MARKETING MANAGEMENT

Course Code: SGB24BB203MC
Major Course
Bachelor of Business Administration (Honours)
Self Learning Material

SREENARAYANAGURU OPEN UNIVERSITY

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

Vision

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

Mission

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

Pathway

Access and Quality define Equity.

Marketing Management
Course Code: SGB24BB203MC
Semester - III

Four Year Undergraduate Programme
Bachelor of Business Administration (Honours)
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Self Learning Material

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SREENARAYANAGURU OPEN UNIVERSITY

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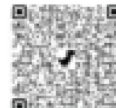Visit and Subscribe our Social Media Platforms

Dear Learner,

It is with great pleasure that I welcome you to the Four Year UG Programme in Business Administration offered by Sreenarayanaguru Open University.

Established in September 2020, our university aims to provide high-quality higher education through open and distance learning. Our guiding principle, 'access and quality define equity', shapes our approach to education. We are committed to maintaining the highest standards in our academic offerings.

Our university proudly bears the name of Sreenarayanaguru, a prominent Renaissance thinker of modern India. His philosophy of social reform and educational empowerment serves as a constant reminder of our dedication to excellence in all our academic pursuits.

The Four Year UG Programme in Business Administration covers all relevant areas aligned with management theory and organisational practices. We have incorporated the latest trends in business studies to ensure a comprehensive and up-to-date curriculum. Moreover, the programme encompasses flexible options for learners to choose from a range of Ability Enhancement Courses, Multi-disciplinary Courses, Value Added Courses, and Skill Enhancement Courses, complemented by discipline-oriented Advanced and Additional Advanced Courses.

Our teaching methodology combines three key elements: Self Learning Material, Classroom Counselling, and Virtual modes. This blended approach aims to provide a rich and engaging learning experience, overcoming the limitations often associated with distance education. We are confident that this programme will enhance your understanding of business studies, preparing you for various career paths and further academic pursuits.

Our learner support services are always available to address any concerns you may have during your time with us. We encourage you to reach out with any questions or feedback regarding the programme.

We wish you success in your academic journey with Sreenarayanaguru Open University.

Best regards,

Dr. Jagathy Raj V.P.
Vice Chancellor   01-01-2025

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Introduction to Marketing

Unit 1

Fundamentals of 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

◊ understand the importance of marketing

◊ recognise different functions of Marketing

Prerequisite

Anil always dream of starting his own business so in a bustling little town near the school and college area he opened a small bakery shop, dreaming of selling his delicious cakes. He soon realized that in order to make more profit he needed more than just great taste-the need of customers to know about his shop and cakes was important. So, he began his marketing journey. At first, he identified his potential customers: school and college students who always craved for sweets. Then he thought to showcase his cakes online with visually stunning images with good captions to grab the student's attention(promotion). He then priced his cakes and sweets just right ie, not too high nor too low. Finally, he made sure that his cakes were always available at the right spots too like nearby coffee shops (place). Over time, more people and students noticed Anil's efforts, tried his cakes, and kept coming back for more. He realized that marketing was all about getting to know people, their preferences, building relationships, and offering something valuable to them!

Keywords

Market, Marketing Management, Societal Marketing, Holistic Marketing, Production concept, Selling concept, Marketing Mix

1.1.1 Introduction to Marketing

Human beings are social animals with unlimited wants and needs, from basic necessities like food and clothing to modern desires like smartphones and entertainment. Marketing is the process of understanding these needs and providing the right products or services to fulfil them. It plays a vital role in the success of any business organisation by understanding consumer demands and delivering value effectively thereby building strong relationship with the customers. Businesses use marketing to identify what people want, develop products accordingly, and promote them through advertisements, social media, and other channels. Good marketing helps businesses grow by building strong customer relationships and ensuring people find the right products that meet their needs. The success of Maruti 800, India's first affordable family car launched by Maruti Suzuki in 1983 transformed the Indian vehicle market into success and paved the path for India's small vehicle market to expand.

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. The very existence of a business organisation is marketing. In this competitive world marketing serves as the starting point of all activities. The success of a business largely depends on how effectively its marketing strategies are planned and implemented. Marketing refers to the process of understanding, attracting, and satisfying customers by offering goods or services that fulfil their needs. It involves creating awareness, building relationships, and delivering value to customers.

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.

Basic terms in Marketing

Buyer- A buyer is an individual or an organisation who buys product or service.

Seller- A seller is an individual or an organisation who sells products or services as part of its business operations.

Consumer- is a person who ultimately uses the final product or service. A consumer may or may not have purchased the product or service. For e.g. If you buy a gift for someone, you are the customer and the person receiving the gift is the consumer.

Customer- is a person or organisation that makes a purchase and are directly involved in the transaction and pay for the goods or services. A customer can be both a customer and a consumer if they purchase something for their own use. For e.g. you buy a laptop for yourself, you are both the customer (the one who made the purchase) and the consumer (the one who uses the laptop).

Market- can be referred to as a place where buyers and sellers meet to do exchange of goods or service. Normally, ownership and possession of goods transfers from seller to buyer for money.

Marketing Channel- refers to the mode or path through which a business delivers its products or services to its customers. It includes all the entities involved in the process, such as retailers, wholesalers, distributors, and even digital platforms. These channels ensure that the product moves from the producer to the consumer in an efficient way.

Product- A physical thing or a service which a business offers to customers to meet their needs.

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:** Art refers to a specific skill that is required in marketing activities of any type of business. Science refers to a systematic body of knowledge based on facts and principles

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

vi. **Economic Function:** 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 organisations 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 step, 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. Pre-sales 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

Marketing as a special significance in the management of business in modern days. Since the industrial revolution, business management has undergone six distinct concepts of marketing.

A) Production Concept

B) Product Concept

C) Selling Concept

D) Marketing Concept

E) Social Marketing Concept

F) Holistic Marketing Concept

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 organisations 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 organisations 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 organisations 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 organisations 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 organisational 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 Concept

Holistic marketing is described as a marketing approach that examines the entire organisation 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.
Cost determines the price.	Emphasis on innovation in every sphere; on providing better value to the customer by adopting better technology
Transportation, storage and other distribution functions are perceived as mere extensions of the production function.	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

The strategy used by manufacturers to succeed in the field of marketing is known as the marketing mix. The relevance of the consumer's preference is emphasised by the modern market idea. Manufacturers employ a variety of strategies to succeed in the market and one of the crucial strategy is the marketing mix.

According to Borden, "The marketing mix refers to the appointment of efforts, the combination, the designing and the integration of the elements of marketing into a programme or mix which, on the basis of an appraisal of the market forces will best achieve an enterprise at a given time." According to Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system - the product, the price structure, the promotional activities and the distribution system."

The product, the distribution system, the pricing policy and the promotional activities make up the marketing mix. A mixture of four factors — the product, pricing, physical distribution and promotion—is referred to as the marketing mix. These are sometimes referred to as the "Four Ps."- Product, Price, Place (Physical Distribution), Promotion. Detailed description will be followed in the subsequent units.

Recap

◊ Marketing is an organisational 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.

◊ Marketing is an organisational 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

  o Identify customer needs

  o Planning

  o Product Development

  o Standardisation and Grading

  o Packing and Labelling

  o Branding

  o Setting up Customer Support Service

- o Pricing
- o Promotion
- o Distribution
- o Transportation
- o 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.

◊ A mixture of four factors- the product, price, physical distribution and promotion is referred to as the marketing mix.

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 organisations 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?

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

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?

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.

Suggested Reading

1. Marketing Management, Philip Kotler, Kevin Lane Keller, Abraham Koshy and Mithileshwar Jha.(2018). 14th Edn., Pearson Education.

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Marketing Environment

Prerequisite

Riya always dreamed of creating a brand that combined fashion with sustainability. She started her own handmade clothing business called "Chic Crafts." From the beginning, she understood that running a business meant dealing with many different people and forces around her.

Every day, Riya worked closely with her customers, listening to their feedback and understanding their needs. She depended on her suppliers to provide her with eco-friendly fabrics and materials. She kept an eye on her competitors to see what new designs they were offering. She also partnered with social media influencers who helped promote her brand to a wider audience. These groups formed her micro environment – the people and organizations she directly interacted with. She could influence many of these relationships by choosing different suppliers or forming new partnerships whenever needed.

However, not everything was in Riya's control. She also faced changes in the macro environment, which included bigger forces that affected all businesses. There were economic changes like the rising cost of raw materials. Social trends began shifting, and more people started demanding sustainable and eco-friendly fashion. New technologies made online shopping easier, changing the way customers shopped. There were also laws about environmental protection and increasing concerns about climate change. These were broader forces that Riya could not control, but they still had a strong impact on her business.

One day, a problem arose. Her main supplier ran out of eco-friendly fabric, and Riya's production came to a halt. This was a micro-level problem because it involved a direct partner. At the same time, Riya noticed that the demand for sustainable fashion was rapidly growing across the world, a clear macro-level trend. Instead of getting discouraged, Riya quickly found a new supplier who provided even better eco-friendly materials. She also updated her marketing to highlight her brand's commitment to sustainability.

Through this experience, Riya learned an important lesson. To succeed, a business must be prepared to handle both immediate challenges from its micro environment and larger trends from the macro environment. By adapting to both, Riya helped "Chic Crafts" grow stronger and more popular than ever before.

Keywords

Marketing Environment, Micro Environment, Macro Environment, marketing Intermediaries, Suppliers, Customers, Competitors, Political Environment, Legal environment, Economic environment, Macro Environment, Micro Environment

Discussion

1.2.1 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 up with these issues.

1.2.2 Need for Marketing Environment Analysis

Environment analysis attempts to give an extensive insight to the current market conditions as well as of the external factors that are uncontrollable by the marketers. Marketing environment analysis is crucial for a business to succeed because it helps the business understand and adapt to the changes. Here's why it is important:

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

vi. To help the business unit to respond with matching product market strategies.

vii. To facilitate formulation of a marketing strategy in the right way in line with the trends in the environment and the opportunities emerging therein.

viii. Marketing environment analysis acts as a guiding tool to help businesses stay ahead and connect better with their customers.

1.2.3 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 organisation. 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.

1.2.4 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

1.2.4.1 Micro Environment (Internal Marketing Environment)

The term "micro environment" refers to variables and pressures that the marketing company has partial 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.

1.2.4.2 Macro Environment (External Uncontrollable Force)

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 organisation'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 share-holders.

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 organisation'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 safeguard 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.

Recap

◊ 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

◊ Micro marketing environment consists of factors that fall within your control and impact your marketing operations

◊ All significant external elements and factors that the marketing firm has no control over are referred to as the macro environment.

◊ A mixture of four factors-the product, pricing, physical distribution, and promotion-is referred to as the marketing mix.

Objective Questions

1. What is Micro Environment?

2. What is Macro Environment?

3. Which are "Four Ps." of Marketing?

4. Which environment consists of the factors like inflation rate, interest rate and unemployment?

5. Which environment includes framework for laws, rules, and government policies pertaining to the establishment of laws or regulations?

6. Which strategy involves creating a unique bundle of product features and benefits?

7. Which strategy determines the selling price of a product or service?

8. Which term refers to the channel through which products or services are made available to customers?

9. Which strategy includes advertising, sales promotion, and public relations?

10. Which characteristic of the marketing environment describes its ever-changing nature?

11. What does the marketing mix aim to address?

12. Which environment includes factors like competitors, suppliers, and distribution channels?

13. Which environment includes factors like economic conditions, legal regulations, and technological developments?

1. Micro marketing environment consists of factors that fall within your control and impact your marketing operations

2. All significant external elements and factors that the marketing firm has no control over are referred to as the macro environment.

3. Product, Price, Place and Promotion

4. Economic environment

5. Legal environment

6. Product

7. Pricing

8. Distribution

9. Promotion

10. Dynamic

11. Customer needs

12. Micro

13. Macro

Self-Assessment Questions

1. Write short notes on Demographic and Economic environment.

2. Describe Natural and Technological environment.

3. Forces in the internal environment of the company are controllable. Explain.

4. Explain how the external environment affects the marketing operations of the Company.

5. How micro and macro environments influence marketing decisions?

6. Why is it important for a business to understand and analyse its marketing environment? How can this knowledge help in developing effective marketing strategies?

7. Discuss the dynamic and complex nature of the marketing environment. How can businesses adapt their marketing strategies to cope with these characteristics?

8. Analyse the relative and uncertain aspects of the marketing environment. What challenges do these features present, and how can businesses mitigate the associated risks?

9. Explain Marketing Mix.

Assignments

1. 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.

2. 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.

3. Based on the company or industry you chose, create a comprehensive marketing mix plan. Outline the product strategy, pricing strategy, distribution strategy, and promotional strategy for a new product or service offering.

Suggested Reading

1. Marketing Management, Philip Kotler, Kevin Lane Keller, Abraham Koshy and Mithileshwar Jha.(2018). 14th Edn., Pearson Education.

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BLOCK
02

Product and Pricing Decisions

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Unit 1

Product

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

◊ get an awareness on the Product Lines

◊ explain on product diversification

◊ be familiar with the Product Life Cycle

Prerequisite

In a small town, a young entrepreneur named Meera noticed that people were increasingly concerned about using chemical-laden skincare products. Inspired by her grandmother's traditional remedies, she decided to create a brand called "Vilvah," offering natural and sustainable skincare solutions.

Meera started with a single product: **Goat Milk Soap**, which was gentle on the skin and made with pure, natural ingredients. The soap quickly gained popularity for its effectiveness and eco-friendly approach. Encouraged by the response, Meera decided to diversify her product range to meet different customer needs.

She introduced **hair care products**, like goat milk shampoo and herbal conditioners, for people struggling with hair fall and scalp issues. Then came **face care products**, such as aloe vera gel, brightening serums, and face masks, catering to those looking for glowing, healthy skin. To expand further, Vilvah launched **body care items**, including body lotions and foot creams, ensuring a complete skincare routine for its customers.

Meera also tapped into the growing demand for sustainable living by ensuring all Vilvah products were cruelty-free, vegan, and packaged in eco-friendly materials. This diversification not only helped Vilvah reach a wider audience but also strengthened its position as a trusted brand in the natural skincare market.

Through this journey, Vilvah demonstrated how a brand could start with a single product and grow by understanding customer needs, staying innovative, and diversifying its offerings while maintaining its core values. This story highlights the importance of product diversification in meeting varied customer demands and achieving business growth.

Keywords

Customer, Consumer, Tangible, Intangible, Exchange Value, Augmented Product, Convenience Goods, shopping Goods, Specialty Goods, Industrial Goods, Operating Supplies, Fabricating Materials, Product Line, Repackaging, Renaming, Resizing, Repricing, Brand Extension, Product Extension, Product Life Cycle.

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 emphasize 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.

Vilvah have the following characteristics that serve as criteria to be termed as a product.

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.

Figure 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.

