This action is referred to as Consumer Decision Making Behaviour and it is explained below in detail.

1.2.3 Consumer Decision Making Process

The physical activity most in the course of consumer behaviour is that of making the purchase, as different influences affect it. Several different influences affect the purchase and several individuals may be involved in exerting these influences on consumers. Thus, a visibly simple purchase by a consumer may be the result of several complex and hidden variables influencing that decision.

According to management authors Koontz and O' Donnel, "Decision-making is the actual selection from among alternatives of a course of action."

The decision making stages that a consumer goes through before, during and after purchasing a product is termed Consumer Decision Processes or Buyer Decision Processes. Though there are various ways in which people make purchase decisions, there are five basic steps followed by each consumer while purchasing to determine the product best suited for their needs.

An American philosopher, psychologist and educational reformer John Dewey first introduced the five stages decision process consumers go through while they are considering a purchase. This is still the most widely accepted concept in any consumer behaviour model. The five stages are as follows:

1.2.3.1 Problem or Need Recognition

In the first stage of the consumer decision-making process, the consumer recognizes the problem or need and subsequently identifies the product that would be able to meet this need. It is the most primal and crucial step in this process because unless and until a consumer does not perceive a problem or need, they will not consider purchasing the product.

This need is mostly triggered by internal or external stimuli. Internal stimuli are driven by perception experienced by the consumer's physiological or emotional needs like hunger, thirst *etc.*, whereas, external stimuli are driven by outside influences like advertising, word-of-mouth, the smell of food *etc*. For instance, a consumer buying a new camera is driven by the internal stimuli to possess the means to capture special moments in their life. Even though a camera is not necessary for survival, it does solve a core emotional need. This is well explained by American Psychologist Abraham Maslow in his motivational theory (Maslow's hierarchy of needs). Based on this theory, people's needs form a hierarchy. Only after satisfying one group of needs at a certain stage does the consumer move on to the next one.

1.2.3.2 Information search

Once the consumers recognize the need or problem, they search for information internally and externally. Information search is the second stage of the Consumer Decision Making Process.

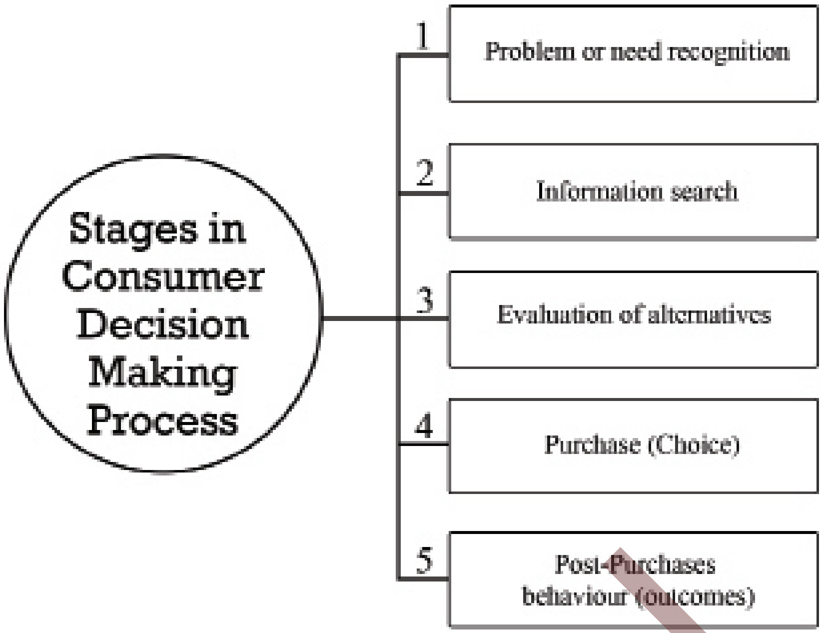

Fig. 1.2.4 Stages in Consumer Decision Making Process

During this stage, the customers aim to seek the value in the prospective product or service that can potentially satisfy their need or be a solution to their problem. As time progresses, at this stage Consumers become more aware and clearer about other options they can opt for.

Information search can be classified into two, internal or external research.

Internal research

Internal research is commenced when the consumers search and recollect about the products from their memory, more often guided by their personal experience. That is when a person attempts to scan his memory to recall past experiences with the product or services relating to the need or problem. If the product is something that is frequently used and is considered ideal, then the internal search is more than enough to finalise the purchase decision.

External research

The external research is commenced when consumers have no prior knowledge or experience about the products. This leads them to seek information from personal sources like word of mouth from friends or family *etc*. or public sources like online forums, consumer reports *etc*. or marketer dominated sources like salespersons, advertising *etc*. This type of information search mostly takes place when the previous experience of a person is limited or unclear.

The volume of information a customer seeks during this stage mostly depends on how much they are aware of the solutions available and the complexity of choices.

1.2.3.3 Evaluation of alternatives

This is the third stage in the Consumer Decision-making process. At this stage, consumers evaluate all their options regarding the products and brands on the scale of attributes that can provide the benefits that the customer is seeking. The set of brands and products that consumers used for comparison represents the alternatives being considered by consumers during the problem-solving process. This set represents the total number of options available.

When consumers commit significant time to the comparison process and review the price, warranties, terms and conditions of sale and other features of the product it is referred to as extended problem solving.

It involves external research and the evaluation of alternatives. Unlike routine problem solving that is of low involvement, is inexpensive and has limited risk if purchased as in the case of buying cookies for snacks, the extended problem solving encourages the additional effort for a high priced or scarce product, service or benefit like car purchase. Therefore, extensive problem solving is highly encouraged for the expensive, infrequently purchased, high-risk, new products or services. This is the reason business organisations must be aware of the competitive products so that they can design and market the product to excel during the alternative evaluation by consumers.

At this stage, consumers are highly influenced by their attitude and the degree of involvement with the product, brand or overall category. They must be able to effectively assess the value of all the alternative products or brands before they make the decision.

1.2.3.4 Purchase (Choice)

The purchase decision is the fourth stage of the consumer decision making process. During this stage, the consumers form the intention to buy the most preferred brand of product as they have evaluated all alternatives and identified the worth that the selected product will bring.

The final purchase decision can only be disrupted by the negative feedback of others and the consumer's level of motivation to comply with or accept the feedback. For instance, a person chooses to buy a premium smartphone but a close and personal friend of the person might share negative feedback about the product, which could alter this purchase decision. This decision can also be interrupted in another situation where the person loses his or her job or the store is closed down.

At this stage, consumers must decide on the following.

- Where to buy the product, this decision is influenced by price point, terms of sale and previous experience with the seller and the return policy.

- When it comes to the product, this decision is influenced by the store environment, time pressures and constraints, the presence of a sale and the shopping experience.
- At this stage, it is also possible that the consumers might decide not to make the purchase. They may also decide to postpone the purchase as the price is above their means or they simply feel more comfortable waiting for the right time.

1.2.3.5 Post-purchase behaviour (Outcomes)

Post-purchase behaviour is the final stage in the consumer decision making process. During this stage, the customers assess whether they are satisfied or dissatisfied with the purchase. The customers' satisfaction with the product will determine whether they will purchase the product again or opt for an alternative or competitive product. This experience also prompts customers to influence others by sharing their feelings and experiences with the product or brand. At this stage, a buyer may experience feelings of post-purchase psychological tension or anxiety which may lead to cognitive dissonance, a form of buyer's remorse. For instance, a customer may feel compelled to question whether he or she made the right decision to purchase the product, especially when they are exposed to advertising of a competitive product or brand which may raise the question of the choice of the product. A consumer may also decide that he or she no longer needs this particular product.

Most companies try to engage their consumers with post - purchase communications to influence their feelings about their purchases and future purchases. For instance, some companies offer money back guarantees to serve as a way to extend and enrich post - purchase communications between the company and its consumers. Some others may invite the consumer to become part of a loyalty club or special and select group of consumers who buy a particular product. Some companies even ask customers for their contact information at the point of purchase so they can be subjected to a follow-up call that surveys the product's performance and consumer satisfaction. These approaches might aid in alleviating feelings of cognitive dissonance or "buyer's remorse" following a product purchase.

Understanding the consumer decision making process is the key to identify marketing challenges and opportunities. It is important to align marketing efforts with the stages of the consumer decision making process to maximise its effectiveness.

Consumer behaviour is a vital concept in modern marketing as it aids business organisations to understand their consumers and the attitude to choose, use, and dispose of products and services, including the consumers' emotional, mental, and behavioural responses. It borrows ideas from psychology, biology, chemistry and economics and aids marketers in understanding what influences consumers' buying decisions. Thus, studying consumer behaviour is the key to reaching and engaging consumers and persuading them to purchase products in a highly competitive open market.

Recap

- ◊ Consumer Behaviour: The study of how individuals, groups and organisations select, buy, use and dispose of goods and services, ideas or experiences to satisfy their needs and wants.
- ◊ Determinants of Consumer Behaviour:
  - Individual Determinants: Motivation and Involvement, Attitudes, Personality and Self-concept, Learning and Memory, Information Processing.
  - External Determinants: Cultural Influences, Sub-cultural Influences, Social Class Influences, Social Group Influences, Family Influences, Personal Influences, Opinion Leaders, Other Influences.
- ◊ Consumer Decision Making Process: Actual selection from among alternatives of a course of action.
  - Stage 1: Problem or Need Recognition
  - Stage 2: Information Search
  - Stage 3: Evaluation of Alternatives
  - Stage 4: Purchase (Choice)
  - Stage 5: Post-Purchase Behaviour (Outcomes)

Objective Questions

1. What is Consumer Behaviour?
2. Which are the individual determinants of Consumer Behaviour?
3. Which are the external determinants of Consumer Behaviour?
4. What is the first stage of the consumer decision-making process?
5. Which stage involves consumers searching for information about potential solutions?
6. In which stage do consumers compare and evaluate different alternatives?
7. Which stage involves the actual act of purchasing a product or service?
8. Which is the stage after making a purchase where consumers evaluate their satisfaction?

9. Which is the process of acquiring knowledge and experience about products or services?
10. Who are the individuals influence the attitudes and behaviour of others?
11. Which is the process through which consumers make decisions about which products or services to purchase?
12. Which term refers to the degree of personal relevance or importance a consumer attaches to a product or service?
13. How are attitudes related to Consumer Behaviour?
14. What is the role of 'Culture' in Consumer Behaviour?
15. How do social groups influence Consumer Behaviour?

Answers

1. The study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.
2. Motivation and involvement, attitudes, personality and self-concept, learning and memory, information processing.
3. Cultural influences, sub-cultural influences, social class influences, social group influences, family influences, personal influences, opinion leaders, other influences.
4. Problem or need recognition.
5. Information search.
6. Evaluation of alternatives.
7. Purchase (choice).
8. Post-purchase behaviour (outcomes).
9. Learning.
10. Opinion leaders.

11. Consumer decision-making process
12. Involvement
13. Attitudes shape consumers' evaluations, feelings, and tendencies toward products or brands, influencing their behaviour.
14. Culture shapes consumer values, beliefs, and behaviours, influencing their needs, wants, and purchasing decisions.
15. Social groups, such as family, friends, and reference groups, can influence consumers' attitudes, values, and purchasing decisions through their opinions and recommendations.

Self-Assessment Questions

1. Explain the various individual determinants of Consumer Behaviour and how they influence the decision-making process of consumers.
2. Analyze the role of external determinants, such as cultural, social, and personal influences, in shaping consumer attitudes and purchasing decisions.
3. Describe the five stages of the consumer decision-making process and provide examples to illustrate each stage.
4. Discuss the importance of understanding consumer behaviour for businesses and how it can help in developing effective marketing strategies.
5. Evaluate the impact of psychological factors such as motivation, perception, and learning, on consumer behavior and purchase decisions.
6. Analyze the influence of family and reference groups on consumer behaviour, particularly during different stages of the consumer decision-making process.
7. Discuss the role of Opinion Leaders and their impact on consumer attitudes and purchasing decisions, particularly in the context of social media and influencer marketing.
8. Explain the concept of consumer involvement and how it affects the level of information search and evaluation of alternatives in the consumer decision-making process.

Assignments

1. Write an essay on the process of your decision-making as a consumer, involving the purchase of a product of your choice.

2. Identify the factors influenced to make the purchase decision of the product that you purchased recently.

3. Develop a comprehensive consumer survey to understand the behaviour and preferences of a specific target market for a product or service of your choice. The survey should aim to gather insights into the following aspects:

   i. Individual determinants: Motivations, attitudes, personality traits, and information processing patterns that influence purchasing decisions.

   ii. External determinants: Cultural, subcultural, social class, social group, family, and personal influences shaping consumer behaviour.

   iii. Consumer decision-making process: Factors that trigger problem recognition, information search strategies, criteria for evaluating alternatives, purchase triggers, and post-purchase experiences.

   iv. Demographic and psychographic profiles of the target consumers, including age, gender, income, lifestyle, values, and interests.

4. For this assignment, you will analyse your own recent purchase decision for a product or service using the consumer decision-making process stages.

   i. Identify the product or service you purchased recently.

   ii. Describe the problem or need that triggered your purchase (Problem/Need Recognition stage).

   iii. Explain how you searched for information about alternatives before making the purchase (Information Search stage).

   iv. List the key factors you considered when evaluating the different options (Evaluation of Alternatives stage).

   v. Discuss what ultimately led you to select the specific product/service you purchased (Purchase/Choice stage).

   vi. Reflect on your post-purchase experience - were you satisfied or dissatisfied? Would you make the same choice again? (Post-Purchase Behaviour stage)

Suggested Reading

1. Blackwell, R. D., Miniard, P. W., & Engel, J. F. (2006). Consumer Behaviour. 10th Edition, Stamford: Thomson Business and Economics.
2. Mehta, S. C. (1973). Consumer Behaviour. New Delhi: Tata McGraw-Hill Publishing Company
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BLOCK 02

Marketing Mix Decisions- Product, Price

Unit 1

Product

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ comprehend the concept of product
- ◊ identify the various types or classification of products
- ◊ be familiar with the Product Life Cycle
- ◊ be familiar with the concept of Branding
- ◊ comprehend the concept and relevants of packaging
- ◊ we familiar with the concept of labelling and its functions

Prerequisite

Think about the last time you went shopping. You might have bought a packet of chips, a pair of shoes, a mobile phone, or maybe even a gift for a friend. All of these are called products-things made to satisfy your needs or wants. In marketing, the word "product" doesn't just refer to something you can touch, like clothes or food. It can also be something you experience, like a movie ticket, or something you can't see, like an online course or an insurance policy.

When we walk through a supermarket, we often notice that similar items are grouped together. This is because products are classified based on how often they are bought, how they are used, and who buys them. For example, toothpaste is a product we use every day, while a refrigerator is a long-term investment.

But a product is more than just the item itself. We often see ads for different products across media platforms-TV, YouTube, social media, etc. This is done to attract customers through branding, which includes the product's name, logo, or symbol that helps us recognize it-like the Nike swoosh or the Amul girl. Then comes packaging, which not only protects the product but also makes it look attractive on store shelves. Finally, labelling provides important details such as the price, ingredients, expiry date and instructions for use.

Keywords

Customer, Consumer, Tangible, Intangible, Exchange Value, Augmented Product, Convenience Goods, Product Life Cycle, Branding, Packaging, Labelling

Discussion

2.1.1 Meaning of Product

In terms of marketing, a product is any item or service that is made available for consumer's use in the market. It can include anything that satisfies the needs or wants of a customer in physical or virtual or cyber form. Every product is made at a cost and consequently sold at a price. The price of a product depends on the market, quantity, manufacturing cost and marketing effort.

According to the American marketing author, consultant, and distinguished Professor of International Marketing Philip Kotler, "Product is anything that can be offered to someone to satisfy a need or a want." From the above definition, one can assume that a product is a bundle of physical and psychological benefits that a marketer wants to offer or a bundle of expectations a customer wants to fulfil. Thus, a marketer should always emphasise the benefits and services associated with the product, rather than on the product itself. This is because people, in general, are not interested in the product; rather, they are more interested in the benefits and services rendered by a product.

For example, A mobile phone is made up of metal and plastic panels, nuts and bolts, motherboard, processor, screen *etc*. However, when a consumer buys a phone, he / she is not buying it just to possess these components; rather a customer is exploring ways to satisfy his/ her wants that are associated with the phone, like to call friends, to take pictures, to use social media *etc*. A customer looks for an appealing physical feature, a brand name, a warranty and assured after-sales service.

Hence it should be always remembered that people are not just simply buying to have the physical features of a product, rather they buy to satisfy their wants. In a broad sense, when a product is mentioned, the term encapsulates both product and service. Here a product refers to a tangible item such as a TV, refrigerator, washing machine, car *etc*,. whereas a service refers to an intangible item such as insurance, health, hospitality, banking *etc*.

But you must remember that every tangible item also holds a service or benefit aspect to it, as in case of TV, refrigerator and washing machine its warranty, in the case of the car it is insurance etc. Simply put, in marketing a product has a much wider meaning. A product can be anything that is made available in the market, which can include a physical item like television, services like insurance, places like tourist resorts, organisations like World Wildlife Fund (WWF), persons like athletes and ideas like the Prime Minister's Relief Fund. Every product includes some supporting services attached to it like design, brand, package, label, price *etc*. Fundamentally, a product is a bundle of physical, economic, social and psychological benefits.

2.1.2 Features of a Product

Based on the above explanation, the following are the features of a product:

Tangible or Intangible: A product may be tangible or capable of being touched, felt and seen like a refrigerator or an air conditioner. But at the same time, a product may be intangible as well, like a service which includes songs, insurance, bank services *etc*. which provide benefit and satisfaction to the customers.

Associated Attributes: A product includes various accompanying benefits and services associated with it, formed of various attributes like colour, package, brand name, accessories, installation, warranty instructions, after-sales services, manufacturers and retailer's prestige *etc*. Thus, these attributes differentiate products from each other.

Fig. 2.1.1 Features of a Product

Exchange Value: A product must hold a value to it, to be capable of being exchanged between a buyer and a seller at a mutually acceptable value or price.

Satisfaction: A product should be capable of providing satisfaction to both buyer and seller. For a buyer in terms of real, utilization and psychological satisfaction whereas for a seller in terms of business benefits or economical satisfaction. So, any item that includes all the above characteristics can be termed as a product.

A product is made of three distinct layers, as depicted below.

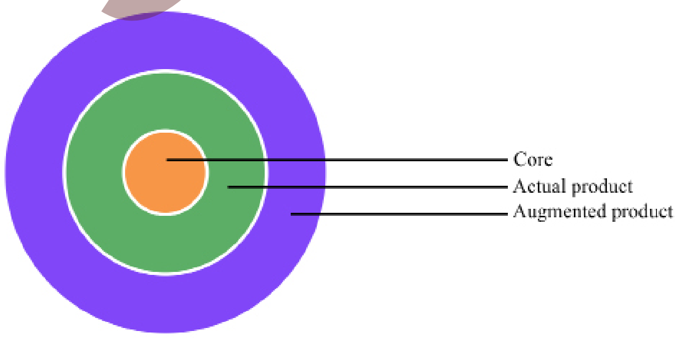

Fig. 2.1.2 Product Composition

Core - The first or innermost layer of a product, which is defined by the core benefit for which a customer buys the product.

Actual product – The second or middle layer, which is defined as the actual product itself. It includes the brand name, packaging, design, features of the product, quality, shape *etc*.

Augmented product – The third or the outermost layer, which may include additional attributes associated with the actual product, like customer services, warranty, after-sales services, delivery, installation *etc*. This composition is applied to every product that is offered in the market, whether tangible or intangible.

2.1.3 Classification of Products

Products are classified based on their similarity to one another, that is, based on their properties, they are classified into homogenous groups. The most common way to classify products is based on user status and the extent of durability and tangibility. That is, in simple words, a product is classified based on the following three criteria:

a) Its user status b) Its extent of durability c) Its tangibility

This is as depicted below.

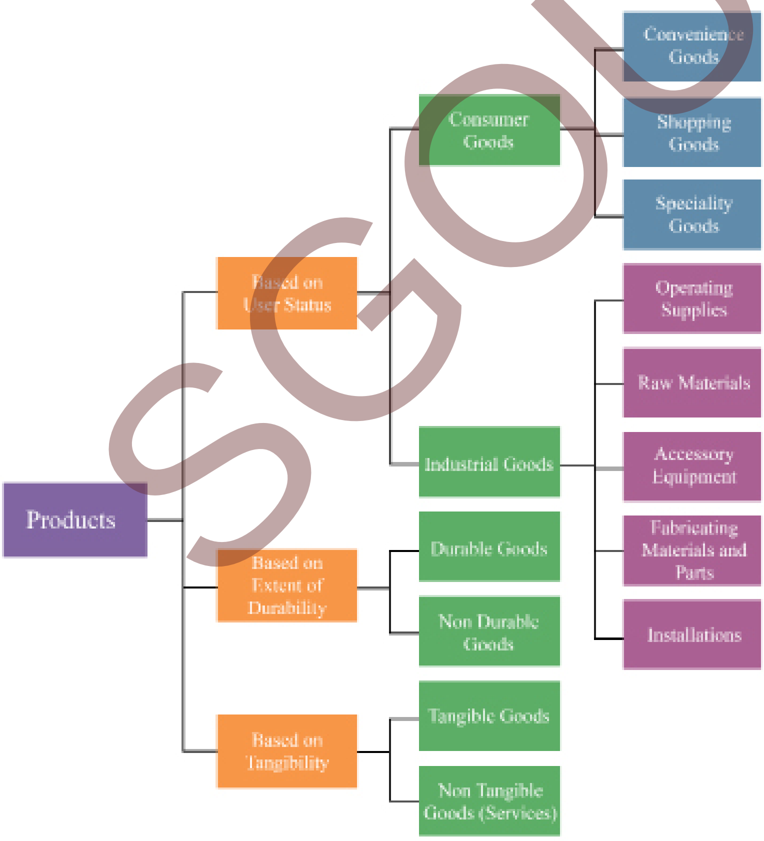

Fig. 2.1.3 Product Classification

2.1.3.1 Products based on User Status

Based on the type of users, products are classified into consumer goods and industrial goods.

Consumer Goods

Consumer goods are products that are purchased and used by individuals or households for personal consumption or to satisfy personal wants or needs, rather than for commercial or industrial purposes.

Consumer goods can be classified into three main categories:

i. Convenience Goods

These are products that are frequently purchased, readily available, and require minimal effort in their selection and purchase. Examples include groceries, toiletries, and newspapers.

ii. Shopping Goods

These are products that consumers typically spend more time and effort in comparing and evaluating before making a purchase decision. They are less frequently bought and are more expensive than convenience goods. Examples include clothing, furniture, and electronics.

iii. Specialty Goods

These are products with unique characteristics or brand identifications for which a significant group of buyers is willing to make a special purchase effort. Consumers often have a specific preference for these goods and are willing to spend extra time and effort to obtain them. Examples include luxury cars, high-end jewellery, and designer clothing.

Consumer goods are designed to meet the needs and wants of individual consumers and are marketed accordingly. The marketing strategies for these goods focus on factors such as brand recognition, packaging, pricing, and distribution channels that cater to individual consumers.

With this, we conclude consumer goods

Now let us move on to the next set of products that are also based on user status, that is, industrial goods.

Industrial Goods

These are products meant to be bought by buyers who use it as inputs in a production of other products or for rendering some service. Thus, these products further undergo commercial processing. Industrial goods are meant for commercial and non-personal use. For instance, raw materials, machinery, spare parts, components *etc.* Industrial goods can be further classified into Operating Supplies, Raw Materials, Accessory Equipment, Fabricating Materials and Parts and Installations.

Let us explore them one by one as follows:

i. Operating Supplies

These are the industrial goods that aid in an organization's operations without becoming part of the final product. They are mostly short-lived and low-priced items that could be purchased with minimum effort. Thus, it can be termed as convenience goods of the industrial field. These include products like stationery items, lubricating oil *etc*. The operating supplies come under derived demand and thus are inelastic and highly fluctuating. The buyers usually possess full information regarding these products. These products are available in limited numbers in the market due to the high demand and thus, a big buyer can easily influence the market to a large extent.

ii. Accessory Equipment

Industrial goods used to help with the production operation of a buyer and yet do not become part of finished products like the machinery and equipment in the factories are called accessory equipment.

iii. Raw Materials

These are the industrial goods that undergo processing to be part of another physical product. There are two categories of raw materials, namely natural and agricultural goods. ***Natural goods*** that are found in nature like minerals, wood, marine products *etc*. They are bulky and have a low unit price; they are usually sold by a few big producers. ***Agricultural goods*** like fruits, milk, cotton, wheat *etc*. are mostly perishable goods that are sold by a large number of small producers.

iv. Fabricating Materials and Parts

These industrial goods are already processed to some extent but may need further processing and thereby, become part of the final product. For example, pig iron is used in steel production and wool being used in cloth production.

v. Installations

These are industrial goods that aid in the alteration of the scale of production for an organization. They are mostly manufactured industrial products like heavy pumps, generators *etc*. Usually, installations are directly sold to the users without involving any middlemen and they require pre-sale and post-sale services.

With this, we conclude industrial goods. Now, let us move on to the classification based on the extent of durability.

2.1.3.2 Based on the Extent of Durability

Based on the extent of durability, products are classified into durable goods and nondurable goods.

Durable Goods

Durable goods are products that provide a long service life to the owner. For example, TV, refrigerator, AC, oven *etc*. These products usually require a lot of personal selling like pre-sales and post-sales services. Though they offer higher profit to the seller, they are required to be sold with proper guidance to assure guarantee or warranty.

Non-Durable Goods

Products that are meant for a single consumption or use, which gets depleted on use are known as durable goods. For example, newspaper, soap, milk, toothbrush *etc*. These products will have repeated users if the customers are satisfied with them. Thus, they require assurance of quality at a reasonable price. These products are heavily marketed through advertisements and inducing brand loyalty. As these products are sold in large volumes, they need to be regularly made available to the sellers.

With this, we conclude durable and nondurable goods.

Now, let us move on to the next classification based on tangibility.

2.1.3.3 Based on Tangibility

Based on tangibility (that can be touched, felt, seen), products are classified into Tangible goods and Services.

Tangible Goods

All the physical products that can be perceived by touch, feel and sight can be termed as tangible goods. This includes all the previously mentioned consumer, industrial, durable and non-durable goods.

Services (Intangible Goods)

Unlike other products, Services are intangible activities that are separately identifiable, providing satisfaction to the customer. Services need not be associated with the sale of a product or another service; it can be counted as a product in itself. A service can also be marketed by the same marketing practices as products with slight changes in key decision areas.

For example, airlines, banks, insurances, hotels, fire departments, police stations, tourist resorts and post offices all offer services. In marketing, "*a service is a means of delivering value to customers by facilitating outcomes customers want to achieve without the ownership of specific costs and risks.*"

With this, we conclude tangible and intangible goods.

A product is not only the creation of production but also the result of the marketing function of an organization. In simple words, an item or action (service) is deemed as a product only when it goes through the marketing process.

2.1.4 Product Life Cycle

A product is the result of marketing and management decisions. According to marketing, every product is a living entity in the market and has its life cycle. This is referred to as the Product Life Cycle (PLC). PLC concept emphasises that, as with human beings, products are born (introduced into the market), then grow (invoke sales), age (Slow and Steady Sales), fall sick (decline in sales) and die (clears from the market); then a new generation of products replaces old ones, just like tabletop typewriters got replaced by desktop computers and then they are now being replaced by laptop computers or as VCPs got replaced by VCRs, VCRs got replaced by CDs, CDs got replaced by DVDs and they are now being replaced by cloud storage services.

This is a continuous process for all products. This process is conceptualised in the Product Life Cycle (PLC). Life Cycle indicates the total period from the entry of a product till its removal from the market.

This aspect is utilised by management to carry out marketing functions like deciding when to increase or decrease advertising, increase or reduce prices, expand into new markets, or repackaging. PLC describes the life cycle of the product in four stages, namely, introduction, growth, maturity and decline. Let us understand these stages with the help of the following graph to have a holistic view of product life and its stages.

Once a product is developed and found feasible to be market worthy, the product is produced, promoted and rolled out to the market. From this point onwards the product life cycle comes into effect and the product enters the first stage of its life, that is the introduction stage, then it continues with the growth stage, then the maturity stage and at last ends with the decline stage.

Let us explore each of these stages based on the graph.

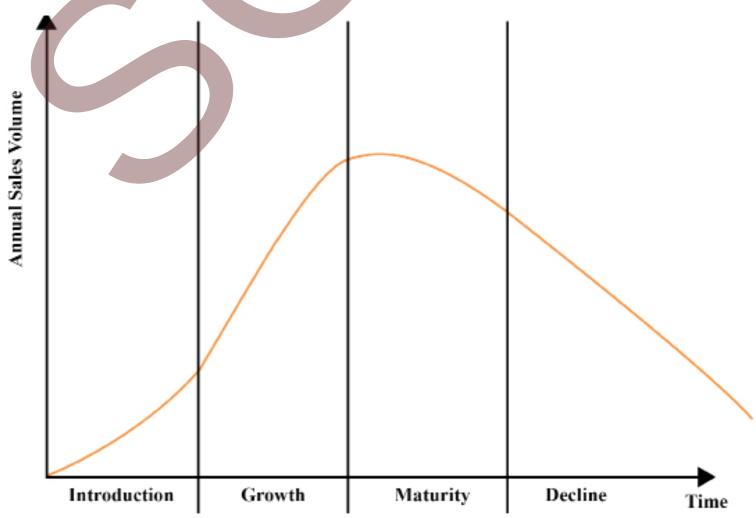

Fig 2.1.4 Stages of Product Life Cycle

2.1.4.1 Introduction Stage

During the introduction stage of a product, (whether new or modified) sales is low, as only a limited number of people are aware of the product and its features. This is due to their limited knowledge and reluctance to switch over to a new product. Only a few people whose awareness levels are high are willing to try out new things or who are quick to experiment with new products that exist in the market. On account of low sales and high marketing expenditures, financial losses are going to be high during this stage. Further, there is less competition in the market, as the competitors are just beginning to notice the product and its offers. They are just observing the market response for the products before initiating a retaliatory strategy.

2.1.4.2 Growth Stage

Assuming that the product offers are still received well over the market with a substantial increase in product awareness and acceptance, the sales of products steadily increase during this stage due to high demand for the product among customers. This increases the revenue, thus bringing it under the notice of competitors who start responding with counter-marketing strategies. Based on the surge of demand for the product, new competitors also enter the market, making way for high competition. This is the stage in which sales grow at an exponential rate generating high revenues. Basically, during this stage sales, profit and market size of the product reaches their peak.