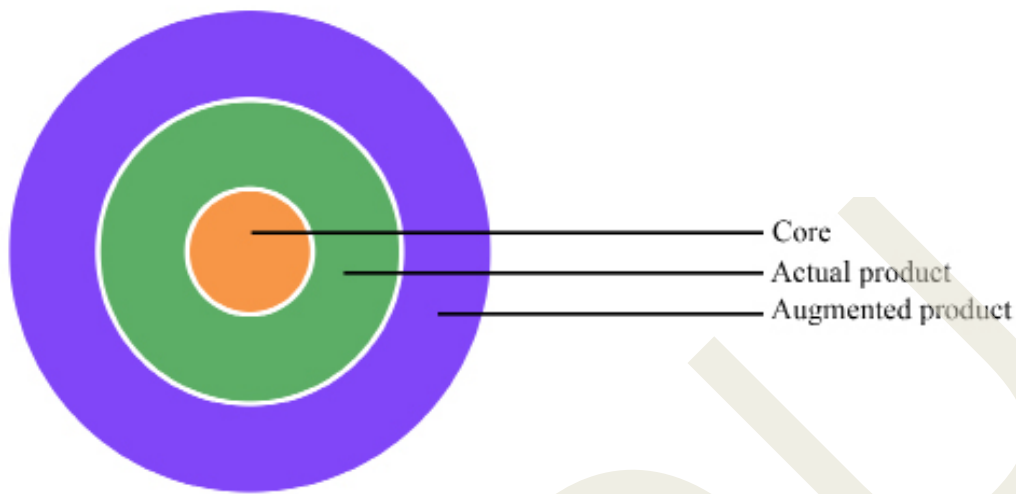A product is made of three distinct layers, as depicted below.

Figure 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.

With this, we conclude the concept of the product. Let us look into the classification of products to better understand this categorization.

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.
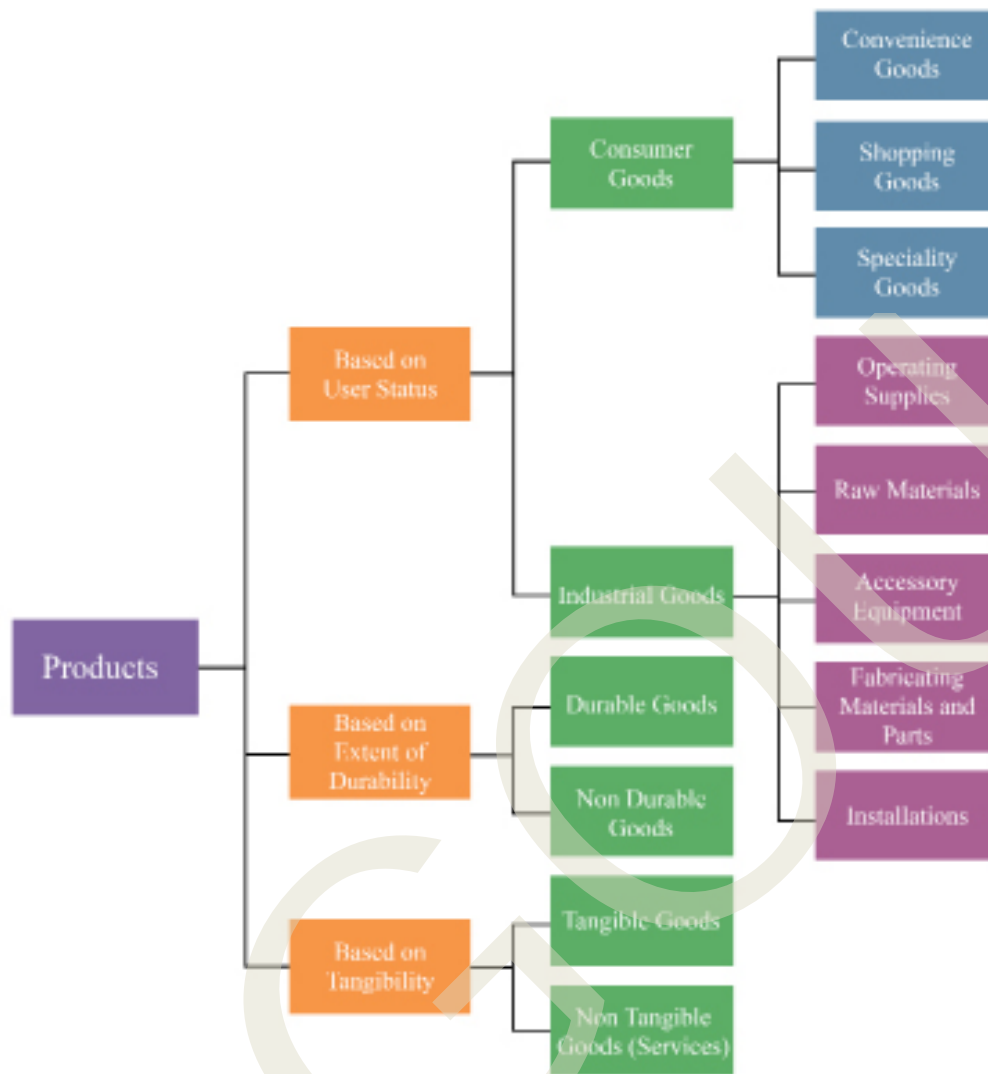
Figure 2.1.3 Product Classification

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 organisation'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 organisation. 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 organisation. In simple words, an item or action (service) is deemed as a product only when it goes through the marketing process.

Vilvah company offers different types of products in different variations. This refers to the company's product lines which are as explained below.

2.1.4 Product Line

A product line is a group of products with similar features that can satisfy the same needs and wants. For instance, the Lifebuoy brand deals in different categories of products that includes Body Wash, Hand Wash, Sanitizer and Bar Soap. Thus, Body Wash, here, forms a product line, Hand Wash forms another product line as well, and so do Sanitizer and Bar Soap. So. basically, a product line is the group of similar or closely related products or product items.

In the opinion of American marketing author, consultant, and a distinguished Professor of International Marketing **Philip Kotler**, "product line is a group of products that are closely related because they function in a similar way, are sold to the same customer groups, are marketed through the same type of outlets, or fall within a given price range."

Based on Kotler's definition, we can ascertain Vilvah product lines retain the following features.

2.1.4.1 Characteristics of a Product Line

1. A product line involves closely related product items, with differences that may be in their colour, size, shape, performance, weight and capacity.

2. They cater to the needs of the same group of buyers.

3. They function similarly; hence they have the same utility.

4. The product line is distributed through the same distribution channels and thus, are sold through identical marketing facilities or outlets.

5. They fall within the same price range but are differently priced.

6. Product lines aim to provide a wider variety to customers, to attract a wider range of customers.

7. All the items of a product line can be manufactured using the same technology. With this, we conclude the characteristics of a product line.

2.1.5 Product Line Dimensions

As with the dimensions of any object, the product line also includes length, width and depth. This is as explained below.

Product Item

Each product that is offered in a product line is termed a product item. These are similar in one way or the other, but may vary based on quality, size, colour, capacity, price, model, performance and so on. For instance, if you take Lifebuoy brand's Bar Soap product line, it is formed of three product items which include Lemon Fresh Soap Bar, Lifebuoy Care Soap Bar and Total Germ Protection Soap Bar.

Product Line Length

A product line length refers to the total number of product items that comes under a single product line or the total number of brands under a single product category. A lengthy product line can also lead to Product Cannibalization, that is, having too many products under a single product line can lead to the reduction in sales revenue of the existing products. This is because the sale of one product with high demand can reduce the sale of another product with low demand in the same product line.

Product Line Width

Product line width refers to the number of parallel product lines an organisation or a brand has on offer. For instance, SONY Corporation offers numerous electronics product lines like home appliances, mobile phones and computers under the category. In marketing terms this means, SONY has a wide product line.

Product Line Depth

Product line depth refers to the number of variants or versions of a product item offered in the product line. Here, variants simply mean different sizes, flavours, versions of the same product offered. For instance, Pepsico Lay's (potato chips) is offered in various flavours and packages.

Let us understand the concept of product line dimensions through the case of Zedboy, an emerging company which produces,chocolates,biscuits and health drinks. When considering the dimensions, Zedboy 's product line through its length,width, and depth.The Zedboy company mostly sells Fast Moving Consumer Goods (FMCG). Please direct your attention to the following figure which depicts the company's entire product range.
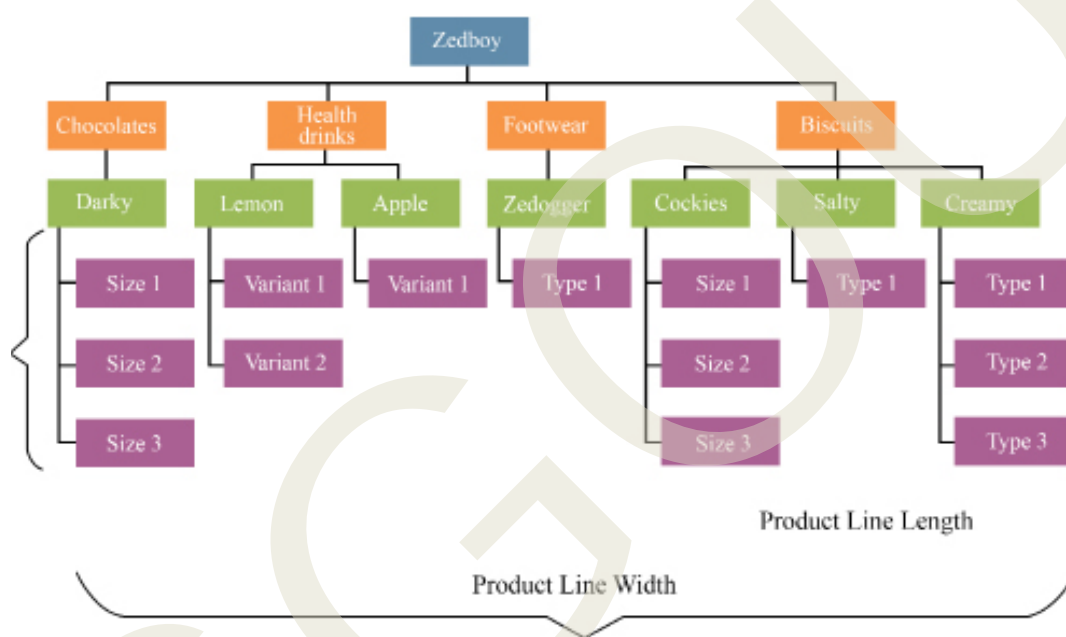
Figure 2.1.4: Zedboy company's Product Range

Based on the figure we can determine that:

The Zedboy brand offers four **Product Lines** of chocolates, biscuits, health drinks and footwear. Thus, the **Width** of the Zedboy **Product Line** is 4, as four types of products are offered by the company.

The **Depth** of the chocolate product line (Darky) is 3, as this product line offers Darky Chocolate in 3 different sizes.

The **Length** of the Biscuits product line is 3, as it has 3 different kinds of biscuits under it;

Cockies, Salty and Creamy. The total number of **Product Items** offered by Zed boy under its four product lines can be calculated as follows:

1. Dark Chocolate is offered in 3 sizes.

2. Lemon Health drink is offered in 2 variants.

3. Apple Health drink is offered in 1 variant.

4. Zed boy Jogger Footwear is offered in 1 type.

5. Cookies Biscuit is offered in 2 sizes.

6. Salty Biscuit is offered in 1 type.

7. Creamy Biscuit is offered in 3 types.

Thus, the total number of **Product Items** offered by Zedboy equals 13. With this, we conclude the dimensions of a product line.

In 2008 Zedboy applied line pruning by removing two of its health drink variants that did not have much demand in the market. This is one of the product line strategies that are discussed below.

2.1.6 Product Line Strategies or Decisions

The following are the most frequently used product line strategies or decisions. In simple words, these are the planned activities of addition and deletion of a particular product item in a product line.

Product Line Stretching

It refers to the lengthening of the current product line by adding new product items to it. This can be achieved in three distinct ways, that is, downward stretching, upward stretching and both-way stretching. These are explained as follows:

i.   **Downward Stretching** – This means adding new product items to the current product line, but at a lesser price, for instance, the well known wrist watch company Titan adding Sonata brand to its wristwatch product line for the price-conscious customers.

ii. **Upward Stretching** – This indicates adding new product items but at higher prices. Companies stretch upward because they want to add prestige to the current product line, through higher prices or high-profit margins. For instance, Maruti Suzuki added Baleno as a premium car to its hatchback product line to target higher-end customers.

iii. **Two-way Stretching** -This is adding new products in both upward and downward directions. For instance, Jaguar Land Rover Limited introduced Range Rover SUVs for their higher-end customers and Land Rover SUVs for their lower-end customers.

iv. **Line Filling** -This means adding new product items to an existing product line. This is primarily done to fill the market gap created by new demand, excess

capacity of an organisation, increase in customer base, increase in profit, to mitigate competition *etc*. For instance, Maruti Suzuki introduced Alto in the year 2000 which filled the gap between two other hatchback car models Maruti 800 and Maruti Zen.

v.   **Line Pruning -** Line pruning means reducing the depth of a product line, that is, removing a product item from the existing product line. This is mainly done to remove unprofitable product items from the existing lines. For instance, in 2004, PepsiCo removed "Pepsi Blue", a berry-flavoured soft drink which they launched in 2002. This was because there was less and less demand for the same in the market. These strategies are important as no organisation can sustain itself with only one product in the market for long. That is where the product line decisions or strategies play a vital role to attract new customers and retain the existing ones. Loyal and satisfied customers will always prefer existing products, but at the same time, they are tempted to buy newly launched products to try them out based on positive reviews. Furthermore, adding a new product to the product line adds to the luxury, goodwill, brand name and customer base of the organisations.

With this, we conclude product line strategies or decisions.

Zedboy was mainly focused on food products, but by 2012 they acquired Lince Joggers, a small footwear company and rebranded it as Zedogger. This was a conglomerate product diversification to enter a new product market. This is one form of product diversification and the rest are discussed below.

2.1.7 Product Diversification

Generally, the term diversification indicates an expansion of business. That is, when a business organisation operates in multiple industries simultaneously, it is called Product diversification and when a business organisation enters into multiple geographic markets within the same industry, it is called geographic market diversification.

Product diversification is also known as product differentiation. It is part of product line decisions, where the word "diversification" suggests adding something new; it can refer to anything from a new product, market, technology or organisation. Thus, in simple terms, product diversification means the addition of a new product (not a variation) to the existing or a new product line.

Product diversification is a high-level management decision based on money, material, manpower, knowledge, skills and technology available to an organisation. It is applied to ensure survival or growth and expansion. The concept of diversification was introduced by Harry Igor Ansoff as one of the four main growth strategies illustrated in the Ansoff Matrix.

According to the Russian American applied mathematician and professor, Harry Igor Ansoff, "diversification is the entry into new markets with new products". In a broad sense, product diversification is a strategy executed by a business organisation to increase profitability through a higher sales volume of new products. Hence product diversification can be classified into Concentric Product Diversification, Conglomerate Product Diversification and Product Replacement.

Concentric Product Diversification

Concentric product diversification means to diversify into a product line close to the existing product line, that is, expanding into a new segment of the industry that the organisation is already operating in. This involves utilising the same sets of knowledge, skills and technology.

For instance, Canon diversified from a camera manufacturer to the producer of a whole new range of office equipment.

Conglomerate Product Diversification

Conglomerate product diversification means to diversify into a product line that is different from the existing product line.
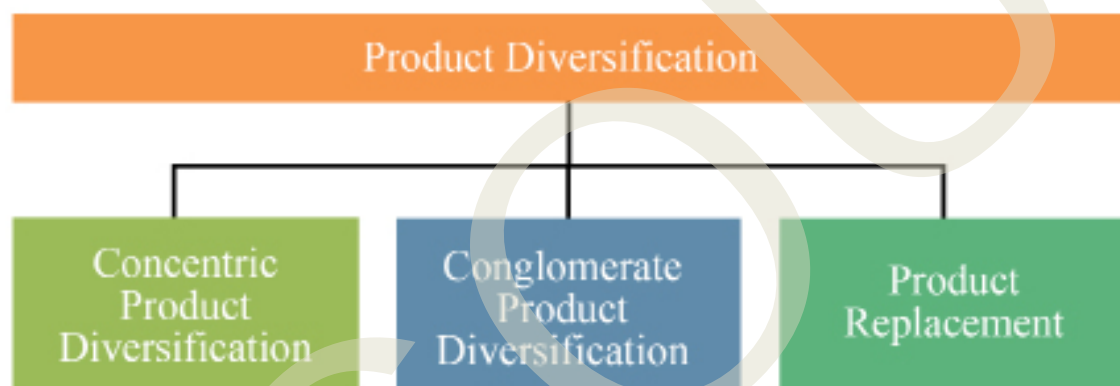
Figure 2.1.5: Types of Product Diversification

Thus, it is expanding into a new industry that the organisation is not operating in, which is beyond the scope of the Organisation's current business unit. This involves the utilisation of different skills, technology and knowledge. For instance, Walt Disney diversified from producing animated movies to running theme parks and vacation properties like Disney World and Disney Land.