2.1.4.3 Maturity Stage

During this stage, customers who found the product and offer acceptable have started their consumption. But at the same time competition reaches its peak as they are relentlessly executing new marketing strategies with better offers to attract customers. Though at the beginning of this stage sales reach the peak, then it soon becomes stagnant or sustains a very crawling growth. Towards the end of this stage, even though the product retains a sizable market share, the profit shows the tendency of decline, since organisations initiate extensive counter strategies like price-cutting, advertisement programs, promotion programs, public relations *etc*., to boost its sales.

2.1.4.4 Decline Stage

Assuming there is no action initiated during the previous stage or if the counter strategy fails to increase and maintain the product's sale, then the sale of the product enters its decline stage. During this stage the product loses its majority of customers, as they switch their loyalties to a competitive product with better offers. There may be some laggards that may be keeping the product sales from rapidly descending, like customers who showed reluctance for accepting the product at the introduction stage also dropping them late; or extremely loyal customers; or very little competition in the market. As sales are on a continuous decline along with its profits, the product is subjucted to discontinuation or replacement leading to its death.

The stages of PLC may not be even for every product; some products like face masks have a very narrow growth stage due to high demand in the market during a pandemic period. But in some cases, the growth and decline stages have decades of a gap between them as in the case of new medicines. Thus, depending on the product the PLC stages may vary.

With this, we conclude the product life cycle stages.

A product is not just an item but is the creation of a marketing process. Morally, unless and until an item has a need or want of customers associated with it, and if contributes to the benefits of the market, it is considered a product. But from a marketing point of view, anything and everything that can be marketed by applying appropriate strategies can be deemed as a product.

Product mix

Product mix, also known as product assortment or product portfolio, refers to the complete set of products and services offered by a firm. A product mix consists of product lines, which are associated items that consumers tend to use together or think of as similar products or services. For example, a company like Colgate might sell: Toothpaste, Toothbrushes, Mouthwash, Face wash. All these products are related to personal care and are sold under the Colgate brand. Together, they form Colgate's product mix. All these are under the same brand umbrella. Product mix can also be understood as the complete set of products and services that are offered by a firm.

Dimensions of a Product Mix

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

2. **Length:** Length refers to the total number of products in a firm's product mix. For example, consider a car company with two car product lines (3-series and 5-series). Within each product line series are three types of cars. In this example, the product That means the total product mix length is 6 (3 in each line × 2 lines = 6 products).

3. **Depth :** Depth refers to the number of variations within a product line. For example, continuing with the car company example above, a 3-series product line may offer several variations such as coupe, sedan, truck, and convertible. In such a case, the depth of the 3-series product line would be four because there are 4 types of cars in that one line.

4. **Consistency :** Consistency refers to how closely related product lines are to each other. Consistency tells us how similar the product lines are in terms of how they are used, made, or sold. If a company sells only personal care products

like shampoo, face wash, and toothpaste, it has high consistency, because all products belong to the same category. But if a company sells refrigerators and snacks, then the consistency is low, since the products are very different.

2.1.5 Branding

To understand branding let us first look into what a 'brand' is.

A brand is a marketing concept that aids people identify a particular company, product or individual. In simple words, a brand is anything from a name, term, design, symbol or any other feature that distinguishes one seller's goods or service from those of others. That is, a brand is an intangible aspect that aids in shaping people's perceptions of companies, their products or individuals. Brands are valuable to organisations and consumers alike. Every Product needs a name so that the consumer can instantly recall it at the point of purchase. It serves as the key differentiator in the market, providing immediate attention and subsequent perception of value among customers.

Thus, brands are clusters of functional and emotional value. According to management authors Kotler & Keller, "branding is endowing products and services with the power of a brand". (Kotler & Keller, 2015)

Branding is the process of providing meaning to a specific organisation, person, product or service by generating and shaping a brand in the minds of consumers. It is a strategy developed by organisations to aid people in quickly identifying and experiencing their brand, and thus giving people a reason to select their products over the competitors. The prime objective of branding is to attract and retain loyal customers and other stakeholders by delivering a product that is always aligned with the promised product offer.

Branding can provide enormous value to the organisation or individual, providing them with a competitive edge over others in the same industry. Thus, brands are often legally protected by obtaining trademarks.

A quick thought…

People often use the word "Colgate" to mean toothpaste or say "Maggi" when referring to any brand of instant noodles. Interestingly, these are not product categories - they are brand names. These brands have become so widely recognized and trusted that they've replaced the actual names in everyday speech.

This shows the true strength of branding - when a brand becomes deeply rooted in our daily lives. Branding is more than just a logo or packaging; it's about building a memorable and trustworthy identity that resonates with consumers and stands out in the market place.

Qualities of a Good Brand

A brand name is more than just a word — it creates the first impression of a product or company. A strong brand name can attract attention, build trust, and help customers remember the product. Here are the qualities that make a brand name effective:

1. A good brand name should be simple, easy to pronounce and recall. Example: Tata, Nike, and Zoom are short and are memorable.
2. It should be unique, attractive and distinctive. Example: Google is a made-up word, which makes it distinctive and instantly recognizable.
3. Brand should suggest something about the product's characteristics- purpose, quality, benefit, use etc. For example, Tiger Locks, Godrej Type- writer etc.
4. Brand should be capable of being registered and protected legally under the legislation. Example: McDonald's is a globally registered and protected brand name.
5. A good brand should be emotionally engaging with the customers on a personal level and creates loyalty. Example: Nike's "Just Do It" slogan inspires motivation and determination.
6. A good brand should be customer centric as it should focus on solving customer needs and must enhance their experience. Example: Amazon's obsession with customer service drives its brand loyalty.

Functions of branding

Branding serves several key functions that benefit both businesses and consumers. The following are the main functions of branding-

1. It helps consumers to instantly recognize a product and sets it apart from its competitors. Example: Coca-Cola's distinct red label differentiates it from Pepsi.
2. An established brand provides confidence to its customers as it delivers its promise every time by providing consistent quality and messages. Example Mc Donald's offers trust with fast deliveries, and a wide array of product offerings, creating great customer care.
3. Branding creates an emotional connection with consumers by aligning with their values, aspirations, and lifestyle, making the brand more relatable and memorable. This emotional bond fosters loyalty, turning customers into long-term supporters and brand advocates.

4. Branding creates customer loyalty by providing consistent, positive experiences that make customers feel valued and understood.

5. Brand creates loyal customers. They not only return for repeat purchases but also promote the brand through word-of-mouth, enhancing its reputation and reach.

Branding is a powerful tool that goes beyond just product identification — it builds trust, emotional connections, and long-term customer loyalty. A strong brand not only attracts customers but also turns them into loyal advocates, driving sustained growth and success for the business.

2.1.6 Packaging

A package is the container or wrapper of the product, it is an extension of a product, which serves as a protection for the product till the consumer is ready to use or consume the product. In other words, it serves as a means to deliver the product to the consumer in sound condition. According to prominent marketing author Philip Kotler, "packaging is the activity of designing and producing the container or wrapper for products."

Based on the definition, packaging is the art and science of enclosing or protecting products for distribution, sale, storage and use. Packaging involves evaluating, designing and producing packages. It is a system of preparing goods for transport, warehousing, logistics, sale and end- use.

Packaging aids to protect, preserve, transport, inform and sell products.

2.1.6.1 Functions of Packaging

It is important that packaging must perform the following key functions:

i. **Protection :** The prime function of packaging is the protection of the products from the physical hazards and environmental factors to which the products may be exposed during transit to the retailer's shelves and while on display.

ii. **Appeal :** The package should serve as a marketing tool, especially due to the emergence of self-service stores. The package must serve as a silent salesman which promotes itself through branding and labelling.

iii. **Performance :** The packaging must be able to perform the task for which it is designed. This aspect becomes vital in certain types of packaging. For instance, an aerosol spray serves as both package and an engineering device. So, if it does not function, the product itself becomes useless.

iv. **Convenience :** The package must be convenient to use for both consumers and the distribution channel members like wholesalers, retailers *etc*. The convenience is related to handling and stocking packages.

v. **Cost-effectiveness :** The packaging must be cost-effective. The Packaging cost varies dramatically in various industries from less than one per cent of the product's cost in the engineering industry to more than ten per cent in the cosmetics industry.

2.1.7 Labelling

Imagine, you are at the supermarket to buy a packet of biscuits. You see two packets- One packet has a clear label with the name, benefits and weight while the other is plain with no details. Which one will you choose? Naturally, you'd pick the labelled one — because it tells you what you're buying, its benefits, and how much you're getting. That's the impact of labelling in marketing - it influences your buying decision within seconds. Labelling refers to the information printed or attached to a product's package that identifies the product, describes it, and sometimes even promotes it. Labelling involves the practice of placing tags, stickers or printed details on a product in order to convey important information. Labels help to identify, describe, and even occasionally advertise the product.

A Quick Thought

Think about a bottle of shampoo you use at home. If you look closely at its label, you'll notice it provides a variety of details, such as:

Brand name: Head & Shoulders

Variant: Lemon Fresh, Anti-Dandruff

Volume: 180 ml

Price: ₹140

Usage instructions: Massage into wet hair and rinse well

Ingredients: Includes Aqua, Zinc Carbonate, Lemon Extract

Production and expiry dates: Clearly printed

Now let's see what is a label. According to Mason and Rath," label is an information tag, wrapper or seal attached to a product or product's package".

According to W.J. Stanton," Label is the part of a product that carries verbal information about the producer or seller."

Labelling is a significant means of product identification like branding and packaging. Labelling gives necessary information to the customers about the products. The customers can get knowledge about the quality and features of the product.

2.1.7.1 Functions of Labelling

Labelling is essential as it helps to grab the attention of a customer. It can be combined with packaging and can be used by marketers to encourage potential buyers to purchase the product. The different functions of labelling are as follows:

i. **Provides product information and usage details:** Labels inform consumers about what the product is, how to use it, and any precautions to follow. Example: Red Label Natural Care Tea lists five natural ingredients on its label that are known to support immunity.

ii. **Product Identification:** Labelling assists in the identification of the product. Example, the iconic red and white label of KitKat instantly identifies it as a Nestlé chocolate bar, helping consumers choose it from among various confectionery products.

iii. **Assorting of products:** It means classification or grading of products according to different categories in the market. Example, shampoos are categorized as dry hair, normal hair and oily hair types and cater to consumers in the market with the dry, normal and oily scalp, respectively.

iv. **Provides information required by law:** Labelling helps to provide statutory warning required by law. Labels such as "Smoking is injurious to health" on the package of cigarette and Chewing tobacco is injurious to Health "on the package of pan masala are few examples of statutory warnings. Similarly, in the case of hazardous products, appropriate statutory warning needs to be put on the label.

v. **Product Promotion:** Labelling plays a significant role in the promotion of a product. The graphic designs of the label attract the customers to buy the product. For example information about free or extra product published on a label like a free brush for the purchase of Close up, free Dabur honey for the purchase of Chyawanprakash.

Labelling is a powerful tool in marketing. Labelling is not just about putting a name on a product. It is a strategic tool used by marketers to grab customer attention, educate the buyers, promote the brand and ensures compliance with laws. It works closely with branding and packaging to enhance the overall product experience. Labelling is more than just an information tag — it's a bridge between the product and the consumer.

It helps customers make smart choices, ensures product safety, builds brand identity, and even encourages purchases.

Recap

- ◊ Product: an item or service that is made available for consumer use in the market satisfying the needs or wants of a customer.
- ◊ Features of a product: Tangible or Intangible; Associated Attributes; Exchange Value; Satisfaction
- ◊ Product Composition: Core, Actual product and Augmented product.
- ◊ Products are classified based on User Status; Extent of Durability; Tangibility
- ◊ Products based on User Status:
    - Consumer Goods: Convenience Goods; Shopping Goods; Specialty Goods.
    - Industrial Goods: Operating Supplies; Raw Materials; Accessory Equipment; Fabricating Materials and Parts; Installations.
- ◊ Products based on the extent of durability: Durable goods; Non-durable goods.
- ◊ Products based on tangibility: Tangible goods; Services.
- ◊ Product line: A group of products with similar features that can satisfy the same needs and wants.
- ◊ Product Line Dimensions:
    - Product Item: Each product that is offered in a product line
    - Product Line Length: Total number of product items that comes under a single product line
    - Product Line Width: Number of parallel product lines an organization offers
    - Product Line Depth: Number of variants of a product item is offered in the product line.
- ◊ Product Line Strategies:
    - Product Line Stretching: Downward Stretching; Upward Stretching; Two- way Stretching
- ◊ Product Life Cycle Stages: Introduction; Growth; maturity; Decline
- ◊ Brand : A name, term, design, symbol or any other feature that distinguishes one seller's goods or service from the others

- ◊ Branding : Endowing product and services with the power of a brand
- ◊ Packaging : The activity of designing and producing the container or wrapper for products.
- ◊ Key Functions : Protection, Appeal, Performence, Convenience , Cost - effectiveness
- ◊ Label : Label is the part of a product that carries verbal information about the producer or seller.

Objective Questions

1. What is a product?
2. Which is the term used for various accompanying benefits and services associated with a product?
3. Which category of consumer goods do the customers buy frequently by taking the least amount of time and effort?
4. Which category of goods are meant for commercial and non-personal usage?
5. Which category of industrial goods undergo processing to be part of another physical product?
6. Which category of products usually requires a lot of personal selling, pre-sales and post-sales services?
7. What is an intangible activity termed as?
8. What is referred to as a group of products with similar features that can satisfy the same needs and wants?
9. What is each product offered in a product line called?
10. Which Product Life Cycle Stage reflects low sales due to only a limited number of people being aware of the product and its features?
11. Which Product Life Cycle Stage reflects a product losing its majority of customers, as they switch their loyalties to a competitive product with better offers?

12. What is the word that is described as a name, term, design, symbol or any other feature that distinguishes one seller's good or service from the others?
13. What is the term describing the activity of endowing products and services with the power of a brand?
14. What is the marketing term for the wrapper on a product?
15. Which activity involves designing and producing the container or wrapper for products?

Answers

1. Product is anything that can be offered to someone to satisfy a need or a want.
2. Associated Attributes
3. Convenience goods
4. Industrial goods
5. Raw Materials
6. Tangible goods
7. Services
8. Product Line
9. Product Item
10. Introduction Stage
11. Decline Stage
12. Brand
13. Branding
14. Package
15. Packaging

Self-Assessment Questions

1. What is a Product?
2. Explain the features of Products.
3. Elaborate the composition of Product with the example of a hotel.
4. Enumerate briefly the classification of products.
5. What are Industrial Goods?
6. Define Product Line.
7. Explain the characteristics of Product.
8. What are the dimensions of the Product Line?
9. Differentiate between Product width and Product Depth.
10. Explain the Product line strategies.
11. What is Product Diversification? What are the methods of Product Diversification?
12. What is meant by Product Life Cycle? Explain its stages.
13. Discuss the key functions of packaging and explain how each function contributes to the overall success of a product in the market.
14. Define the concepts Brand ?
15. What is Branding ?
16. What is Labelling ?
17. Discuss the significance of branding in today's highly competitive market environment ?

Assignments

1. Analyse the product life cycle stages of a product of your choice, and discuss the marketing strategies that should be employed at each stage to ensure the product's success.

2. Select a product line from a well-known company and examine its dimensions (product item, line length, width, and depth). Propose strategies for expanding or modifying the product line to meet evolving consumer demands.

3. Write an essay describing the branding activity of an organisation of your choice .

Suggested Reading

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Unit 2

Pricing

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ comprehend the concept Pricing
- ◊ get awareness on the objectives of Pricing of products
- ◊ explain on the factors influencing price determination
- ◊ be familiar with the Pricing strategies for both new and existing products

Prerequisite

Imagine you've just started a small online business selling handmade candles. You've spent hours choosing scents, designing labels, and creating a brand name. Now comes the big question—how much should you charge for each candle? If you price it too high, people may not buy it. If you price it too low, you might not make a profit. This is where pricing becomes one of the most important decisions in marketing.

In simple terms, price is the amount a customer pays to buy a product or service. But behind that number lies a careful balance of cost, customer perception, competition, and value. For example, why does a cup of coffee at a local tea stall cost ₹15, while the same coffee at a café costs ₹150? The ingredients may be similar, but the brand, experience, quality, and customer expectations are very different. That's the power of pricing in marketing.

So, as you begin to explore the topic of pricing, start by observing the prices around you—whether it's your favourite snack, an online course, or a streaming subscription. Ask yourself: Why is it priced that way? That curiosity is the first step toward understanding the fascinating world of pricing in marketing.

Keywords

Profit Maximization, Return on Investment, Cost- Based Pricing, Cost-plus Pricing, Sealed-bid Pricing, Price Skimming, Penetrative Pricing.

Discussion

2.2.1 Concept of Pricing

Price can be referred to as the amount of money that is exchanged for a product or service between the seller and buyer. In simple terms, it is the sum of values the customer exchanges for the benefit of possessing the product or service. So, pricing is the marketing function to determine the value of a product or service in monetary terms before it is offered for sale in the market. The key to pricing is understanding the set of values that the customer perceives for the product or service. This value is related to both the tangible and intangible aspects of the product. Though price represents the value of the product to the customer, it determines the profits for the manufacturer. Establishing a price that satisfies both the customer and generates a desired level of profits to the seller is the key to the success of the pricing function.

According to Prof. K. C. Kite, "pricing is a managerial task that involves establishing pricing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results".

As you are aware, pricing is one of the four primary elements of the marketing mix. It is the only 'P' of the marketing mix that generates revenue while the others like product, promotion and place represent costs. Further, it is the most flexible element of the marketing mix as price adjustments can be quickly implemented to meet competition, to take advantage of temporary shortages *etc*. There are various products and services exchanged between producers and consumers every day.

2.2.2 Factors Influencing Price Determination

The major factors influencing pricing are as follows:

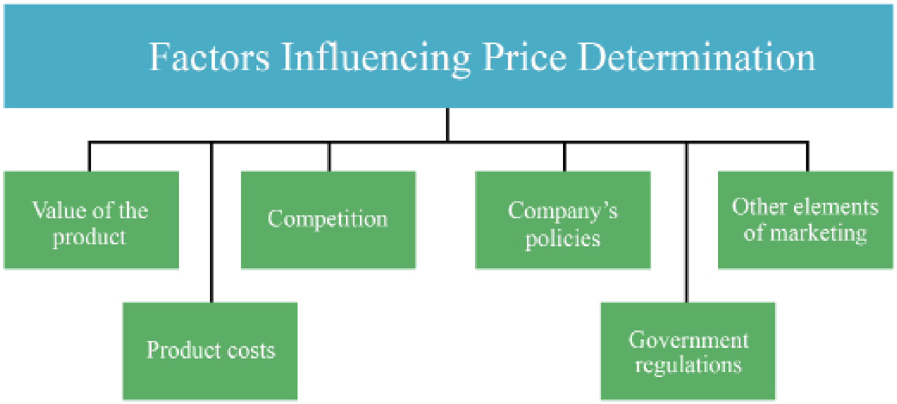

Fig. 2.2.1 Factors Influencing Price Determination

2.2.2.1 Value of the Product

The price represents the value of the product as perceived by a customer. Thus, the correct understanding of the value perceived by the customers for the product is the key to pricing. This value is governed by both tangible factors and intangible factors of a product. For instance, some people prefer a product with a low price but some with a high price, some prefer to bargain, some would buy only during special sales, while some would buy only during fairs, some would only purchase from supermarkets, departmental stores or duty-free shops or shops in specific areas in the city or town. This is why pricing must be based on a sound analysis of consumer behaviour. In marketing, demand is considered to be an uncontrollable variable; so, a marketer must be aware of the absolute level of demand and the sensitivity of demand to the price changes. This way, the level of demand helps set the 'ceiling' of price for the product.

2.2.2.2 Product Costs

As the level of demand sets the 'ceiling' of price, the costs set the 'floor' price. That is, a product's price must enable the company to cover the costs and leave some margin as fair returns for the effort put in and the risk taken by the company. The costs should include the cost of manufacture, the costs incurred in distribution, promotion and administration (both the fixed cost and variable cost). Thus, the marketer must be aware of the fixed costs, variable costs and average costs of the products before engaging in determining the price.

2.2.2.3 Competition

Though the costs set the 'floor' and demand sets the 'ceiling', it is the competition that provides the reference point for pricing a company's product. If we consider all the market conditions, as in perfect competition there are several substitute products at a given price and as such, many buyers and sellers trading in uniform commodities, products tend to be priced low because buyers will not pay a higher price. Further, the sellers will not reduce the price since there are many buyers at the going price. In monopolistic competition, the market consists of many buyers and limited sellers. Thus, the exchange of products takes place over a range of prices rather than a single price because the sellers can differentiate their offers through product differences or varied services. The buyers will not consider the products as perfect substitutes and hence they are prepared to pay different prices. The sellers will try to develop differentiated offers for different customer segments.

In an oligopolistic competition, few sellers are sensitive to other's pricing and marketing strategies. Therefore, the marketers have to be very careful regarding changing the price of the product since any change can invite retaliatory action by competitors. In a pure monopoly, there is only one seller. Theoretically, a monopoly producer can price the product according to their discretion, but in practice, it might be difficult to charge a very high price as it will invite competition, government action and consumer resistance. This is why all companies should be aware of the competitive conditions of the market for the product before carrying out pricing.

2.2.2.4 Company's Policies

Product pricing is usually tailored around the company's objectives and policies. That is, if a company desires to project itself as a producer of high-quality goods for quality-conscious high-income consumers, it would charge high prices for its products. In case it wants to project itself as a producer of a product for the masses, it will price its products low. If it only wants to be one of many players in the market and does not want to influence the market, it will confine the product price to the level of acceptance to the majority of customers and will try to make adjustments on the product quality, size *etc*. Some companies might follow a different policy of taking advantage of customer psychology to sell their products. In these cases, these companies fix prices at a level that makes the products appear cheaper than they are, like pricing a pair of shoes at Rs. 199.99. Whereas, some companies are engaged in producing more than one version of the same product and try to use lower prices of low-quality products to promote sales of higher-priced high-quality products by comparison, other companies flood the market by offering different versions of the same product to different segments and price them differently.

2.2.2.5 Government Regulations

Since price is a sensitive issue in any market, governments around the world often ensure that marketers do not take advantage of factors such as periods of shortage or the company's monopoly position or financial weight to drive away the competition by charging high or low prices according to the situation. Nowadays governments keep a close watch on market conditions and prescribe laws that describe price floors and price ceilings for commodities in the market.

This is why almost all products are required to carry the selling price or the maximum retail price (MRP) on the packages. The laws against monopoly and restrictive practices are placed by governments to ensure that the companies do not misuse their monopoly position and adopt practices that may restrict competition. As this is an external environmental factor, over which no company has control, it must amend its marketing strategy including pricing strategy to suit the regulations.

2.2.2.6 Other Elements of Marketing

Price is one of the elements of the marketing mix. Price is also influenced by and influences the elements of the marketing mix like the product, place and promotion. Therefore, the decisions with regards to pricing cannot be taken in isolation. For instance, suppose the customer segment which the company targeted is a quality conscious, well to do segment which also expects good after-sales service. In that case, the costs incurred to meet the customer requirements can be only recovered by pricing the product appropriately high. Similarly, a personalised product like perfume or soap or garment, which requires heavy promotion needs to be priced high. Having an intensive distribution channel and wide distribution is interpreted as costs and the product price must cover these costs. On the other hand, a mass-consumed product of low technology might only support minimum costs. Thus, the price of the product is very much dependent on quality, brand, package, service, distribution and promotion.

All the factors that influence pricing function can be categorised into internal and external factors, where the internal factors can be controlled by the sellers but the external factors remain out of their control.

2.2.3 Pricing strategies

From the previous topic, you might have already concluded that government regulations and various other factors play an important role in price determination. Pricing must be integrated with other marketing mix elements. Similarly, the company cannot follow a pricing policy that conflicts with its overall policy and the corporate image it wants to project. Therefore, companies set the prices based on the remaining three sets of factors that are costs, the value of the product as perceived by the buyer (demand) and competition. Hence, the pricing strategies that are frequently practised are as follows: (a) cost-based pricing, (b) buyer based pricing, and (c)competition-based pricing.

2.2.3.1 Cost-Based Pricing

In these methods of pricing, the price of a product is set based on the cost of the product and a certain profit margin. The following are the two methods of cost-based pricing.

Cost-plus Pricing : In this method of pricing an aggregate of all costs of the product (costs of producing, distributing, promotion, branding, packaging, servicing the product etc.) is added with the standard mark-up for profit.

Break-even Analysis or a Target-Profit Pricing : n this method of cost-based pricing, the companies that want to ensure a certain return on their investment first decide on the profit they want to earn and then determine the pricing. To arrive at the price, a break-even analysis model is used. The break-even point is the level of production where the total revenue equals the total cost. At this point, the company neither earns profit nor suffers loss. But at the same time production above the break-even point can lead to profits and production below the break-even point earns loss for the company. Break-even analysis is a useful financial and product pricing tool as this technique can ascertain the profit or loss at different prices if a reasonable demand estimate can be made for the product at each price.

2.2.3.2 Buyer Based Pricing

These methods of pricing are founded on the principle that a product is not priced based on the seller's cost or the competitor's actions but on demand. The following are the two methods of pricing based on demand.

Perceived Value Pricing: As product price represents the value perception by the consumer, it is always better to build a perceived value in the buyers' minds about the product and then match this perceived value by price. For instance, the same product is priced differently at different restaurants because buyers assign different values for the same product at different places. This strategy only works if the company can correctly assess the value perception of the buyers for different offers. Over pricing or under pricing can diminish the revenues. This pricing strategy is more effective for non-branded personalized items.

Differential Pricing: This method is based on the fact that the intensity of demand of a single product differs from person to person, place to place, time to time and product version to product version. So, many products are priced differently based on person, place, time and product version. For instance, in a cinema hall or drama hall or music concert hall, tickets are priced according to different classes of seats (person and place) through the performance. Likewise, the same product (fruits, candies, soft drinks *etc.*) is priced differently depending on the place of sale, whether a shop in the market or at the airport. Similarly, the same product with different packaging is priced differently.

2.2.3.3 Competition Based Pricing

In this pricing strategy the competition provides the reference point for pricing, that is, any product can be priced similar to the competitor's product (substitute product). There are two versions of this technique.

Going-Rate Pricing: In this method of pricing the company sets the product price largely on competitor's prices for the same or similar products without considering much about the product costs or the consumer's value perception of the product or the differences in the intensity of demand for the product among various target customers. Though the basis for pricing in this strategy is the going rate in the market for the same or similar products, it does not mean that the price charged by a company will be the same as the competitors. That is, the company might charge the same as the competitor's price or more than the competitor's price or less than the competitor's price depending on the market conditions. The important aspect of this strategy is that the company does not change the price when the demand or the cost of the product changes; rather it changes the price only when the going rate changes. The logic behind this strategy is that the value perception or demand elasticity or consumer reaction to price differences cannot be easily measured. Furthermore, it avoids unnecessary price wars and heart burning among the competitors in the same industry. This pricing strategy is most prevalent among sellers of frequently bought homogeneous products involving low technology in production.

Sealed-bid Pricing: In this method, the buyer provides the technical description of the product required and invites bids by sellers. Each seller submits a sealed envelope containing the technical description of the product, its price and terms of sale. The buyer opens all these sealed envelopes (bids) on a specified date in the presence of all the bidders. Then based on the lowest quote the buyer decides the seller, provided the technical specifications of the product match the requirements of the buyer. In this pricing strategy when a company bids for the contracts, it usually quotes a price that is based on its assessment of the competitor's prices for the same bid.

2.2.4 Pricing strategies for new products

The pricing strategies keep changing as a product goes through its product life cycle. The strategies that are applicable in the introductory stage are referred to as New Product Pricing. These are the most challenging of all the pricing strategies since this is the first time the prices are set for the new products. The following are the most commonly used pricing strategies for the new product rather than on its own cost or the demand of the product. Since the primary objective of bidding is winning the contract, competition pricing is carried out to achieve this objective. There lies a dilemma in this strategy that the quoted price should be as low as possible to win the contract, but at the same time the quoted price should cover the costs and yield the desired profit margin.

There are various pricing strategies in marketing, but to determine the most effective one for a company, it first needs to evaluate its pricing position, pricing segment, pricing capability and competitive pricing reaction strategy.

Price Skimming: Under this strategy, the price for the new product is set very high during the introductory phase of the product. After the introductory stage of the products or services the company gradually lowers the prices over time. This is mostly done due to the increase in competitor products in the market. This technique aids companies to maximize revenues on the new product at the initial phase and recoup the costs of the products at the earliest. The strategy allows companies to maximize profits on early adopters and then attract more price-sensitive customers after the price drop. For instance, the price of the newly launched flagship smartphone is initially very high but over time the prices fall.

Penetrative Pricing: In this strategy, the focus is on maximizing the market share. Therefore, the product price is set very low during the introductory stage so that the product can penetrate the market and attract buyers from all the segments. But over time the increase in awareness and brand acceptance can drive profits up. After the right amount of penetration is achieved in a market, companies often raise product prices in the long run. This is carried out to better showcase their position in the market. This technique is mostly used by companies to enter a highly competitive market. But this strategy is susceptible to the initial loss of income. For instance, Reliance Jio used this strategy and priced their products at zero to enter the Indian telecom market. But when they acquired the required users in the market they started charging for their services.

Pricing a new product is a vital management puzzle that takes a lot of effort and resources. This is because of the dynamic nature of the market which is constantly changing. Only a high rate of innovation or distinctiveness of the new products can make way for an easy pricing strategy.

Pricing is one of the key elements of the marketing mix, this makes it crucial to get it right. However, there is no permanent pricing strategy. The markets are fluid and keep changing continuously; this also implies that the cost of production also keeps fluctuating. This indicates that companies need to constantly observe their pricing strategies so that their products or services remain competitive and healthy with enough profit margins. This allows the product or services to sustain the businesses in the long run.

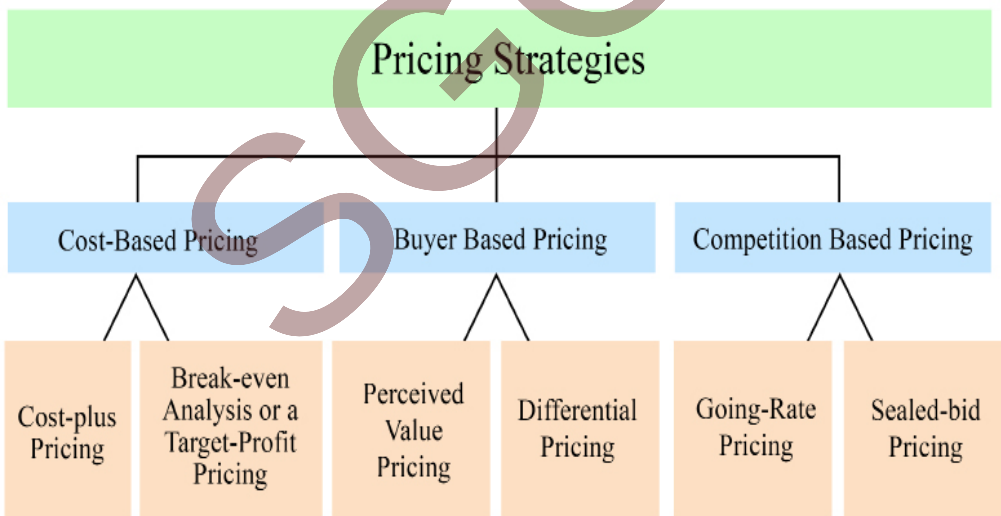

Fig. 2.2.2 Pricing Strategies

Recap

◊ Price: The sum of values the customer exchanges for the benefit of possessing the product or service.

◊ Pricing: Determination of product value in monetary terms before it is offered for sale in the market.

◊ Factors influencing price determination: Value of the Product; Product Costs; Competition; Company's Policies; Government Regulations; Other Elements of Marketing

◊ Pricing strategies:

- Cost-Based Pricing: Cost-plus Pricing; Break-even Analysis or a Target- Profit Pricing
- Buyer Based Pricing: Perceived Value Pricing; Differential Pricing
- Competition Based Pricing: Going-Rate Pricing; Sealed-bid Pricing

◊ Pricing strategies for new products: Price Skimming; Penetrative Pricing

Objective Questions

1. Which is the marketing function that determines the value of a product in monetary terms before it is offered for sale in the market?
2. Which factor determines the ceiling price of a product?
3. Which factor determines the floor price of a product?
4. Which is the method of pricing in which the company sets the product price based on the competitors price for the same or similar product.
5. Which methods of pricing has the price of a product set based on its cost and a certain profit margin?
6. Which pricing strategy is adopted by restaurants when the same product is priced differently at different restaurants?
7. Which pricing strategy recommends the price for the new product to be set very high during the introductory phase and gradually lowered over time?
8. Which new product Pricing strategy only focuses on maximizing the market share?

Answers

1. Pricing
2. Product demand
3. Product costs
4. Going-Rate Pricing
5. Cost-Based Pricing
6. Perceived Value Pricing
7. Price Skimming
8. Penetrative Pricing

Self-Assessment Questions

1. Explain the concept of pricing.
2. What is Price Leadership?
3. Briefly explain the factors influencing price determination of a product.
4. What are the major pricing strategies followed by the companies?
5. How does competition influence pricing?
6. What are the pricing strategies for new products?
7. Differentiate between price skimming and penetrative pricing.

Assignments

1. Analyse the pricing strategy of a company in a highly competitive industry (e.g., airline, retail, or technology). Identify the pricing objectives and factors that influence the company's pricing decisions. Evaluate the effectiveness of their pricing strategy and suggest potential improvements.

2. Conduct a comparative analysis of pricing strategies employed by two direct competitors in the same industry. Assess the strengths and weaknesses of each strategy and determine which company has a more effective approach based on their respective market positions, target customers, and overall business objectives.

3. Imagine you are launching a new innovative product in the market. Develop a comprehensive pricing strategy that considers the product's life cycle, target market, and competitive landscape. Justify your chosen pricing strategy and explain how it aligns with your overall marketing and business objectives.

4. Investigate the impact of government regulations and policies on pricing decisions in a specific industry (e.g., pharmaceuticals, utilities, or telecommunications). Analyze how these regulations influence pricing strategies and discuss the potential challenges and opportunities they present for companies operating in that industry.

Suggested Reading

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3. Hinterhuber, A., & Liozu, S. M. (2017). Pricing strategy: A revolutionary approach to pricing and value-based pricing. Routledge.

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BLOCK 03

Marketing Mix Decisions- Place and Promotion

Unit 1

Place

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ comprehend concept of physical distribution
- ◊ be familiar with the functions of physical distribution
- ◊ identify the various channels of distribution

Prerequisite

Devika ran a small but growing organic food brand in Coimbatore. Her team produced healthy snack bars using locally sourced ingredients, and she had a loyal customer base in her city. Encouraged by the demand, she decided to expand sales to nearby districts and eventually, to all of South India.

However, problems soon followed. Some stores received products late, others complained about damaged packaging, and in many places, her products weren't available at all. Despite spending more on marketing, sales didn't improve.

Her mentor, a senior manager in FMCG logistics, said, "Your product is good, Devika, but you're missing something crucial — physical distribution. Marketing isn't just about creating demand; it's also about making sure your product is available at the right time and place."

This made her rethink everything — from inventory control and warehousing to transportation, retail partnerships, and choosing the right distribution channels. She soon realised that the backbone of any successful brand was not just what they made, but how they moved it.

In this unit, you will explore the very systems Devika needed to understand — how physical distribution works, what role intermediaries play, and why logistics and supply chain decisions are at the heart of modern marketing.

Keywords

Warehousing, Inventory Control, Transportation, Logistics, Order Processing, Packaging, Materials Handling, Distribution Channels, Visual Merchandising, Omni channel, Retailing, Just-in-Time (JIT) Inventory

Discussion

3.1.1 Physical Distribution

All the marketing activities involving the supply of finished products from the production line to the consumers (that is from the place of production to the place of consumption) is referred to as Physical distribution. These activities include storage, transportation, loading and unloading of products *etc*. The physical distribution is carried out via many sales distribution channels like distributors, wholesalers, retailers *etc*. It also involves customer service, inventory, materials, packaging, order processing and transportation and logistics. According to Philip Kotler, "physical distribution involves planning, implementing and controlling the physical flow of materials, and final goods from the points of origin of use to meet customer needs at a profit."

Physical distribution is responsible for completing the marketing transaction once the buyer and seller accept the terms and enter into a contract of sale. The importance of physical distribution in marketing is two fold. The primary reason is that it aids in the stabilisation of prices in the market by keeping an apt flow of products through the utility of transportation and warehousing facilities to match the demand with supply. The second reason is improved customer services by making available the right quantity, at the right time, at the right place as per customer needs. Thus, physical distribution is mostly managed with a systems approach as a decision in one area can affect the outcome in the others. For instance, the cost of expediting a shipment of medicines in a flight is more than the shipment on a truck or rail, so based on this decision the price of the item will also vary and affect the marketing sales.

To establish an effective physical distribution for their products, Companies need to carry out warehousing, inventory control, transportation and logistics, order processing, packaging and materials handling of their products. Furthermore, the companies need to be supporting facilitating functions of the distributors and retailers to market these products. Now let us understand these functions of physical distribution. This is as explained below.

3.1.1.1 Functions of Physical Distribution

Physical distribution takes care of functions such as transportation, warehousing and inventory management and facilitates the flow of the product, making channels connecting the firm with its customers.

The physical distribution consists of the physical movement of the goods and decisions regarding the intermediaries involved in the distribution of these goods. Broadly, it not only involves the physical movement of products but also the wholesale and retail marketing of these products. The functions of physical distribution mainly deal with the storage and transportation of goods. So, until the products are sold to the customer, they need to be kept safe and once the products are sold they must be transported from one place to another. The main functions of the physical distribution can be classified into primary and facilitating functions.

The primary functions of the physical distribution involve warehousing, inventory control, transportation and logistics, order processing, packaging and materials handling of products.

Let us look into these functions one by one.

Warehousing

The function of safekeeping of produced goods in the warehouse till demanded by the market is termed warehousing. An organization with goods to sell in the market needs warehouses as storage facilities for finished products. One of the key physical distribution decisions every business organization struggles with is how many warehouse locations are needed for an efficient distribution system. This is because a warehouse far away can disrupt the timely delivery of the product and subsequently their demand, whereas too many warehouses in various locations can increase the cost of distribution affecting the product pricing. Warehousing involves sub-functions like storage, transportation and balancing demand and supply.

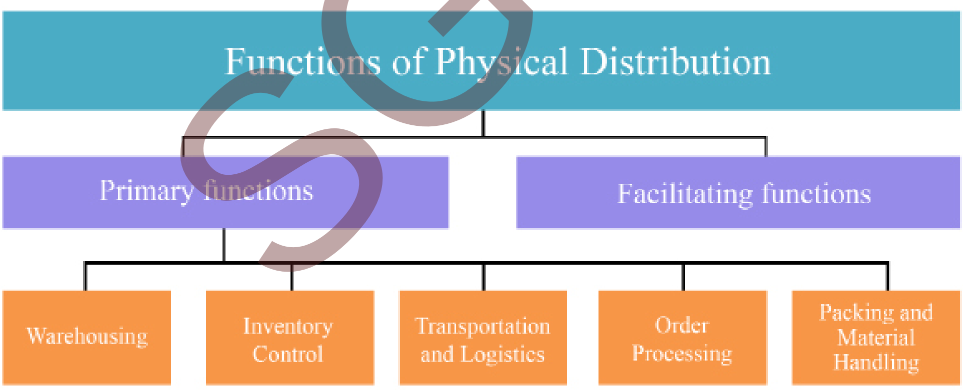

Fig. 3.1.1 Functions of Physical Distribution

Inventory Control

The function of maintaining an appropriate quantity of stock by an organization, to be able to meet the market demand without delay while keeping the costs of this process to a minimum is termed inventory control. This is an important function because one of the primary objectives of physical distribution is to establish suitable inventory policies in an organization to keep the cost of the physical distribution process to a minimum. Inventory control is mostly referred to as inventory management which tries to maintain an optimum balance of the stock. This is achieved through techniques like economic order quantity (EOQ), Re-order point, Safety stock, ABC (Activity Based Costing) analysis, Just in time (JIT) etc.

Transportation and Logistics

The function of moving products and materials from one place to another is termed transportation. At the same time, the function of moving finished products to the customer on time, in the correct quantity, in good condition and at the right price is termed logistics. Unlike transportation, logistics includes storage of materials, production and inventory management, packaging, and overseeing transportation. One of the primary decisions in transportation and logistics functions for a business organization is choosing the mode of transportation to use in the physical distribution process to deliver products on time to the customer at a minimum cost. The decisions in this function include types of carrier, mode, cost, speed, consistency, safety and availability of transportation.

Order Processing

This function is the workflow that happens after a customer places the order. It involves picking, packing and delivery of the packed product to a carrier for shipping. It is a key component of order fulfilment. The facilities where the order processing takes place is referred to as distribution centres. To deliver or fulfil customer orders the product goes through various intermediaries like distributors, wholesalers, retailers *etc.* forming the distribution channels. Thus, one of the major decisions in order processing is to reduce the number of intermediaries in the distribution channel to keep the order processing cost to a minimum, so that other costs such as transportation and inventory control can also be minimised. Furthermore, it is part of customer services and attaining an efficient order processing function can lead to customer satisfaction through the attainment of customer service goals. The order process includes sub-functions like billing, granting credit, invoicing and dues collection.

Packing and Material Handling

The function of preparing products for proper storage and transportation, which includes everything from blocking, bracing, cushioning, marking, sealing, strapping, weatherproofing, wrapping *etc.* of the product. At the same time the function of the movement, storage, control, and protection of materials, products, and packaged goods throughout the process of manufacturing, distribution, and disposal is termed material handling. The purpose of packing and material handling functions are to improve customer experience, minimize delivery time, reduce inventory and overall handling costs during manufacturing, distribution and transportation. The sub-functions of materials handling include accessibility of proper equipment, maintenance, minimising breakage, security against spoilage and theft.

Facilitating Functions

These functions are performed by market intermediaries on behalf of the manufacturers whose products they trade. It encompasses a variety of services by the distribution channels or marketing intermediaries to ease and enhance selling and buying goods. This includes credit to customers, acceptance of returned merchandise, advertisement and promotion of products through special displays, fair sales prices, maintenance and repair services *etc*. The facilitating functions are always supported by the manufacturer. The sub-function of facilitating functions include information and customer education, selling, financing, promoting, negotiating, marketing intelligence, servicing, bulk breaking, consolidation and distribution and customer relationships.

The functions of physical distribution need to be balanced as per the requirement and capability of the organizations so that it can be turned into a competitive advantage, thereby adding to its marketing effort.

3.1.2 Channels of Distribution

A chain of people or organisations involved in the transfer of ownership of a product as it moves from producer to consumer is termed a distribution channel. The distribution channels are part of the downstream process, concerned with the movement of products from the point of production to point of consumption. That is, the channel of distribution refers to the route taken by the products as they flow from the Channel of Distribution, where the flow implies physical distribution and or the transfer of ownership. Thus, it is a network of organisations that perform various interrelated and coordinated functions in the movement of products from producers to consumers. These channels of distribution often include wholesalers, distributors, retailers and online stores.

In the opinion of Philips Kotler, channel of distribution can be defined as "a set of independent organisations involved in the process of making a product or service available for use or consumption."

In modern societies, goods are often manufactured in large scale factories concentrated in a few locations whereas the consumers are scattered all around the world. The distribution channel creates a place, time, form and possession utilities to the products by the prompt and efficient performance of the function of physical distribution.

The channel of distribution can be direct and indirect. A direct channel allows a consumer to directly purchase products from the manufacturer, whereas an indirect channel allows the consumer to purchase products from intermediaries like wholesalers or retailers.

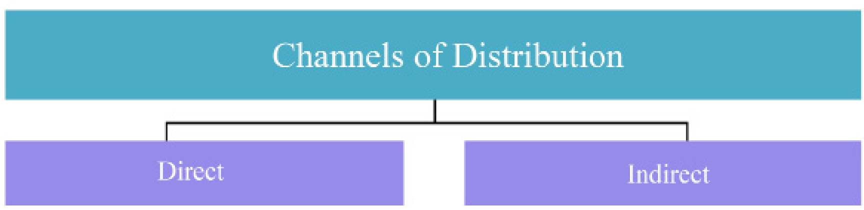

Fig. 3.1.2 Channels of Distribution

Direct or short channels of distribution are prepared by manufacturers to reduce the cost of physical distribution; this is why direct or short channels of distribution are prefered by manufacturers.

Generally, there are the following main types of distribution channels, all of which include a combination of producer, wholesaler, retailer and consumer.

The first channel is the shortest. It involves only the producer and consumer, where the producer directly sells to the consumer and there are no intermediaries involved. The producer may sell online or door to door to the consumers.

The second channel involves the producer retailer and consumer, where the producer sells to the retailer and subsequently the retailer sells to the consumer. This is called One Level Channel. For this channel to be effective the retailer must be capable of purchasing and storing bulk quantities of product. For instance, Walmart purchases directly from producers in bulk and retails it to the consumers.

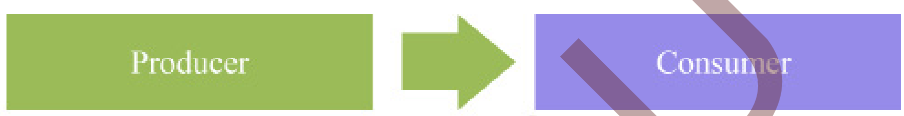

Figure 3.1.3 Direct Channel of Distribution

The third channel involves the producer, wholesaler (sometimes also referred to as a distributor), retailer and consumer, where the producer sells to the wholesalers and the retailers buy from the wholesalers and subsequently the retailer sells to the consumer. It is called Two Level Channel. This is the most common channel of distribution used by producers to make consumer goods available in remote locations of the world.

Fig. 3.1.4 One Level Channel

The effectiveness of distribution channels depends upon the product and its sales objectives. In simple terms, a distribution channel is selected based on the product and the sales objectives of the organisation. The opted channel must align with the organisation's overall mission, vision and strategy. Finally, the channel of distribution must also add value to the customers.

The process of physical distribution includes everything from planning, implementation and controlling the physical flow of goods from one point to another to meet the customer demand in the market. The need for physical distribution becomes evident especially when the producer of goods and market have ample geographical distance. Apart from this, physical distribution also aids in granting time and place for the product, building customers for the product, cost reduction, demand fulfilment and customer satisfaction. This is the reason physical distribution is one of the vital elements of the marketing mix.

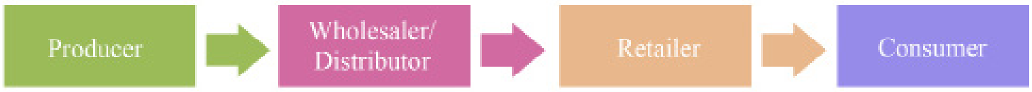

Fig. 3.1.5 Two Level Channel

Distribution Channel Strategies

Distribution channel strategies refer to the planned approaches businesses use to deliver products from manufacturers to end consumers efficiently. These strategies determine how many intermediaries are involved and how products reach target markets. Selecting the right strategy is crucial for cost-effectiveness, market coverage, and customer satisfaction.

Types of Distribution Strategies

Businesses typically adopt one of three primary distribution strategies based on their product type and market goals.

Intensive distribution focuses on maximizing product availability by placing items in as many outlets as possible. This approach suits low-cost, high-demand products like snacks or toiletries, where impulse purchases are common. For example, Coca-Cola uses intensive distribution to ensure its beverages are accessible everywhere, from supermarkets to small roadside stalls.

Selective distribution involves partnering with a limited number of pre-approved retailers to maintain better control over brand presentation and customer experience. This strategy works well for mid-range products like electronics or branded apparel. Samsung, for instance, sells its smartphones through authorized dealers and large retail chains but avoids small, unverified shops to preserve brand integrity.

Exclusive distribution restricts sales to a few high-end outlets or brand-owned stores, often for luxury or specialty products. Rolex watches, for example, are sold only through certified luxury jewelers to maintain exclusivity and premium positioning. This strategy enhances brand prestige but limits market reach.

Factors Influencing Strategy Choice

Several factors determine which distribution strategy a business should adopt.

The product type plays a crucial role—everyday essentials like toothpaste require intensive distribution, while luxury items like designer handbags benefit from exclusivity.

Market characteristics also matter; urban markets with dense populations may support intensive distribution, whereas rural areas might need selective or hybrid approaches due to logistical challenges.

Company resources further influence the decision. Smaller businesses with limited logistics capabilities often opt for selective distribution to manage costs, while large corporations can afford extensive networks.

Additionally, customer buying habits shape strategy—brands targeting online shoppers may prioritize direct-to-consumer (D2C) channels, while those relying on in-store experiences may invest in retail partnerships.

Emerging Trends in Distribution

Modern distribution is evolving with technological advancements and changing consumer preferences.

Omnichannel distribution integrates online and offline sales, allowing customers to buy products via apps and pick them up in-store. Nykaa, for instance, enables customers to order cosmetics online and collect them at physical outlets, blending convenience with instant gratification.

Another trend is direct-to-consumer (D2C) selling, where brands bypass intermediaries to sell directly through websites or apps. Startups like Wakefit and Mamaearth use D2C models to maintain control over pricing, customer data, and brand messaging. This approach reduces dependency on retailers and fosters stronger customer relationships.

Case Study: Amul's Hybrid Approach

Amul exemplifies strategic flexibility by combining multiple distribution methods. It uses intensive distribution for everyday dairy products like milk and butter, ensuring wide availability. For premium items like cheese, it adopts selective distribution through modern trade stores. Additionally, its D2C platform, Amul Pro, caters to bulk buyers like restaurants and cafes. This hybrid model has helped Amul dominate India's dairy market with a 25% share.

Choosing the right distribution strategy is critical for business success. Whether intensive, selective, or exclusive, each approach has distinct advantages tailored to product type, market needs, and company goals. Emerging trends like omnichannel and D2C are reshaping traditional models, offering new ways to enhance reach and efficiency. For businesses, understanding these dynamics ensures they can adapt to changing consumer demands while maintaining competitive advantage.

3.1.3 Retail Marketing

Retail marketing refers to the process of selling goods and services directly to consumers through various channels, whether in physical stores or online platforms. It plays a crucial role in the distribution chain by bridging the gap between manufacturers and end-users. Retailers add value by ensuring products are available at the right place, time, and price, while also providing convenience and personalized experiences. For example, a local kirana store offers immediate access to daily essentials, while e-commerce platforms like Flipkart deliver products to doorsteps, demonstrating how retail marketing adapts to consumer needs.

3.1.3.1 Types of Retailers

Retailers can be broadly classified into two categories: store-based and non-store-based.

1. **Store-Based Retailers:** These operate from physical locations where customers can visit and purchase products. Examples include:

- Department Stores like Shoppers Stop, which offer a wide range of products under one roof.
- Supermarkets such as Big Bazaar, where customers can self-select products at competitive prices.
- Specialty Stores like Titan Eye+, which focus on a specific product category.
- Convenience Stores like 7-Eleven, which provide quick access to everyday items.

2. **Non-Store-Based Retailers:** These do not require a physical storefront and include:

- E-tailing (e.g., Amazon, Flipkart), where products are sold online.
- Direct Selling (e.g., Amway), where sales occur through personal networks.
- Vending Machines, which dispense products like snacks or beverages automatically.

3.1.3.2 Retail Marketing Strategies

To attract and retain customers, retailers adopt various strategies:

- **Visual Merchandising:** Creating appealing in-store displays to catch the customer's eye. For example, placing a product at the checkout counter encourages impulse purchases.
- **Private Label Brands:** Retailers develop their own brands (e.g., DMart's Tasty Treat) to offer unique products at lower prices.

- **Omnichannel Retailing:** Integrating online and offline sales channels to provide a seamless shopping experience. For instance, Nykaa allows customers to order online and pick up in-store.

- **Discounts and Promotions:** Offering seasonal sales or loyalty programs to boost sales, as seen with Reliance Trends' frequent discounts.

3.1.3.3 Importance of Retail Marketing

Retail marketing ensures that products are available where and when customers need them. It adds value by offering convenience, competitive pricing, and personalised experiences. For example, a well-placed display of a product in a supermarket can significantly increase sales.

In summary, retail marketing is a dynamic field that combines traditional methods with modern technology to meet consumer demands effectively. Understanding its principles helps businesses to optimise their distribution strategies and improve customer satisfaction.

3.1.4 Logistics Management

Logistics management refers to the process of planning, executing, and controlling the efficient flow and storage of goods, services, and related information from the point of origin to the point of consumption. It plays a crucial role in ensuring that the right product reaches the right place at the right time and in the right condition. As commerce becomes increasingly global and customer expectations continue to rise, effective logistics management has become essential for businesses to maintain their competitiveness and service quality.

3.1.4.1 Key Components of Logistics Management

Transportation management forms the core of logistics operations. It involves the physical movement of goods across various locations using different modes such as roadways, railways, airways, and waterways. For example, refrigerated trucks are used by companies dealing with perishable goods to ensure that products like milk or fresh produce reach their destinations without compromising quality. Warehousing is another critical component, providing space to store goods until they are needed. It supports efficient inventory management, order fulfillment, and sometimes value-added services like labeling or repackaging. Large retail and e-commerce companies maintain strategically located fulfillment centers to enable faster deliveries across regions.

Inventory control ensures that stock levels are maintained at optimal levels to avoid shortages while minimizing excess storage costs. Several firms use techniques such as Just-in-Time (JIT) inventory systems, which allow them to receive goods only as they are needed in the production process, reducing waste and holding costs. Another integral function is order processing, which includes a series of steps from receiving a customer's order to delivering the final product. In high-volume industries like e-commerce, automated sorting and packing systems are used to handle thousands of orders each day with speed and accuracy.

3.1.4.2 Emerging Trends in Logistics

In recent years, logistics management has undergone rapid transformation due to advancements in technology. The integration of GPS tracking systems allows companies to monitor shipments in real time, improving reliability and customer communication. Warehouses are increasingly being automated with robotic systems that help with sorting, stacking, and retrieval of goods. Artificial intelligence is being employed for demand forecasting, which enhances supply chain efficiency by predicting customer needs more accurately.

Sustainability is also becoming a key focus area, leading to the adoption of green logistics practices. Electric vehicles are being introduced for last-mile delivery, helping to reduce carbon emissions. Some brands have shifted to eco-friendly packaging materials to reduce environmental impact. Another notable trend is the rise of hyperlocal delivery models, especially in urban areas, where companies aim to deliver groceries and essentials within ten to twenty minutes. The concept of dark stores—warehouses that cater only to online orders—has emerged as a backbone of this new approach.

3.1.4.3 Industry Applications

Logistics management is critical across a wide range of industries. In the retail and e-commerce sector, logistics firms specialize in handling online orders by offering services such as same-day delivery, easy returns, and cash-on-delivery payment options. For example, some logistics service providers have built strong delivery networks across cities and towns to fulfill customer orders efficiently. In agriculture, logistics plays a vital role in connecting farmers to markets. Initiatives such as digitally enabled procurement platforms support farmers by facilitating storage, grading, and transportation of produce to reach larger markets.

3.1.4.4 Challenges

Despite its growing importance, logistics management in India faces several structural challenges. One major issue is the lack of infrastructure, as a significant portion of roads in rural and remote areas remain unpaved. This affects the speed and reliability of transportation. Logistics costs in India are also relatively high—estimated to be around 14% of the GDP—compared to the global average of 8%. While tax reforms such as the implementation of the Goods and Services Tax (GST) have addressed some earlier issues, other complexities in compliance and inter-state movement still pose operational hurdles.

3.1.4.5 Opportunities

As logistics becomes increasingly strategic in business operations, a wide range of career opportunities have opened up in this field. Graduates can pursue roles in supply chain coordination, warehouse management, transportation planning, and logistics analytics. With the growth of technology in logistics, there is also a rising demand for professionals skilled in data analysis, software tools, and automation systems.

Logistics management has evolved from being a mere support function to a key strategic driver of business performance. It helps firms reduce costs, improve service levels, and gain a competitive advantage in crowded markets. In the current economic landscape, businesses that excel in logistics are better equipped to respond to consumer demands, manage disruptions, and scale operations efficiently.

3.1.5 Supply Chain Management (SCM)

Supply Chain Management (SCM) refers to the coordination and oversight of all activities involved in producing and delivering a product or service, from raw material sourcing to final delivery to the consumer. It encompasses planning, sourcing, manufacturing, logistics, and distribution, ensuring efficiency and customer satisfaction.

Key Components of SCM

1. **Planning:** Forecasting demand and aligning resources to meet customer needs. For example, Tata Tea plans its production based on seasonal demand to ensure timely availability and avoid overstocking.

2. **Sourcing:** Procuring raw materials (e.g., tea leaves) from reliable suppliers at optimal costs.

3. **Manufacturing:** Converting raw materials into finished goods. For example, after sourcing tea leaves, Tata Consumer Products processes and packages them into various blends under the Tata Tea brand, ready for distribution.

4. **Logistics:** Transporting goods efficiently via road, rail, or air while minimising costs.

5. **Distribution:** Delivering products to retailers or consumers through channels like supermarkets or e-commerce platforms.

3.1.5.1 Importance of SCM

1. **Cost Reduction:** Streamlining processes lowers expenses (e.g., bulk transportation reduces per-unit costs).

2. **Efficiency:** Just-in-Time (JIT) inventory avoids overstocking, as seen in Toyota's manufacturing model.

3. **Customer Satisfaction:** Timely deliveries (e.g., Amazon's two-day shipping) enhance trust and loyalty.

Competitive Advantage: A robust supply chain enables companies to stay ahead by ensuring consistent product availability. Example: Dabur maintains strong rural and urban distribution networks, helping it outperform competitors in various product segments.

3.1.5.2 Challenges in SCM

1. **Demand Fluctuations:** Unpredictable consumer demand can lead to excess inventory or shortages.
2. **Supply Disruptions:** Natural disasters or political issues may delay raw material supplies.
3. **Co-ordination Issues:** Poor communication between suppliers, manufacturers, and retailers can disrupt workflows.

3.1.5.3 Technology in SCM

Modern tools enhance SCM efficiency:

◊ ERP Systems: ERP stands for Enterprise Resource Planning. These systems help integrate information across all departments in a company—such as purchasing, production, inventory, and sales—so that everyone has access to the same updated data.

- Example : Many companies use SAP to track inventory levels, monitor shipments, and coordinate orders in real time.

◊ Blockchain is a secure and transparent digital record system that keeps track of every transaction in the supply chain.

- Example: Walmart uses blockchain to trace the source of its food products, which helps ensure safety, especially during product recalls.

◊ IoT Sensors: IoT sensors are smart devices placed on goods, containers, or trucks to monitor real-time data such as temperature, location, or movement.

- Example: Pharmaceutical companies use IoT sensors to ensure that temperature-sensitive vaccines are transported under the right conditions throughout the journey.
- Example: SCM in Action

Let's look at the supply chain journey of a well-known product like Britannia Good Day biscuits:

1. **Sourcing :** Ingredients such as wheat, sugar, and butter are sourced from reliable suppliers.
2. **Manufacturing:** These ingredients are processed, baked, and packed into biscuit packets at Britannia's production units.
3. **Distribution:** The finished products are sent to warehouses using trucks and other transport options.
4. **Retail Delivery:** From the warehouses, the products are delivered to supermarkets, local stores, and e-commerce fulfillment centers.

5. **Customer Access:** Consumers buy the product either from nearby shops or order it online through platforms like Amazon or BigBasket.

SCM is the backbone of modern business, ensuring products move seamlessly from suppliers to consumers. By adopting strategies like JIT and leveraging technology, companies can achieve cost savings, efficiency, and customer satisfaction.

Recap

- ◊ Physical Distribution: All the marketing activities involving the supply of finished products from the production line to the consumers.
- ◊ Functions of Physical Distribution:
  - Primary Functions: Warehousing, Inventory control, Transportation and logistics, Order processing, Packaging and materials handling
  - Facilitating Functions: Information and customer education, Selling, Financing, Promoting, Negotiating, Marketing intelligence, Servicing, Bulk breaking, Consolidation and distribution, and Customer relationships.
- ◊ Channels of Distribution: A chain of people or organisations involved in the transfer of ownership of a product as it moves from producer to consumer.
  - Direct: Producer to Customer
  - Indirect: Producer to retailer to Consumer and Producer to whole-saler to retailer to Consumer
- ◊ Logistics management ensures the efficient movement and storage of goods, enabling cost reduction and timely delivery in business operations.

Objective Questions

1. Which marketing mix involves planning, implementing and controlling the physical flow of materials, and final goods from the points of origin of use to meet customer needs at a profit?
2. What are the two reasons that state the importance of physical distribution in marketing?