Product Replacement

Product Replacement means eliminating a product item from an existing product line through the development and marketing of an entirely new product as a replacement. This is aimed as a defensive measure to counter the risk of old products dying out. For instance, Toyota Motor Corporation phased out Qualis SUVs in 2005, through the introduction of Innova MUVs in the Indian markets.

Most of the time, diversification requires thorough investigation and comprehensive action strategy along with an exit strategy due to its high capital-intensive nature.

Now let us understand the reasons that determined Zedboy to undertake product diversification.

2.1.7.1 Objectives of Product Diversification

The various objectives of product diversification are as follows:

1. To make lucrative use of marketing opportunities.

2. To attain stability in an organisation's earning.

3. To obtain efficient utilisation of an organisation's resources like human, physical and financial.

4. To increase the sales of product lines and exploit the value of an established brand.

5. To meet the needs, demands and convenience of the diversified distribution network.

All these objectives serve as means to expand the business of an organisation. Now, let us understand the methods or techniques of product diversification adopted by Zedboy company over the years.

2.1.7.2 Methods of Product Diversification

The following are the most notable methods of product diversification.

Repackaging

A product is presented in a new packaging so that it can be presented in an altered form to the customer. For instance, a hand wash liquid soap could be repackaged and sold as a shower gel.

Renaming

An existing product is renamed with new and different packaging. This is aimed at remaining true to the original purpose of the product, but at the same time adapting to the new market trends. For instance, Andersen Consulting adopted the name Accenture.

Resizing

A product is repackaged into a different size or standard selling quantity. For instance, Bru coffee introduced Bru instant coffee sachets of 2.2gm, which was earlier sold in a minimum of 50 gm packets.
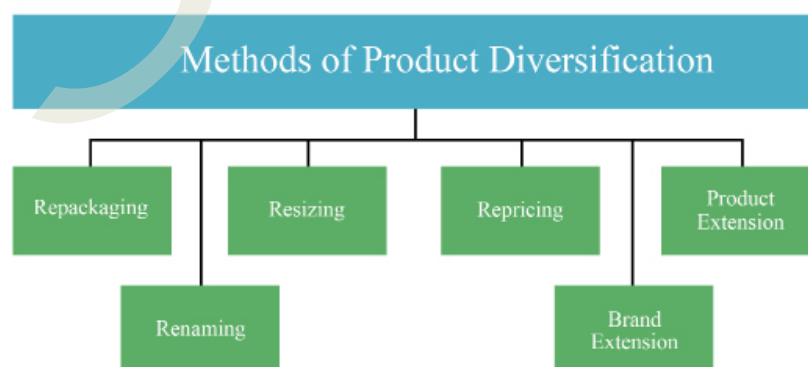

Figure 2.1.6 Methods of Product Diversification

Repricing

The price of a product is adjusted along with other improvements. This aids the product to reposition itself for a new distribution channel. For instance, a Land Rover SUV is restructured with luxury and repriced to be the Range Rover, a premium SUV.

Brand Extension

Brand Extension is expanding a brand by introducing higher or lower end options of an item to its existing product line. This is aimed at filling a market demand from a different economic demographic of customers. For instance, Samsung smartphones introduced the Galaxy S series as its premium flagship phone among its mid-range, lower range galaxy smartphones.

Product Extension

Extending products by introducing several versions of the same product, by offering a product in different styles or colours. That is, introducing different versions of products with additional upgraded features. This strategy aids in attracting customers who prefer specific aesthetics or advanced features. For instance, Lays introduced different flavours of potato chips. These methods are part and parcel of every product diversification strategy and any of these can be applied to diversify the product.

Now, let us understand what prompted Zedboy company to pursue product diversification.

2.1.7.3 Factors Motivating Product Diversification

The following main factors accentuate the decision of product diversification:

1. The advancement of science and technology triggers the scope for a new and improved product, thereby causing obsolescence of old and existing products.

2. Efficient management is always on the lookout for doing new things, as management is always tasked with mitigating the risks of overspecialization. Further, the development and marketing of new products lead to the growth and stability of the organisation. Hence, turning to product diversification.

3. The Governmental Industrial and economic policies can encourage an organisation to invest in its research and development, leading to diversification as means to comply through new products.

4. The inadequacies of the existing economy or market in which the organisation operates. This can inspire an organisation to diversify products to expand its market or economy.

5. The organisation's current technology, research and development, production and by- products appear to be underutilised.

6. The changes in consumer behaviour, demand, fashion, and style due to the impact of social changes and development can motivate organisations towards product diversification.

Though there are more reasons to exercise product diversification, these are the ones that stand out. Product diversification is a capital-intensive business strategy, especially when employing a conglomerate product diversification. Thus, organisations need to launch several market tests to determine customer acceptance before executing the diversification at full scale.

With this, we conclude product diversification.

In 2008 Zedboy discontinued its Grape Health drink. Let us explore Zedboy's Grape Health drink variant and the stages of its life cycle.

2.1.8 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.

In 2004 Zedboy launched a Grape health drink, which was the introductory stage of the product.
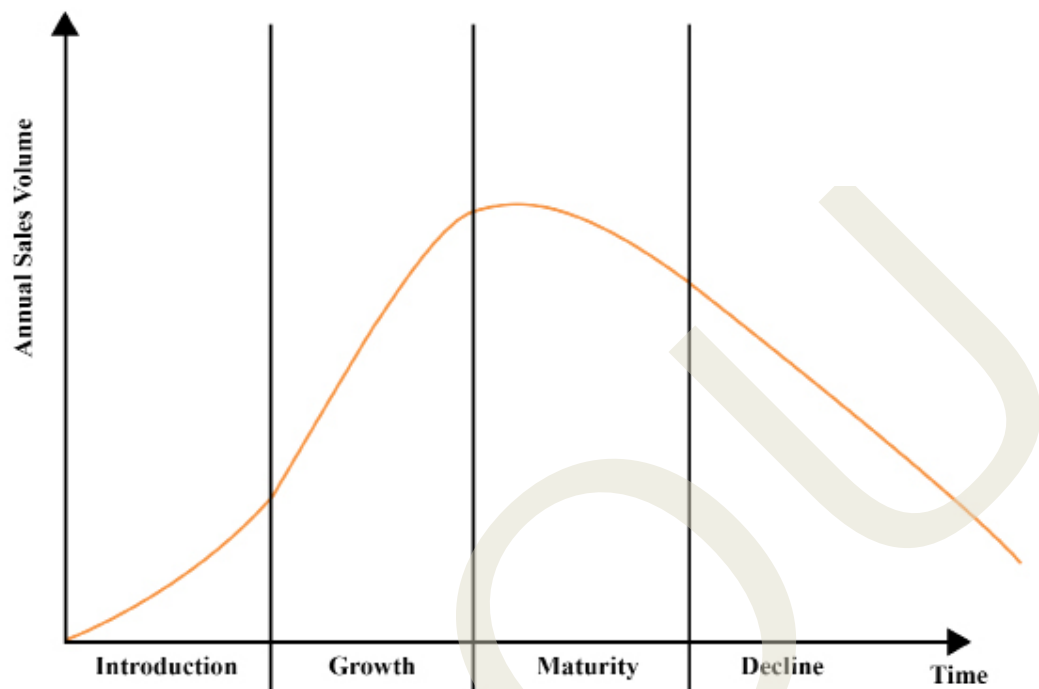
Figure 2.1.7 : Stages of Product Life Cycle

2.1.8.1 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.

By mid-2005 Zedboy's Grape health drink gained a high demand in the market which led to the entry of new rivals in the market. Let us see what happens in the growth stage of a product.

2.1.8.2 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. By 2007 Zedboy's Grape health drink saturated the market and was having the highest demand of all time. Since the demand for new rival products was gaining momentum, Zedboy had to maintain its market share for which they started to sell their Grape health drink at a lower price. Let us see what happens in the maturity stage of a product.

2.1.8.3 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.

By early 2008, Zedboy's Grape health drink entered into its declining stage wherein its demand started to decrease and no strategies were boosting the sales and profits. By the end of 2008, the product had no demand and ultimately, Zedboy discontinued the product.

Let us see what happens in the decline stage of a product.

2.1.8.4 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 subjected 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.

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 organisation 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 Diversification: Addition of a new product (not a variation) to the existing or a new product line

- Product Diversification Types: Concentric Product Diversification, Conglomerate Product Diversification, Product Replacement.

- Methods of Product Diversification: Repackaging; Renaming; Resizing; Repricing; Brand Extension; Product Extension

◊ Product Life Cycle Stages:

- Introduction: The product is launched in the market. Sales are low, and promotional costs are high to create awareness.

- Growth: Sales increase as the product gains popularity. Competitors starts entering the market.

- Maturity: Sales peak but growth slows. The market becomes saturated, and competition intensifies.

- Decline: Sales drop due to market changes, competition, or outdated products. Businesses may decide to discontinue or reinvent the product.

Objective Questions

1. What is a product?

2. Which is the term used for various accompanying benefits and services associated with a product?

3. What is the basis for the classification of products into consumer goods and industrial goods?

4. Which category of consumer goods do the customers buy frequently by taking the least amount of time and effort?

5. Which category of goods are meant for commercial and non-personal usage?

6. Which category of industrial goods undergo processing to be part of another physical product?

7. Which category of products usually requires a lot of personal selling, pre-sales and post-sales services?

8. What is an intangible activity termed as?

9. What is referred to as a group of products with similar features that can satisfy the same needs and wants?

10. What is each product offered in a product line called?

11. What is referred to as the number of parallel product lines an organisation offers?

12. What is referred to as adding new product items to the current product line at a lesser price?

13. Which Product line Strategy involves removing a product item from the existing product line?

14. What is the other term for product differentiation?

15. What is referred to as diversifying into a product line that is different from the existing product line?

16. Which Method of Product Diversification involves expanding a brand by introducing higher or lower end options of an item to its existing product line?

17. Which Product Life Cycle Stage reflects low sales due to only a limited number of people being aware of the product and its features?

18. 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?

Answers

1. Product is anything that can be offered to someone to satisfy a need or a want.

2. Associated Attributes

3. User Status

4. Convenience goods

5. Industrial goods

6. Raw Materials

7. Tangible goods

8. Services

9. Product Line

10. Product Item

11. Product Line Width

12. Downward Stretching

13. Line Pruning

14. Product Diversification

15. Conglomerate product diversification

16. Brand Extension

17. Introduction Stage

18. Decline Stage

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.

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. Choose a company that has successfully implemented product diversification strategies. Evaluate the effectiveness of their diversification approach and discuss the potential risks and benefits associated with their chosen strategy.

4. Identify a tangible product and an intangible service. Compare and contrast their features, composition, and marketing strategies necessary to effectively promote and sell each offering.

5. Research a consumer goods product and an industrial goods product. Discuss the unique challenges and considerations involved in marketing these products to their respective target audiences.

Suggested Reading

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Unit 2

New Product Development, Packaging-Branding in Marketing

Learning Outcomes

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

◊ understand the concept and stages of new product development

◊ explain the reasons for the failure of new product development

◊ comprehend the concept and relevance of Packaging in marketing

◊ identify the various types and advantages of Packaging

◊ get awareness on various kinds of Branding and its advantages

Prerequisite

Arya, a young entrepreneur passionate about eco-conscious living, decided to create a new product—a biodegradable water bottle called "Green Sip." Her journey began with new product development stages:

Idea Generation: Arya observed the growing problem of plastic pollution and brainstormed the idea of an eco-friendly bottle made from plant-based materials.

Concept Testing: She shared her idea with a focus group, collecting feedback on their expectations for sustainability and usability.

Product Development: Arya partnered with a research lab to create a prototype of the bottle, ensuring it was leak-proof, durable, and fully compostable.

Market Testing: Arya launched the product in a small eco-community to gauge response, making adjustments based on customer suggestions.

Commercialization: With positive feedback, Arya was ready to launch "Green Sip" in the larger market.

While Arya worked on her product, she realized the importance of branding in making "Green Sip" stand out. She created a memorable logo featuring a green droplet with the tagline, "Sip sustainably." This conveyed the brand's eco-

friendly mission. She also developed a brand story highlighting her commitment to reducing plastic waste, which helped customers connect emotionally with "Green Sip."

Next came packaging—a crucial part of her strategy. Arya chose minimalistic packaging made from recycled craft paper with earthy tones. The design clearly displayed the product's features, like "100% Biodegradable" and "Plastic-Free Future," along with a QR code linking to her website, where customers could learn about her mission and the science behind the product.

Arya's efforts across all three areas paid off. By following the new product development process, building a strong brand identity, and using packaging

Keywords

Product development, Business Analysis, Marketing Strategy, Test Marketing, Commercialisation, New Product development, Brain storming, Idea screening, Branding, Packaging

Discussion

2.2.1 New Product Development

New Product Development (NPD) is the process of bringing a new product into the market. An organisation may engage in this process due to capitalising on a new opportunity or to the changes in consumer preferences, increasing competition or advancements in technology. New product development stems from the concept of Product innovation which is referred to as the development and subsequent introduction of goods or services that are either new or improved versions of previous goods or services.

Thus, 'New products' refers to:

1. A commodity that a business has never made or sold before but has been taken to market by others.

2. Product innovations that are created and brought to the market for the first time. They can be fully original products or existing products that have been modified and improved.

New product development is not limited to existing organisations or businesses. But new businesses, sole traders or even freelancers can research, develop and introduce new

or solitary products in the market. It can also be achieved by purchasing new products through licensing or copyright acquisition.

It is very important for companies to constantly look for new opportunities for product development for a long-time survival in the fast-changing competitive market environment. Even if the company holds a monopoly in the market there is a chance that more innovative and improved substitute products are introduced into the market ending the monopoly. For instance, the coaxial cable wires are getting replaced by fibre-optic cable wires. Similarly, steel is being replaced by carbon fibre in the automotive industry.

Thus, it is always in the interest of a company to introduce new products before the competitors beat them to it. This is also important for a company as it helps it project and maintain a leadership position in the market, thereby capturing the trust of consumers. Let us understand the systematic way in which Zedboy developed this new product.