3. What is the term for the function of safekeeping of produced goods in the warehouse till demanded by the market?
4. What is the term for the function of maintaining appropriate amounts of stock by an organization, to be able to meet the market demand without delay while keeping the costs of this process to a minimum?
5. Which function of physical distribution is the workflow that happens after a customer places the order?
6. What is the term for the function of the movement, storage, control, and protection of materials, products, and packaged goods throughout the process of manufacturing, distribution, and disposal?
7. Which functions are performed by market intermediaries on behalf of the manufacturers whose products they trade?
8. What is the term for a set of independent organisations involved in the process of making a product or service available for use or consumption?
9. Which channel of distribution allows a consumer to directly purchase products from the manufacturer?
10. Which key function of logistics management involves maintaining optimal stock levels to meet demand and reduce holding costs?

Answers

1. Physical distribution
2. It aids in the stabilization of prices in the market and improves customer services by facilitating customer demand fulfilment.
3. Warehousing
4. Inventory control
5. Order Processing
6. Material handling
7. Facilitating Functions
8. Channels of Distribution
9. Direct channel
10. Inventory control

Self-Assessment Questions

1. What is Physical Distribution?
2. Explain the functions of Physical Distribution.
3. What are the Primary functions of Physical Distribution?
4. Define Warehousing.
5. Explain the term Inventory Control.
6. Briefly explain the Channels of Distribution with example.
7. Evaluate the importance of physical distribution in the overall marketing strategy of a company. Discuss how effective distribution channels and logistics management can contribute to customer satisfaction and competitive advantage.
8. Analyse the challenges faced by companies in managing their physical distribution activities, such as transportation costs, inventory management, and last-mile delivery. Propose strategies to overcome these challenges and optimize the distribution process.
9. Explain how technology is transforming logistics management with suitable examples.

Assignments

1. Conduct a comparative analysis of the distribution channels employed by two direct competitors in the same industry (e.g., consumer electronics, fashion, or food and beverage). Evaluate the strengths and weaknesses of their respective distribution strategies and provide recommendations for improvement.
2. Develop a comprehensive physical distribution plan for a new product launch, considering factors such as target market, product characteristics, transportation modes, and inventory management. Include a detailed cost analysis and timeline for implementation.
3. Investigate the impact of technological advancements, such as automation, robotics, and artificial intelligence, on physical distribution processes. Analyse how these technologies are transforming logistics operations and supply chain management.

4. Analyse a case study of a company that has successfully implemented a sustainable and environmentally friendly physical distribution strategy. Highlight the key initiatives and practices adopted by the company and discuss the challenges they faced and the benefits they achieved.

5. Discuss the key components of logistics management and analyze its role in improving efficiency in e-commerce businesses. Support your answer with recent trends and industry examples.

Suggested Reading

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Unit 2

Promotion

Learning Outcomes

At the conclusion of this unit, the learner will be able to:

- ◊ comprehend the integrated concept of promotion and its role in marketing communication
- ◊ identify and explain the elements of the promotion mix including advertising, personal selling, public relations, sales promotion, direct marketing, and digital marketing
- ◊ differentiate between traditional and modern promotional tools and evaluate their application in various marketing contexts
- ◊ analyse the benefits, methods, and challenges associated with each promotional strategy
- ◊ apply the principles of integrated marketing communication in designing effective promotional campaigns

Prerequisite

Arunima, a final-year student of visual arts, had recently started an online store selling handcrafted eco-friendly journals. Each notebook was unique, made from recycled paper and hand-painted covers. Though she got a few orders through word of mouth, most people didn't even know her brand existed.

One afternoon, her friend Naveen, who interned with a digital marketing agency, asked, "Have you thought about promoting your products beyond your Instagram circle? People need to see it, understand it, and feel connected."

That simple suggestion changed everything. Arunima began learning how to communicate her brand story — she shot short videos showing how each product was made, collaborated with a campus influencer to do a review, created referral coupons for early buyers, and even pitched her products to a local art fair with posters and QR codes.

Within weeks, her sales doubled — not because her products had changed, but because her promotion had.

This unit will help you explore that same idea: how businesses communicate with customers through tools like advertising, personal selling, publicity, and digital marketing. Just like Arunima, you'll discover how the right promotional mix can make the difference between a great idea that's hidden and a great idea that succeeds.

Keywords

Public presentation, Public Image, Commercial Advertisement, Non-commercial Advertisement, Price off, Bonuspacks, Coupons, Catalogues, Pop-ups, Cold calling, Search Engine, Optimisation, Pay-per-click, Advertising

Discussion

4.1.1 Concept of Promotion

Marketing communication plays a vital role in an organization's overall marketing. Marketing communication is the process of disseminating the relevant marketing information systematically and scientifically to the target market and people by an organization through a mix of media. The core idea behind any marketing communication is to persuade the target market to purchase the products and services of an organization as compared to its competitors. That is, marketing communications are persuasive as they aim at influencing the consumer behaviour in favour of the organisation's offers. The various persuasive tools of marketing communication are commonly referred to as 'Promotion'. As it is one of the elements of the marketing mix, it is highly significant in the marketing strategy of an organization.

According to prominent marketing pioneer Philip Kotler, "promotion includes all the activities the company undertakes to communicate and promote its products to the target market."

Promotion encompasses all the ways an organization attempts to enhance its visibility through its brand, products or services. Promotion usually includes an effort like an advertisement or a concept like discount sales or an item like a branded baseball cap. In practice, an organization usually combines all these forms of promotion, as for instance, an apparel company advertising its entry into the market with a discounted flash sale online to pique the interest of as many people as possible.

Please Note: Promotion and advertising are used almost interchangeably, but they are not the same. Advertising is just a specific action that is used to promote products or services, in other words, advertisement is only one type of promotion.

For every brand, the right blend of marketing communication tools like Advertising, Sales Promotion, Public Relations and Publicity, Personal selling and Direct Marketing must be effectively utilised. Only in the right combination will these tools become most effective in the promotion of the brand.

3.2.2 Promotion Mix

Over the years, the various tools of marketing communication have been utilised by marketers to communicate and promote products, services and brands. The array of marketing communication tools in various proportions or blends chosen by an organization to realise its promotional goals at specific periods is referred to as promotion mix or marketing communication mix. For instance, while reading a newspaper or watching a TV program people come across various advertisements. Similarly, while on the way to work or home we are exposed to various messages via neon signs, posters and banners, roadside hoardings *etc*., while in a mall people encounter displays of products in shop windows or product samples of a new product while purchasing some other product. These are all various marketing tools or promotional mixes utilised by organizations to pass on information regarding their products or services.

According to the prominent marketing pioneer Philip Kotler, "a company's total marketing communication mix, also called promotion mix, consists of specific blends of advertising, personal selling, sales promotion, public relations and direct marketing tools that the company uses to pursue its advertising and marketing objectives."

3.1.2.1 Components of Promotion Mix

Promotional tools are broadly classified into advertising, sales promotion, public relations and publicity, personal selling and direct marketing. The major components of the promotion mix are as depicted below.

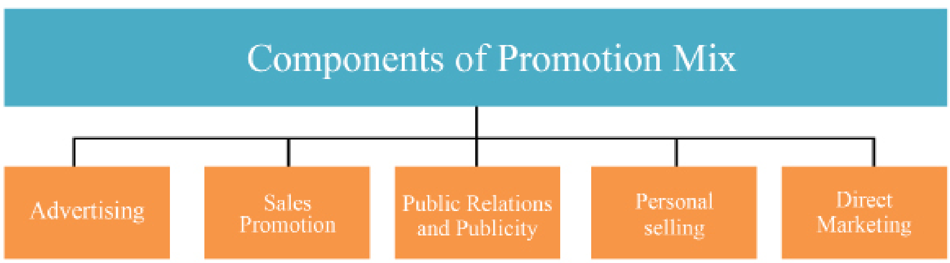

Fig. 3.2.1 Components of Promotion Mix

Advertising

It is any paid form of non-personal communication regarding a product, a service or an idea through mass media by an identified sponsor.

Sales Promotion

It is the provision of a variety of short term incentives to encourage the purchase or trial of products or services. The sales promotion methods include tools like coupons, contests, premiums, discounts sales etc.

Public Relations and Publicity

It is the variety of programs developed to promote or protect an organization's image or its products. It may sound like an advertisement except that it involves an unpaid and unsigned message through the same mass media as an advertisement.

Personal Selling

It is a person-to-person dialogue between buyer and seller, where the seller persuades the buyer in purchasing the products or services.

Direct Marketing:

It is the use of messages to directly communicate with the target audience. It includes tools like mail, telephone, fax, email, direct communication *etc*.

No single promotional tool can be managed fully without considering others. That is, an individual promotional tool like advertising cannot be managed fully till it is conjoined with sales promotion, public relations and publicity, personal selling and direct marketing. This is the reason organisations usually use promotional mixes in conjunction with each other. They are normally adopted based on their relative importance to the promotional objective. Each component of the promotion mix is utilised in different blends from company to company. For instance, the blends of communication tools utilized by an apparels company will be more sales promotion and personal selling centric, whereas the other promotional mix components like advertising, public relations and publicity and direct marketing are moderately utilised. At the same time, a fast-food company will have the promotional mix in which advertising, sales promotion and direct marketing will be heavy, whereas the other components are moderately utilized.

Organisations need to develop paid non-personal communication through the mass media regarding the products they offer. This communication must highlight the Morningstar brand name as well as the company name and lineage so that people develop trust towards the brand. This marketing activity is referred to as advertising, which is explained below.

3.2.3 Advertising

Advertising is any paid form of non-personal communication through the mass media regarding a product, a service or an idea by an identified sponsor. The sponsors may be non- profit organisations like colleges, universities, institutes *etc*. or profit organisations like business companies or they may even be individuals. The mass media like newspapers, magazines, radio, television, billboards, direct mail *etc*. may be utilised by the sponsors to advertise.

According to G. R. Green, "advertising is a general term for any and all forms of publicity, from the cry of a street boy selling the newspaper to the most elaborate attention attracting device. The object always is to bring to public notice, some article or service to create a demand to stimulate buying; and in general to bring together the man with something to sell and the man who has means or desire to buy".

Generally, advertising has the following four distinctive characteristics:

Public Presentation

Advertising is a very high public mode of communication. This public nature of advertising provides a kind of legitimacy to the product. As many people are exposed to the advertising message at the same time, it makes sure that their motives to purchase the product is publicly understood.

Pervasiveness

Advertising is a universal way of communicating marketing messages. It allows the seller to repeat the messages, at the same time it permits the buyer to receive and compare the content of the messages with the competitors.

Amplified Expressiveness

Advertising provides opportunities for the dramatisation of the company and its brands through the artful use of print, sound and colour, the disadvantage being the overdramatization can dilute the message.

Impersonality

Advertising is mostly impersonal, as it cannot compel people to buy things. The audience need not feel obliged to pay attention or even respond to advertisements, as it only carries out a monologue and not a dialogue with the audience.

Advertising may be used to build up a long term brand image or trigger quick sales. It can reach the most geographically dispersed buyers efficiently. It can be done with a large budget like TV advertisement but at the same time, it can be done with a small budget like newspaper advertisement.

The advertising by the organisations should be able to introduce their products and promote its sales, thereby aiding the growth of the company and media. These are some of the basic functions advertising must fulfil. The functions of advertising are as explained below.

3.2.3.1 Functions of Advertising

In this modern era of large scale production and high competition in the market, advertising has become an essential part of the marketing activity. This marketing communication tool performs the following functions:

Promotion of Sales

Advertising informs and persuades people to buy products, thereby promoting the sale of products. A sound advertising campaign aids in winning customers and generating revenue.

Introduction of New Products

Advertising aids with the introduction of new products in the market. The easiest way for any organization to introduce itself and its products to the public will be through advertising. It enables quick publicity in the market.

Support to Production System

Advertising aids organizations to sell on a large scale, thus prompting large-scale production. This mass production aids in the reduction of the per-unit cost of production enabling the economical use of various factors of production.

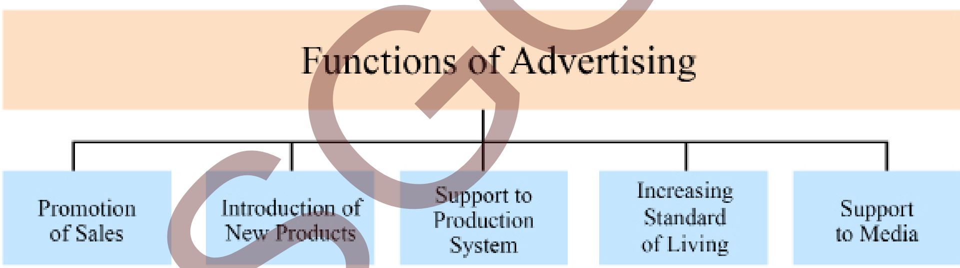

Fig. 3.2.2 Functions of Advertising

Increasing Standard of Living

Advertising educates people regarding the products and their uses. It aids people in adopting new ways of life and thereby overcoming inefficient old habits.

Public Image

Advertising builds up the reputation of the sponsor. It enables an organization to communicate to the public, its achievements and its efforts to satisfy the customers' needs, thereby increasing the goodwill and reputation.

Support to Media

Advertising supports and sustains the media as it provides the most vital source of revenue to the media composite like newspapers, magazines, T.V. programmes *etc*.

The effect and success of advertising can be summed up from the reactions of the audience. But the advertiser must be very careful about the presentation and the message they promote, as it can negatively harm the whole campaign. Advertising is like a double-edged sword, it can turn out to be both negative and positive for organisations or brands.

3.2.4 Advertisement

Advertisement is a paid, non-personal or mass communication by a known sponsor. The goal of an advertisement is to inform people of a particular product, generating interest, persuading and influencing them to buy and thereby, increase sales.

According to the marketing pioneer Philip Kotler, "advertisement is any paid form of non- personal presentation and promotion of goods , services or ideas by an identified sponsor."

3.2.4.1 Features of Advertisement

Based on the above definition the following constitutes the key features of advertising.

1. An advertisement is a form of communication for which the media has been paid to carry out the communication.
2. This communication is non-personal as there is no personal contact between the sender and the receiver of the message.
3. The presentation of the message needs to promote ideas, places, concepts, people, parties, goods, services and organizations to create awareness and aid in the process of consumer decision making.
4. The sponsor of the advertisement is to be identified either as a brand name or as the company which owns the product. This is because the ownership of the communicated message rests with the sender; hence if the sponsor is not identified, the objective of the message is lost as people have no way to inquire about the product.

Theoretically, advertisement is most effective when it promotes a highly used, small priced, standardized product that is sold through a wide range of intermediaries.

3.2.4.2 Types of Advertisement

Various types of Advertisements take precedence in the promotional mix of an organisation, but they can be broadly classified into the following.

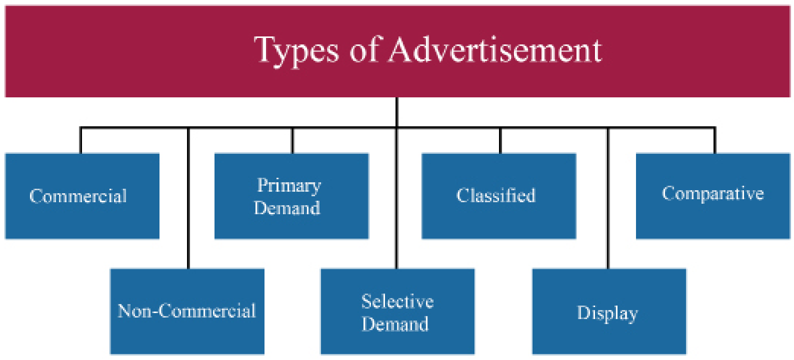

Fig.3.2.3 Types of Advertisement

Commercial Advertisement

This is the most general type of advertisement that aims to generate revenue by promoting sales. Commercial advertising creates a perceived need or a demand for anything. That is, as soon as this demand originates in the consumers, commercial advertising is there to offer an attractive solution. Commercial advertisements often aim to increase consumption of the products or services through branding, whereby a product name or image is associated with certain qualities in the minds of consumers. For instance, celebrity endorsements are the most prominent type of Commercial Advertisement.

Non-Commercial Advertisement

The non-commercial advertisement mostly aims to stimulate inquiries for information or popularise social causes or educate people. It is sponsored by a non-profit organization or civic group or religious or political organization. Most of the non-commercial advertisements are there to raise funds for a cause, but some of these advertisements hope to alter consumer behaviour. For instance, word-of-mouth publicity is regarded as the most prominent non - commercial advertisement concerning goods or services. As it involves face-to-face product- related communications among friends, relatives and families, it is regarded as the most unbiased source of information.

Primary Demand Advertisement

It is an advertisement that promotes a product instead of a particular brand. That is, in this type of advertisement an entire product category is promoted instead of a particular brand of that product. For instance, people are encouraged to drink milk instead of a particular brand of milk by the Dairy Industry of a Country so that if the advertisement is successful, it benefits everyone in the industry. This is why it is also referred to as generic advertising as it creates a generic demand for product categories. This type of advertising is carried out when people are unaware of a new product or technology or when the general public is uninformed of the product's benefits. This is mainly to inform the target customers and drive demand before investing in the selective demand advertising.

Selective Demand Advertisement

The advertisement involves messages to persuade customers to buy a specific brand. Most of the advertising campaigns involve selective demand advertisements. It is also named as selective demand simulation because each sponsor tries to present benefits of choosing their respective brands causing people to selectively choose its product over the competing brands. The selective demand advertising serves the most basic purpose of a business, that is to distinguish the company from competitors to convert as many people as customers and earn profits over the foreseeable future.

Classified Advertisement

This advertisement is in the form of a small message that is placed in newspapers, online, magazines or periodicals. These messages are normally grouped in a separate section under specific headings, sometimes referred to as classifieds. This type of advertising costs way less as compared to others. In recent times classified advertisements are becoming more prominent online especially on websites, social media networks and smartphone apps *etc*.

Display Advertisement

The advertisement of products or services through visuals like videos and images on the banner, hoardings, billboards, websites such as search engines or social media networks is construed as display advertisement. In this type of advertising, messages are placed on third-party platforms (banners, hoardings, billboards, websites *etc.*) in the form of logo, text, image *etc*. The basic idea behind display advertisement is to deliver general or brand messages to the audience.

Comparative Advertisement

This is the advertisement for a product or service that specifically mentions its competitors by name to depict itself as a superior product when compared to the competitor. It is also termed combative advertising. This type of advertising is more of a marketing strategy to showcase one brand's superiority over its competitors. For instance, in the PepsiCo challenge advertisement campaign, they directly compare and establish the taste of its beverages being better than their main rival, the products of the Coca Cola company. In this type of advertising products or services may be compared directly or indirectly on single or multiple attributes of the product, where the messages may have a positive or negative tone. This form of advertising is more commonly used in political campaigns, where the candidate of one party compares their manifesto and achievements with others. It is mostly used in business when a new product is released, which needs to be shown as a better product than the others that are already in the market.

There is no single, right type of advertising; the advertisement decision is derived from the promotional objective, budget, media decisions and the creative strategy involved.

Advertising is the most essential aspect of marketing that aids in grabbing attention, building awareness, creating a favourable attitude and maintaining loyalty among people towards organisations or brands.

In the age of globalisation which has turned the current market highly competitive, where products are easily available to the target market, the organisations must devise effective marketing communication tools or promotional mix for relevant pertinent information regarding their product availability, features and benefits to the target market. To put it plainly, an organisation must know to market itself among various groups to gain public confidence and goodwill in the market.

3.2.5 Personal Selling

The oral presentation in a conversation with potential buyers for making sales is termed as Personal Selling. It is a face-to-face dialogue between buyer and seller, where the seller or a sales representative persuades the buyer to reach a buying decision or accept a point of view or convince the buyer to take a specific course of action. Put simply, personal selling is a person to person conversation process where the seller tries to understand the prospective buyer's needs and wants so that the buyer can be satisfied through the sales.

According to marketing pioneer Philip Kotler, "personal selling is face to face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions and procuring orders."

3.2.5.1 Attributes or Features of Personal Selling

Personal selling is different from other marketing communication tools or components of promotion mixes by having the following qualities or features.

Personal Confrontation

Personal selling involves live, immediate and interactive communication between two or more people. The people involved in personal selling can observe the characteristics and needs of one another and adjust accordingly. Each person involved has the potential to help or hurt the other by their interest or lack of interest respectively.

Cultivation

Cultivation has the potential to develop various types of relationships between parties involved. This relationship can amount to anything from a selling relationship to a deep personal friendship, thus, aiding in the propagation of business by winning customers.

Response

Personal selling in conjunction with advertising drives the prospective buyers to be more obliged towards taking interest in the sales presentation of the seller or salesperson as the buyer feels like taking up the salesperson's time, thus, responding instantaneously.

Personal selling is the oldest but most vital and popular avenue of sales promotion. This is the reason the majority of the organisations include it as part of their promotional mix, even though it is costlier than the other components of the promotional mix.

3.2.6 Publicity and Public Relations

Publicity and Public Relations are commonly referred to as different programs that are designed to promote or protect an organisation's image or its products.

Public relations and publicity are more preferable due to the following three distinctive qualities:

i. **High Credibility** - Stories and features in news media present more authenticity and credibility than advertisements.

ii. **Surprising the buyers** - Publicity has more reach to many potential buyers who mostly avoid advertisements and salesmen. This is mostly due to the message being presented as a news story to the buyers rather than a sales communication.

iii. **Dramatisation** - The publicity has the same potential to dramatise a company or product just like the advertisement.

Public relations and publicity retain similarity to advertising except for it being an unpaid and unsigned message that may or may not be propagated via mass media. Publicity can either be favourable (positive) or unfavourable (negative). This is because the message cannot be controlled by the organisation once it is out in the media. Organisations and Marketers invest a lot of time and effort in getting news items broadcast in such a way that it presents a favourable image of the organisation or brand.

Let us understand them separately.

3.2.6.1 Publicity

Publicity is a major element of public relations. Publicity is unpaid communication about a product or organisation through mass media. Organisations can get the media to talk about themselves or their brands if their actions warrant newsworthiness, but the publicity will not be effective unless the story stimulates the audience to take a mental note. A big portion of public resources is used up to maintain a good relationship with the media. This is done with the hope that the media will feature the organization or its brand more frequently.

In the view of Philip Kotler, "publicity is an activity to promote a company or its products by planning news about it in media not paid for by the sponsor." Publicity is referred to as communicating with an audience by personal or non- personal media that are not explicitly paid for delivering the messages.

Every organisation needs to manage communication between the company and its public to establish goodwill and mutual understanding. Building good relations with the public by obtaining favourable publicity, developing a good corporate image, and mitigating unfavourable rumours, stories and events are all part of public relations. This is as explained below.

3.2.6.2 Public Relations

Public relations is the management of communication between an organisation and its public to establish goodwill and mutual understanding. Unlike marketing which only focuses on markets, distribution channels and customers, public relations has a broader focus on the whole of the public (markets, distribution channels, customers, employees, shareholders, local community, media, government, pressure groups etc.). It establishes an environment in which it is easier to conduct marketing. It includes activities like charitable donations, seminars, publicity, corporate advertising and publications or lobbying.

According to Philip Kotler and Gary Armstrong, public relations is defined as "building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories and events".

3.2.6.3 Publicity vs Public Relations

Publicity and public relations are most commonly thought of as the same thing, but they are two distinct fields. The basic difference being that publicity is one of the major elements of publicrelations.

Let us understand the key difference between publicity and public relations as stated below.

i. **Meaning** : Publicity refers to attaining visibility among the public. This is achieved by propagating information or news updates in the media to create awareness and develop credibility among the public, whereas, public relations is a strategic process designed around the goal of developing a good image and reputation for the organisation in the market.

ii. **Objective** : The objective of publicity is to draw the attention of the media to provide information or updates regarding a product, service, brand, company *etc*. to the general public to generate awareness. But the objective of public relations is to draw the attention of the target market to increase the sales of the organisation or brand.

iii. **Nature** : Publicity is not handled by the organisations, thus it may not turn out to be positive. For instance, depending on the experience with organisations or their brands, a customer can provide a positive or negative review. Even a scandal regarding organisations or brands can generate positive or negative reviews. But public relations always shows the organisations or the brands in a positive light as it is a strategic activity handled by a dedicated public relations department.

iv. **Type of communication** : Organisations or brands do not pay the media for the communication to gather publicity or rather publicity is mostly free of cost, whereas, for public relations, organisations or brands have a specific budget for their public relations campaign as they have the different sponsored events, various third-party endorsements *etc*.

v. **Control** : Organizations or brands have no control over publicity, as it is carried out by the media on its own. But organisations or brands manage their public relations campaigns, and retain full control over the same.

Based on the specified differences, it is evident that publicity and public relations are two distinct activities. Both are equally important for organisations to communicate the message to the public. However, public relations is a strategic and comprehensive process that ensures that the organisation's or brand's image remains positive. It is the responsibility of the company to interfere immediately to avoid the impact of negative publicity. Furthermore, it ensures that the organisations or brands maintain a good and healthy relationship with the public at large.

Personal selling is the most basic interpersonal element of the promotion mix. It is two-way personal communication between a salesperson and a customer that may take place face-to- face or by telephone or through video conferences or by any other means of communication. It is a more reliable means of sales than advertising, especially where the products are not for general consumption. This is because a salesman can be more effective in exploring the wants and needs of the customers and composing the offer to suit each customers' needs by negotiating the terms of sale. Personal selling is the primary function of a salesman in an organisation which sometimes involves other duties and responsibilities attached to complement the same. The one thing that highly complements personnel selling through salesmen is the effective publicity and public relations by an organisation or a brand.

3.2.7 Sales Promotion

Sales promotion is a variety of short term incentives that encourage trial or purchase of a product or service. In Philip Kotler's words "sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and or greater purchase of particular product or services by consumers or the trade." For instance, encouraging sales through the use of tools like coupons, premiums, contests *etc*. is referred to as Sales promotion.

3.2.7.1 Benefits of Sales Promotion

It offers the following three distinct benefits to customers.

i. **Communication** :It attracts customers' attention by providing information regarding the sale that may lead to the purchase of the product.

ii. **Incentive**: It incentivises the sales process through some concessions or inducement, thereby providing value to the customers.

iii. **Invitation**: It provides a distinct invitation to the customer to engage in the immediate transaction. At first, sales promotion was used as a tool to stimulate short term demand. But over time, sales promotion has become a major part of organisations' promotional mix and it is used on a large scale and at regular intervals for encouraging sales. It is highly utilised during the maturity of a product life cycle because the effects of sales promotion are more immediate and measurable than those of advertising. Further, it is highly effective in supplementing the advertising and personal selling campaigns of an organisation.

3.2.7.2 Objectives of Sales Promotion

Sales promotion is the only method of promotion that makes use of incentives to motivate or influence the customer, the dealer and the salesforce to make a sale. Sales promotion endorses sales by offering incentives that are generally non-recurring. According to the marketing author Stanley M. Ulanoff, sales promotion means "all the marketing and promotion activities, other than advertising, personal selling, and publicity, that motivate and encourage the consumer to purchase by means of such inducements as premiums, advertising specialities, samples, cents- off coupons, sweepstakes, contests, games, trading stamps, refunds, rebates, exhibits, displays, and demonstrations. It is employed as well, to motivate retailers', wholesalers; the manufacturer's sales forces to sell through the use of such incentives as awards or prizes (merchandise, cash and travel), direct payments and allowances, cooperative advertising, and trade shows".

The general purpose of sales promotion is to create demand for products, thereby increasing their sales. It acts as a stimulus to the advertising function of marketing. It realises a variety of objectives for both marketers and traders. The key objectives of sales promotion are listed below.

i. **Supplement**: It acts as a supplement to advertising and personal selling, thereby increasing demand.

ii. **Motivate:** It motivates the sales force to sell more by acquiring new customers, latent customers and new territories, especially for new products.

iii. **Expand Sales:** It increases sales of products, especially the new or slow-moving products and thus stabilizing the fluctuating sales patterns.

iv. **Participate**: It attracts all the distribution channel members to participate in the manufacturer's sales effort.

v. **Performance enhancement**: It improves the performance of distribution intermediaries like distributors, retailers *etc*. by motivating them to deal in high volumes of products.

vi. **vi. Influence**: It can persuade customers to switch brands in favour of the organization doing sales promotion.

vii. **Stabilize**: It can aid to overcome the seasonal fluctuation of products demand.

viii. **Induce**: It can induce retailers to promote the brand through local advertising, publicity and hoardings.

ix. **Risk Reduction**: It can reduce the risk perception associated with the purchase of a product.

x. **Counteraction**: It helps to counter competitors' sales promotion and marketing efforts.

xi. **Goodwill**: It aids in developing goodwill in the market.

Organizations may use any of the objectives or a combination of them in varying forms to suit their product and market needs. But it is of significance that the sales promotion objectives integrate with the promotional and marketing objectives of the organization.

Greened Limited decided to offer 20% price offs for customers and 30% price discounts for traders on all their Morningstar products. The following are the different methods of sales promotion frequently used by various organisations or brands.

3.2.7.3 Methods of Sales Promotion

Sales promotions are the use of different promotional techniques by an organisation to promote its products. The aim here is to increase the demand for the product by incentivising its purchase. This mostly stimulates customers to increase sales of the product and repeat purchases. The most commonly used methods of sales promotion are of two types: Consumer sales promotion and trade sales promotion.

A.Consumer Sales Promotion

The sales promotional activities that are designed keeping the end-user in mind are termed consumer sales promotions. Some of the different methods of consumer sales promotion include Price offs, bonus packs on products, premiums, free samples, contests and lucky draws *etc*.

Let us understand this one by one.

Price Offs

In this method of sales promotion, products are offered at a lower price than the normal selling price. This provides an incentive to purchase the product and offers direct benefits to consumers. It is aimed to stimulate a short term increase in sales. This method can be easily countered by the competition. Furthermore, this method is effective for a short time only because frequent use of this method might devalue the product and the brand due to its association with the low pricing frequently.

Bonus Packs

In this method of sales promotion, more quantities of products are offered at the same price. The extra quantity of the products might also be offered in a separate package. This method has a lesser risk of devaluing a product or brand image as the price is not lowered. This method encourages the buyers to consume more. It is especially useful for products that are consumed over some time like cold drinks, detergent, packaged food *etc*. For instance, a consumer notices a pack of detergent lasting 15 days instead of 10 days due to an increase in quantity providing a positive user experience, unlike a chocolate bar that is consumed in one go.

Premiums

In this method of sales promotion, any item is offered for free or at a low price as an incentive to purchase a product or to choose a brand. They are of two ***types***:

i. **Free in or on Pack Gifts :** Merchandise is offered as a gift with the product or brand. Usually, the gift is a free sample of a new product of a brand that the consumer gets to use. This aids in inducing consumption of a new product or brand so that consumers develop a good perception of it. This method is only effective when the gift is of a well-known brand and provided to the consumer like the gift or brand. For instance, a toothbrush offered with toothpaste will induce interest if the consumer likes the brand, brush and toothpaste all together.

ii. **Free in the Mail Offers** : A gift is offered when the purchaser sends a collection of product packaging (cover) in the mail as proof of purchase. Usually, the gift is a money voucher or another product. This redemption scheme is not followed through by most consumers if the gift offered is of small financial benefit. This method is most effective when the organization is successful in creating mass hysteria about the offer in the public or the gift is of high value.

Free Samples

In this method of sales promotion, free samples of a product are provided to the customer at the store or may be delivered at home. This method stems from the idea that after using the sample product consumers like it and start purchasing them. It is a sure-shot way of getting the customer to try new products. This method is the least effective if the product or brand has nothing new to offer.

Coupons

In this method of sales promotion, a customer receives price offs, free items or any other offer upon presenting a standard certificate, termed coupon. This coupon is usually delivered to the customer through mail, magazines, newspapers, inside product packaging, at stores after purchase of a certain quantity of products *etc*. The coupons aid in the initial and repeated purchase of products. Coupons are redeemed by most customers making it a highly effective method of sales promotion. Most of the time brands provide coupons against a purchase that can be redeemable against the consumer's next purchase mostly for the same brand. It is usually less effective than price off to raise initial sales, but it is highly appealing to the existing or loyal customers.

Contests and Lucky Draws

In this method of sales promotion, participation in a contest or lucky draw is exercised with a great prize for winners. Usually, entry for this contest or lucky draw is provided with the purchase of a product. The aim is to attract the attention and interest of the public towards the brand or product. This method of sales promotion needs to be boosted through advertising to ensure maximum participation. This method can be advertised without any ill health to the goodwill of the organisation. This is because the frequent use of sales promotions schemes like price-off and gifts can be perceived by customers as a brand or company not doing well and is desperate to sell.

Next, let us look at the second most common method of sales promotion.

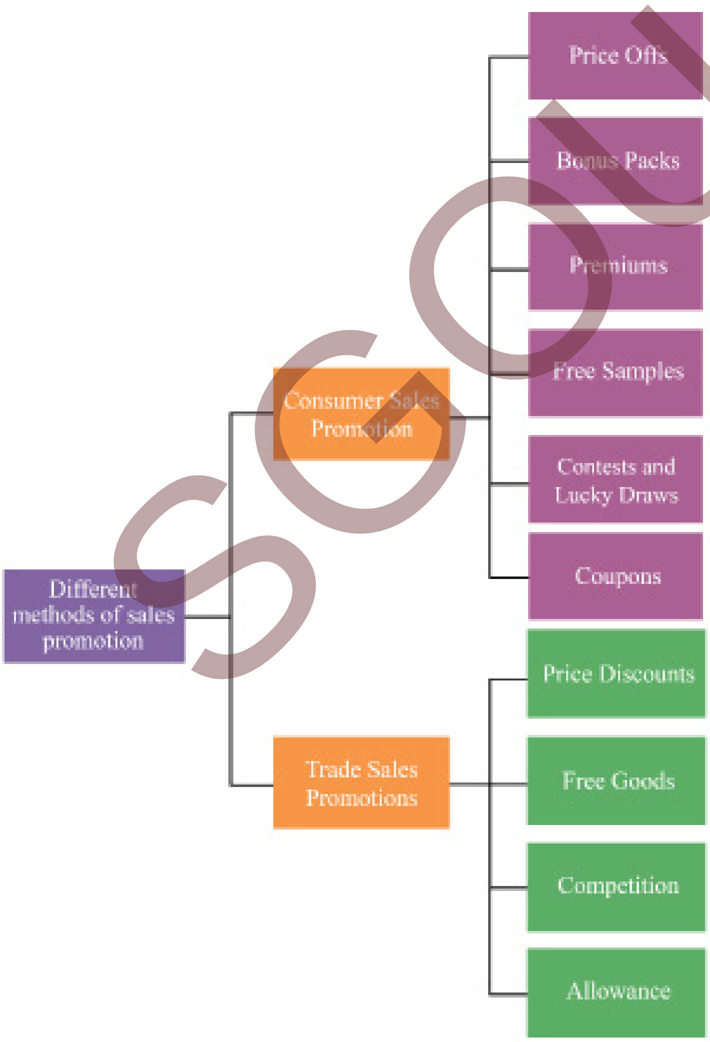

Fig. 3.2.4 Methods of Sales Promotion

B. Trade Sales Promotions

The sales promotional activities that are focused on the dealers, distributors or agents, wholesalers, retailers (collectively known as traders) in mind are termed as trade sales promotions. Some of the different methods of trade sales promotion include Price discounts, Free Goods, Competition and Allowance *etc*.

Price Discounts

In this method of sales promotion, the traders (distributors, wholesalers, retailers *etc*.) are offered discounts on product prices in exchange for doing continuous and increasing business with the organisation or brand. This scheme is offered to traders when they have purchased a certain number of units of the brand. These schemes or methods vary as per the size and reach of the respective traders. This discount is usually part of a joint promotion strategy whereby the traders agree to buy larger quantities of the same brand, provide extra shelf space for these stocks and allow in-store promotions for this brand. To avoid traders getting greedy, the organisation needs to strengthen their brand among the public so that it can command huge demand. Even the most influential trader will keep the brands with huge customer demand.

Free Goods

In this method of sales promotion, the traders are offered more products at the same price. The scheme mostly translates into the organisation or brand offering free goods.

Sales Contests or Competition

In this method of sales promotion, the organisation or the brand offers prizes or financial incentives to the trader's sales force in exchange for achieving predetermined sales targets for its products. This scheme allows increasing sales for its products, at the same time wields some influence over trader's salespersons. This induces loyalties towards the organisation or brands in the salespersons, but this remains an effective method of sales promotion when the trader also remains part of this scheme.

Allowances

In this method of sales promotion, the organisation or brand offers allowances in the form of money in exchange for traders providing promotional facilities or for pushing its products in the store. For instance, an allowance is provided to the trader to display cards or cutouts at the store or the shelves. The allowance can be anything like exclusive pricing discounts or sales incentives on sold products for the trader.

The different sales promotion techniques are selected based on sales promotional objectives and relative marketing objectives of an organisation or a brand.

3.2.8 Advertising Vs Sales Promotion

In general advertising and sales promotions are assumed to mean the same thing, but these two terms represent different activities of marketing. While advertising is done to build the organisations' or brands' image and the result of this repeats over the passage of time, sales promotion is done to promote the sale of a brand or a particular product of an organisation and the results are more immediate with focus on getting revenues. Though they are interchangeably used in general talk, advertisement and sales promotions carry different meanings in marketing. So, let us understand the key differences between advertising and sales promotions.

Definition

Philip Kotler, defined advertising as, "any paid form of nonpersonal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor." whereas "sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and or greater purchase of particular products or services by consumers or the trade".

Aim

Advertising aims to attract ultimate consumers whereas sales promotion aims to attract not only customers but traders as well.

Idea

The idea behind advertising is to build up brand loyalty, whereas the idea behind sales promotion is to break down the loyalty of customers towards competing brands.

Stimulation

Advertising stimulates general inducement to change attitude, whereas sales promotion stimulates specific inducement to change action.

Effect

The effects of advertising are repetitive and frequent as it is long term and cumulative, whereas the effects of sales promotions are short term and noncumulative in the short run.

Utility Perception

Heavy use of advertising is mostly perceived as higher quality products or brands, at the same time heavy and frequent sales promotion is mostly perceived as having cheaper or lower quality products or brands.

Medium

The medium of advertising is print, digital media *etc*. whereas the media of sales promotion are contests, premium, discounts, price offs etc.

Offer

In advertising, a reason is offered to buy the products, whereas in sales promotion an incentive is offered to buy the products.

Despite such differences in advertising and sales promotions, they always complement each other if utilised in the right proportions by an organisation or brand.

Of late, sales promotion has emerged as one of the most popular methods of promotion, as it motivates an early purchase with an extra incentive. Sales promotions can be offered by an organisation or brand at all levels of the consumer, trader and sales force. Sales promotions utilise various techniques to achieve the objective of motivating customers to buy the products. Thus, with growing competition sales promotion has become one of the vital elements of the promotional mix strategy of various organisations or brands

3.2.9 Direct Marketing

The term "direct marketing" was first popularized by an American man named Lester Wunderman. In 1967, he identified trends in marketing and defined it using the term "direct marketing." Thus, Wunderman is considered to be the father of contemporary direct marketing. Coincidentally, he was also responsible for the creation of the toll-free 1-800 number, an invention that is still widely in use today.

Communicating an offer directly to the customer is termed direct marketing or direct response marketing. It involves organisations directly communicating to a preselected customer and providing them with a means for a direct response. Direct marketing strategies involve the utilisation of emails, online advertisements, flyers, database marketing, promotional letters, newspapers, outdoor advertising, phone text messaging, magazine adverts, coupons, phone calls, postcards, websites, catalogue distribution etc.

According to Philip Kotler and Gray Armstrong, "Direct marketing is marketing through various advertising media that interact directly with consumers, generally calling for the consumers to make a direct response." In simple words, direct marketing is targeted advertising towards a person or organisation to generate new business, raise the profile of brands or products or make a sale. Direct mail, telemarketing and email marketing are some of the most popular ways of direct marketing.

3.2.9.1 Types of Direct Marketing

1. **Email:** Email marketing can be used as a direct marketing strategy. Through email, marketers send promotional messages, announcements and newsletters to current or potential customers. These communications can include special offers, promo codes or other relevant information.

2. **Newsletters:** Newsletters are regularly distributed emails that provide updates, information and entertainment. They serve as a consistent touchpoint between a brand and a customer and can be segmented to increase personalization. For example, followers of a running club on social media might receive an email newsletter with tips for improving your speed, alongside a coupon for discounts on new sneakers.

3. **Social media:** Social media marketing uses platforms like TikTok, Facebook, and Instagram to reach audiences. Brands can send direct messages or use targeted ads to reach potential customers, leveraging a vast user base and datarich environment.

4. **Social media DMs:** Direct messages on social media are personalized messages sent to followers or potential customers. They offer a direct and instantaneous line of communication, allowing brands to address specific customer queries, concerns or interests.

5. **Targeted social ads:** Targeted ads are tailored based on a user's age, gender, interests, purchase and browsing history and other demographic factors. This allows brands to reach the right audience with the right message. For instance, followers of Instagram influencers popular with teens might be served Facebook ads for an acne remedy, based on the assumption that they are more likely to be interested in the product.

6. **Catalogues:** Catalogues, printed or digital booklets that showcase a brand's products, are the historic form of direct marketing. They are typically sent to customers who have shown previous interest in products, offering a tactile and branded way to browse.

7. **Flyers, postcards, and coupons:** These marketing materials can be sent physically through mail or digitally via email. They often include information about recently launched products and services or news of an upcoming sale or special event. While sometimes seen as an old-fashioned form of direct marketing, the presence of a physical (perhaps personalized) piece of branded content in your prospect's home can be a more persuasive sales tool than an email sitting in their inbox.

8. **In-person (direct selling):** In-person direct selling involves selling products or services to customers face-to-face. This allows for immediate feedback and personal interaction, enhancing the customer's connection with the brand.

9. **Pop-ups:** Pop-ups are temporary sales spaces that allow customers to experience products or services firsthand. They offer a unique and engaging shopping experience, often in high-traffic areas, to reach a broad audience.

10. **Telemarketing:** Telemarketing involves contacting potential customers over the phone to sell products or services. This direct approach allows for immediate interaction and response, making it a powerful tool for sales and customer engagement.

11. **Cold calling/Cold Outreach:** Cold outreach is a specific telemarketing strategy where businesses call large lists of potential customers, often without prior

contact. Despite being unsolicited, it can reach a broad audience quickly and can generate leads if executed effectively.

12. **SMS:** SMS marketing involves sending promotional text messages to customers. With the rise of messaging apps like WhatsApp and Facebook Messenger, businesses are finding new ways to reach customers via text. For example, a brand might send a text message with a reminder about items left in a shopping cart.

3.2.9.2 Importance of Direct Marketing

Unlike before we live in a world that is always connected via the internet, mobile phones, emails and customer databases. This makes it vitally important for businesses to make use of this facility to directly connect with their customers due to the following reasons.

1. **Reaches people immediately:** As most people do check their mails, emails and social media pages daily, implementing direct marketing aids in reaching people more quickly.

2. **Efficient:** as only a select section of the market is targeted with messages, especially the people who seem interested in the product or brand, or people who are most likely to respond to a special offer.

3. **Customizable:** The access to key demographics and behavioural patterns obtained online aids the organisations to customise the messages to match the recipients' needs to gain their maximum attention. Here the customer data is the key to talking to the customers directly, as individuals.

4. **Trackable:** The offers used in the direct marketing messages usually have a special code or link which can be utilised as a way to track the success rate of the campaign. This is because every time a person clicks on the link or calls the given toll-free number in the message it can be tracked to the consumer. So, the number of responses can be determined to gauge the effectiveness of direct marketing. These ways of direct marketing are highly desirable by all online businesses.

3.2.9.3 Benefits of Direct Marketing

As direct marketing involves a direct response strategy, it has the following benefits:

1. Targeting Based on demographics and buying behaviour information obtained, an organization can send specific marketing messages to particular groups of people and the most likely customers. The more targeted the campaigns, the most effective the direct marketing.

2. Personalisation : It provides a personal touch when reaching the audience, especially when the direct mail or email can be addressed to the recipient. It can even include details like past orders and recent offers that suit the recipients' needs and search history on the websites. A phone call that engages a customer in conversation to develop a relationship with the business or brand.

3. Affordable As compared to tactics like mass media marketing a direct marketing strategy is very cost- effective. It is more affordable for small and medium enterprises.

4. MeasurableThe effectiveness or success of the direct marketing campaign can be easily tracked. This is because most marketing messages request the recipient to take a particular action or use a specific voucher code to redeem a special offer which when entered can be used to track and gauge the number of people responding to the campaign.

5. Informative Direct marketing messages can include detailed information on the products, services and prices unlike other modes of advertising. Thus, direct marketing may yield quicker, direct and more informative results.

3.2.10 Digital Marketing

The widespread adoption of the internet for personal and business use has brought about new channels for advertising and marketing. Unlike traditional marketing which included mediums like print, billboard, television and radio advertisements, digital marketing uses digital mediums to attract, engage and convert online users to customers. Online marketing is the process of leveraging web-based media to broadcast the message about products or services or brands to the customers. The platforms utilised for online marketing includes email, social media, display advertising, search engine optimisation, Google Ad Words etc. Online marketing is also known as Digital Marketing because the online marketing uses digital platforms for promotional activities. The main objective of online marketing is to optimally influence potential customers through web-based channels where they are spending a huge part of their time for reading, searching, shopping and socialising. According to Dave Chaffey, digital marketing is "the application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives." According to Kotler& Armstrong, "online marketing is an effort to market products and services and build customer relationships over the Internet."

The seven major online marketing strategies can be explained as follows.

1. **Search Engine Optimisation :** Before purchasing something, people prefer to search online especially using the Google search engine. The item they are looking for is most often shown on the first or second page of google search. This is done using Search Engine Optimization (SEO). A website must be optimised as Search Engine friendly, otherwise the website does not get exposure in the

search results pages. This will result in a missed opportunity to grab potential leads and exposure to the business. SEO is free to implement and it increases the website's exposure and traffic gradually over time.

2. **Pay-per-clickAdvertising:** Websites and search engines show ads on the web pages that are most relevant to the topic of search. Any organisation can advertise their products or brands on these pages. Each time a person who is surfing the internet clicks on these ads the organisation that is advertising their product has to pay the host of the webpage. That is, each time a user clicks on the advertised links, the company that is being advertised would have to pay for the number of clicks. It is the easiest and fastest way to gain traffic to any website. The traffic generated through this strategy is not considered organic but it is widely used at the initial stages of all websites as SEO strategy takes time to bring organic traffic.

3. **Content Marketing :** Promoting a business through interaction with the customers and convincing them to make a purchase is termed content marketing. This includes making Videos about the product or brand, adding Testimonials, E books, Podcasts, Infographics, Blog posts, Social media posts etc. on all the internet platforms especially the organisation website or their social media page. All of these significantly contribute to the online marketing campaign that aids to build awareness among consumers about the business. Content marketing is vitally important for online marketing to take effect. Irrespective of the online marketing strategy, content marketing is needed to attract and build the customer base and brand, thus engaging the target audience into forming an interest in the business.

4. **Social Media Marketing:** Social Media Marketing is the most trending and effective form of online marketing. The growing number of social media users on the internet enables an organisation to expose its business around the globe. Social media also provides the consumer's behavioural data that allows to better target the most qualified customers from the pool of social media users. It is the most significant avenue to speak about the products and brands while being in touch with the potential customers on a platform in which they spend most of their time. Along with providing customer services, social media can be utilised to run advertisement campaigns, contests, create engaging content etc.

5. **Email Marketing :** According to the research by Forbes Magazine, an average person checks their email close to fifteen times a day. The act of sending commercial messages to potential customers' emails is referred to as email marketing. The messages include weekly newsletters, promotional offers and updates about their products and services. Though it is not an ideal method to generate fresh leads for a business, it is more often a form of communication with the customers who are users of the product or services or who have shown interest, especially if they have subscribed to the business updates of the organisation or brand. The chances of keeping regular and loyal customers to repurchase increases as a result of email marketing.

6. **Affiliate Marketing :** An organisation employing a brand ambassador for promoting the business, who engages with potential customers and recommend them the products or services for a commission or pay, is termed Affiliate Marketing. These brand ambassadors are mostly the social media influencers or celebrities who are influential enough to grab the attention of the audience on the online platforms. Most often they promote the products or services through their contents, comments, interviews etc. Furthermore, this marketing also extends to promotion via complementary products or brands, like Pepsi drinks being promoted by Subway. An organisation must have a better understanding of how each segment of online marketing can contribute to its business. This would aid the organisation to determine the structure of online marketing they would want to develop and execute

Recap

- ◊ Promotions: Activities a company undertakes to communicate and promote its products to the target market.
- ◊ Promotion Mix: Array of marketing communication tools in various proportions or blends chosen by an organization to realise its promotional goals at specific periods.
- ◊ Advertising: Any paid form of non-personal communication through the mass media regarding a product, a service or an idea by an identified sponsor.
- ◊ Meaning of Advertisement:Any paid form of non-personal presentation and promotion of goods, services or ideas by an identified sponsor.
- ◊ Types of Advertisement: Commercial Advertisement; Non-Commercial Advertisement; Primary Demand Advertisement; Selective Demand Advertisement; Classified Advertisement; Display Advertisement; Comparative Advertisement.
- ◊ Personal Selling: Oral presentation in a conversation with potential buyers for making sales.
- ◊ Publicity: Activity to promote a company or its products by planning news about it in media not paid for by the sponsor.

◊ Public Relations: Management of communication between an organisation and its public to establish goodwill and mutual understanding.

◊ Sales Promotion: Variety of short term incentives that encourage trial or purchase of a product or service.

◊ Advertising Vs Sales Promotion:

- Advertising: A paid form of non-personal presentation and promotion of ideas, goods and services through mass media by an identified sponsor.

- Sales Promotion: Diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and or greater purchase of particular product or services by consumers or treaders.

Objective Questions

1. What is the marketing term that refers to the various persuasive tools of marketing communication?
2. Which component of the promotional mix is the use of messages to directly communicate with the target audience?
3. Which marketing activity involves paid form of non-personal communication through the mass media regarding a product, a service or an idea by an identified sponsor?
4. What is the term used for face to face interaction with one or more prospective purchasers to make presentations, answer questions and procuring orders?
5. What is the fundamental function of a salesman?
6. What is referred to as unpaid communication about a product or organisation through mass media?
7. What is the management of communication between an organisation and its public to establish goodwill and mutual understanding?
8. What consists of a diverse collection of short-term incentive tools, designed to stimulate quicker and or greater purchase of the product?
9. Which method of consumer sales promotion offers discounts or free items to a customer upon presenting a standard certificate?
10. Which method of trade sales promotion offers money in exchange for the traders providing promotional facilities in the store?

Answers

1. Promotion
2. Direct Marketing
3. Advertising
4. Personal selling.
5. Selling
6. Publicity
7. Public relations
8. Sales promotion
9. Coupons
10. Allowances

Self-Assessment Questions

1. Define the concept of Promotion
2. What is Promotion Mix? What are the components of Promotion Mix?
3. What is meant by Advertising?
4. Differentiate between Advertising and Advertisement.
5. Elaborate on the different types of Advertisement.
6. What do you understand about Personal Selling?
7. Differentiate between Publicity and Public Relations.
8. What is Sales Promotion?
9. What are the benefits of Sales Promotion?
10. What are the differences between Advertising and Sales Promotion?

Assignments

1. Write a report regarding the type of advertisement employed by an organization of your choice.
2. Develop a sales presentation for a new product or service. Incorporate persuasive techniques, visual aids, and effective communication strategies to engage potential customers and address their concerns or objections.
3. Analyse the effectiveness of a recent sales promotion campaign conducted by a leading retailer or e-commerce company. Evaluate the promotional strategies used, their alignment with the company's objectives, and the impact on consumer behaviour and sales. Provide recommendations for improvement.
4. Conduct a comparative analysis of sales promotion strategies employed by two direct competitors in the same industry (e.g., fast-moving consumer goods, automotive, or hospitality). Identify the similarities and differences in their approaches, and assess the potential impact on consumer behaviour and brand loyalty.

Suggested Reading

1. Belch, G. E., & Belch, M. A. (2021). Advertising and promotion: An integrated marketing communications perspective (12th ed.). McGraw-Hill Education.
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3. Shimp, T. A., & Andrews, J. C. (2013). Advertising, promotion, and other aspects of integrated marketing communications (9th ed.). Cengage Learning.
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5. Blattberg, R. C., & Neslin, S. A. (1990). Sales promotion: Concepts, methods, and strategies. Prentice-Hall.

BLOCK 04

Trends in Marketing

Unit 1

Understanding New Trends

Learning Outcomes

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

- ◊ familiarize the concept of service marketing and its significance in the modern world.
- ◊ analyse the idea of social marketing and its relevance
- ◊ comprehend the concept of Green Marketing and relationship marketing.

Prerequisite

Imagine one day, two friends, Anu and Meera, decided to get a haircut. Anu went to a salon where she was greeted warmly, offered juice, and the stylist took time to understand her preferences. Meera, on the other hand, went to a nearby salon where no one acknowledged her properly, and the stylist rushed through the job without asking much. Later, Anu felt relaxed and happy with her experience, while Meera felt ignored, even though both had similar haircuts. This shows how, in services, the experience matters more than the physical outcome. Here we can see that several factors contribute to good service, such as personal attention, communication, responsiveness of the stylist, service quality, environment of delivering service all adds in building a relationship with the customer. These elements make the customer feel valued, which is at the heart of successful service marketing.

Keywords

Marketing for services, Heterogeneity, Inseparability, Green marketing, Social marketing, Relationship marketing, Customer Life Time Value, Rural Marketing, Engagement Rate

Discussion

4.1.1 What is Service?

A service is an intangible benefit, activity, or performance offered to customers to fulfil their needs and wants. Unlike physical goods, a service cannot be seen, touched, or stored. The intangible nature of services often leads to a sense of uncertainty regarding the outcome or quality of the service. When a customer orders a cappuccino, the coffee itself is a tangible product-they can see it, smell it, and taste it. However, the overall value of the experience goes beyond just the physical beverage. Factors such as the politeness of the waiter, the cleanliness and ambiance of the shop, the speed of service, and the welcoming attitude of the staff all contribute to the customer's satisfaction. These elements, which are intangible and cannot be owned or stored, constitute the service component.

According to the American Marketing Association. services are the "activities, benefits and satisfaction which are offered for sale or are provided in connection with the sale of goods."

"A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is transitory, often intangible in nature, and does not normally result in ownership of any of the factors of production."- Philip Kotler.

4.1.1.1 Characteristics of Service

1. **Intangibility :** Services cannot be seen, touched, or held like physical products. They are experiences or performances rather than objects. Because customers can't try a service before buying it, businesses must work harder to build trust. Example: When booking a hotel room online, you cannot "see" the stay experience in advance — you rely on reviews, ratings, photos, and brand reputation to make a decision.

2. **Inseparability :** Services are produced and consumed at the same time, and the customer is often directly involved in the process. This makes the interaction between service provider and customer very important as service providers need to manage the customer experience and interactions carefully. Example: In a hair salon, the haircut is being delivered while the customer is present and engaged in the process — you can't separate the stylist from the service.

3. **Perishability :** Services cannot be stored or saved for later use. If not used at a certain time, the opportunity is lost. This means service providers need to manage time, resources, and demand efficiently.

Example: An airline seat that is not sold for a particular flight cannot be used or sold later - once the flight departs, that seat's revenue is lost.

4. **Heterogeneity (Variability) :** Services can vary from person to person, or day to day, depending on who provides them and how they're delivered. Businesses need to ensure consistency through training and systems. Example: A meal served in a restaurant may taste slightly different depending on the chef, or the customer service may vary depending on the staff working that day.

5. **Lack of ownership :** Customers pay for a service but do not gain ownership of anything which is tangible you are paying for the experience or access. Example: When you pay for a Netflix subscription, you don't own the movies or shows — you only have access to watch them while your membership is active.

4.1.2 Services Marketing

Imagine a situation of visiting a salon or a circumstance when u had ordered food from a restaurant or you have taken a ride in an Uber? In all these cases, you actually didn't buy a product but you have paid for a service that you received. Service marketing is all about how companies promote and deliver service rather than buying a physical product. It focusses on all those activities in creating good customer experiences as service is an intangible activity which can't be seen or touched.

Service marketing is a specialized branch of marketing that focuses on promoting and delivering intangible offerings like banking, healthcare, education, IT, hospitality and consulting rather than physical goods. Unlike product marketing, service marketing deals with experience and relationships rather than objects, making it more dependent on customer interaction, trust and satisfaction. Service marketing focuses on making customers happy by treating them well, thereby building trust and maintaining good relationship with them. It can be referred to as the integrated system of business activities designed to plan, price, promote and distribute appropriate services for the benefit of existing and potential consumers to achieve organizational objectives.

Philip Kotler defined service marketing as: "Service marketing is the process of planning, implementing, and controlling marketing activities for services to satisfy consumer needs and achieve organizational objectives".

Examples of Service Marketing:

- A bank promoting its quick and secure mobile app
- A salon advertising its expert stylists and its ambience.

4.1.2.1 Scope of Service Marketing

Services have become an inseparable part of our daily lives—from sending money online to getting a haircut at a salon. But have you ever wondered how businesses promote these experiences that can't be touched or stored? That's where the scope of service marketing begins. In today's economy, services play a major role in every sphere of life and paves the way for the businesses to deliver value in areas like healthcare, finance, education, and entertainment. Whether it's visiting a hospital, attending a coaching class, or enjoying a weekend stay at a hotel, we all depend on services. The way these services are marketed to attract and retain customers is what defines the wide scope of service marketing. As of now, more services move online and focus on customer satisfaction, the need for smart service marketing continues to grow.

4.1.2.2 Importance of Service Marketing

The intangible nature of services makes it challenging to be marked to consumers. But service marketing is vital for a business in the following ways.

1. **Revenue Generation :** Service marketing helps businesses grow revenue by building trust, showcasing value, and turning customers into loyal supporters. For example, Uber uses personalized and reliable service marketing activities such as offering reliable rides supported by personalized digital campaigns and local service adaptations to attract users, leading to global success and high earnings. This approach has helped Uber build strong customer relationships and generate billions in revenue across the globe.

2. **Customer Loyalty :** Customer loyalty is the key to business growth, and service marketing plays a major role in building it by offering consistent and high-quality experiences.

   For example, Amazon strengthens loyalty through services like Prime, fast delivery, and personalized recommendations, making customers feel valued and more likely to return.

3. **Customer Retention :** In a highly competitive market, retaining customers are more challenging. Service marketing helps to retain customer by addressing them and by providing consistent, high- quality experiences that build trust and satisfaction. For instance, telecom brands like Airtel and Jio retain customers through reliable service, loyalty programs, and strong support systems, reducing the need for costly new customer acquisition.

4. **Brand Image:** Service marketing plays a key role in building and strengthening a company's brand image by consistently delivering quality experiences that reflect its core values. For example, TCS has built a trusted brand through its focus on innovation, integrity, and customer-centric service, helping it to stand out in the competitive IT industry.

5. **Customer Satisfaction:** In the service industry, employee satisfaction has a direct impact on customer satisfaction. A strong service marketing strategy not only addresses customer needs but also supports and motivates employees to deliver excellent service. For example, Zappos focuses on keeping employees happy through training and a supportive work culture, which leads to exceptional customer service. When employees feel valued and understand their role

in shaping customer experiences, they are more engaged and contribute to a stronger brand image and better service delivery.

6. **Trust Building:** Trust is a fundamental component in service companies, and service marketing is the essential role of building and maintaining trust. Intangibility of services means customers are dependent on brands that are good at communicating, consistent in delivery, and have a good reputation. For example, MakeMyTrip has gained the confidence of customers through transparency of prices, excellent service, and timely solving of problems. Highlighting customer feedback and keeping promises for services enhance credibility and encourage customer loyalty.

7. **Market Adaptability:** In today's fast-changing business world, being flexible and responsive is essential for success. Service marketing helps companies quickly adjust their offerings based on customer needs, market trends, or new technologies. For example, during the COVID-19 pandemic, Swiggy adapted rapidly by launching contactless delivery and promoting safety measures through marketing. This helped the brand maintain trust and customer loyalty during a difficult period. By using customer feedback and staying aware of market changes, businesses can respond effectively and stay ahead of competitors. This adaptability builds a positive brand image and ensures continued growth even in challenging situations.

Service marketing is vital to business success and longevity, particularly in the highly competitive and dynamic business environment of today. From generating profits and customer loyalty to creating brand image and adjusting to market shifts, successful service marketing enables companies to create long-term customer relationships. By focusing on trust, satisfaction, and tailored experience, companies not only manage to exceed customers' expectations but also long-term growth and loyalty.

4.1.3 Green Marketing

Have you ever picked up a product from the supermarket with a tagline that says "100% biodegradable packaging" or "Made from recycled material"? Have you noticed how some companies boldly declare on their products, "No plastic used" or "Cruelty-free testing"? These are all examples of green marketing — where businesses attempt to promote their products while also trying to protect the environment.

What is Green Marketing?

Green marketing refers to the process where companies promote their goods or services by showing that they are environmentally friendly. It is also known as eco-friendly marketing. Green marketing strategies focus on how a product or service is made, packaged, or delivered in a way that reduces harm to the environment. It reflects a growing social movement toward sustainable and ethical business practices, especially in response to climate change and environmental concerns.