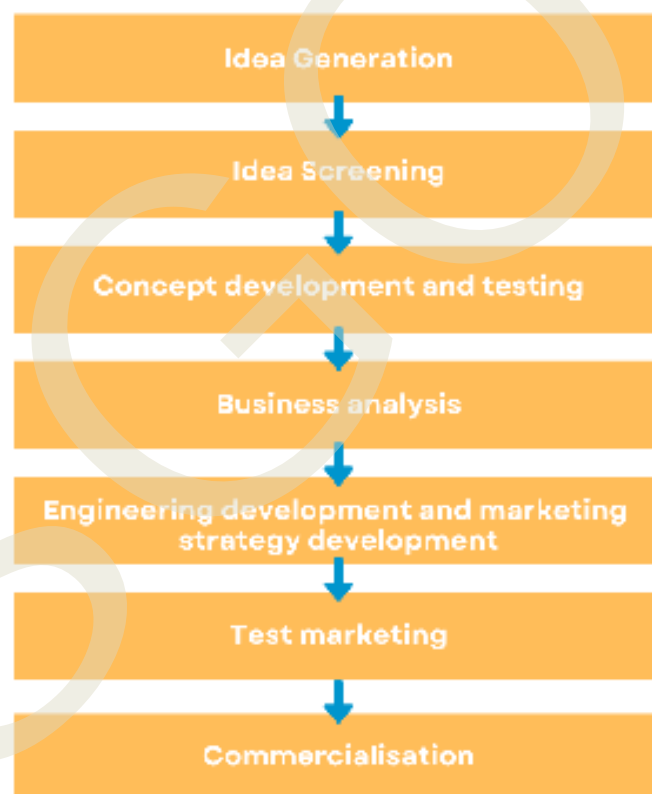### 2.2.1.1 Process of New Product Development

Figure 2.2.1: Process of New Product Development

1. Idea Generation

The product development process begins with sourcing ideas. Ideas can originate from any source like the consumers or the problems of existing products can ignite ideas for product development. For instance, the problem posed by the heaviness and large size of the videotapes gave rise to Compact Disks (CDs). Similarly, distributors, retailers, employees of the company, friends and relatives, competitors, independent researchers and consultants or anyone can be a source for ideas. Even competitor's products have proved to be a good source for ideas because a close observation of these products and the problems faced by users of these products have sparked several ideas.

The important aspect is that the management must encourage ideas and keep their eyes, ears and mind open for such ideas. The management should emphasize on developing policies that encourage and reward the idea providers. The most commonly used techniques of generating ideas for new products are Brainstorming, Focus Group Interviews and Attribute Analysis, which are discussed below:

a. Brainstorming

First developed in 1938 by A. F. Osborn, it gained popularity and acceptance in the business world by the 1950s. Brainstorming involves bringing together a group of six to ten people (mostly employees of the firm), where participants are free to express any idea they concoct.

b. Focus Groups

Focus Group in idea generation is a structured discussion involving a small group of people who provide insights, opinions, and creative input on a specific topic, product, or problem. It is a qualitative research technique commonly used in marketing, product development to explore new ideas, test concepts, and refine strategies.

c. Attribute Analysis

Attributes are first studied by disassembling existing products into combinations of specific parts, qualities or attributes. The analysis aids in modifying one or more of these to improve the whole product. Though attribute analysis may not produce breakthroughs, it can aid in remarketing a product as a new and improved version of existing products for product differentiation. Breaking down a product or service into its components and modifying each element to generate new ideas.

d. Delphi Method

The Delphi Method is a way to gather expert opinions on a topic through multiple rounds of questions. Experts give their answers anonymously, and after each round, they see a summary of others' responses and can adjust their answers. This process continues until the group reaches a common agreement or a clear conclusion. This technique helps in reaching a well-considered consensus, reducing bias and promoting informed decision-making.

e. Blue Ocean Strategy

Blue Ocean Strategy is a business approach that focuses on creating new market spaces (blue oceans) rather than competing in crowded markets (red oceans). It encourages companies to innovate by offering unique products or services that make competition irrelevant. By shifting focus from competition to value creation, businesses can attract new customers and achieve long-term growth.

f. Trend Analysis

Trend analysis in marketing is the process of examining past and current market trends to predict future consumer behaviour and industry shifts. It involves analyzing data from sources like social media, sales reports, and customer feedback to identify patterns in consumer preferences, technology, and competitor strategies. Businesses use trend analysis to make informed decisions, adapt marketing strategies, and stay ahead of the competition.

2. Idea Screening

After a reasonable number of ideas have been generated, the next step involves screening them by an interest group like the management, workers, marketing, finance, consumer, research and development, engineering etc. When more the ideas are screened it enables the ideas being looked at from various angles of production, marketing and costing. This helps in determining the viability, the nature and extent of resources to be committed, the impact of product development on workers, the likely problems to be faced by inadequate production and sales etc. In this stage, many ideas may get rejected, some accepted and some accepted with modification.

Many of these ideas may be referred back to the idea givers for modification, seeking clarification *etc*. Thus, Screening of new product ideas is essential for estimating costs and risks of developing new products. This is because once a product reaches the market, there is very little that can be done to undo the risks.

Screening is mainly concerned with three major factors - markets, products and finances. Where the market criteria are market size, share, market growth, market positioning, distribution features *etc*., the product criteria are newness, feasibility, servicing requirements, legal considerations *etc*. The financial criteria are profitability, return on investment, cash flow *etc*.

3. Concept Development and Testing

After screening, the next step involves the approved idea to get transformed into a specific product concept with the complete picture of the new offer by the company. This picture refers to details such as the target consumer profile, the specific want that is deemed to be met, the differences between the existing product being used by the consumers and the new product, especially its positive attributes, the likely impact of the new product on the company's profile and the other products of the company *etc*.

4. Business Analysis

Business Analysis is carried out in the next stage of the new product development process. It involves a detailed appraisal of the proposal (conceived in concept development). This appraisal includes sales forecasting, cost estimations, prices and profits decisions, the possible retaliatory strategies of the competitors and the company's likely response to the same *etc.* But since all of the above cannot be estimated with total precision, several assumptions are made. That is, different sets of figures under different assumptions are considered. So long as the final performance falls within an acceptable range, the utility of this activity is realised.

5. Engineering Development and Marketing Strategy Development.

At this stage, enters the technical personnel of the engineering department who are involved in production work on the conversion of the approved idea into a product, with all the deemed attributes. At this stage, there exist three possibilities;

a. The engineering department may meet with success in manufacturing the product. (or)

b. The engineering department may meet with total failure. (or)

c. The engineering department may be able to come out with a product that partially reflects the original idea. As the engineering department develops the new product, the marketing department also develops the marketing strategy in terms of branding, packaging, pricing, distribution, promotion and servicing. The personnel and special teams within the firm are identified for specific assignments and the sequence of events to be worked out.

6. Test Marketing

This stage commences once the prototypes of the product are ready. The company needs to test the product in the market before going in for commercial production. This is to check whether the product meets the expected present needs of the consumer. Test marketing is selling the product under conditions in a market, this reflects the conditions likely to be present in the market, at the time of commercial sales. Test marketing enables the company to attain valuable feedback on its offer to rectify the drawbacks before commercial production. Test marketing also provides information on the likely sales that the product can generate during commercial sales.

However, the company should mitigate two problems during test marketing:

1. The company should ensure that competitors do not benefit from advanced information on their strategy which may enable them to take effective preemptive measures.

2. Test marketing must not raise too many expectations in consumers, this is because if the company is not able to rise to the consumer's expectations subsequently, the product may fail in the market.

At this stage, the company decides whether to commercialise the product or the product needs further modification or to cancel the product.

7. Commercialization

After a successful Test marketing, the company decides to commercialise the product. The company should initiate steps for commercial production of the product. It is preferable to keep a minimum time lag between the test marketing stage and commercial production stage since a large time gap may give rise to possibilities of changes in environmental factors which includes government policies, the laws of the land, technological factors, consumer choices etc., which can influence the entire process. Furthermore, it must be emphasised that the company should have the maturity to abandon the new product development process at any stage if circumstances are not favourable. The company should accept that the investment made so far would go to waste, but proceeding further will only add to these losses. As with any venture, there are bound to be hurdles. But Zedboy is well versed in the risks of launching a new product in the market. They are well aware of the following reasons for the failure of new products.

2.2.1.2 Reasons for failure of a new product

It is a fact that the rate of failure of new products is very high. The most obvious reason is the offer not meeting the customer requirement in terms of one or more factors. This happens because the company was not successful enough to read the customer needs and wants correctly or their needs and wants have changed over time. Specifically, this failure may be attributed to the following reasons:

Product not meeting requirements: Product factors like the functionality, quality, design, size, shape, colour, materials used in the production etc. of the product do not meet customers' requirements.

Packaging not meeting acceptability: Functional quality, the material used, size, shape, colour, design, language used, instructions, disability or reusability, compatibility with the product, aesthetic appeal, ease of opening and closing of the product package may determine acceptability of the product.

Labelling not meeting preference: The size, colour, languages used, shape and material of labelling on packaging can influence customer preference.

Brand influence: Brand name and brand logo or trademark can influence major considerations in purchase decisions.

Poor service offers: Pre-sale, point-of-sale and after-sales service play a vital role in the purchase decisions, especially in the case of high-value durable consumer goods and capital equipment. Before buying any product, the consumers want to be educated about it, especially regarding its maintenance and utility; they also desire that the seller must install the product and train them to maintain it. Most of all customers want quality after-sales service at a reasonable cost and time as per their convenience. If a company fails to deliver this, the product fails in the market even if it is of good quality.

Faulty distribution strategy: Selection of inappropriate channels and outlets, lack of enthusiasm, inconvenient location and poor service quality of distributors are some of the issues associated with the new product failure.

Inappropriate Pricing: The mismatch between product quality-price relationship, unavailability of credit for high unit value items, lack of incentives like price discounts and frequent price revisions can contribute to product failure.
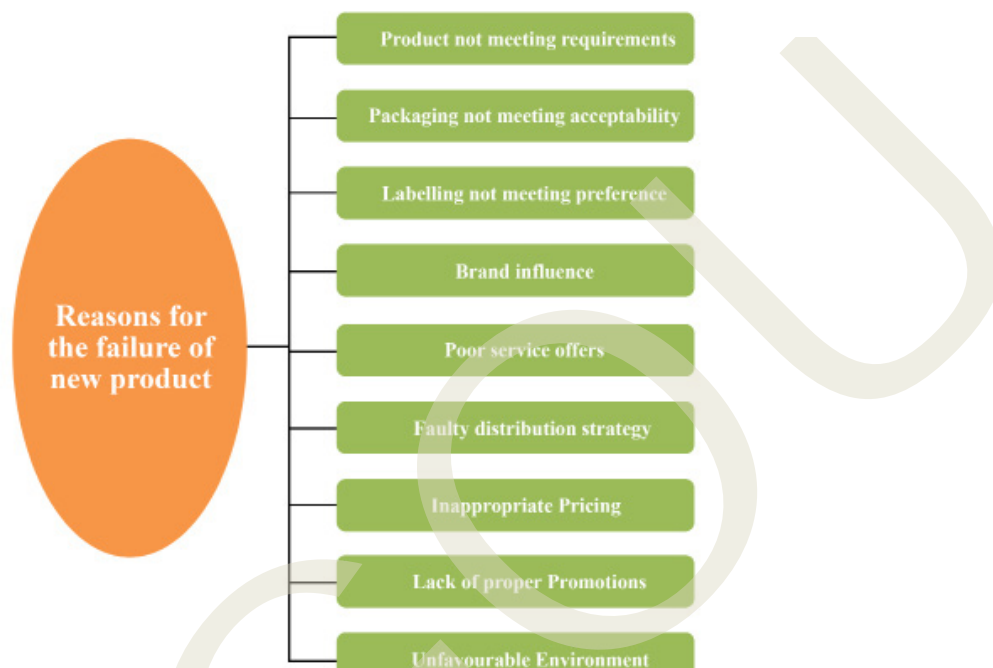
Figure 2.2.3 Reasons for the failure of New Product

Lack of proper Promotions: Selection of inappropriate promotional tools or platforms, non- availability of effective promotional tool, ineffective advertisement, poor literacy rate of the market, non availability of efficient promotional firms, lack of personal selling and sales promotion may lead to poor communication with the customer. This in turn can affect product sales.

Unfavourable Environment: The changes in environmental factors like technological, legal, competitive, cultural, political *etc*. may also lead to product failures.

The above causes can be avoided to an extent through proper market analysis and thorough planning. Not every product turns out to be a roaring success, but each failure needs to be analysed properly so that the shortcomings can be avoided and valuable information can be acquired for the development of the next new product.

New product development should be treated as a continuous process. That is, a company should not wait until the product matures and reaches its decline stage to

start developing a new product. Rather the company should start working on the new product immediately after the existing product commences its growth stage. Furthermore, success in product development is possible only if there is a healthy internal environment in a company. The internal environment refers to concurrency and healthy inter-relationship in all the functions of an organisation. Product development should not be limited to any one or a group of departments of the organisation, but the whole organisation should be involved and work as a single unit towards the realisation of this exercise. That is, the activities of every department must gear the requirements of the other departments and *vice versa*. Thus, along with proper research and planning, the probability of new product failures can be minimised.

2.2.2 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.

2.2.2.1 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.

2.2.2.2 Requirements of Packaging

The package should include the following requirements:

i. **Product Description**

The packaging must convey what the product is, what it does, what benefits it offers and the promotional message to the potential customer. This is mostly conveyed by words, but graphics and overall design are usually chosen to deliver the main message with the most impact. The potential customer is expected to read and understand these messages in a few seconds at a probable distance of three feet or more.

ii. **Product Image**

The packaging must match the image of the product, for instance, expensive jewellery packages must look expensive by themselves.

iii. **Product Value**

The packaging is often designed to make the product look more valuable than its worth. Thus, the graphic must also show the value of the content.

iv. **Shelf Display**

The packaging must be designed to make use of the shelf space available. This implies the package must be as compact as possible so that more commodities can be placed on the shelf.

Further, the packaging must retain stackability so that the shelf can take several layers of the product.

A properly designed package must enhance the value of its content (product) and impart that impression to the customer, either directly or subliminally.

Now let us understand the various types of packaging.

2.2.2.3 Types of Packaging

There are various types of packaging. They are mostly based on two basic aspects:

a. Based on package levels or functions

b. Based on package nature
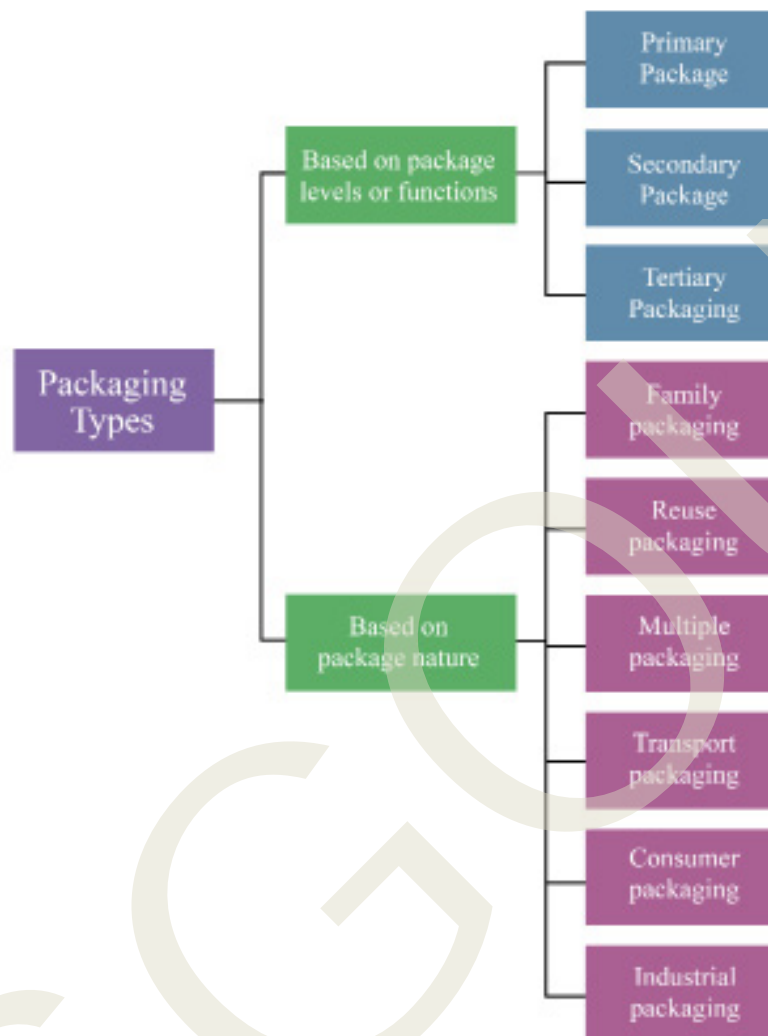
Figure 2.3.1: Types of Packaging

a. Based on package levels or functions

The primary package is the product's immediate container. For instance, in the case of a beverage drink, it is the bottle holding the beverage. The secondary package is the next packaging that protects the primary package like a cardboard or cellophane material that holds the beverage bottles. Next comes tertiary or transit or shipping packaging which is necessary to store, identify, and ship the product like a carton that holds several beverage packages.