The American Marketing Association (AMA) defines green marketing as the marketing of products that are presumed to be environmentally safe. This definition emphasizes that green marketing involves promoting products or services based on their environmental benefits — such as being biodegradable, recyclable, energy-efficient, or sustainably produced.

Example : Tata Motors – Green Approach

Tata Motors has launched electric vehicles like the Tata Nexon EV to reduce fuel consumption and cut down on air pollution. These vehicles are marketed as eco-friendly alternatives to traditional petrol and diesel cars. This not only benefits the environment but also helps to build a positive, green image of Tata Motors among Indian consumers.

4.1.3.1 Scope of Green Marketing

Green marketing also known as sustainable marketing or eco-marketing, is a wide umbrella of activities undertaken to promote commodities, services, and business techniques that are friendly to nature. Its application is widespread in numerous industries including consumer goods, energy, fashion, automobile, and technology, where companies employ green strategies to cope up with increasing popularity of sustainability. Firms practice green marketing through the manufacture of biodegradable packaging, carbon footprint reduction, utilization of renewable power, and encouraging recycling. It also encompasses eco-labelling, green branding, and moral advertising in order to inform consumers about green products. Besides profit motives, companies apply green marketing to increase corporate social responsibility (CSR), meet environmental regulation, and establish long-term consumer confidence. With growing global awareness of climate change and the deterioration of the environment, the application of green marketing keeps on expanding, impacting supply chains, product innovation, and customer psychology globally. Generally speaking, it is a move towards sustainable economic development and responsible consumption and thus is an integral part of contemporary business strategy.

4.1.3.2 Importance of Green Marketing

Green marketing plays a vital role in today's business environment, where both companies and consumers are becoming more conscious of their impact on the planet. Green marketing helps in raising awareness about environmental issues and encourages consumers to make more suitable choices.

1. **Builds Environmental Consciousness Among the Public :** Green marketing plays an important role in informing and educating people about environmental challenges like pollution, waste issues, climate change and deforestation. Through green campaigns, consumers are guided to adopt more eco-conscious habits in their daily lives.

Example: A water brand running a campaign on saving water and reducing plastic bottle use can increase public awareness about water scarcity.

2. **Unique Identity :** When dealing in eco-friendly products and practices companies tend to differentiate from their core competitors and naturally attract customers who want to make greener choices in their everyday lives.

   Example: Samsung has introduced eco-packaging and energy-efficient appliances, appealing to tech users who value sustainability.

3. **Strengthens Brand Credibility and Trust:** Companies that are involved in producing eco-friendly products are seen as more reliable and environmentally responsible.

   Example: A cleaning brand that uses plant-based, non-toxic ingredients builds customer trust by showing it cares for both people and the planet.

4. **Supports environmental sustainability:** By adopting eco-friendly practices and promoting them through marketing, companies help to drive positive change and contribute to more sustainable future.

   Example: Apple has committed to using 100% recycled aluminium in some of its products, reducing the need for new mining and helping protect natural resources.

5. **Enhances customer loyalty and competitive advantage**: Companies embracing green marketing build stronger connections with eco-conscious consumers, fostering loyalty and market differentiation.

   Example: Patagonia's sustainability efforts, like gear repairs and recycled materials, have earned a dedicated customer base.

4.1.4 Social Marketing

Imagine our country united by a simple two-drop mission- — "Do Boond Zindagi Ki." This was the powerful slogan behind India's Pulse Polio Campaign, in which polio workers, celebrities, and community volunteers worked tirelessly day and night to encourage parents to get their children immunized against polio. Through TV commercials, radio jingles, posters, and door-to-door visits, the campaign wasn't selling a product — it was changing behaviour for the common good. This is a perfect example of social marketing — the use of marketing strategies not for profit, but to promote ideas and actions that benefit society. Social marketing focuses on influencing voluntary behaviour change through smart communication, with the ultimate aim of public well-being. The term "social marketing" was first introduced by Philip Kotler and Gerald Zaltman in the early 1970s. They described it as the use of marketing principles and techniques to promote a social cause, idea, or behaviour rather than a product or service for profit.

According to Andreasen, "social marketing can be defined as the application of commercial marketing technologies to the analysis, planning, execution and evaluation of programs designed to influence the voluntary behaviour of target audiences in order to improve their personal welfare and that of their society"

Social marketing is a strategy that involves using marketing principles and techniques to create, communicate, and deliver value in ways that benefit society. It is commonly used by non-profit organizations, government bodies, and even profit-based companies with CSR goals, to spread awareness and drive action on important issues such as:

- Public health (e.g., vaccination, nutrition)
- Road safety (e.g., wearing seatbelts, not using mobile phones while driving)
- Environmental protection (e.g., waste reduction, tree planting)
- Social issues (e.g., education for girls, anti-smoking campaigns)

Some of the features of social marketing is that it primarily focus on behaviours, the change in behaviours is typically voluntary, traditional marketing principles and techniques are followed in the process of social marketing and finally the primary beneficiary is the society itself .It was observed that the primary objective of traditional commercial marketing is mostly profit making but in the case of social marketing is to achieve a common good. For example," No Smoking" advertisements before the commencement of movies in theatres aims to promote healthy living among people by showcasing the disease related to the use of tobacco use.

4.1.4.1 Importance of Social Marketing

Social marketing act as a powerful tool to bring about positive changes in people's behaviour and attitudes. It helps in spreading awareness and quickly catches public attention by influencing how people think and act on social issues. For an effective social marketing process, the message to be conveyed must be clear, relatable, and connect with the everyday life and values of the target audience. It should reflect what people care about and understand the issues that the society faces. Below are some points explaining why social marketing is important for organizations.

1. **Builds Brand Awareness :** Through social marketing, brands can increase their awareness among the public by conducting campaigns related to social issues which catches the eyes and hearts of the general public. Hence social marketing act as a medium to make people familiar with the brand.

2. **Cost- effective :** In order to promote a brand in a cost-effective manner the companies conducts campaigns focused on real social concerns to grab audience attention and thereby helps brands to gain recognition without the need for spending on massive advertising.

3. **Simple Way to Connect with the Public :** One of the easiest ways to reach the public is through social marketing campaigns which can easily drive changes in society if the product or offers seems to fit with the message they deliver.

4. **Society's well-being :** The main aim of social marketing is to bring a positive change in the society by improving people's lives and spreading awareness. When companies genuinely work towards social good, they not only help the public but also build trust, which can support their overall business goals. In this way, doing good for society becomes a win-win for both the community and the company.

5. **Promotes Positive Behavioural Change :** By organizing various social marketing campaigns, people are encouraged to adopt healthier and more sustainable behaviours such as for example Anti-smoking campaigns to reduce tobacco use, vaccination drives to improve public health.

Social marketing act as a powerful tool for promoting positive change in the society by influencing attitudes and behaviours. It helps organizations to address various important issues like health, safety, and building an eco- friendly environment by creating public trust and brand value.

Case Study: KSEB's Role in Social Marketing

Social marketing is the use of marketing techniques to promote positive behavior change for the benefit of society rather than for profit. The Kerala State Electricity Board (KSEB) is a great example of this. Through various campaigns, KSEB encourages the public to conserve electricity by switching to energy-efficient appliances such as using LED bulbs, to report snapped wires immediately and install solar panels through its Soura project, and follow electrical safety measures. These campaigns use posters, ads, and community outreach to influence public behavior. By promoting energy conservation and safety measures, KSEB demonstrates how marketing can be used to create awareness and drive social good.

4.1.5 Rural Marketing

Rural Marketing refers to the planning and execution of marketing functions to serve rural consumers. It involves identifying the needs of people living in villages and smaller towns and delivering products and services that are affordable, accessible, and acceptable to them. This process is unique due to various social, economic, and infrastructural challenges.

According to Kotler & Keller (2016), rural marketing is "the process of creating value for rural customers through tailored marketing mixes."

4.1.5.1 Characteristics and Importance

1. **Demography :** According to the 2011 Census, 65% of India's population (≈833 million) resides in rural areas. This represents a market larger than Europe's entire population. Companies like Hindustan Unilever derive 50% of their sales (e.g., Wheel detergent) from rural India, showcasing its vast potential.

2. **Income & Consumption Patterns :** Rural incomes are primarily agriculture-dependent, with spending peaking post-harvest and during festivals. Brands time product launches and discounts to align with these cycles. For instance, Mahindra Tractors sees 60% of annual sales during pre-sowing seasons (October–December).

3. **Price Sensitivity :** Rural consumers prefer low-unit packs (e.g., ₹5 sachets) due to budget constraints. Affordable pricing drives penetration. Colgate and Parle-G dominate rural markets through ₹5–₹10 packs, accounting for 70% of their rural sales (Nielsen 2023).

4. **Brand Loyalty & Influence :** Purchasing decisions are heavily influenced by local leaders (teachers, shopkeepers). Word-of-mouth marketing is pivotal. Dabur trains village pharmacists to recommend Chyawanprash, boosting credibility and sales.

5. **Market Infrastructure :** Limited organised retail; 90% of rural trade relies on kirana stores and weekly haats. Innovative distribution is essential. Amul uses bicycle networks to deliver milk, while Airtel Payments Bank turns kirana stores into banking hubs.

4.1.5.2 Rural Marketing Strategies

To succeed in rural markets, companies develop special marketing strategies. These approaches focus on four key areas: product adaptation, pricing techniques, distribution systems, and promotion methods. Each area requires careful planning because rural customers have different needs and challenges compared to urban consumers.

1. **Product Strategy for Rural Markets :** Companies modify their products to suit rural lifestyles and budgets. Small packaging is common, with products like shampoo available in ₹1 sachets or biscuits in ₹5 packs, making them affordable for daily wage earners. Utility-driven products succeed best, as seen with Philips' Free Power Radio and HMT Watches that serve essential needs. Localized branding through familiar symbols like the Nirma girl or renamed products such as Lal Saboon (Lifebuoy) and Tata Shakti roofing sheets build cultural connection.

2. **Pricing Strategy for Rural Markets :** Pricing is crucial because most rural families have limited and seasonal incomes. Companies keep prices low but ensure good value, like selling toothpaste in ₹5 packs. They offer credit options to small shopkeepers who can't pay upfront for stock. Some create basic versions of products without fancy features to reduce costs, like simple black-and-white TVs without remote controls. These pricing tactics help rural customers afford products while allowing companies to do business profitably.

3. **Distribution Strategy for Rural Markets :** Distribution is challenging because villages often lack good roads and shops. Companies use creative solutions like the "satellite method" where a town stockist supplies surrounding villages.

Programs like HUL's Project Shakti train women to sell products in their own villages. Some rely on mobile vendors who travel by bicycle or set up stalls at weekly markets called haats. Amul, for example, uses bicycles to deliver milk where trucks can't go. These methods ensure products reach customers despite infrastructure problems.

4. **Promotion Strategy for Rural Markets :** Promotion requires different techniques in villages. Companies advertise on regional TV channels and radio stations that villagers listen to. They participate in local festivals and melas where they can demonstrate products. Word-of-mouth through trusted community members like doctors or teachers works better than flashy city-style ads. For instance, having a village doctor recommend a health product builds more trust than a television celebrity endorsement.

4.1.6 Relationship Marketing

As we know in today's competitive business world, attracting new customers is important, but retaining them is even more crucial for long-term success. This is where relationship marketing comes in which act as one of the most important strategy. Unlike traditional marketing which focuses on one-time sales, relationship marketing stresses building strong and long-lasting connections with consumers to encourage loyalty, repeated purchases, and positive word-of-mouth. Companies such as Amazon, Starbucks, and Apple use relationship marketing strategies to keep consumers engaged and involved over time. Berry was among the first to introduce the term 'relationship marketing' in 1983 as a modern concept in marketing and suggested that it is a process of attracting, maintaining and enhancing customer relationships.

Relationship marketing is a customer focussed approach that gives more value on creating long- term and mutually beneficial relationships with consumers rather than just aiming for one-time purchases. The main goal of relationship marketing is to build lasting emotional bonds with customers, encourage loyalty and maximise their life time value. Here is a more detailed explanation of the concept, meaning and definitions of relationship marketing.

For Example; Ikea-The Swedish furniture maker has a worldwide base of intensely loyal customers. When the company changed the font in their universal catalogue, Ikea lovers voiced their complaints online and Ikea instead of distancing their customers for negligible matters, had changed the font back in the next catalogue.

Relationship marketing is a customer focussed approach which seeks to establish and maintain long-term connections with existing customers rather than just attracting new ones. It is based on the idea that keeping current customers happy, making them feel valued and appreciated is more effective and less expensive, which ultimately leads to enhanced loyalty and advocacy.

"Relationship marketing is a strategy designed to foster a long term, cost -effective link between an organization and its customers for the mutual benefit of both parties." Philip Kotler.

"Relationship marketing is the process of identifying, establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of both parties are met, where this is done by a mutual exchange and fulfilment of promises." (Gronroos).

"Relationship marketing is the ongoing process of engaging in cooperative and collaborative activities and programs with customers and other stakeholders to create mutual economic value and reduce costs." (Morgan and Hunt). Let us discuss the characteristics features of relationship marketing.

4.1.6.1 Characteristics features of Relationship Marketing

- Customer centric approach- The main focus is on understanding and fulfilling customer needs rather than just pushing sales.
- Long term connections-Aims to build long lasting relationships with instead of one-time transactions.
- Loyalty and trust building-Through consistent, reliable interactions enables repeated business.
- Customer retention -Prioritizes keeping existing customers happy over constantly acquiring new ones.
- Emotional Bonding-By creating positive experiences with customers fosters emotional bonding.
- Value- added services and customer support- Focuses on delivering extra benefits such as rewards and offers rather than competing on price alone.

4.1.6.2 Importance of Relationship Marketing

In today's competitive market, relationship marketing is the key to sustainable growth and customer loyalty, making it an essential strategy for long-term success. The importance of relationship marketing lies in its ability to build lasting customer loyalty and drive long-term business success. Here are some of the key reasons why relationship marketing is important.

1. **Boost Customer Lifetime Value (CLV) :** Relationship marketing seeks to optimise the customers life time value by fostering a relationship with each customer over extended period.
2. **Reduces marketing costs :** By focusing on retaining existing customers it is generally highly cost effective than to continually acquire new talents. By adopting various relationship marketing strategies.
3. **Customer retention and loyalty :** By focusing on building strong, long-term relationships with customers, businesses can increase customer retention rates

and foster loyalty. Customers who are loyal are more likely to make repeat purchases, recommend the business to others and remain less price-sensitive.

4. **Positive Word-of-Mouth and Referrals:**When customers are happy with a brand, they naturally share their experience with friends, family, or on social media. For example, a customer who loves the service at a local café may recommend it to others. This kind of free promotion helps the business grow without spending much on advertising.

5. **Enhanced Customer Experience:**When businesses treat customers as individuals, not just sales numbers, it creates a more enjoyable and personalized experience. For example, an online shopping site that remembers your past orders and recommends similar products shows it values you — making you more likely to return.

6. **Long-Term Profitability and Growth :** Instead of chasing short-term profits through one-time sales, relationship marketing focuses on building trust and long-term value. A mobile service provider, for instance, that maintains strong customer support and reward programs can keep customers for years — resulting in steady income.

7. **Positive word -of-mouth and referrals :** When customers are happy with a brand, they naturally share their experience with friends, family, or on social media. For example, a customer who loves the service at a local café may recommend it to others. This kind of free promotion helps the business grow without spending much on advertising.

The concept of relationship marketing is essential as it helps businesses to retain customers ensure long term profitability and growth by maximizing customer lifetime value and enhanced customer experiences. Relationship marketing helps businesses build strong customer bonds, increase trust, improve service quality, and grow sustainably. It's not just about selling — it's about caring for the customer, understanding their needs, and being there for the long run.

4.1.7 Influencer Marketing

Influencer Marketing is a marketing strategy where companies collaborate with individuals-called influencers-who have the ability to affect the purchasing decisions of others. These influencers may have authority, knowledge, a large following, or trust within a particular niche or target audience.

Unlike traditional mass advertising, influencer marketing focuses on building credibility and connecting with consumers through people they already follow or trust.

Definition:

Influencer marketing is the process of identifying and engaging individuals who influence a target audience's purchasing behavior and using them to promote a brand, product, or service.

4.1.7.1 Importance of Influencer Marketing

Influencer marketing has become one of the most powerful tools for modern brands, especially in the digital era. Unlike traditional advertisements that often feel impersonal, influencer marketing allows businesses to connect with their audience in a more personal, trustworthy, and relatable way.

One of the biggest advantages is that it helps brands reach specific target audiences more effectively. Influencers usually focus on niche areas like fashion, fitness, travel, or food, which means their followers are already interested in those topics. This makes brand promotions feel natural and relevant.

In addition, influencer marketing helps build brand awareness and credibility, especially among younger audiences who tend to trust recommendations from people they follow on social media more than advertisements from companies. When an influencer supports a product, it often feels like a personal suggestion rather than a sales pitch.

It is also cost-effective, especially for startups or smaller brands that can't afford expensive mass media advertising. Instead of spending on TV or newspaper ads, businesses can partner with micro-influencers who charge less but have highly engaged audiences.

4.1.7.2 Key Digital Platforms for Influencer Marketing

Influencer marketing is closely connected to digital platforms where influencers share content and engage with their followers. Each platform offers unique features that make it suitable for different types of campaigns. Here are some of the most popular platforms used in influencer marketing:

1. **Instagram :** This is one of the most popular platforms for influencer marketing, especially for lifestyle, fashion, food, beauty, and travel content. Its visual nature-through photos, stories, reels, and live videos-makes it ideal for showcasing products in a creative and engaging way.

2. **YouTube:** Known for long-form video content, YouTube is perfect for product reviews, tutorials, unboxings, and step-by-step demonstrations. Influencers can explain a product's features in detail, making it easier for viewers to understand and trust the brand.

3. **Facebook:** While it is more popular among older age groups compared to Instagram, Facebook is useful for mass campaigns, event promotions, and

community building. It allows for a mix of content formats including text, images, videos, and live streams.

4. **Blogs:** Many influencers still maintain personal blogs where they write detailed articles, product comparisons, or user experiences. Blogs are especially effective for SEO (search engine optimization), helping brands appear in search results when customers look for product reviews online.

By choosing the right platform based on the product type and target audience, brands can increase the effectiveness of their influencer marketing efforts.

4.1.7.3 Key Strategies in Influencer Marketing

To make an influencer campaign successful, brands need to follow some well-defined strategies that ensure both effectiveness and trustworthiness. These strategies help brands choose the right influencers, collaborate effectively, and evaluate the impact of their efforts.

1. **Selecting the Right Influencer :** The success of a campaign often depends on choosing the right person to represent the brand. This decision should be based on the influencer's relevance to the brand's niche, the size and engagement of their audience, and whether their values align with the brand's image. An influencer with a smaller but highly loyal following may be more valuable than one with millions of inactive followers.

2. **Authenticity and Trust:** One of the main reasons influencer marketing works is because followers trust the influencer's opinion. Therefore, influencers should genuinely use and like the product. Forced or fake promotions can reduce credibility and harm both the brand and the influencer's reputation.

3. **Content Collaboration:** Rather than controlling the message entirely, brands should work together with influencers to create content that feels natural to their audience. This could include co-created photos, short videos, stories, tutorials, or honest reviews. Collaborative content tends to feel more personal and believable.

4. **Disclosure and Transparency:** It is important to clearly label sponsored content. Influencers must disclose paid partnerships or gifted products to their audience. This maintains ethical standards, builds long-term trust, and ensures that the brand is seen as open and honest in its marketing approach.

5. **Performance Tracking:** To evaluate whether the campaign is successful, brands must monitor results using metrics such as likes, shares, views, comments, and even coupon code usage or website clicks. These indicators help brands understand what's working and what needs improvement.

By applying these strategies, businesses can create effective influencer campaigns that not only increase brand visibility but also strengthen relationships with their audience.

4.1.7.4 Benefits of Influencer Marketing

Influencer marketing offers several unique advantages that make it a popular choice for brands, especially in the digital age. One of the most important benefits is that it helps build trust through word-of-mouth. When people see someone they admire or follow genuinely recommending a product, they are more likely to believe it and consider trying it themselves.

This strategy also drives high levels of engagement and interaction. Influencers often have a close connection with their audience, which leads to more likes, shares, comments, and questions on posts that feature brand content. This two-way communication makes marketing more dynamic and responsive.

Another major advantage is that influencer marketing helps brands reach niche audiences more effectively. For example, a vegan skincare brand can collaborate with influencers who focus specifically on cruelty-free beauty, ensuring the message reaches people who are already interested in that type of product.

Influencers also play a big role in content creation. The photos, videos, and reviews they produce often become part of the brand's overall marketing campaign. This helps the brand generate more creative content without investing heavily in production.

Finally, influencer marketing is especially useful when launching new products, as it allows brands to spread the word quickly and across multiple platforms. A well-timed post or video from a trusted influencer can create excitement, generate buzz, and attract early customers.

4.1.7. 5 Challenges in Influencer Marketing

While influencer marketing offers many advantages, it also comes with several challenges that brands must be aware of to avoid common pitfalls.

One major issue is the risk of fake followers or low engagement. Some influencers may artificially boost their follower counts using bots or inactive accounts. As a result, even though they seem popular, their posts may receive very little real interaction. This can lead to wasted investment if the brand's message doesn't actually reach or influence real people.

Another challenge is the difficulty in measuring return on investment (ROI). It can be hard to tell exactly how much sales or brand awareness is directly linked to an influencer campaign. Likes and views may look impressive, but they don't always guarantee purchases or long-term customer loyalty.

There is also the possibility of a mismatch between the brand and the influencer. If an influencer's personality, content style, or values don't align with the brand, the promotion can feel unnatural or forced. In some cases, it may even damage the brand's reputation if the influencer is involved in a controversy or behaves in a way that the public sees as unethical.

Finally, influencer marketing is heavily dependent on platform algorithms and visibility. Social media platforms like Instagram and YouTube often change how content is shown to users. Even great content may not reach enough people if the platform limits its visibility, reducing the overall impact of the campaign.

Understanding these challenges helps businesses plan more carefully and make better decisions when launching influencer marketing campaigns.

Influencer marketing is a modern and impactful form of promotion where brands partner with popular individuals to reach audiences more naturally and persuasively. When done right, it builds brand trust, encourages engagement, and drives purchases—especially among social-media-savvy consumers. For businesses today, especially in the digital age, it offers a powerful alternative to traditional advertising.

Recap

- ◊ Service Marketing: Service marketing is a specialized branch of marketing that focuses on promoting and delivering intangible offerings rather than physical goods.
- ◊ Service Marketing Mix: Product, Price, Place, Promotion, Physical Evidence, Process, People.
- ◊ Social Marketing: Marketing activities that help to change or maintain people's behaviour towards the benefit of individuals and society as a whole.
- ◊ Green Marketing: Those products that do not harm the environment and are made from sustainable materials.
- ◊ Relationship Marketing: Relationship marketing is a strategy designed to foster a long term, cost -effective link between an organization and its customers for the mutual benefit of both parties.
- ◊ Rural marketing targets non-urban consumers using strategies like the 4A Framework (Affordability, Availability, Awareness, Acceptability).
- ◊ Influencer marketing relies on authenticity, audience alignment, and metrics like engagement rate (not follower count).

Objective Questions

1. Which type of marketing focuses on promoting intangible offerings?
2. According to Kotler and Zaltman, what is the objective of social marketing?
3. What is the practice of promoting environmentally friendly products or services called?
4. Give one example of green marketing?
5. Who introduced the term Relationship marketing?
6. Name the type of marketing that aims at behavioural change for social good.
7. Which concept in services refers to the fact that services can't be stored for later use?
8. List out any two characteristics of service marketing.
9. Name two pricing strategies companies use to make products affordable for rural consumers
10. What is the most critical performance metric for influencer campaigns?

Answers

1. Service Marketing
2. Influencing acceptability of social ideas
3. Green Marketing
4. Tata Nexon EV (Electric Vehicle)
5. Berry
6. Social Marketing
7. Perishability
8. Intangibility, Inseparability, Perishability, Heterogeneity, Ownership
9. Small packaging and creating basic versions without extra features
10. Engagement rate

Self-Assessment Questions

1. What is service marketing? Explain the characteristics of services with examples.
2. Highlight the importance of service marketing in today's economy.
3. Why is social marketing considered more effective when the message is relatable to the audience?
4. What are the benefits of using relationship marketing over traditional marketing methods?
5. Elaborate the significance for companies to adopt green marketing strategies in today's business environment?
6. How might a company adapt its product packaging for rural India? (Consider affordability, durability, and ease of use).
7. Why might a nano-influencer be more effective for a niche product than a celebrity influencer?

Assignments

1. List out the social marketing strategy followed by an MNC and summarize how it serves to the welfare of the society.
2. Identify the green marketing strategies followed by a company of your choice.
3. Design a customer loyalty card for a coffee shop. Elaborate the benefits which it offers and describe how will it help to build long term relationships with customers?

Suggested Reading

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Unit 2

New Developments

Learning Outcomes

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

- ◊ understand the concept and components of marketing analytic
- ◊ identify the use and types of data in modern marketing decisions
- ◊ comprehend how competitive marketing strategies are built and implemented
- ◊ distinguish entrepreneurial marketing from traditional approaches

Prerequisite

Arya is a final-year BBA student with a dream of launching her own sustainable skincare brand called "GlowRoot." While her products are handmade and eco-friendly, she soon realizes that good products alone are not enough. She wants to know what customers expect, how to beat big-name brands, and how to grow using her limited budget.

To make smarter decisions, Arya begins learning how companies use data—like customer reviews and website visits—to improve sales. She starts exploring tools like Google Analytics to track her Instagram-driven traffic, uses Tableau for visualizing her small survey results, and even experiments with basic Python scripts to predict which product bundles work best.

But as she builds her strategy, Arya also needs to understand how brands like Mamaearth, Zomato, and Flipkart survive in fiercely competitive markets. She studies how entrepreneurial brands innovate, use guerrilla marketing, build communities, and pivot fast.

In this unit you will explore the exciting world of marketing analytics, competitive strategy, and entrepreneurial innovation, especially relevant in today's Indian business ecosystem.

Keywords

Marketing Analytics, Structured Data, Unstructured Data, Semi-structured Data, Google Analytics, Tableau, Python, Competitive Strategy, Competitive Intelligence, Positioning, Differentiation, Blue Ocean Strategy, Entrepreneurial Marketing, Guerrilla Marketing, Viral Marketing, Community-Based Marketing, Startup Branding, Digital Promotion

Discussion

In today's fast-paced, data-driven world, businesses no longer rely on guesswork to make marketing decisions. With customers interacting across websites, apps, and social media, every click, view, or review generates valuable information. But raw data alone is not enough-what matters is how well a company can analyze that data to understand customer preferences, predict future trends, and make smarter decisions. This is where Marketing Analytics becomes essential. It enables marketers to convert information into insights and insights into action. Whether it's a multinational brand or a small online seller, marketing analytics helps organizations optimize campaigns, improve customer satisfaction, and stay competitive in a crowded market.

4.2.1 Marketing Analytics

Marketing Analytics is the process of collecting and studying data from different marketing activities—like advertisements, sales, or customer feedback—to understand how well they are working. It helps businesses find out what attracts customers, what needs improvement, and how to make better decisions in the future to increase sales and customer satisfaction.

Key Components:

i. Descriptive Analytics (What happened?)

ii. Predictive Analytics (What will happen?)

iii. Prescriptive Analytics (What should we do?)

4.2.1.1 Core Concepts

A. Understanding Data Types in Marketing Analytics

Marketing analytics uses different kinds of data to help businesses make smarter decisions. Here's what each type means:

1. **Structured Data :** Structured data refers to information organized in predefined formats, typically stored in tables with clear relationships between data points.

This type of data is commonly sourced from customer relationship management (CRM) systems, sales records, and transactional databases. Businesses utilize structured data for customer segmentation, identifying patterns such as frequent buyers or seasonal purchasing trends. For example, an e-commerce platform might analyze structured purchase history data to categorize customers into loyalty tiers.

2. **Unstructured Data :** Unstructured data encompasses qualitative information that lacks a predefined format, including textual content from social media posts, product reviews, and customer service interactions. This data type is particularly valuable for sentiment analysis, helping brands gauge public opinion about products or campaigns. A practical application involves analyzing Twitter mentions to assess consumer reactions to a new smartphone launch, distinguishing between positive, negative, and neutral sentiments.

3. **Semi-Structured Data :** Semi-structured data combines elements of both structured and unstructured data, featuring organizational tags or markers without rigid formatting. Common sources include web server logs, email metadata, and mobile app usage data. Marketing teams leverage this data type to track campaign performance metrics, such as click-through rates on digital advertisements or user navigation paths on websites. For instance, analyzing semi-structured web log data can reveal which promotional banners generate the highest engagement during a holiday sale.

Table 4.2.1 Data Types Used in Marketing Analytics

Data Type	Source	Application
Structured	CRM Systems, Sales Records	Customer Segmentation
Unstructured	Social Media, Reviews	Sentiment Analysis
Semi-structured	Web Logs, Email Metadata	Campaign Tracking

Why Analytics Matters

In today's competitive world, businesses don't just guess what customers want — they use data to find out. Every time a customer clicks on a product, leaves a review, or makes a purchase, that action creates valuable information. But how do companies use all this information to make better decisions? That's where marketing analytics becomes important.

Marketing analytics helps companies understand what's working and what's not in their marketing efforts. It shows patterns in customer behavior, reveals what attracts people to a product, and helps brands make smarter decisions about pricing, advertising, and promotions. For example, it can show which ads bring the most sales, or which customer groups are most loyal.

By using marketing analytics, businesses can save money, improve customer satisfaction, and stay ahead of their competitors. Whether it's a global e-commerce brand or a small local bakery, the ability to turn data into insight is now a must-have skill in the marketing world.

Real Example: How Amazon Uses Marketing Analytics

A great example of marketing analytics in action is Amazon, one of the world's largest e-commerce platforms. Amazon collects and analyzes different types of data to better understand its customers and improve their shopping experience.

i. It uses structured data, such as customers' purchase history, to recommend products that are likely to match their interests. For instance, if someone buys a fitness band, Amazon might suggest protein shakes or yoga mats in future visits.

ii. It also analyzes unstructured data, like product reviews and customer feedback, to identify product issues and improve quality. By examining the language customers use in reviews, Amazon can understand whether people are happy or dissatisfied with a product.

iii. Finally, Amazon tracks semi-structured data, such as user click patterns and browsing behavior, to personalize advertisements and website content. This helps show each customer the most relevant deals, making their shopping experience more engaging and convenient.