These categories of packaging can be somewhat arbitrary, for instance, based on the usage. Shrink wrap becomes primary packaging when it is applied directly to the product. It becomes secondary packaging when shrink wrap is used to combine smaller packages. It becomes the tertiary packaging when several cartons are affixed to a pallet

to facilitate distribution or shipping. Zedboy's Silicon Slipper packaging will be of a consumer nature. It involves two levels of packaging. First is the wrapping paper as the primary packaging and the second is the cardboard box as the secondary packaging.

b. Based on package nature

Based on the nature of the package, the packaging is classified into the following:

Family packaging – A product under a single brand of a particular manufacturer, packed identically is referred to as family packaging. The colour, shape and the materials used for packaging will be similar. For instance, most FMCG products are made available in the family package.

i. Reuse packaging – The Packaging that could be further used for other purposes after the item has been consumed are referred to reuse packaging. For instance, plastic boxes in which food is delivered can be used as a container for storage.

ii. Multiple packaging – It is the packaging in which several units are placed in one container. This aids in introducing new products and subsequent increases in sales. For instance, 4 in 1 pack of instant noodles.

iii. Transport packaging – The products that need to be transported for trade is to be packed well enough to protect against loss or damage during handling, transport and storage. For instance, vegetables are packed in a wooden crate, for transportation.

iv. Consumer packaging – This form of packaging is more relevant in marketing than any other. It is the packaging with proper branding and labelling and holds the required volume of the product for ultimate consumption. For instance, beverages in cans or chocolate in wrapper etc.

v. Industrial Packaging - This packaging is mostly used during each phase of the manufacturing process for the protection, transportation and storage of the spare parts, semi-finished and finished products.

The Packaging is done on the basis of cost, common industrial practices, type of the product, quality of product and conditions of display, likely consumer appeal. A wide variety of packaging material is used like tinplate cans, cardboard containers, polythene bags, paper or cloth or gunny bags, wooden boxes, teak chests, squeeze bottles, collapsible tubes, aerosol cans, aluminium foils, clear film wrappings, plastic containers *etc*. based on availability, possible shortages, competition, economy, transport worthiness and shelf life. The packaging process also involves the selection of materials, manufacturing, filling and handling of finished packages. Let us look into the benefits of packaging for the Zedboy company.

2.2.2.4 Advantages of Packaging

As with any practice, packaging also serves the following advantages:

 i. Protection: The primary benefit of packaging is that it protects the product against outside elements which may cause damage.

Reuse: The Packaging can be reused for keeping other materials.

Cost-effectiveness: Packaging reduces handling losses of the products, thus reduces overall marketing cost to make up for the losses.

Convenience: The greatest benefit of packaging is the convenience to buyers as it aids in the transportation of the packaged products with much ease and facility.

Appeal : Packaging aids with branding and advertising of the product. This is achieved through smart labelling practices on the product's package. Good and efficient packaging also minimizes the need for advertising. A well-packaged product appeals to the customer and indirectly aids with the rise in demand for the product.

Conservation: Good packaging preserves both quantity and quality. That is, the product quantity is least affected when packaging is good. Further, the quality remains intact and unaffected by external natural agencies that can cause damage to the product.

Figure 2.3.2: Advantages of Packaging

A good and effective packaging practice confers on the producers and the consumer several benefits that aid marketing and also establishes a strong and sound business atmosphere that tones up business as a whole.

Now, let us look into the steps involved in packaging activity for silicon slippers.

2.2.2.5 Steps/Phases in Packaging

Irrespective of the product, the packaging is carried out in two phases:

1. Design and Development Phase

2. Operation Phase.

1. Design and Development Phase

The Design and Development Phase of packaging is carried out before manufacturing, it involves the following steps.

i.   **Identify:** The first step is to identify the parameters and objectives of packaging such as structural design, marketing, shelf life, quality assurance, logistics, legal, regulatory, graphic design, end-use, environmental, labelling etc.

Figure 2.3.3: Phases in Packaging

i.   **Design:** Once all the critical factors are identified, the design phase commences with the selection of materials that address each parameter. The materials with the desired properties are selected, based on which the package is designed.

ii.   **Optimise:** After the package is designed, the design must optimize the structure so that it can be produced with the manufacturing equipment. At this stage, the cost of materials and conversion are evaluated and alternatives are identified. The proposed packaging structure must be within the original parameters established concerning price, availability and constraints.

iii.   **Verify:** In this phase, the package design is verified by actually producing some trial materials. These are termed as the packaging samples and it is used to determine if the design criteria established in the first steps are satisfied. Many qualifications testing like shelf life, barrier, sealing, etc. are carried out. Further, the packaging design is accepted if it falls within the pre-established acceptance parameters.

2. Operation Phase of packaging

The Operation Phase of packaging is carried out during or after the manufacturing process. It is carried out in the following steps.

i.   **Organise:** It involves organising a packaging centre. Most of the time the primary and secondary packaging are carried out in the production assembly itself; only the

tertiary packaging and labelling may require a separate workspace which should be large enough for storage and to move the package around, with all necessary packaging materials in reach.

ii. **Measure:** In this step, the product is measured to ensures that the product is properly wrapped.

iii. **Select:** After measuring the product, the next step is to select the suitable package as per size, quantity and requirement (protection, transportation and storage).

iv. **Protect:** After selecting the package for each requirement, protection is ensured for the product in each packaging like placing cardboard or vacuum containers, tray, bubble wrap, wrapping foam etc. It is to make sure that packaged products are safe from environmental factors and are cushioned against shock and vibration.

v. **Seal:** After the protection is added to packaging, comes sealing the packages using heat sealing or taping or adhesives.

vi. **Label:** Labelling the product is the last step in packaging. The primary and secondary packages are mostly labelled, but the tertiary packaging is labelled at the end just before transportation and storage. The Design and development phase of packaging is often regarded as an integral part of the new product development process. But the operational phase of packaging is part of the production process. Packaging is one of the most important activities in marketing, that protects the product and aids in marketing and distribution for manufacturers, distributors and consumers. The packaging operation of bringing the product and package together is usually the last phase of the manufacturing operation. Thus, the packaging is more than just a pretty face of products, but it can influence everything from breakage rates in shipment to the number of products the retailers are willing to stock.

2.2.3 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.

Being a footwear to be branded, Zedboy uses both product and retail branding for Ziggy. Now let us understand the basic kinds of branding available for the company to establish Ziggy as a reputable brand.

2.2.3.1 Kinds of Branding

Branding can automatically develop a personality as well as a reputation for anything from a product, service, person or place. Thus, there are a few types of branding that organisations or individuals can leverage to utilize. This is as depicted below.

1. Product Branding

It is the most common type of branding. In this branding, a symbol or design identifies and differentiates a product from others. It is most easily noticeable in the market as most products are branded with a unique colour, design and logo.
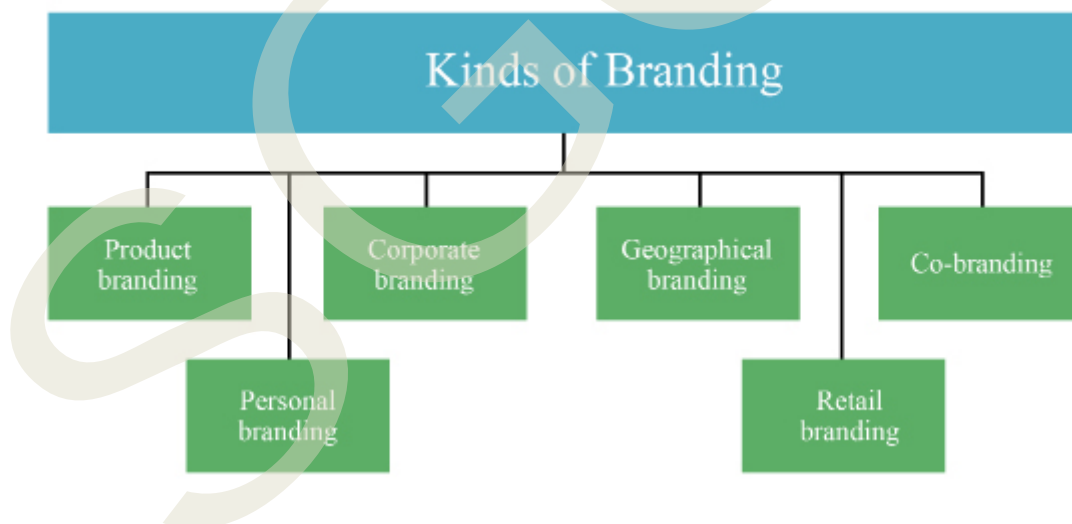

Figure: 3.4.1: Kinds of Branding

2. Personal Branding

It is the most common branding among politicians, athletes and celebrities. Personal branding enables famous people to reflect a good image of themselves to the public. For instance, politicians use personal branding to create a good image for themselves, thereby convincing voters that they are the right person for the office.

3. Corporate Branding

It is the type of branding that is used mostly by organisations interested in creating and maintaining a good reputation. Thus, corporate branding influences services, products, employees, corporate culture and corporate social responsibility of an organisation. Each activity of an organisation has a positive or negative impact on its reputation. Even a single wrong decision can adversely affect the corporate brand.

4.Geographical Branding

It is a type of branding that is used for specific services and products that are peculiar to a particular geographical location. Geographical branding is most commonly used in the tourism industry. Most countries and regions try to brand things that make them stand out among others. The Landscape, cuisine, products, and tourist centres within a region are usually advertised and promoted, thus eventually becoming associated with the region.

5. Retail Branding

It is the type of branding that is mostly used by retail industry giants to boost the interest of consumers and enhance product sales to outpace the competition. It involves a lot of investment and planning to develop unique brand images to convince consumers to choose their brand instead of others. It requires the adoption of the right strategy to succeed.

6. Co-Branding

It is a type of branding that conjoins the brands of two or more organisations with a specific product or service. It can also be viewed as a marketing partnership between two or more brands wherein the success of one brand rubs off on the other. Co-branding is highly effective in developing business, awareness and while entering new markets.

Though there are many kinds of branding, the appropriate one is selected based on business objectives.

Now let us explore the benefits of establishing Ziggy as the brand name for their slippers.

2.2.3.2 Advantages of brand names

Brand names are like an identity that provides individuality for the product in the market. Thus, there are many advantages of having brand names for the organisation as well as the customers They are as depicted below.
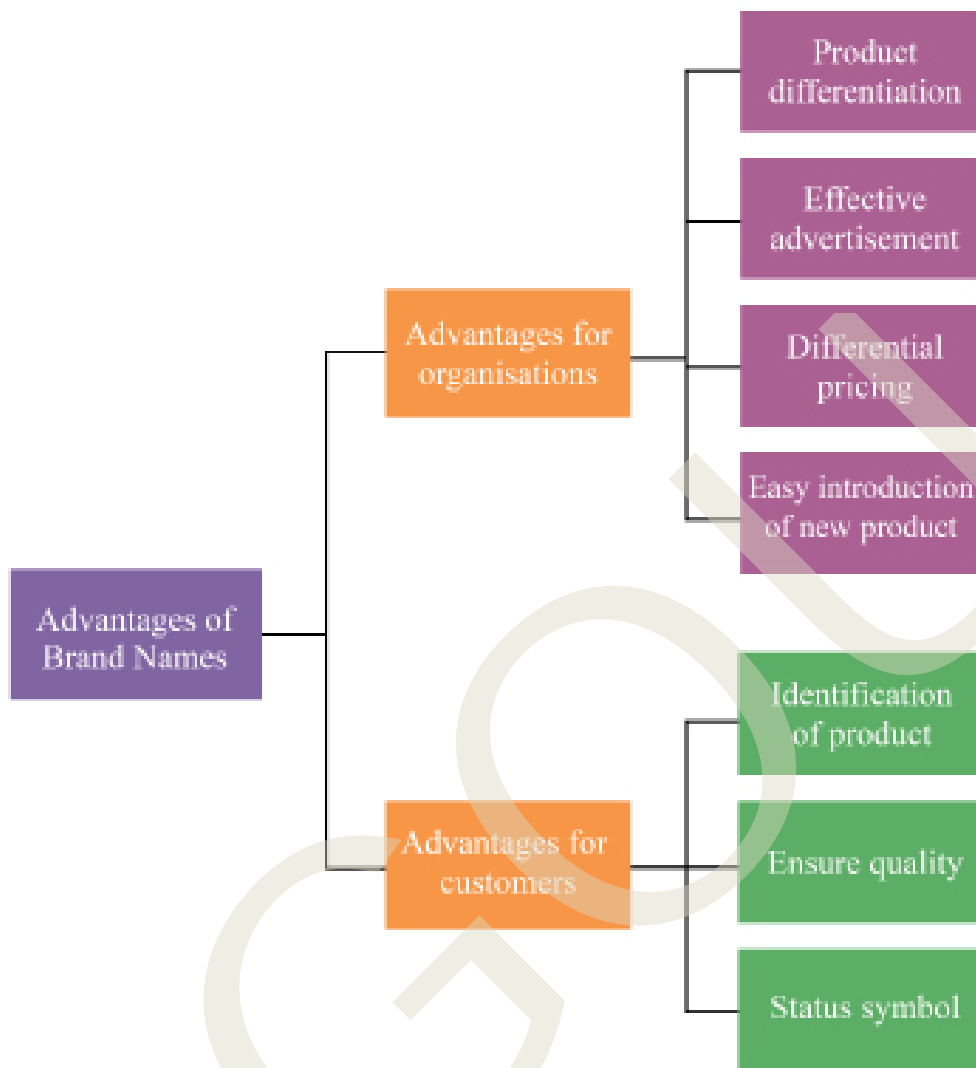
Figure 3.4.2: Advantages of Brand Names

Let us look into the advantages for Zedboy to own the 'Ziggy' brand name.

a. Advantages for organisations

i.   **Product differentiation:** A brand name aids marketers or the organisation to differentiate their products from that of the competitors.

ii. **Effective Advertisement:** Brand names help in the effective advertisement of the product. It takes people more aware of the product, its features and about the organisation which can provide these benefits.

iii. **Differential pricing:** An established brand name assists an organisation to easily charge a high price for its product as compared to others. But this higher price must be justified by the quality and service of the product.

iv. **Easy Introduction of new products:** The organisations with reputed brand names can easily introduce and popularise new products in the market.

Let us look into the advantages for the customers of Zedboy and Ziggy

b. Advantages for customers

i. **Identification of product**: Brand names facilitate customers to recollect, identify and select the products that provided them satisfaction over the others.

ii. **Ensure quality**: Brand names provide quality assurance to the customers, thus helping them select branded goods with no doubts about product quality.

iii. **Status symbol**: A brand name provides a sense of superiority for the user. Thus, using branded products are also regarded as a status symbol for the customers. Further, this also adds to their confidence level.

A unique branding has a huge impact on the financials of an organisation; it provides a huge advantage in a highly competitive market. Furthermore, it aids to acquire and retain customers at a much lower cost.

Branding is the process of creating and shaping a brand image in the minds of consumers, thereby giving meaning to the organisation and its products. It is a well thought out strategy developed by marketers to aid people to quickly identify and recall their experience with the brand, giving them a reason to choose the products over the competition. It is also a very effective way for companies to differentiate themselves from their competitors and to build a loyal customer base.

Recap

◊ New Product Development (NPD): The process of bringing a new product into the market.

◊ New Product Development Process includes: Idea Generation; Idea Screening; Concept Development and testing; Business Analysis; Engineering Development and Marketing Strategy Development; Test Marketing; Commercialization

◊ Reasons for failure of a new product: Product not meeting requirements; Packaging not meeting acceptability; Labelling not meeting preference; Brand influence; Poor service offers; Faulty distribution strategy; Inappropriate Pricing; Lack of proper Pro- motions; Unfavourable environment.

◊ Packaging: The activity of designing and producing the container or wrapper for products.

◊ Key functions of Packaging: Protection, Appeal, Performance,

◊ Convenience, Cost- effectiveness.

◊ Packaging function must include: Product Description, Product Image, Product Value, Shelf Display.

◊ Brand: A name, term, design, symbol or any other feature that distinguishes one seller's goods or service from the others.

◊ Branding: Endowing products and services with the power of a brand. Kinds of Branding:

◊ Product Branding; Personal Branding; Corporate Branding; Geographical Branding; Retail Branding; Co-Branding.

Objective Questions

1. What is NPD?

2. What is sourcing of ideas referred to as in the product development process?

3. Which process involves first studying the attributes by disassembling existing products into combinations of specific parts, qualities?

4. Which stage of the product development process commences once the prototypes of the product are ready?

5. What kind of branding involves a symbol or design identifying and differentiating a product from others?

6. Which is the most common branding among politicians, athletes and celebrities?

7. Which branding is most commonly utilised in the tourism industry?

8. Which branding involves retail industry giants pique the interest of consumers and boosting product sales to outpace the competition?

9. Which activity involves designing and producing the container or wrapper for products?

10. What is the prime function of packaging that shields the products from physical hazards and environmental factors?

Answers

1. New Product Development means bringing a new product into the market.

2. Idea Generation

3. Attribute Analysis

4. Test Marketing

5. Product Branding

6. Personal Branding

7. Geographical branding

8. Retail Branding

9. Packaging

10. Protection

Self-Assessment Questions

1. Define New Product?

2. Explain briefly the stages of New Product Development.

3. Enumerate briefly the reasons for the failure of new products.

4. "Inappropriate pricing will lead to the failure of a new product". How?

5. Define the concept 'Brand.'

6. What is Branding?

7. Explain the different kinds of Branding.

8. Differentiate between Personal Branding and Corporate Branding.

9. What is Co-branding?

10. What are the advantages of Brand Names to the organisations as well as the customers?

11. Discuss the key functions of packaging and explain how each function contributes to the overall success of a product in the market?

12. Differentiate between the various types of packaging based on package levels or functions and package nature. Explain the factors that determine the choice of packaging type for a particular product.

Assignments

1. Select a recent new product launch in the market (within the last 2 years) and analyse the various stages of the new product development process that the company likely followed. Identify areas where the company excelled or fell short, and provide recommendations for improving the process

2. Analyse the packaging designs of two competing products in the same product category. Evaluate the effectiveness of their packaging in terms of functions, appeal, and communicating product information. Provide recommendations for improving their packaging strategies.

3. Select a product and develop a comprehensive packaging design plan. Your plan should include considerations for package levels or functions, package nature, key functions of packaging, and steps in the design and development phase.

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

5. Conduct a brand audit for a well-known company of your choice. Analyse its brand positioning, target audience, brand personality and overall brand strategy. Identify areas for improvement and suggest recommendations.

Suggested Reading

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Unit 3

Pricing

Prerequisite

TechNova, a growing tech company, was set to launch its first smartwatch, Nova, packed with advanced health tracking, long battery life, and a sleek design. The product had all the features to compete with top brands, but one critical question remained: How should it be priced? At a strategy meeting, the debate began. "If we price it too high, customers might choose a more established brand," said Aakash, the sales head. "If we go too low, people might doubt its quality," added Riya, the marketing lead.

The research team analyzed the market and after careful consideration the company priced Nova at ₹14,999—positioning it as a high-value, mid-range alternative to expensive competitors. To reinforce this, they launched a campaign highlighting premium features at a competitive price. They also introduced early-bird discounts and EMI options to attract price-sensitive buyers while maintaining a premium perception.

The result? Nova Smartwatch became a bestseller. Customers saw it as an affordable luxury, and TechNova successfully entered the competitive smartwatch market without sacrificing profits. The right price balances market expectations, product value, and profitability

Discussion

2.3.1 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.

2.3.2 Objectives of Pricing

An organisation may seek to achieve more than one objective through their pricing policy. Many factors, both internal to the organisation, and others external, are to be considered while determining the pricing objective(s) like long- term profit maximisation, maintaining and increasing market share, sales maximisation, returns on investment, social responsibility, adhering to the legal requirements *etc*. Thus, more often marketers have to strike a balance between various objectives, some of which can conflict with the others. The following are the objectives of pricing.
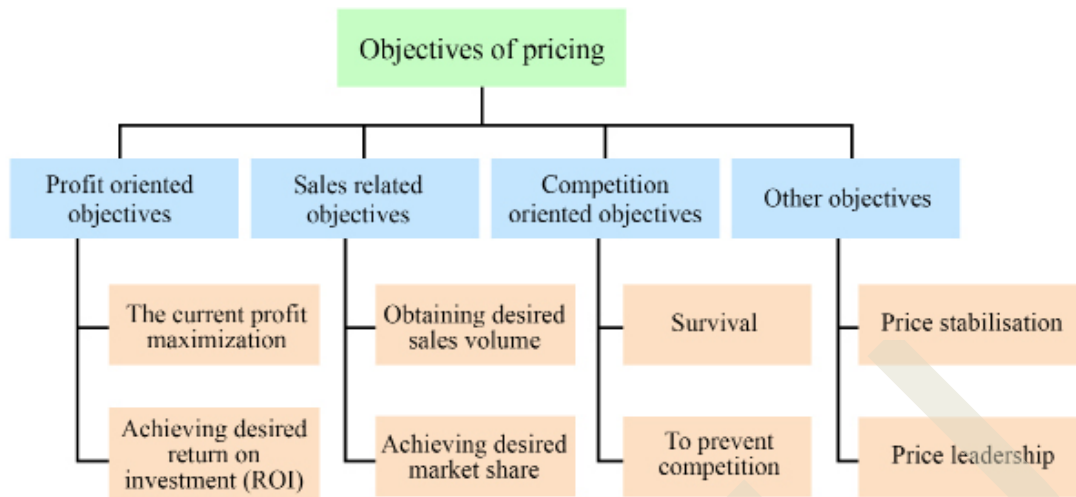
Figure 3.5.1: Objectives of Pricing

2.3.2.1 Profit Oriented Objectives

Profit from the trade of products plays a major role in pricing decisions. The profit-oriented pricing objectives are to achieve Profit Maximisation and desired Returns on Investment (ROI).

Profit Maximisation

The primary concern for any business revolves around the objective to earn maximum profit as soon as possible. For this objective, the producer always decides on the highest possible price for the product. Based on the estimated demand and costs at different prices, a unit price is selected that maximises profits. However, a high price to earn maximum profit can be charged only if the product has a unique feature that caters to the requirements of target customers who are the least price-conscious and more status-conscious.

This objective is also valid when there is a shortage of products in the market and the producer holds a monopoly over the supply of the product. But this objective suffers drawbacks also as high prices can invite competition in the long run. Moreover, high pricing can create a negative image among the customers, which may invite government intervention.

Achieving Desired Returns on Investment (ROI)

The other profit-oriented objective might stem from the desire to achieve a predetermined returns on investment. In this case, the product producer first decides on the percentage of returns they need to earn on this investment, based on which the price of the product is decided in such a way that the profit margins can generate positive returns on investment.

This objective is viable only when the product producer needs to recover their

investments within a specific period due to various reasons like generating resources for investing in new ventures, anticipating the entry of competitors soon, providing cushion towards economic and political uncertainties in the future *etc*. However, this objective might not be suitable in a highly competitive market, especially if the company is just a marginal player.

2.3.2.2 Sales Related Objectives

The pricing decisions can influence the sales of the product. The sales-related pricing objectives are to obtain Desired Sales Volume and Market Share.

Obtaining Desired Sales Volume: Most companies fix a sales target based on the volume of sales they want to achieve. They decide on a price that can aid in achieving the desired sales volume. This objective targets maximisation of sales volume during a specific year concerning the production level of the company, or the market leader in sales in the particular industry or different sales levels for various years. Though this objective may not yield profit maximisation, a company takes up this objective so long as it does not result in loss. This objective might serve as a strategy to survive in the long run in the market, but the maximisation of profits can be achieved in the short run only.

This objective may result in loss to the company as they might have to resort to heavy promotion, price discounts and high incentives to salesmen and distributors to achieve the desired sales volumes. However, if the company establishes itself in the market, it might be able to raise the price.

Achieving Desired Market Share: The pricing objective of many companies is to maximise market share or the desired market share, as market share serves as a better indicator of customer support and corporate strength than the sales volume or profits or returns on investment.

This objective might be present in companies in various forms such as obtaining maximum market share or obtaining the desired share of the market or increasing the market share from the present level to a higher level or retaining the present market share in a growing market *etc*. The company prices and designs the marketing programme to achieve the desired market share objectives. However, the drawback is that a high market share might not attract competition, but it most likely would invite government action to curb monopolies in the market.

2.3.2.3 Competition Oriented Objectives

The pricing decisions can influence the competition in the market. Hence the Competition Oriented Objectives are to survive in the market and to mitigate competition.

Survival

A company's primary objective can turn to survival as the pricing decisions create market conditions like overcapacity, stiff competition, frequent changes in consumer tastes, low demand, unfavourable business environments *etc*. In the survival objective, prices are kept very low as staying in business, for the time being, survival is the prime

concern and factors like profits or returns on investment *etc*. are not taken into account. However, the low price might generate demand and sufficient returns, as for instance, the reductions in airline fares consequent to the fall in air traffic following the 9 / 11 attacks on the twin towers of the World Trade Centre building in New York.

Prevent Competition

Many companies might pre-empt the possibility of competitors entering the market, rather than earning high or immediate profits. Thus, these companies are likely to price their products at the lowest possible level. This objective is valid to gain a foothold in the market by companies, especially for mass-consumed products. Once this product establishes itself in the market and has successfully driven out the competition, the market becomes a captive market for the company and subsequent increases in price becomes easy. Many Japanese companies are known to adopt this strategy in overseas markets.

2.3.2.4 Other Objectives

Of course, there are other objectives of pricing like price stabilisation and price leadership.

Price Stabilisation: The Companies that are not rich in resources normally enter the market late. Thus, these companies are engaged in the production of standardized products and are not able to induce product differentiation. Therefore, these companies might choose to avoid a price war and choose to follow the leader in the pricing decisions. This is the most prominent objective among manufacturers of candies, biscuits, bread, soft drinks *etc.,* and restaurants. They always price their products at a particular level accepted by the customers and thereby make adjustments to the other marketing variables.

Price Leadership: The companies that may like to be reputed as the producer of high-quality products or innovative products use the price leadership objectives. As the production and promotion of high quality and innovative products utilise substantial expenditure, logically the price must be correspondingly high. These companies set very high prices for the product and do not follow other companies in pricing decisions. They succeed in creating a premium image for their products. Usually, they cater to a relatively small-sized market but the high unit price of their product offers them sufficient profit margins. For instance, Companies like Apple are known to be price leaders and not market followers.

The pricing objectives may also aid in creating an image of a socially responsible company engaging in ethical practices (low prices and hence low margins). It aids in catering to several consumer segments with variety in the product line. Furthermore, it aids in promoting a high- priced product using the lower price of another version of the same product. This way of pricing plays a huge part in the marketing of a product.

Let us explore the factors that are to influence Ziggy's pricing decision.

2.3.3 Factors Influencing Price Determination

The major factors influencing pricing are as follows:
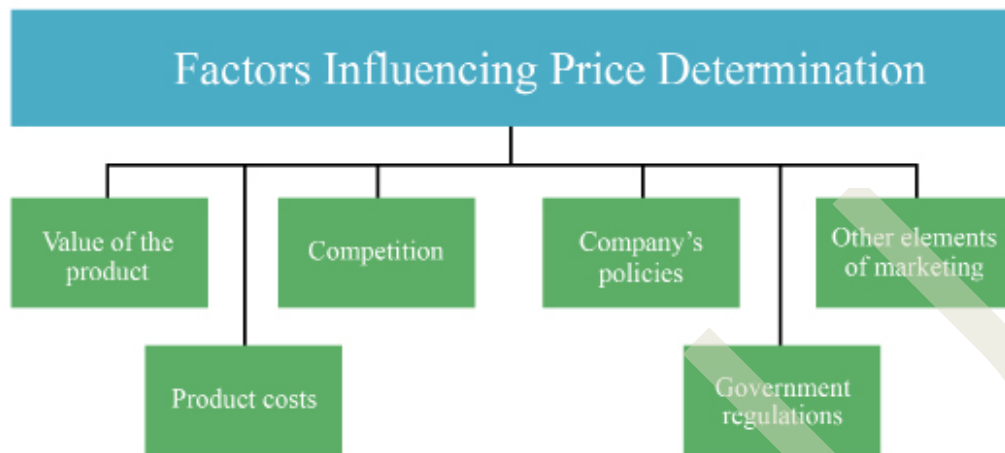
Figure 3.5.2: Factors Influencing Price Determination

2.3.3.1 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.

2.3.3.2 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.

2.3.3.3 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.

2.3.3.4 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.

2.3.3.5 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.

2.3.3.6 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.

Let us look into the pricing strategies that Zedboy must adopt for Ziggy's pricing.

2.3.4 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.
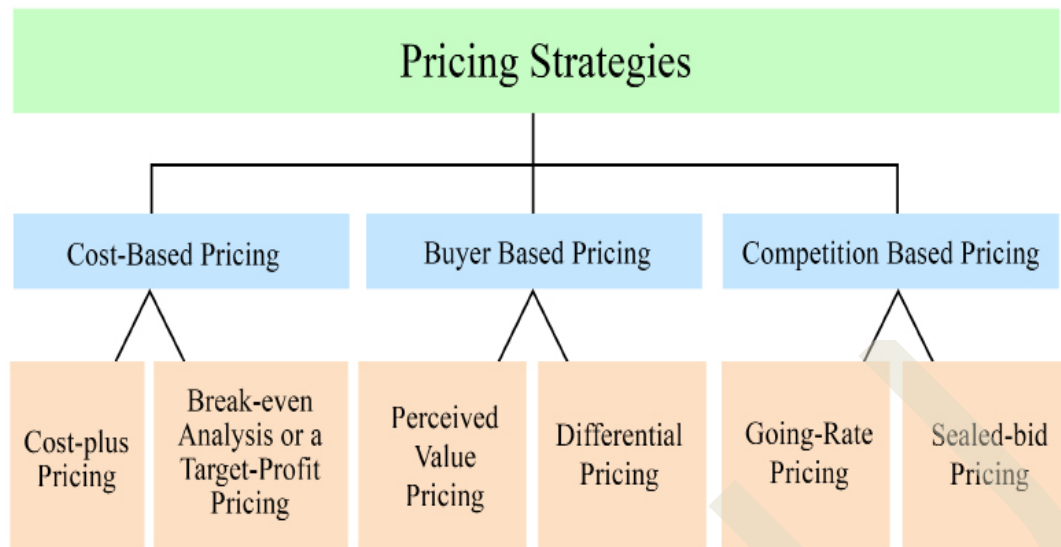
Figure 3.5.3: Pricing Strategies

2.3.4.1 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

In 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.