Through this mix of data types, Amazon is able to make smarter marketing decisions and provide a more personalized service to millions of users.

B) Understanding Popular Marketing Analytics Tools

These digital tools help marketers turn raw data into actionable insights:

1. Google Analytics - The Website Tracking Tool

Google Analytics serves as a powerful platform for monitoring website performance. This tool provides valuable insights by:

i. Counting the number of visitors to a website

ii. Showing which pages receive the most attention

iii. Identifying where visitors originate (search engines, social media, advertisements)

For instance, a local bakery might discover that 60% of their weekend website traffic comes from Instagram posts, helping them focus their social media strategy.

2. Tableau - The Data Visualization Solution

Tableau transforms complex data into clear visual representations by:

i. Converting spreadsheet information into interactive charts and graphs

ii. Automatically updating reports with new data

iii. Integrating seamlessly with common spreadsheet programs

A practical application could involve a retail store creating monthly sales dashboards to compare performance across different product categories.

3. Python/R - The Advanced Analysis Tools

These programming languages enable sophisticated data analysis through:

i. Predicting future sales trends based on historical data

ii. Testing various business scenarios through simulations

iii. Processing large datasets beyond standard spreadsheet capabilities

An e-commerce company might use these tools to forecast demand during major shopping seasons like Diwali or Christmas.

Why These Tools Matter in Marketing Analytics

Each tool serves a distinct purpose in transforming data into business insights:

1. Google Analytics acts as a company's website health monitor, providing vital signs about visitor behavior and traffic sources.

2. Tableau serves as an organization's data visualization partner, converting complex numbers into clear, actionable stories.

3. Python/R function as a business's predictive engine, using historical data to forecast future trends and opportunities.

Real-World Example : Zomato

A great example of using multiple analytics tools is Zomato, the popular food delivery platform:

i. It uses Google Analytics to track how customers use the app.

ii. It uses Tableau to visualize data like peak ordering times in different cities.

iii. It uses Python to predict which restaurants or cuisines are likely to trend next, helping them plan promotions and suggestions accordingly.

Together, these tools give Zomato a complete picture of its users, helping it make smarter decisions and improve its services.

4.2.1.2 Industry Applications of Marketing Analytics

Marketing analytics is used across different industries to improve business decisions, enhance customer experiences, and increase efficiency. Let's look at how some well-known Indian companies apply analytics in their daily operations:

Case 1: E-commerce – Flipkart's Price Optimization

In the highly competitive world of online shopping, companies need to adjust prices quickly based on changing demand. Flipkart uses machine learning algorithms to analyze customer behavior, search trends, and inventory levels. Based on this data, the system can adjust prices in real-time, helping the company remain competitive, increase conversions, and avoid overstock or stockouts. For example, if a particular mobile phone is trending, the system may raise its price slightly, while reducing the price of slower-moving items.

Case 2: Banking – HDFC Bank's "Next Best Offer" System

HDFC Bank uses marketing analytics to improve customer engagement by predicting what financial product or service a customer might need next. By analyzing transaction history, account activity, and customer profile data, the bank's system suggests personalized offers—such as a loan, a credit card upgrade, or a fixed deposit option—at the right time. This strategy helps improve customer satisfaction while increasing the bank's cross-selling success.

Case 3: FMCG – Dabur's Demand Forecasting for Juice Products

In the fast-moving consumer goods (FMCG) sector, predicting product demand is crucial. Dabur uses marketing analytics to forecast the demand for its juice products by combining historical sales data with weather patterns. For example, when higher temperatures are expected, demand for fruit juices tends to increase. By analyzing such patterns, Dabur ensures that it produces and distributes the right quantity of stock to match consumer needs, minimizing waste and maximizing sales.

These industry examples show how marketing analytics supports smarter, faster, and more profitable decisions in real-world business environments.

4.2.1.3 Step-by-Step Process of Marketing Analytics

Marketing analytics is not just about collecting data—it's about using that data wisely to make informed business decisions. Companies follow a structured process to turn raw information into insights that guide real-world actions. Here's how the step-by-step process works:

Step 1: Set Clear Goals

Before starting any analysis, a company must first decide what it wants to achieve. These goals help guide the entire process. For example, a business may want to reduce customer dropouts by 15% or increase repeat purchases by 20%. Having specific goals ensures that the right data is collected and the analysis stays focused.

Step 2: Gather Relevant Data

Once goals are defined, the next step is to collect data from various sources. This may include:

i. Internal data, such as sales figures, customer purchase records, and website usage reports.

ii. External data, like customer reviews, social media feedback, or market research reports.

Together, these sources provide a complete picture of customer behavior and preferences.

Step 3: Clean and Prepare the Data

Raw data is often messy. Analysts must clean the data by removing errors, fixing missing values, and checking for anything that doesn't make sense. This step is important to ensure that the analysis gives accurate and reliable results.

Step 4: Analyze the Data

With clean data in hand, analysts apply different techniques to discover patterns and trends. These methods may include:

i. Regression analysis to understand how one factor affects another (e.g., how discounts affect sales).

ii. Cluster analysis to group similar customers together for targeted marketing.

iii. Before-and-after comparisons to measure the effect of a campaign or product change.

Step 5: Find Key Insights

From the analysis, businesses uncover insights that help them make better decisions. For example, they might learn that customers in small towns prefer morning deliveries, or that discounts are most effective with first-time buyers. These findings provide direction for marketing strategies.

Step 6: Take Action

The final step is to apply these insights in real-life business situations. This could mean:

i. Changing the marketing message to suit a specific audience

ii. Adjusting product offerings based on customer preferences

iii. Improving delivery speed or customer support

Real Example: A Food Delivery Company

Let's say a food delivery service wants to reduce late deliveries:

1. It begins by setting the goal to improve on-time performance.
2. Then, it collects delivery data and customer complaints.
3. The data is cleaned—removing test orders or duplicates.
4. Analysts compare delivery times across different locations.
5. The insights show that some neighborhoods consistently face delays.
6. As a result, the company assigns more delivery partners to those areas.

This step-by-step approach shows how marketing analytics leads to practical solutions that improve customer experience and business performance.

Marketing analytics enables data-driven decision-making by systematically analyzing structured, unstructured, and semi-structured data from diverse sources. Tools like Google Analytics, Tableau, and Python/R help transform raw data into strategic insights about customer behavior and market trends. Industry leaders across sectors demonstrate how this discipline follows a clear process from goal-setting to implementation, answering critical business questions while anticipating future trends. In today's competitive landscape, marketing analytics has become essential for driving customer satisfaction, operational efficiency, and sustainable growth through informed strategies. The step-by-step framework provides organizations with a proven methodology to harness data's full potential.

4.2.2 Competitive Marketing

As businesses learn to harness data through marketing analytics, a crucial question emerges: How do we use these insights to outperform our competitors? Knowing what customers prefer is only part of the challenge—firms must also position themselves strategically in a marketplace filled with rivals offering similar products or services. This leads us to the next important concept: Competitive Marketing. It focuses on understanding competitors' strengths and weaknesses, anticipating their moves, and crafting strategies that help a business stand out. From pricing and promotion to market positioning and product innovation, competitive marketing empowers firms to win customer attention and loyalty in a crowded and ever-evolving market environment.

Competitive Marketing involves systematically identifying, analyzing, and responding to rival firms in the marketplace. It aims to strategically position an organization's offerings against competitors to gain market share and sustainable advantage.

"Competitive marketing is the art of developing superior value to attract customers while outperforming rivals."

Philip Kotler (2018)

Scope & Importance

i. Helps firms understand competitor strengths and weaknesses, including sales, market share, customer loyalty, distribution reach, product quality, profit margins, and investment capabilities

ii. Guides strategic choices: whether to attack, match, or avoid competitor moves, based on relative capabilities and goals .

4.2.2.1 Competitive Analysis: Key Steps

Competitive analysis is a systematic process to evaluate rival firms and make informed strategic decisions. It involves assessing competitors' strengths, weaknesses, and potential reactions to market changes.

Step 1: Assessing Competitors' Strengths and Weaknesses

The first step in competitive analysis is to evaluate where your competitors are strong and where they may be weak. This helps a business understand how much of a threat a competitor is, and where there may be opportunities to compete better. The following are the key areas to assess:

1. **Sales and Market Share :** By comparing the sales figures and market share of different companies, we can understand how dominant a competitor is in the market. For example, in the global smartphone market, brands like Samsung and Apple often compete closely in terms of market share. Their strong sales figures show that they are powerful players in the industry.

2. **Product Quality and Brand Awareness :** It's also important to know how customers feel about a competitor's product quality and how well-known the brand is. A brand with a strong reputation is more likely to gain customer trust and repeat business. For instance, Amul in the dairy sector is considered a trusted household name in India because of its consistent quality and strong branding.

3. **Distribution and Sales Efficiency** : A business should examine how well its competitors distribute their products. This includes how easily their products reach stores, how many sales outlets they have, and their presence in online

marketplaces. For example, Hindustan Unilever Limited (HUL) has an excellent rural distribution network, which gives it a big advantage over smaller brands in the FMCG (Fast-Moving Consumer Goods) sector.

4. **Financial Health and Future Plans :** Looking at a competitor's financial strength helps predict how aggressively they can compete. Businesses with high profits and strong investor backing can spend more on advertising, innovation, or expansion. For example, Reliance Jio's high profitability allows it to invest heavily in expanding its network and launching new services quickly, putting pressure on its competitors.

Step 2: Estimating Competitors' Reaction Patterns

Once a business understands its competitors' strengths and weaknesses, the next step is to predict how those competitors are likely to react to changes in the market—such as a price drop, a new product launch, or an aggressive marketing campaign. Not all companies react the same way. Based on their behavior, we can group them into four types:

1. **Laid-Back Competitors :** These competitors are slow to respond or sometimes do not react at all to changes in the market. For example, small traditional grocery stores (kirana shops) may not quickly respond to online discounts offered by e-commerce platforms. Their slow pace gives faster-moving businesses an advantage.

2. **Selective Competitors :** Some companies react only to specific threats that they consider important. For instance, Coca-Cola pays close attention to advertising campaigns by Pepsi and may respond quickly with its own ads. However, it may not react at all to smaller local brands because it does not view them as serious threats.

3. **Tiger Competitors :** These are aggressive companies that respond quickly and strongly to almost any challenge. For example, when Flipkart launches a sale, Amazon usually responds immediately with its own offers and discounts to stay competitive. These companies don't let rivals get ahead easily.

4. **4. Stochastic (Unpredictable) Competitors :** Some businesses are difficult to predict. Their reactions vary depending on the situation or their internal resources. For example, startups may change their business strategy suddenly if they receive new funding, launch a new product, or see a shift in market demand. This makes them hard to track and plan against.

5. Understanding how competitors are likely to react helps businesses choose the right strategy—whether to take risks, stay cautious, or prepare backup plans.

Step 3: Selecting Competitors: Attack or Avoid?

In a competitive market, businesses must carefully decide which competitors to challenge and which ones to avoid. This choice is important because going after the wrong competitor can lead to heavy losses, while targeting the right one can open up new opportunities.

A. When Should a Company Attack a Competitor?

i. **When You Are Stronger in a Key Area :** If your business has a clear strength where the competitor is weak, you may have a good chance of success. For example, Ola introduced auto-rickshaw services in its app to compete with Uber, which did not have that feature at the time. This helped Ola reach a larger customer base, especially in smaller cities.

ii. **When the Competitor is Unlikely to Fight Back :** Some smaller or local competitors may not have the resources to respond aggressively. In such cases, attacking them by offering better pricing, wider reach, or improved service can help gain quick market share.

B. When Should a Company Avoid a Competitor?

i. **When the Competitor is Too Strong :** Challenging a well-established and powerful company can be risky. For instance, a new tea brand may avoid directly competing with Tata Tea, which has a massive distribution network and strong brand loyalty across India.

ii. **When the Market is High-Conflict or Price-Sensitive :** Markets with aggressive price wars and well-funded players can be dangerous. For example, the telecom battle between Jio and Airtel involved deep discounts and massive investments. A smaller player would likely struggle to survive in such an environment.

C. Key Factors to Consider Before Deciding

When deciding whether to attack or avoid a competitor, businesses should ask:

i. **Do we offer something better? :** This is called the Value Delivery Gap. If you can serve customers in a way the competitor can't—like Mamaearth did with its chemical-free baby products compared to Johnson & Johnson—then attacking makes sense.

ii. **Do we have the resources to compete? :** This is about Resource Match. For example, Paytm launched a zero-MDR (merchant discount rate) model to disrupt digital payments, but it needed strong investor support to sustain the strategy.

By making thoughtful choices about whom to challenge, businesses can avoid unnecessary risks and focus their efforts where they are most likely to succeed.

Step 4: Positioning and Differentiation

Once a company decides which competitors to challenge, it must figure out how to stand out in the customer's mind. This is where positioning and differentiation come in.

Positioning is the strategy a business uses to create a clear and unique place for its product in the minds of target customers.

Differentiation is about making the product or service meaningfully different from others in the market.

Together, these help customers see why they should choose one brand over another.

Here are the main ways a business can position itself and differentiate from competitors:

1. **Product Attributes :** Companies can focus on the quality, design, or reliability of their products. For example, a brand might be known for offering stylish, long-lasting products that justify their price. This helps build trust and loyalty.

2. **Service Excellence and Delivery :** Some brands stand out by providing faster, friendlier, or more personalized customer service. A company that delivers on time, solves customer problems quickly, or offers smooth after-sales support can become a preferred choice.

3. **Brand Symbolism and Emotional Appeal :** Brands can also create a strong image or emotional connection with customers. For example, a brand might promote itself as eco-friendly, fashionable, or youth-oriented, connecting with customer values and lifestyle.

4. **Pricing and Cost Advantage :** Another way to stand out is by offering competitive pricing without compromising on quality. Some businesses position themselves as affordable yet reliable options, gaining a large customer base.

The goal of positioning and differentiation is to create a sustainable competitive advantage—one that is:

- Meaningful (adds real value to customers),
- Distinct (different from competitors),
- Affordable (reasonably priced for the target group), and
- Defensible (not easily copied by others).

When done right, this strategy makes a brand memorable and trusted in a crowded market.

Step 5: Implementation Methods

After choosing the right competitive strategy and defining how to position and differentiate the brand, the next step is to put the strategy into action. This is called implementation. Businesses use different approaches to carry out their strategies effectively in the real market. The three most common methods are Cost Leadership, Differentiation, and Blue Ocean Strategy.

Table 4.2.2 Methods of competative strategy implementation

Method	Strategic Focus	Example
Cost Leadership	Achieving lowest operational costs through supply chain optimization and economies of scale	DMart's "Everyday Low Price" model through lean inventory
Differentiation	Creating unique value through product innovation or service excellence	Titan Watches - Fusion of Swiss tech with Indian designs
Blue Ocean	Developing new market spaces by eliminating/reducing industry trade-offs	ChotuKool - Affordable cooling for rural India (Godrej)

A. Cost Leadership Strategy

In this method, a business aims to become the lowest-cost producer in its industry. By reducing operational expenses, streamlining supply chains, and producing at scale, the company can offer products at competitive prices and attract price-sensitive customers.

Example: DMart uses a lean inventory system and controls store-level costs to offer "Everyday Low Prices." This helps them attract middle-income shoppers without spending heavily on advertising.

Another example is Paytm, which disrupted the digital payments market by launching a zero-MDR (Merchant Discount Rate) model, making it cost-effective for both consumers and small businesses.

B. Differentiation Strategy

This approach focuses on offering unique features, quality, or service that competitors do not provide. The aim is to create something that adds value in the eyes of the customer, even if the price is slightly higher.

Example: Titan Watches differentiated itself by blending Swiss technology with Indian design preferences.

Zomato Pro is another example, offering a subscription model that gives exclusive discounts and faster delivery—making it stand out from regular food delivery services.

C. Blue Ocean Strategy

In a Blue Ocean Strategy, companies create entirely new market spaces by moving away from existing competition. Instead of fighting over limited customers, they offer something unique that opens up new demand.

Example: Godrej's ChotuKool is a compact, low-power refrigerator designed for rural India. It was inexpensive, easy to use, and filled a gap not addressed by traditional refrigerators.

Mamaearth created a new segment in the baby care market by promoting toxin-free, eco-conscious products, which appealed to health- and environment-conscious parents.

Each of these strategies offers a different path to success, depending on the company's goals, strengths, and market environment. A business may even combine elements of more than one strategy to suit its needs. However, the key is consistent execution and alignment with the overall competitive objective.

4.2.2.2 Competitive Intelligence System

To stay ahead in a competitive market, businesses need more than just awareness—they need intelligence. A Competitive Intelligence System is a structured method used by companies to collect, analyze, and use information about their competitors. This system helps businesses make smarter decisions by understanding what their competitors are doing and predicting what they might do next.

How to Build a Competitive Intelligence System?

A good system involves three main steps: collecting data, analyzing it, and taking action based on insights.

1. Collecting Data from Multiple Sources

To understand your competitors, you must gather information from different places:

- **Customers:** You can ask customers for feedback about competing brands. For example, asking, "Why do you prefer Brand X over our product?" gives insights into your competitor's strengths.
- **Dealers and Suppliers:** Retailers and wholesalers often know which brands are selling well. For example, a bike dealer may know whether more customers are buying Hero or Bajaj motorcycles and why.
- **Employees:** Your own sales and marketing teams may observe competitor activities directly. They can report things like discounts, offers, or promotional tactics used by rivals.

2. Analyzing the Data Collected

Once the data is gathered, it needs to be studied to identify useful patterns. This could include comparing prices, promotional offers, or product launches. For example, if Amazon announces a "Great Indian Festival," Flipkart may analyze it and plan its own "Big Billion Days" sale in response.

3. Taking Strategic Action

After analysis, the company can make informed decisions. For example, when Zomato launched a "10-minute delivery" feature, Swiggy responded quickly by offering a "15-minute guarantee" in selected cities. This shows how fast and smart reactions, based on competitor analysis, can help a business remain competitive.

In summary, a Competitive Intelligence System helps companies turn information into action. It supports better planning, quicker responses, and more effective strategies to compete in a dynamic marketplace.

4.2.2.3 Case Studies in Competitive Marketing

To better understand how competitive strategies work in the real world, let's look at two well-known examples from the Indian market. These case studies show how companies respond to intense competition through pricing, innovation, customer focus, and technology.

A. Jio vs. Airtel: The Telecom Battle

Jio's Competitive Strategy

When Reliance Jio entered the telecom market in 2016, it completely disrupted the industry with a bold and aggressive approach:

- Predatory Pricing: Jio offered free data and voice services for the first 6 months, and then continued with extremely low prices—up to 90% cheaper than existing rates.
- Bundled Services: It created an entire ecosystem by combining services like JioTV (entertainment), JioSaavn (music), and JioMart (e-commerce) to keep users within its network.
- Infrastructure Advantage: Jio built a nationwide 4G-only network, offering high-speed data at a time when competitors were still shifting from 3G.

Airtel's Response Strategy

To defend its position, Airtel focused on premium positioning and customer retention:

- Premium Customer Focus: Airtel launched "Airtel Black", a bundled plan offering postpaid mobile, broadband, and OTT services for high-value users (ARPU > ₹300).

- Quality Differentiation: It improved its network reliability and rewarded loyal users through the "Airtel Thanks" loyalty program.
- Strategic Partnerships: Airtel collaborated with leading content providers like Amazon Prime and Netflix to add more value to its offerings.

Lesson: Jio used cost leadership and market disruption, while Airtel chose customer segmentation and premium differentiation.

B. Ola vs. Uber: The Mobility War

Ola's Competitive Strategy

Ola, the homegrown ride-hailing app, adapted quickly to Indian market needs and used smart localisation:

- Hyper-Local Adaptation: Ola added auto-rickshaw services, which make up nearly 40% of transport in Tier 2 and Tier 3 cities—something Uber lacked initially.
- Regional Language Interface: Ola supported 12 Indian languages, helping users in smaller towns. Uber offered only 5.
- Diversified Offerings: Ola expanded into electric mobility (Ola Electric) and fintech (Ola Money) to deepen its user ecosystem.

Uber's Response Strategy

As a global player, Uber responded using its scale and technology:

- Global Loyalty Programs: It launched Uber Pass, giving benefits across 70+ countries for frequent users.
- Financial Partnerships: Uber partnered with Visa and Mastercard to attract international travelers and premium users.
- Tech Innovations: Uber introduced AI-based surge pricing and launched Uber Lite, a lighter app version for low-end smartphones.

Lesson: Ola focused on localisation and diversification, while Uber leaned on global expertise, technology, and premium offerings.

These case studies show that there is no one-size-fits-all strategy.

- Jio won with cost leadership and ecosystem creation.
- Airtel defended with quality, partnerships, and focus on high-value users.
- Ola grew through hyper-local services and innovation.
- Uber countered with global features and tech efficiency

Summary of Competitive Marketing:

Competitive marketing is a strategic process that enables organizations to systematically analyze competitors, develop differentiated market positions, and implement targeted tactics to gain sustainable advantage. Through continuous environmental scanning and intelligence gathering, firms assess competitors' capabilities, predict reaction patterns, and make informed strategic choices between confrontation and avoidance. The framework offers three core strategic pathways: cost leadership through operational efficiency, differentiation via unique value creation, and blue ocean strategy for uncontested market space. Effective implementation requires careful alignment of organizational resources with market opportunities while adapting to competitive dynamics. As demonstrated by Indian market examples, success in competitive marketing ultimately depends on an organization's ability to consistently deliver superior customer value while proactively managing competitive threats through evidence-based decision making.

4.2.3 Entrepreneurial Marketing

While large firms compete using deep budgets and structured strategies, startups and small businesses face a different reality—limited resources, high uncertainty, and the urgent need to grow quickly. This is where Entrepreneurial Marketing comes into play. Unlike traditional marketing, which follows long-term plans and mass campaigns, entrepreneurial marketing is agile, creative, and opportunity-driven. It empowers young ventures to connect directly with customers, experiment with low-cost tactics, and adapt rapidly based on feedback. In today's startup ecosystem—where innovation, speed, and personalization are key—entrepreneurial marketing has become a survival tool as much as a growth strategy.

Entrepreneurial Marketing is the innovative and resourceful application of marketing principles by startups and small firms. It focuses on identifying new opportunities, engaging directly with target customers, creating value on tight budgets, and using imaginative tactics to build brand awareness and grow rapidly.

4.2.3.1 Characteristics

Entrepreneurial marketing exhibits distinct features that differentiate it from traditional marketing approaches.

1. **Opportunity-Driven Approach :** Entrepreneurs actively scan the business environment to identify unmet customer needs or market gaps, then rapidly develop solutions. For instance, Chai Point recognized office workers' demand for hygienic, consistent-quality tea and built a scalable model around this opportunity.

2. **Risk-Tolerance & Creativity :** Operating with limited resources, entrepreneurial marketers embrace uncertainty and employ unconventional methods. Mamaearth

initially tested its toxin-free baby products through online communities before scaling up.

3. **Flexible Marketing Mix :** The 4Ps (Product, Price, Place, Promotion) are continuously adapted based on real-time feedback. Consider how Zomato:
   - Product: Added grocery delivery during COVID lockdowns
   - Price: Dynamic pricing for premium restaurant listings
   - Place: Focused on Tier-1 cities before expanding
   - Promotion: Shifted from discount-led to content-driven marketing

4. **Customer-Centric Relationship Building**

Startups maintain direct engagement through personalized communication and rapid iteration. Nykaa built loyalty via beauty advisors' Instagram consultations and customized product recommendations.

4.2.3.2 Core Components & Approaches of Entrepreneurial Marketing

Entrepreneurial marketing relies on five key components that enable startups to compete effectively despite limited resources. These approaches combine strategic thinking with practical execution:

a) Market Research & Experimentation

Entrepreneurs use lean, low-cost methods to validate business ideas before making large investments. This involves:

i. Creating Minimum Viable Products (MVPs) to test core concepts (e.g., Paytm initially launched as a simple mobile recharge platform)

ii. Conducting A/B testing on landing pages to measure customer interest

iii. Running small-scale surveys through tools like Google Forms or Typeform

iv. Analyzing social media conversations to identify unmet needs

Example: Mamaearth first tested its toxin-free baby products through parenting Facebook groups before full-scale production.

b) Branding & Value Communication

Effective entrepreneurial branding focuses on:

i. Developing memorable visual identity (logo, colors, packaging)

ii. Crafting compelling brand stories that connect emotionally

iii. Communicating unique value propositions clearly

iv. Maintaining consistent messaging across all touchpoints

Example: Paper Boat built its brand around nostalgia for childhood drinks, using storytelling rather than hard-selling.

c) Guerrilla Promotion & Networking

Resource-constrained firms often use unconventional marketing tactics:

i. Social media virality: Witty campaigns like Zomato's Twitter humor

ii. Partnerships: Collaborating with complementary businesses

iii. Local events: Participating in community gatherings or trade shows

iv. Referral programs: Encouraging word-of-mouth through incentives

Example: Chai Point gained initial traction by offering free samples to office parks during morning hours.

d) Agile Product & Pricing Strategies

Entrepreneurial firms maintain flexibility through:

i. Iterative development: Releasing product versions in phases

ii. Dynamic pricing: Adjusting based on demand and competition

iii. Feedback loops: Incorporating customer suggestions quickly

iv. Pivot readiness: Willingness to change direction when needed

Example: Swiggy started as a hyperlocal delivery service before expanding into Instamart grocery delivery.

e) Digital & Social Media Leverage

Startups maximize online platforms by:

i. Building organic social media presence (Instagram, LinkedIn)

ii. Using targeted ads with precise audience segmentation

iii. Implementing email marketing automation

iv. Tracking analytics to measure campaign effectiveness

Example: Boat headphones grew primarily through influencer marketing on YouTube and Instagram.

4.2.3.3 Benefits & Importance

i. Ideal for startups coping with limited resources, helping them achieve visibility, traction, and differentiation.

ii. Enables rapid learning, nimble pivoting, and market fit through customer-centric experimentation.

iii. Scales effectively using community building, network effects, and partnerships.

4.2.3.4 Entrepreneurial vs. Traditional Marketing: Key Differences

Table 4.2.3 Difference between entrepreneurial Vs. Traditional Marketing

Aspect	Traditional Marketing	Entrepreneurial Marketing
Budget	Large, fixed allocations	Limited, flexible spending
Planning	Long-term (1-5 year plans)	Short iterative cycles (weeks/months)
Customer Reach	Mass media (TV, print)	Direct/digital (social, influencers)
Risk Approach	Avoids uncertainty (predictive models)	Embraces risk (test-learn-adapt)
Channel Focus	Established retail/TV partnerships	Guerrilla tactics & organic networking
Success Metrics	Market share, brand recall	Engagement rates, conversion costs

1. **Budget & Resource Allocation :** Traditional marketing relies on substantial predetermined budgets for campaigns, while entrepreneurial marketing maximizes impact through flexible, often performance-based spending (e.g., using digital ads with real-time budget adjustments).

2. **Planning & Execution :** Where traditional marketers follow annual campaign calendars, entrepreneurial marketers work in rapid sprints. For example, Swiggy's #NoOrderWithoutGhee campaign was conceptualized, executed, and optimized within 3 weeks based on social media trends.

3. **Customer Relationships :** Traditional methods use intermediaries like advertising agencies, whereas entrepreneurial marketing prefers direct engagement. Nykaa's beauty advisors on Instagram exemplify this personalized approach.

4. **Risk Philosophy :** The table highlights how large firms minimize risk through extensive research, while startups like Ola initially tested auto-rickshaw integration in just 2 cities before national rollout.

5. **Channel Innovation :** Entrepreneurial marketers dominate digital spaces - Boat's 90% sales from Amazon/Flipkart show this channel mastery, contrasting with traditional reliance on physical retail.

4.2.3.5 Key Entrepreneurial Marketing Strategies

Entrepreneurial marketing employs innovative, low-cost strategies to maximize impact with limited resources. These approaches are particularly effective for Indian startups and small businesses:

1. Guerrilla Marketing

Nature : Unconventional, high-impact tactics that create buzz with minimal budgets.

How It Works:

- Uses surprise, humor, or novelty to capture attention
- Often leverages public spaces or social media virality

Example: Zomato's witty Twitter engagement strategy turned customer complaints into viral conversations, building brand personality without ad spend.

2. Viral Marketing

Nature : Creating shareable content that spreads organically through networks.

Key Methods:

- Influencer collaborations
- Emotional/nostalgic storytelling
- Challenge campaigns

Example: Boat partnered with YouTube creators and cricketers to showcase its audio products, driving peer-to-peer recommendations.

3. Community-Based Marketing

Nature : Building loyal customer networks that actively promote the brand.

Implementation method :

- Localized engagement (WhatsApp groups, offline meetups)
- User-generated content campaigns
- Co-creation with customers

Example:Lijjat Papad's women's cooperative model created both a production workforce and dedicated customer base through community trust.

Comparative Analysis:

Table 4.2.4 Comparing Entrepreneurial Marketing Strategies

Strategy	Best For	Budget Needed	Speed of Impact	Indian Case Study
Guerrilla Marketing	Immediate brand awareness	Low	Fast	Zomato's Twitter humor
Viral Marketing	Product launches	Medium	Moderate	Boat's influencer ties
Community Building	Sustainable growth	Low	Slow but steady	Lijjat Papad's network

Recap

- ◊ Marketing Analytics helps businesses make data-driven decisions by analyzing customer behavior and campaign performance using structured, unstructured, and semi-structured data.
- ◊ Key tools include Google Analytics (web tracking), Tableau (data visualization), and Python/R (predictive analysis).
- ◊ Competitive Marketing focuses on analyzing rival firms, estimating their reaction patterns, and crafting positioning strategies to gain sustainable advantage.
- ◊ Core strategies include Cost Leadership, Differentiation, and Blue Ocean Strategy, supported by Competitive Intelligence Systems.
- ◊ Entrepreneurial Marketing is an agile, low-cost approach used by startups and small businesses to innovate, connect with customers, and grow under constraints.
- ◊ Popular tactics include Guerrilla Marketing, Viral Marketing, and Community-Based Marketing that leverage creativity, digital platforms, and customer networks.

Objective Questions

1. What is the main purpose of marketing analytics?
2. Which type of data is commonly collected from social media and product reviews?
3. Name any one tool used for data visualization in marketing analytics.
4. What type of competitor reacts immediately and aggressively to market threats?
5. Which competitive strategy focuses on creating a unique market space with minimal competition?
6. What is the system used to collect and analyze data about competitors called?
7. Entrepreneurial marketing is most commonly associated with which type of business?
8. What does the term "Minimum Viable Product (MVP)" refer to in entrepreneurial marketing?
9. Give one example of a guerrilla marketing tactic.
10. Which marketing approach prefers flexible spending and rapid feedback—traditional or entrepreneurial?