2.3.4.2 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.

2.3.4.3 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.

2.3.5 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.

As Ziggy is entering a highly competitive market, during its introductory phase in the market it must adopt the following new product pricing strategy.

a. 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.

b. 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.

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.

◊ Objectives of pricing:

- Profit Oriented Objectives: The Current Profit Maximization; Achieving Desired Return on Investment (ROI)

- Sales Related Objectives: Obtaining Desired Sales Volume; Achieving Desired Market Share

- Competition Oriented Objectives: Survival; To Prevent Competition

- Other Objectives: Price Stabilisation; Price Leadership

◊ 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 are the profit-oriented objectives of pricing?

3. What pricing objective does it serve when companies fix a sales target based on the volume of sales they want to achieve?

4. Which pricing objective does a company serve when it is engaged in the production of standardized products as it cannot induce product differentiation?

5. Which pricing objective aids a company that wants to be reputed as the producer of high- quality products or innovative products use the price leadership objectives?

6. Which factor determines the ceiling price of a product?

7. Which factor determines the floor price of a product?

8. 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.

9. Which methods of pricing has the price of a product set based on its cost and a certain profit margin?

10. Which pricing strategy is adopted by restaurants when the same product is priced differently at different restaurants?

11. Which pricing strategy recommends the price for the new product to be set very high during the introductory phase and gradually lowered over time?

12. Which new product Pricing strategy only focuses on maximizing the market share?

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Answers

1. Pricing

2. The current profit maximization and achieving desired return on investment (ROI).

3. Obtaining desired sales volume

4. Price Stabilisation

5. Price Leadership

6. Product demand

7. Product costs

8. Going-Rate Pricing

9. Cost-Based Pricing

10. Perceived Value Pricing

11. Price Skimming

12. Penetrative Pricing

Self-Assessment Questions

1. Explain the concept of pricing.

2. Elaborate the objectives of Pricing.

3. What is Price Leadership?

4. Briefly explain the factors influencing price determination of a product.

5. What are the major pricing strategies followed by the companies?

6. How does competition influence pricing?

7. What are the pricing strategies for new products?

8. 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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Promotion and Place Decisions

Unit 1

Fundamentals of Promotion

Learning Outcomes

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

◊ comprehend the concepts of promotion, promotion mix, and integrated marketing communications

◊ analyse the role and types of advertising in marketing strategies

◊ understand the functions of personal selling and salesmanship

◊ evaluate the significance of direct marketing in modern business

◊ differentiate between publicity and public relations

Prerequisite

CityGlide Bikes was a startup founded by three young entrepreneurs in Neo-town, a bustling city where traffic congestion and pollution were major concerns. The company offered affordable, eco-friendly electric bicycles designed for urban commuters. Despite having a quality product, the founders faced a significant challenge: potential customers were unaware of their brand.

To address this, they implemented a strategic promotional plan. First, they created informative video advertisements highlighting the benefits of their electric bicycles, such as avoiding traffic delays and reducing transportation costs. These videos were shared across social media platforms and local television channels, effectively raising awareness among their target audience. This approach demonstrated the power of Advertising—a paid, non-personal method of communicating with a large audience.

Recognising that some customers needed firsthand experience to build trust, CityGlide organised demonstration events at universities and business districts. Here, sales representatives engaged directly with potential buyers, allowing them to test-ride the bicycles while explaining their features. This Personal Selling strategy helped customers feel more confident about their purchase decisions through personalised interactions.

Additionally, the company collected contact information from interested individuals at these events. They used this data to send tailored messages, including exclusive discounts and invitations to product launches. This Direct Marketing effort ensured they were reaching people who had already shown interest, making their promotions more effective.

Through this combination of advertising, personal selling, and direct marketing, CityGlide Bikes successfully established its presence in the market.

Keywords

Promotion, Promotion Mix, Advertising, Public Presentation, Pervasiveness, Personal Selling, Salesmanship, Direct Marketing, Targeting, Personalisation.

Discussion

3.1.1 Concept of Promotion

Marketing communication plays a vital role in an organisation'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 organisation 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 organisation 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 organisation.

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 organisation 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 organisation 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 stimulate 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 CityGlide Bikes , 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. This is referred to as a promotional mix which is explained below.

3.1.2 Promotion Mix

Over the years, 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 organisation 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 organisations 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.
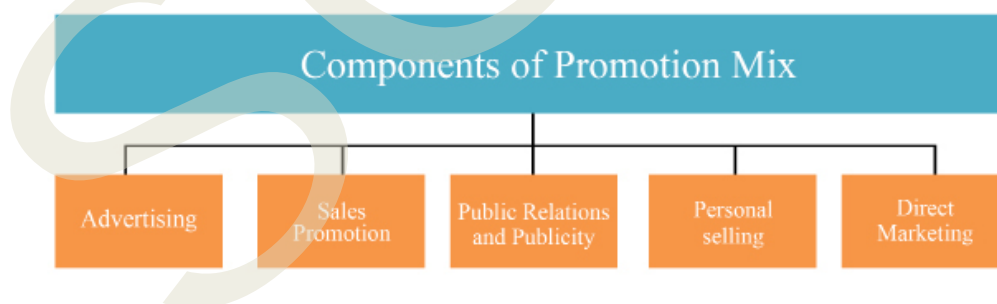

Figure 4.1.1: Components of Promotion Mix

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 organisation'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 utilised 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 utilised.

CityGlide Bikes needs to develop paid non-personal communication through the mass media regarding the products they offer. This communication must highlight their brand name CityGlide, so that people develop trust towards the brand. This marketing activity is referred to as advertising, which is explained below.

3.1.3 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 overdramatisation 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.

3.1.3.1 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 organisation 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 organisations 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.
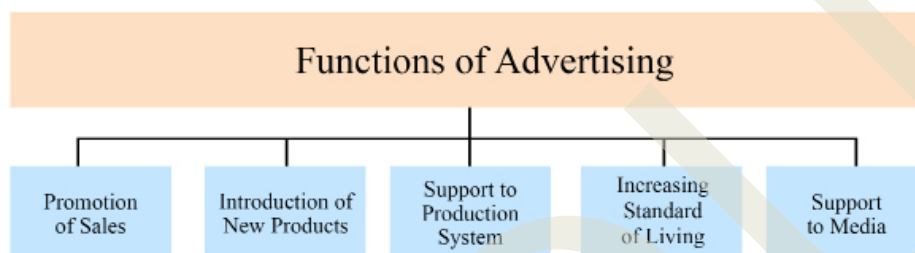
Figure 4.1.2: Functions of Advertising

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 organisation 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.

The advertisement of CityGlide Bikes must constitute the features as explained below.

3.1.3.2 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 good [sic], services or ideas by an identified sponsor."

3.1.3.3 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 organisations 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 enquire about the product.

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

3.1.3.4 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.
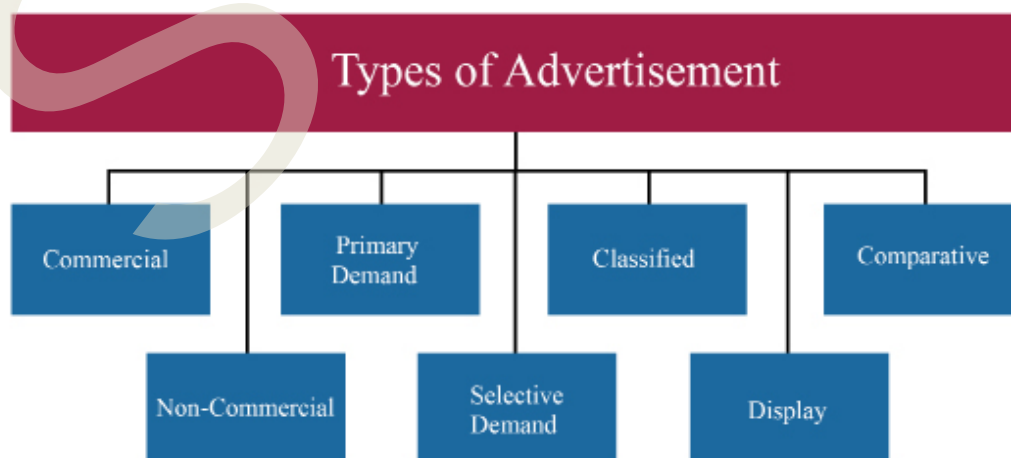

Figure 4.1.3: Types of Advertisement

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 organisation or civic group or religious or political organisation. 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.

3.1.4 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."

3.1.4.1 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.

The Salesmen hired by the CityGlide Bikes need to perform certain functions such as selling the products, guiding the customers *etc*. These functions of a salesman are as explained below.

3.1.4.2 Functions of a Salesman

The duties and responsibilities of a salesman vary according to the organisation they belong to. It mostly depends on the nature and size of the business, sales policies *etc*. However, there are certain common functions carried out by salesmen irrespective of their organisation. They are as follows:
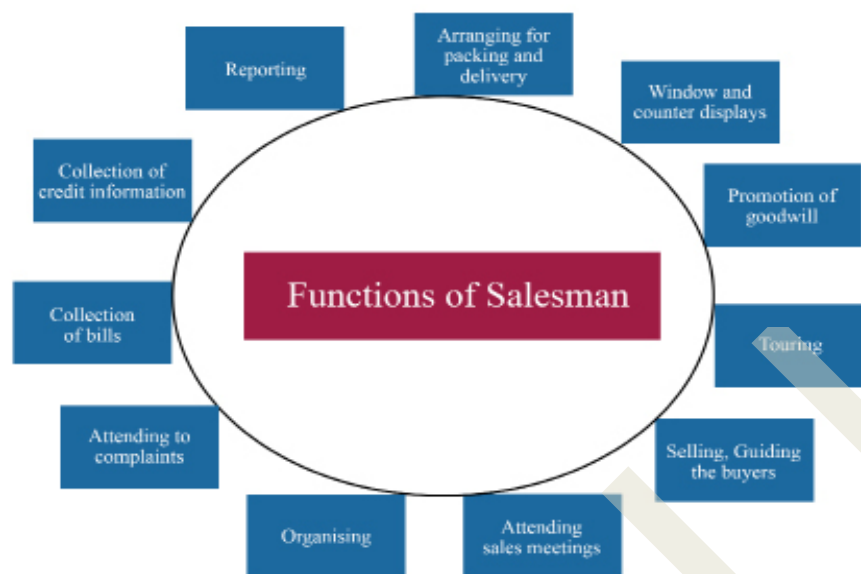
Figure 4.2.1: Functions of Salesman

Selling

The fundamental function of a salesman is selling. Selling encompasses meeting potential buyers (prospects), presenting and demonstrating the products, influencing the prospects to buy, obtaining orders and affecting sales.

Guiding the buyers

A salesman should guide the buyers in purchasing the products they want.

Attending to complaints

A salesman should attend to the customers' complaints immediately and try to quickly and sincerely settle their grievances.

Collection of bills

A Salesman might be required to collect the outstanding bills of the sales done. That is, remittance of the outstanding amount from the sale is mostly carried out by the salesman of the company.

Collection of credit information

A salesman is required to collect information regarding the creditworthiness of the customers. This function requires a salesman to obtain detailed information and submit the same to the company in the specified time.

Reporting

A salesman is required to send daily, weekly or monthly reports regarding all the effort made towards reaching assigned targets to the company. These reports contain information like the market conditions, calls made, sales done, services rendered, route schedule, incurred expenses, business conditions, competition *etc*.

Organising

A salesman is required to organise all the sales activities and intermediaries, especially their tour programme. The route and time schedules of the tour should be systematically organised for the achievement of pre planned sales targets.

Attending sales meetings

A salesman is required to periodically attend all the sales meetings convened by the company to discuss the sales policies, marketing problems, sales promotion activities *etc*.

Touring

A salesman is required to tour regularly to cover and expand the company assigned sales territories.

Arranging for packing and delivery

A salesman is required to arrange for the packing and delivery of the product sold to the buyers.

Window and counter displays

A salesman manning the sales counter is required to arrange for the window and counter displays of the products attractively. This is to attract the customers and induce the desire in them to purchase the products.

Promotion of goodwill

A salesman is required to maximise the number of satisfied customers, thereby promoting the goodwill of the company.

The function of a salesman aids to develop trust in the market through a high frequency of contact. This is achieved by keeping promises and reacting quickly and effectively to customers' problems.

3.1.5 Direct Marketing

The term "direct marketing" was first popularised 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.

Direct marketing provides one of the greatest sales advantages, which is to communicate directly with the customer to build a personal relationship. This allows the marketers to reach the target demographics with direct messages, without investing heavily in costly traditional advertising techniques such as TV, newspapers and radio advertising. Though it can bring a marketer into direct, unsolicited contact with the customers, direct marketing practices are governed by important privacy regulations. Thus, a marketer needs to be aware of these regulations and abide by them at all times. For instance, once a customer opens an account and registers with Axis Bank through online mode, they will directly communicate with the customer regarding their policy changes, new plans, new offers, account statements *etc*. via emails regularly.

3.1.5.1 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 personalisation. 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 data-rich environment.

4. **Social media DMs:** Direct messages on social media are personalised 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.

    For example, supplement brand Obvi generated a 1,052.8% return on investment with a direct mail campaign targeting repeat purchasers who had not returned to their online store in 90 days since the last purchase.

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.

3.1.5.2 Stages of Direct Marketing

The step-by-step guide on how to launch a direct marketing email campaign.

i.   **Develop contact list:** the first step in developing a direct email marketing campaign is knowing who you are going to target. You can find many email lists by sector from third-party providers, but you need to take your segmentation further and find users who are genuinely interested in your product or service. To get leads, you can try an inbound marketing campaign based on content (such as downloads of an e-book) or lead generation ads on social platforms. Whatever you do, do not forget to segment your contacts, for example, by how often they visit your site or products that interest them.

ii.   **Create the ideal email:** think subject lines, text, icons, and CTAs(Call to actions). Nothing in your email marketing campaign should be random. Align your creativity with precise segmentation.

iii. **Enter a code or identification pixel:** as mentioned above, one of the keys to direct marketing is the ability to precisely measure all the results. To do this, you need to include a pixel code in your emails that identifies users who have come to your site through this particular campaign.

iv.   **Test the campaign:** run A / B testing and discover what really works with your audience. Remember that the key to A / B testing is only to isolate and tweak one variant so that you can attribute the results to a specific element of your campaign.

v.   **Launch campaign at an optimal time:** first, send a test email to make sure everything runs smoothly and then launch your campaign. But beware! As is the case with social networks and other digital advertising tools, you must send out your campaign on an ideal day and at the optimal time.

vi.   **Measure consumer responses**: now, you just have to wait to see the reactions. Let your campaign run for a while before drawing conclusions since not everyone looks at their email instantly.

vii. **Analyse the results:** finally, you have to measure how your campaign has performed. How many people have opened the mail, clicked or converted? If you have tried several versions, what has worked best and why? Use these conclusions for the next campaign.

3.1.5.3 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. **Customisable:** 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.