Answers

1. To convert marketing data into insights for better decision-making
2. Unstructured data
3. Tableau
4. Tiger competitors
5. Blue Ocean Strategy
6. Competitive Intelligence System
7. Startups or small businesses

8. A basic version of a product used to test customer response before scaling
9. Surprise-based, low-cost promotion like Zomato's witty social media posts
10. Entrepreneurial marketing

Self-Assessment Questions

1. Define marketing analytics. Why is it important in today's business environment?
2. Differentiate between structured, unstructured, and semi-structured data with examples.
3. Briefly explain any two tools used in marketing analytics and their applications.
4. What is competitive marketing? How does it help businesses gain an advantage?
5. Explain the key steps involved in conducting a competitive analysis.
6. What are the major types of competitors based on their reaction patterns? Give examples.
7. Describe the concept of entrepreneurial marketing. How is it different from traditional marketing?
8. Discuss three key strategies used in entrepreneurial marketing with Indian examples.
9. How does digital and social media help startups grow through entrepreneurial marketing?
10. Compare guerrilla marketing and viral marketing with suitable case examples.

Assignments

1. Prepare a report on how a leading Indian e-commerce company (e.g., Amazon India or Flipkart) uses marketing analytics tools to improve customer experience.
2. Conduct a comparative analysis of two competing brands in any sector (e.g., telecom, food delivery, personal care) highlighting their competitive marketing strategies.
3. Choose a local startup or small business and suggest how it can implement entrepreneurial marketing strategies to build its brand and increase customer engagement.
4. Write an essay on the importance of data-driven decision-making in competitive marketing and how it can influence pricing, promotion, and product strategies.
5. Design a basic guerrilla or viral marketing campaign for a fictional startup selling eco-friendly products, considering budget and creativity constraints.

Suggested Reading

1. Kotler, P., Keller, K. L., Koshy, A., & Jha, M. (2022). Marketing management: A South Asian perspective (16th ed.). Pearson Education.
2. Davenport, T. H., & Harris, J. G. (2017). Competing on analytics: The new science of winning (Rev. ed.). Harvard Business Review Press.
3. Ries, A., & Trout, J. (2001). Positioning: The battle for your mind. McGraw-Hill Education.
4. Levinson, J. C. (2007). Guerrilla marketing: Easy and inexpensive strategies for making big profits from your small business (4th ed.). Houghton Mifflin Harcourt.

BLOCK 05

Practical Applications and Case Studies

Unit 1

Marketing Insights Analysis

Learning Outcomes

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

- ◊ comprehend the real-world application of marketing concepts by studying successful local businesses in Kerala.
- ◊ identify effective marketing strategies used by nano and small enterprises.
- ◊ recognise key lessons and best practices from business success stories.
- ◊ conduct meaningful interviews with entrepreneurs and marketing heads.
- ◊ analyse and interpret marketing decisions using concepts learned in theory.

Discussion

5.1.1 Overview of Activities

To achieve the above outcomes, learners will perform two major activities:

1. Case Analysis of Successful Nano & Small Businesses in Kerala
2. Interview with an Entrepreneur or Business Leader

Both activities are designed to give hands-on exposure to real-life marketing decisions, strategies, and outcomes.

5.1.2 Activity 1: Case Analysis of Successful Nano & Small Businesses in Kerala

Purpose of the Activity

This activity is aimed at helping learners connect the theoretical concepts of marketing (such as marketing mix, branding, pricing, promotion) with how these are applied by successful small businesses operating in Kerala. It allows learners to learn from real examples and understand how context, creativity, and customer understanding contribute to marketing success.

Steps to Perform

1. **Select Two Real-life Businesses :** Choose any two nano or small businesses in Kerala that have achieved local or regional success. These could be:

   i. Local cafes or food outlets

   ii. Handicraft or eco-product sellers

   iii. Wellness or ayurveda-based startups

   iv. Small-scale apparel or fashion brands

   v. Women-led home businesses

   vi. Digital service startups (freelance marketing, printing, design)

2. **Collect Information on these Businesses**
You can use the following sources:

   i. News articles or magazines (like The Hindu MetroPlus, YourStory, etc.)

   ii. Business social media pages (Facebook, Instagram, LinkedIn)

   iii. MSME support organisations' websites or local Kudumbashree units

   iv. Personal visits (if possible) or online video/documentaries

3. **Analyse the Following Aspects**

   i. Business Profile: What is the business about? Who is the founder? When was it started?

   ii. Product/Service Offered: What do they sell? Is it a product, service, or both?

   iii. Target Market: Who are their customers (age, gender, location, preferences)?

   iv. Marketing Strategies Used:

   - Pricing strategy
   - Promotional tools (ads, offers, word-of-mouth)
   - Social media and digital marketing
   - Customer service and retention
   - Offline marketing (banners, exhibitions, local collaborations)

   v. Unique Practices: Any innovation or creative idea they used?

   vi. Business Growth: How did their marketing help in growing sales or brand name?

4. **Document Lessons Learned and Best Practices:**

i. What strategies worked?

ii. What can new entrepreneurs learn from them?

iii. What makes them stand out in the local market?

Expected Output

Prepare a **case analysis report** of around 3–4 pages (per business), structured as follows:

i. Business Name and Background

ii. Marketing Strategy Overview

iii. Use of Marketing Mix (4Ps)

iv. Success Factors

v. Lessons and Best Practices

vi. Your Observations and Conclusion

You may use charts, pictures, or screenshots (with permission or from public sources) to make your report more engaging.

5.1.3 Activity 2: Interview with an Entrepreneur or Business Leader

Purpose of the Activity

This activity will help you interact directly with a person running a business and learn firsthand about the marketing strategies they use. It will also help improve your communication, interview, and analytical skills.

Steps to Perform

1. Identify a Business Owner or Marketing Head

i. Preferably someone from a small business, home-based enterprise, or startup in Kerala.

ii. You may choose a business related to your case study or a different one.

2. Fix an Appointment for an Interview

i. You can contact them through email, social media, phone, or in person.

ii. Explain the purpose (as part of your Degree- BA Nano Entrepreneurship) and ask for 30–45 minutes of their time.

3. **Prepare Interview Questions in Advance**

Ask open-ended questions. Some examples are:

i. How did your business begin?

ii. What methods do you use to promote your business?

iii. Which marketing platform works best for you?

iv. How do you understand your customer's needs?

v. What was your biggest marketing success?

vi. Did you face any marketing challenges? How did you overcome them?

4. **Conduct the Interview**

i. Be polite and respectful.

ii. If allowed, record the interview or take detailed notes.

iii. Maintain professionalism in both appearance and language.

5. **Analyse and Reflect**

i. After the interview, relate their marketing strategies to the theories you learned in class.

ii. Identify what makes their marketing approach effective.

Expected Output

Prepare a 2–3 page interview report, structured as follows:

- Introduction to the Business/Entrepreneur
- Key Insights from the Interview
- Analysis of Marketing Strategies Discussed
- Challenges and Solutions Shared
- Takeaways and Learnings
- Reflection on Theory vs. Practice

You may include quotes, interview excerpts, or photographs (with consent).

Additional Guidance to the Learners

i. Be Curious : Don't hesitate to explore local or lesser-known businesses—they often have innovative marketing stories.

ii. Stay Ethical : Always ask permission before using someone's name, photo, or words.

iii. Use Simple, Clear Language in your report.

iv. Relate Theory to Practice: Use terms like "branding", "positioning", "customer segmentation", "digital promotion" in your analysis.

v. Keep Deadlines in Mind and start early to avoid last-minute rush.

Unit 2

Case Studies

Learning Outcomes

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

- ◊ read and analyse at least two case studies - one focusing on STP and another on the Marketing Mix.
- ◊ prepare structured reports demonstrating their understanding of how these concepts are applied in real-world businesses.
- ◊ reflect on the learnings from the case studies and suggest improvements or alternative strategies where applicable.

Discussion

5.2.1 Activity 1: Case Study Analysis on STP (Segmentation, Targeting, Positioning)

Purpose of the Activity

To understand how businesses divide markets into segments, choose their target markets, and develop positioning strategies to create brand identity and customer value.

Activity to be Performed

i. Select one case study (from course materials or instructor-provided sources) that showcases how a company used STP effectively.

ii. Read the case study thoroughly.

iii. Analyse and document:

- **Segmentation:** On what basis (demographic, geographic, psychographic, behavioural) did the company divide its market?
- **Targeting:** Which segments did the company choose and why?

- **Positioning:** What message, image, or value did the company try to establish in the minds of customers?

Guidance for Performing the Activity

- Use case studies from authentic sources such as:
  - Course-provided textbook or SLM
  - IIM Case Study Repository
  - Marketing case study books (e.g., Kotler's Marketing Management)
  - Reputed websites like Harvard Business Review, YourStory, etc.
- Analyse the customer profile, market strategy, and brand message of the company in the case.
- Use diagrams where necessary, such as STP pyramids or positioning maps.
- Make sure your report includes:
  - Case Summary
  - Analysis of STP components
  - Lessons Learned
  - Your Suggestions or Observations

5.2.2Activity 2: Case Study Analysis on Marketing Mix

5.2.2.1 Purpose of the Activity

To help learners understand how businesses plan and execute strategies using the 4Ps (Product, Price, Place, Promotion) or 7Ps (including People, Process, and Physical Evidence) of marketing.

5.2.2.2 Activity to be Performed

- Choose one case study focused on how a company developed its marketing strategy using the Marketing Mix.
- Study how each component of the marketing mix was addressed in the company's strategy.

5.2.2.3 Guidance for Performing the Activity

- Use real-world examples from industries like FMCG, e-commerce, hospitality, automobiles, etc.
- Analyse:

- ○ **Product:** What product or service is being offered? What are its features or USP?
- ○ **Price:** What pricing strategy was used penetration, skimming, value-based, etc.?
- ○ **Place:** Through which channels was the product distributed?
- ○ **Promotion:** What communication strategies (advertisements, social media, sales promotions) were employed?
- ○ **People, Process, Physical Evidence** (for service businesses): How did these affect customer satisfaction and brand loyalty?

- Prepare a detailed report with the following sections:
  - ○ Introduction to the Case
  - ○ Marketing Mix Analysis (with subheadings for each P)
  - ○ Impact of Strategy
  - ○ Lessons Learned
  - ○ Recommendations

5.2.2.4 Final Submission Format

Prepare a report for each case study (STP and Marketing Mix) in a structured format. Each report should be 3–5 pages long.

Suggested Report Structure

1. Title Page (Name, Roll No, Unit Title, Activity Title)
2. Introduction to the Case Study
3. Theoretical Concepts Brief (short explanation of STP or Marketing Mix)
4. Case Analysis
   - ○ STP Elements or 4Ps/7Ps Analysis (with tables/diagrams where applicable)
5. Lessons Learned from the Case
6. Your Critical Observations or Suggestions
7. References (if any external sources were used)

Additional Guidance for Learners

i. Choose diverse industries (e.g., one product-based company and one service-based business) for broader understanding.

ii. Use real examples from companies like Amul, BigBasket, Zomato, Paper Boat, FabIndia, etc., if case studies are not provided.

iii. Keep your language formal, clear, and structured.

iv. Include visual aids like charts, STP models, 4P tables, and positioning maps to enrich your report.

v. Avoid simply narrating the case. Analyse and interpret marketing strategies in the light of what you learned in theory.

vi. Maintain originality and avoid plagiarism.

Additional Readings

- Kotler, P., & Keller, K. L. (2016). Marketing Management (15th ed.). Pearson.
- Armstrong, G., & Kotler, P. (2020). Marketing: An Introduction. Pearson.
- Kumar, N., & Meenakshi, N. (2016). Marketing Management. Cengage Learning.

CASE STUDY 1

Case Story: How Coca-Cola Rejuvenated Maaza – A Mango Drink Loved Across India

Coca-Cola and the Indian Beverage Market

In the early 1990s, Coca-Cola re-entered the Indian market after a long absence. Realising that Indian consumers had a unique preference for fruit-based drinks especially mango flavours, the global soft drink giant decided to invest not just in cola beverages, but also in the non-carbonated fruit drink segment. This led to the strategic acquisition of three local brands from Parle in 1993: Thums Up, Limca, and Maaza.

Maaza, already popular for its strong mango taste, became Coca-Cola's choice to capture the non-aerated beverage space. Over the next two decades, Coca-Cola India transformed Maaza into one of the most successful mango drinks in the country. This transformation was not accidental, it was the result of a carefully planned Segmentation, Targeting, and Positioning (STP) strategy.

The Challenge: Competing in a Crowded Market

The mango drink segment in India was (and remains) intensely competitive. Brands like Frooti from Parle Agro and Slice from PepsiCo were already popular. While Frooti had a playful image and Slice adopted a sensuous, adult appeal, Coca-Cola needed to define what made Maaza different.

Maaza had a loyal consumer base but lacked a strong, modern identity. Coca-Cola had to rethink the way Maaza was perceived by Indian consumers. Could a bottled mango drink compete with the deep cultural sentiment associated with eating ripe mangoes in Indian homes?

The solution lay in understanding India—not just its people's taste, but their values, lifestyle, habits, and memories.

Understanding the Indian Consumer

Coca-Cola's market researchers travelled across cities, towns, and villages. They found that:

- Mangoes are not just fruits in India—they are part of emotional and family memories.
- Consumers associated Maaza with childhood, summer vacations, and home.
- There was growing interest in health and natural beverages, especially among urban youth.
- Parents often preferred buying fruit drinks over sodas for their children.

This research helped Coca-Cola craft a new direction for Maaza—one that celebrated India's nostalgia, trust in fruit-based drinks, and craving for real mango taste.

The STP Strategy Unfolds

Segmentation

Coca-Cola began by identifying key consumer segments for Maaza:

- Demographic: Children, teenagers, and adults from middle-income families.
- Geographic: Urban and semi-urban cities with high beverage consumption.
- Behavioural: Consumers who prefer traditional, fruity drinks over fizzy sodas.
- Psychographic: People who associate mangoes with happiness, family, and tradition.

Targeting

From this segmentation, Coca-Cola chose to target two main groups:

1. **Primary Target:** Children and teenagers who enjoy sweet, fruity drinks and whose parents are conscious of what they consume.

2. **Secondary Target:** Young adults and families, especially those seeking a healthier, nostalgic alternative to carbonated beverages.

The brand would speak to the masses, not just niche audiences, making Maaza a household drink for all seasons.

Positioning

With the tagline "Har mausam aam ka mausam" (It's always mango season), Coca-Cola positioned Maaza as:

- A rich, thick, mango drink that brings the joy of mangoes anytime.
- A safe, trusted, and nostalgic product ideal for children and adults.
- A year-round solution to enjoy mangoes, especially since real mangoes are seasonal.

By highlighting the Alphonso mango content and smooth texture, Coca-Cola moved Maaza into a space where it was more than a beverage—it became a bottled emotion for many.

Marketing and Promotion

Coca-Cola launched a new wave of marketing campaigns:

- Television ads featured joyful moments with families and friends, emphasising togetherness and mango flavour.
- Bollywood celebrities like Katrina Kaif and Aishwarya Rai endorsed the product, adding glamour and credibility.
- The drink was made available in multiple pack sizes—from 200 ml pouches for schools to 1-litre bottles for families.

Instead of loud, aggressive campaigns, Maaza chose emotional storytelling, rooted in Indian culture.

Outcome: The Rise of a Beverage Giant

Maaza's repositioning strategy worked. Sales grew steadily, and by 2017, Maaza was among Coca-Cola India's top 3 brands. It outpaced competitors in market share and loyalty.

Today, Maaza is not just a mango drink—it is part of Indian summers, school lunch breaks, and family picnics. Coca-Cola's localisation strategy helped it win the hearts of Indian consumers through Maaza.

Review Questions

Now that you have read the case story, analyse and document Maaza's STP strategy:

1. What types of segmentation (demographic, geographic, psychographic, behavioural) did Coca-Cola apply to Maaza?
2. Which specific consumer groups did the company choose to focus on, and why?
3. What image or message did Coca-Cola want Maaza to create in the minds of customers?

Also, write your short report based on the following format:

1. Introduction to the Case Study
2. Theoretical Concepts Brief (STP Model or 4Ps)
3. Case Analysis (STP Elements / 4Ps with tables or diagrams)
4. Lessons Learned from the Case
5. Your Critical Observations or Suggestions
6. References (if any)

CASE STUDY 2

Case Story: Amul – The Taste of India and the Power of the Marketing Mix

A Dairy Revolution Begins

In the dusty town of Anand, Gujarat, a quiet revolution began in 1946 when milk farmers were exploited by middlemen and had little control over the pricing of their produce. A visionary named Dr. Verghese Kurien, with the support of Sardar Vallabhbhai Patel, decided to empower local farmers through a cooperative model. Thus, the Amul cooperative was born.

From those humble beginnings, Amul grew into India's largest dairy brand and a global symbol of cooperative success. Today, Amul is not just known for its milk and butter but also for its innovative marketing strategies that have kept the brand fresh, trustworthy, and relevant for over seven decades.

This is the story of how Amul uses the Marketing Mix – Product, Price, Place, and Promotion (4Ps) – to dominate India's dairy industry.

The Challenge: Reaching Every Indian Kitchen

The Indian market is diverse and complex. From bustling metros like Mumbai and Delhi to remote villages in Assam and Chhattisgarh, consumer preferences, income levels, and lifestyles vary widely. How could Amul ensure that a rural family in Madhya Pradesh and an urban professional in Bengaluru both choose its products?

The answer lay in mastering the Marketing Mix-adapting its products, pricing them appropriately, ensuring availability in every corner, and communicating effectively with all segments.

Product: More Than Just Milk

Amul started with milk and butter, but today its portfolio includes:

- Dairy staples: Milk, paneer, curd, ghee, cheese, butter, and cream.
- Snacking and beverages: Amul Kool (flavoured milk), Amul Ice Cream, Amul Lassi, milk shakes, chocolate.
- Health and innovation: Camel milk, lactose-free milk, Amul Pro (protein drinks), and milk powders.

Amul also responds to consumer feedback. For instance, when urban youth demanded indulgent treats, it launched dark chocolates and kulfi ice creams. When fitness-conscious people avoided sugar, Amul introduced sugar-free products.

The products are always hygienic, fresh, and affordable, making them ideal for the Indian kitchen.

Price: Affordability Meets Sustainability

Amul follows a value-based pricing strategy, ensuring products are affordable for consumers while offering fair compensation to farmers.

- Milk is priced slightly lower than competitors to retain market share.
- Ice creams and milk-based drinks are offered in ₹10 and ₹20 packs to attract schoolchildren and price-sensitive buyers.
- Amul doesn't indulge in premium pricing-even its cheese and chocolates are cheaper than imported alternatives.

This pricing model is possible because of Amul's cooperative structure. The profits go back to millions of farmers, not corporate shareholders.

Place: Milk in Every Corner of India

How does Amul ensure that its products reach 1.4 billion people? Through one of India's most efficient distribution systems.

- A three-tier supply chain: Village Milk Societies → District Unions → State Federations → Consumers.
- More than 10,000 distributors and over 1 million retailers.
- Products available in grocery stores, supermarkets, railway stations, airports, and even mobile milk vans.
- Amul's cold chain logistics ensure freshness for perishable products like ice cream and cheese.

Recently, Amul expanded into e-commerce and partnered with apps like BigBasket and Blinkit, delivering milk and butter to your doorstep within minutes.

Promotion: Wit, Humour, and Trust

Amul is India's most consistent and creative advertiser. Its advertising mascot, the Amul Girl, is famous for her witty, topical cartoons that comment on politics, sports, cinema, and social issues. These hoardings are part of Indian pop culture.

Some of Amul's famous campaigns include:

- "Utterly Butterly Delicious" – still remembered after 50 years.
- Amul Kool ads showing youth enjoying flavoured milk after college.
- "Amul Doodh Peeta Hai India" – highlighting milk as essential for Indian families and children.
- Awareness ads during COVID-19 promoting dairy for immunity and health.

Promotion isn't just TV ads—Amul uses radio, print, social media, street hoardings, and in-store demos to stay connected with its vast audience.

A Brand Loved Across Generations

Today, Amul stands for trust, affordability, taste, and Indian pride. It is:

- A lifeline for over 36 lakh milk farmers.
- A symbol of self-reliance and the success of India's White Revolution.
- A market leader in butter, cheese, ghee, and milk drinks.

The reason behind this success? A balanced, smart, and customer-focused Marketing Mix.

Review Questions

Now that you have read Amul's story, analyse and document the following:

- What product categories has Amul developed?

- How does the company ensure product quality and relevance?
- What kind of pricing strategy does Amul follow?
- How does it maintain affordability while supporting farmers?
- Describe Amul's distribution system.
- How does Amul reach rural and urban markets?
- What makes Amul's promotions unique?
- How does Amul use advertising to build customer trust?

Also prepare a Report with the following:

1. Introduction to the Case Study
2. Brief on Theoretical Concepts (4Ps of Marketing)
3. Case Analysis (Product, Price, Place, Promotion)
4. Lessons Learned from the Case
5. Your Critical Observations or Suggestions
6. References (if any used)

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MODEL QUESTION PAPER

QP CODE:.. **SET – 01** **Reg. No:…..**

Name:……

THIRD SEMESTER BA NANO ENTREPRENEURSHIP EXAMINATION

ANCILLARY COURSE (AN) - B23NE02AN

MARKETING MANAGEMENT

(CBCS - UG)

2024-25 - Admission Onwards

Time: 3 Hours **Max Marks: 70**

Section A

(Answer any 10, each carry 1 mark)

(10x1=10)

1. Who is considered the father of modern marketing?
2. Define ‘product’ in marketing terms.
3. What is the first stage of the consumer decision-making process?
4. Which pricing strategy sets high initial prices for new products?
5. Name one tool used for data visualization in marketing analytics.
6. What does MVP stand for in entrepreneurial marketing?
7. Which marketing type promotes environmentally friendly products?
8. What is the term for unpaid media communication about a brand?
9. Which channel allows direct product purchase from manufacturers?
10. What are industrial goods meant for?
11. Define ‘branding’.
12. Which PLC stage reflects declining customer loyalty?
13. What is the key metric for influencer marketing success?
14. What is the main purpose of marketing analytics?
15. Which strategy creates unique market spaces with minimal competition?
16. What is referred to as a name/term that distinguishes a seller’s goods?

Section B

(Answer any 5, each carries 2 marks)

(5x2=10)

17. Differentiate micro and macro marketing environments.
18. Explain 'penetrative pricing' with an example.
19. List two characteristics of services.
20. How does guerrilla marketing differ from viral marketing?
21. What are the primary functions of physical distribution?
22. Why is inventory control critical in logistics?
23. Describe the 'intangibility' feature of services.
24. What is meant by 'perishability' in service marketing?
25. Differentiate between advertising and sales promotion.
26. What is competitive intelligence in marketing?

Section C

(Answer any 4, each carries 5 marks)

(4x5=20)

27. Explain the 5 stages of consumer decision-making with examples.
28. Discuss the role of culture in shaping consumer behaviour.
29. Compare price skimming and penetrative pricing strategies.
30. Analyse the challenges of managing perishable services.
31. Explain how consumer involvement affects purchase decisions.
32. Describe the components of a service marketing mix.
33. What are the benefits of relationship marketing?
34. Explain the concept of 'minimum viable product' in start-ups.

Section D

(Answer any 2, each carries 15 marks)

(2x15=30)

35. Critically evaluate the product life cycle stages and suggest marketing strategies for each.
36. "Data-driven decisions are transforming marketing." Discuss with tools and examples.
37. Explain how companies can implement sustainable marketing practices.
38. Analyse the impact of digital platforms on entrepreneurial marketing.

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MODEL QUESTION PAPER

QP CODE:.. **SET – 02** **Reg. No:…..**

Name:……

THIRD SEMESTER BA NANO ENTREPRENEURSHIP EXAMINATION

ANCILLARY COURSE (AN) - B23NE02AN

MARKETING MANAGEMENT

(CBCS - UG)

2024-25 - Admission Onwards

Time: 3 Hours **Max Marks: 70**

Section A

(Answer any 10, each carry 1 mark)

(10x1=10)

1. From which Latin word is 'market' derived?
2. What is the goal of social marketing?
3. Which environment includes inflation and unemployment rates?
4. Name a green marketing product example.
5. *What is the goal of social marketing?*
6. Define 'holistic marketing'.
7. Which segmentation categorizes by lifestyle/personality?
8. What is the term for face-to-face sales presentations?
9. Which function ensures product safekeeping until demanded?
10. What does a competitive intelligence system do?
11. Which pricing method copies competitors' prices?
12. What is 'blue ocean strategy'?
13. Define 'public relations'.
14. Which PLC stage has low sales due to limited awareness?
15. What is the main advantage of entrepreneurial marketing?
16. What is the role of packaging in marketing?

Section B

(Answer any 5, each carries 2 marks)

(5x2=10)

17. Differentiate advertising and publicity.
18. Explain 'going-rate pricing' with an example.
19. List two benefits of sales promotions.
20. How does entrepreneurial marketing differ from traditional marketing?
21. What are the facilitating functions of physical distribution?
22. Why is packaging critical for products?
23. Describe the 'heterogeneity' feature of services.
24. What are the components of promotion mix?
25. Differentiate between product width and depth.
26. What is the significance of labelling?

Section C

(Answer any 4, each carries 5 marks)

(4x5=20)

27. Explain STP (Segmentation, Targeting and Positioning) with examples.
28. Discuss how social groups influence consumer behaviour.
29. Compare cost-based and perceived-value pricing strategies.
30. Analyse the role of opinion leaders in modern marketing.
31. Explain the perishability characteristic of services and its impact on marketing strategies.
32. Explain the concept of 'perceived value' in pricing.
33. How can companies leverage influencer marketing effectively?
34. *Explain the key differences between personal selling and advertising in the promotion mix*?

Section D

(Answer any 2, each carries 15 marks)

(2x15=30)

35. "Sustainability is the future of marketing." Evaluate this statement with examples.
36. Analyse how cultural factors influence consumer buying behaviour, with examples.
37. Design a marketing plan for a new eco-friendly product launch.
38. Analyse different digital tools used in marketing analytics, and evaluate their impact on data-driven decision-making.

സർവ്വകലാശാലാഗീതം

വിദ്യയാൽ സ്വതന്ത്രരാകണം
വിശ്വപൗരരായി മാറണം
ഗ്രഹപ്രസാദമായ് വിളങ്ങണം
ഗുരുപ്രകാശമേ നയിക്കണേ

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സൂര്യവീഥിയിൽ തെളിക്കണം
സ്നേഹദീപ്തിയായ് വിളങ്ങണം
നീതിവൈജയന്തി പാറണം

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ജാതിഭേദമാകെ മാറണം
ബോധരശ്മിയിൽ തിളങ്ങുവാൻ
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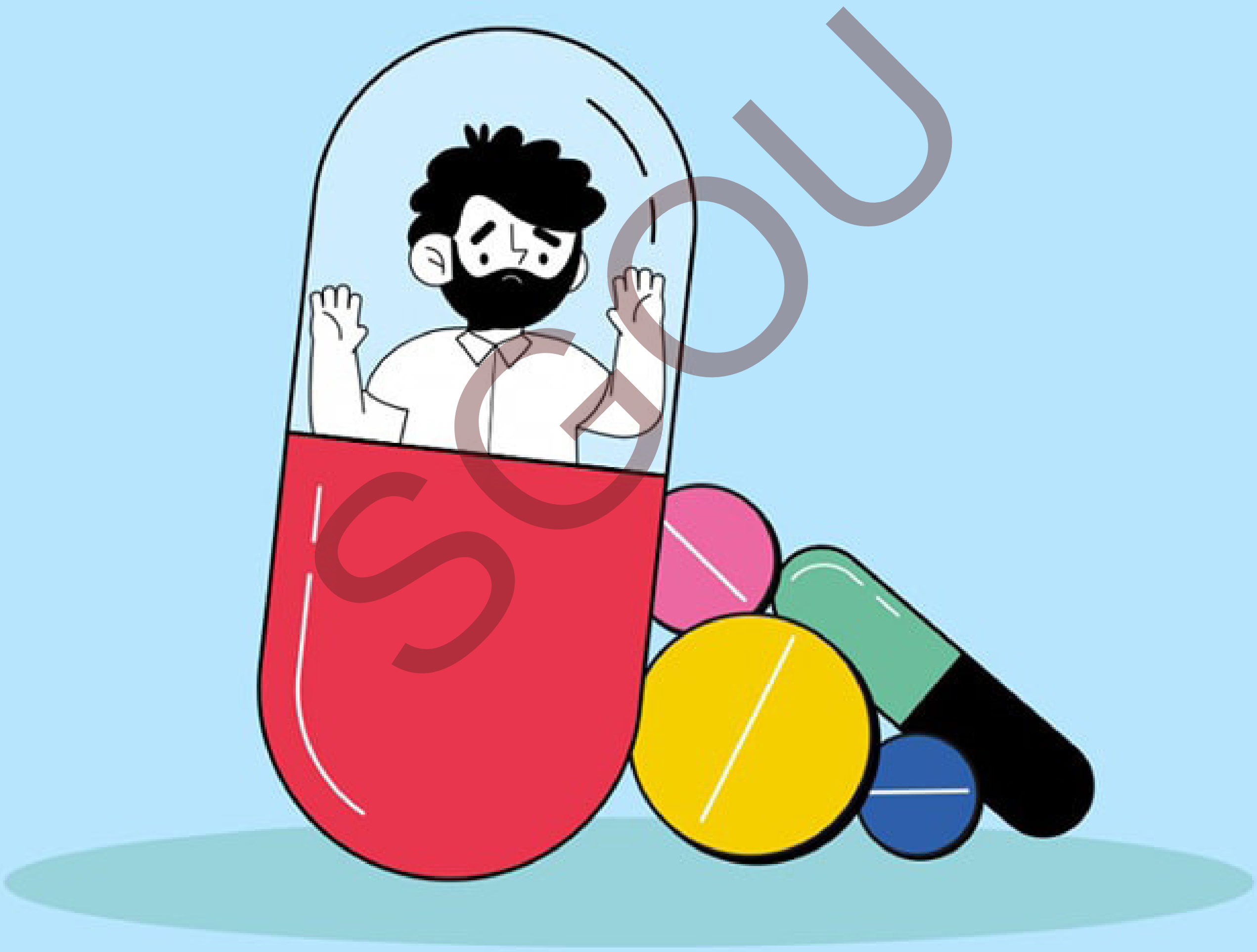

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MARKETING MANAGEMENT

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