Let us look into the benefits of direct marketing when implemented in an organisation like CityGlide Bikes.

3.1.5.4 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 organisation 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 helps 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. Measurable

The 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. Let us explore the limitations of implementing direct marketing in an organisation like CityGlide Bikes.

3.1.5.5 Limitations of Direct Marketing

As with any marketing strategy direct marketing also has its limitations. The following are the hurdles to overcome when implementing direct marketing.

1. Intrusive

Very many people find direct marketing messages annoying and intrusive, especially if the method involves telemarketing and door-to-door sales. Most people disregard any sort of marketing mail, they are mostly trashed or deleted. But if customers get irritated with these marketing tactics it can develop into a negative brand association, making them hate the product and less likely to buy. This is more likely to happen with less targeted direct marketing.

2. Environment

Utilisation of leaflets or paper-heavy direct mail campaigns can affect the environment adversely. This creates a negative impact on the brand in the long run. It is mostly avoided using email campaigns or recycled materials.

3. Low response rates

Statistics shows that direct marketing response rates are very low. This means that most direct marketing campaigns reach the consumers who are not interested in the products or services, which wastes money and is most likely to irritate consumers. This can be avoided by a more targeted list as opposed to mass messages.

4. Competition

It becomes very difficult to make the message stand out especially when the recipients frequently receive a large number of marketing messages.

5. Cost

The telemarketing and direct mail operations can incur high financial and resource costs to the marketer.

6. Legal Issues

There are strict laws when it comes to privacy and data protection in direct marketing. A marketer must ensure that the target list only contains people who have consented to receive marketing messages.

The goal of the most effective and innovative direct marketing strategies is to elicit a response in the target audience using the content delivered directly to the consumer. This includes both physical mail and email or other modes of online messages. A very striking and attractive message in any format that is personalised to target the most qualified leads can yield responses from the customers.

Recap

◊ Promotion: The activities a business uses to communicate the value of its products or services to customers.

◊ Promotion Mix: The combination of different marketing tools used to reach customers, including: Advertising, Public Relations (PR), Sales Promotion, Personal Selling, Direct Marketing

◊ Advertising: A paid form of non-personal communication delivered through mass media channels to promote products or services.

◊ Personal Selling: A direct, face-to-face interaction between sales representatives and potential customers to build relationships and drive sales.

◊ Direct Marketing: Targeted communication designed to generate immediate responses from specific customers, often through personalised messages.

Objective Questions

1. What term describes all activities a company undertakes to communicate and promote its products to the target market?

2. Which marketing concept refers to the combination of advertising, personal selling, sales promotion, public relations and direct marketing tools?

3. What is the primary characteristic that distinguishes advertising from other promotional tools?

4. Which type of advertising promotes an entire product category rather than a specific brand?

5. What are the three key features that differentiate personal selling from other promotion tools?

6. Which salesman function involves submitting regular reports about market conditions and sales activities?

7. What term describes unpaid media communication about a product or organisation?

8. Which direct marketing method involves sending personalised messages to followers on social media platforms?

9. What is the main advantage of direct marketing compared to mass media advertising?

10. Which type of advertisement directly compares a product with competitors by name?

Answers

1. Promotion

2. Promotion Mix

3. It is paid, non-personal mass communication

4. Primary Demand Advertisement

5. Personal Confrontation, Cultivation, and Response

6. Reporting

7. Publicity

8. Social media DMs (Direct Messages)

9. It allows for precise targeting and measurable results

10. Comparative Advertisement

1. Define promotion and explain its significance in the marketing mix.

2. List and briefly describe all five components of the promotion mix.

3. Explain the four distinctive characteristics of advertising with examples.

4. Compare commercial advertisements with non-commercial advertisements, providing examples.

5. What are the three key attributes that differentiate personal selling from other promotional tools?

6. List six essential functions of a salesman and explain their importance.

7. What are the main advantages and limitations of direct marketing?

8. Differentiate between primary demand advertising and selective demand advertising with examples.

9. Name and describe four different types of direct marketing methods.

10. How does publicity differ from advertising in terms of cost, control and credibility?

Assignments

1. Select a consumer goods company of your choice and analyse how it utilises the five components of promotion mix (advertising, personal selling, sales promotion, public relations, and direct marketing) in its marketing strategy. Support your analysis with specific examples of each component.

2. Choose any recent advertising campaign and evaluate how it demonstrates the four characteristics of advertising (public presentation, pervasiveness, amplified expressiveness, and impersonality). Include relevant examples to justify your evaluation.

3. Assume you are a salesman for a new eco-friendly product. Prepare: A script for your sales presentation, Responses to three potential customer objections, and A plan for performing three key salesman functions

4. Compare and contrast any two different types of advertisements (e.g., commercial vs. non-commercial or primary demand vs. selective demand) using real-world examples. Create a table showing their differences in purpose, sponsorship, and effectiveness.

Suggested Reading

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4. Shimp, T. A. (2022). *Integrated marketing communications in advertising and promotion* (11th ed.). Cengage Learning.

5. Percy, L. (2023). *Strategic advertising management* (6th ed.). Oxford University Press.

Unit 2

Strategic Promotional Tools

Learning Outcomes

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

◊ differentiate between publicity and public relations in brand management

◊ design a sales promotion campaign to address seasonal demand fluctuations

◊ compare advertising and sales promotion strategies using real-world examples

◊ develop a PR plan to mitigate negative publicity and enhance brand image

◊ evaluate the effectiveness of trade vs. consumer sales promotions

Prerequisite

Following CityGlide Bikes' successful market entry, the company encountered two critical challenges that tested its promotional strategies. A viral social media post raised concerns about battery safety, creating widespread consumer concern. Simultaneously, the onset of the monsoon season led to a significant decline in demand for electric bikes as commuters temporarily shifted to alternative transportation.

To address these issues, CityGlide implemented a comprehensive response plan. The public relations team coordinated with industry experts to develop authoritative press releases clarifying battery safety features, while organising factory tours for journalists to demonstrate the rigorous quality control processes. These efforts to manage communication between the organisation and its various stakeholders helped rebuild trust and establish mutual understanding.

The company simultaneously worked to generate positive publicity by sharing authentic customer stories about using their bikes reliably during monsoon conditions. These unpaid communications through mass media helped counter the negative narrative while highlighting the product's durability.

Recognising the need for immediate sales stimulation, CityGlide launched targeted sales promotions including monsoon-ready discounts and complimentary rain gear. These short-term incentives encouraged purchases. The marketing team carefully balanced these promotions with ongoing brand-building advertising campaigns to maintain long-term brand equity while addressing short-term sales objectives.

Through this integrated approach that strategically combined public relations, publicity, sales promotion and advertising, CityGlide not only managed the crisis but emerged with strengthened brand credibility and customer relationships.

Keywords

Publicity, Public Relations (PR), Crisis Management, Sales Promotion, Consumer Promotions (Coupons, Samples), Trade Promotions (Allowances, Discounts), Advertising vs. Sales Promotion

Discussion

3.2.1 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.

CityGlide Bikes needs to promote their products through unpaid communication in the media like planting news stories about the brand in the news media. This is referred to as publicity, which is as explained below.

3.2.1.1 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 organisation 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.

CityGlide Bikes 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.

3.2.1.2 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".

Let us understand the differences that CityGlide Bikes needs to maintain its publicity and public relationship.

3.2.1.3 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

Organisations 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.

3.2.2 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.

3.2.2.1 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.

CityGlide Bikes is very particular to depict its sales promotional policy with its sales force. Furthermore, it must fulfil the below-mentioned objectives to be efficient and effective.

3.2.2.2 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. **Influence**: It can persuade customers to switch brands in favour of the organisation 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.

Organisations 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 organisation.

CityGlide Bikes decided to offer 5% price offs for customers and 10% price discounts for traders and distributors on all products. The following are the different methods of sales promotion frequently used by various organisations or brands.

3.2.2.3 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.

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*:

a. 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.

b. 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 organisation 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.
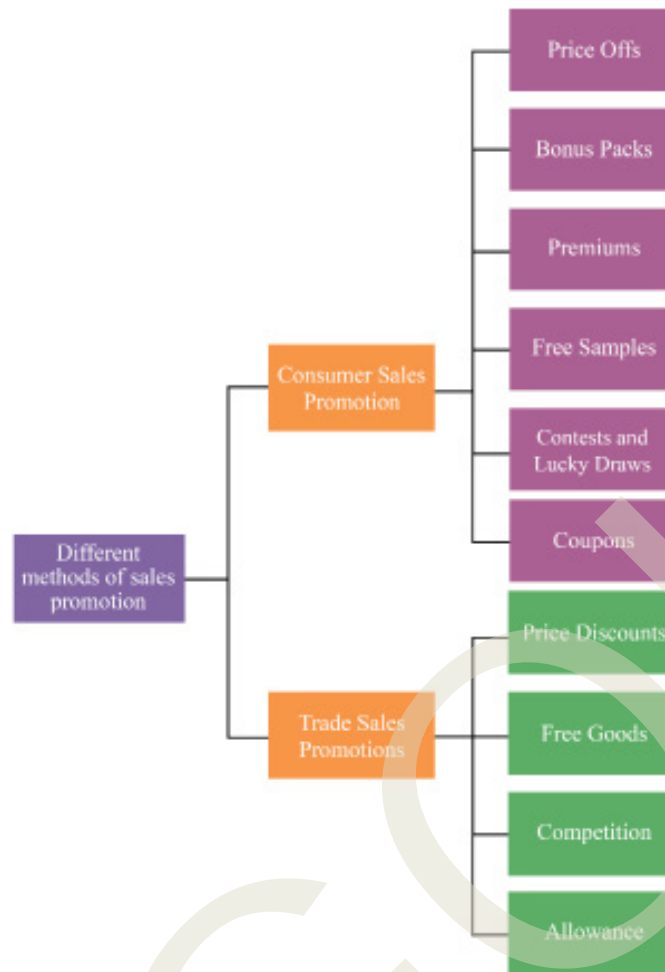
Figure 4.3.1: Methods of Sales Promotion

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.

3.2.3 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.

Publicity: Unpaid communication about a product or organisation through mass media channels, designed to generate awareness and credibility by presenting information as news or features rather than promotional content.

Public Relations (PR): The strategic management of communication between an organisation and its various stakeholders (customers, employees, media, government, etc.) to build goodwill, enhance reputation, and address potential challenges. Key activities include media relations, corporate social responsibility, and crisis management.

Key Differences:

Publicity focuses on gaining media coverage (unpaid and uncontrolled), while **PR** is a broader, ongoing effort to shape public perception (often paid and controlled).

Publicity can be positive or negative, whereas PR aims to maintain a consistently positive image.

PR includes proactive strategies (e.g., events, sponsorships), while publicity relies on media interest.

Sales Promotion: Short-term incentives (e.g., discounts, contests, free samples) designed to encourage immediate purchases from consumers or trade partners (retailers, distributors).

Advertising vs. Sales Promotion:

Advertising builds long-term brand loyalty through paid mass communication.

Sales Promotion drives short-term sales through targeted incentives.

Methods of Sales Promotion:

Consumer-Focused: Price-offs, coupons, free samples, contests.

Trade-Focused: Volume discounts, allowances, free goods for retailers.

Objective: Align sales promotion tactics with broader marketing goals to ensure cohesive messaging and measurable impact.

1. What term describes unpaid media communication about a product or organisation?

2. Which marketing activity focuses on managing relationships with all stakeholders to build goodwill?

3. What are the three key characteristics that make publicity preferable to advertising?

4. Which element of public relations involves creating news stories about a company?

5. What type of sales promotion offers products at reduced prices for a limited time?

6. Which sales promotion method provides extra product quantity at the same price?

7. What are the two main categories of sales promotion methods?

8. Which promotional tool is designed specifically to influence trade partners like retailers?

9. What is the primary difference between advertising and sales promotion in terms of time frame?

10. Which sales promotion method uses certificates that provide price reductions?

Answers

1. Publicity

2. Public Relations (PR)

3. High Credibility, Ability to Reach Ad-Avoiders, Dramatization Potential

4. Publicity

5. Price-offs

6. Bonus packs

7. Consumer sales promotion and Trade sales promotion

8. Trade sales promotions

9. Advertising is long-term while sales promotion is short-term

10. Coupons

Self-Assessment Questions

1. Define publicity and explain why companies value it despite not having control over the message.

2. Describe three ways public relations differs from publicity.

3. Create an example of how a smartphone company could use publicity to launch a new product.

4. Explain why sales promotions are particularly effective during a product's maturity stage.

5. Compare consumer sales promotions vs. trade sales promotions with two examples of each.

6. Design a sales promotion campaign for a bookstore trying to clear old inventory.

7. Analyse how a negative publicity situation could be managed through public relations.

8. Why might frequent price-off promotions damage a brand's image? Suggest an alternative.

9. Explain how publicity, PR and sales promotion could work together in a product launch.

10. Evaluate when a company should use PR versus advertising for crisis management.

Assignments

1. Choose a well-known company and write an essay analyzing how it uses publicity and public relations to build its brand image. Include real examples of media coverage, events, or CSR activities.

2. Select a brand currently running a sales promotion (e.g., discounts, buy-one-get-one-free, contests). Write a report explaining: The type of promotion used, Its target audience, Why it was likely chosen, Its effectiveness.

3. Compare publicity and public relations using a real-world case (e.g., a product launch or crisis management). Explain: How each was used, Key differences in approach, Which was more effective and why.

4. Explore how digital media (social platforms, influencers, viral trends) is changing PR and publicity. Predict how these strategies might evolve in the next 5 years.

Suggested Reading

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Unit 3

Distribution

Prerequisite

Following their successful brand establishment through strategic promotions and effective crisis management, CityGlide Bikes now faces the critical challenge of optimizing their distribution network to meet growing demand while maintaining their commitment to sustainability. The company must establish an efficient physical distribution system that ensures timely delivery of bikes across Neotown's urban centers and surrounding areas, while managing inventory effectively to prevent stockouts during peak seasons.

CityGlide needs to carefully consider warehouse locations that can serve both city centers and suburban areas efficiently. The selection of transportation methods must align with their environmental mission, balancing cost-effectiveness with eco-friendly solutions. Implementing robust inventory control systems will be essential to track bike components and finished products accurately. Developing strong relationships with reliable distribution partners will further strengthen their supply chain.

The company faces important decisions about their distribution channel strategy. Direct-to-consumer sales through their website and flagship stores offer higher margins but require complex logistics. Partnerships with local bicycle retailers could expand their reach, while collaborations with urban mobility platforms might open new market opportunities. These choices must support both immediate operational needs and long-term growth objectives.

This distribution challenge comes at a critical time as CityGlide prepares to launch a new line of cargo bikes designed for small business owners. The new product line will require additional storage space and specialized handling during transportation, adding complexity to their distribution network. The decisions CityGlide makes about their physical distribution will directly impact their ability to deliver on the brand promise established through their earlier marketing efforts, while positioning them for sustainable future growth.

Keywords

Warehousing, Inventory Control, Transportation, Logistics, Order Processing, Packaging, Materials Handling, Distribution Channels.

Discussion

4.4.1 Physical Distribution

CityGlide Bikes is planning, implementing and controlling the physical flow of their products from the place of production to the place of consumption to the consumer for a profit, and this process is referred to as physical distribution. This is as explained below.

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 CityGlide Bikes is carrying out warehousing, inventory control, transportation and logistics, order processing, packaging and materials handling of there products. Furthermore, the company would 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.

4.4.1.1 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 organisation with goods to sell in the market needs warehouses as storage facilities for finished products. One of the key physical distribution decisions every business organisation 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.
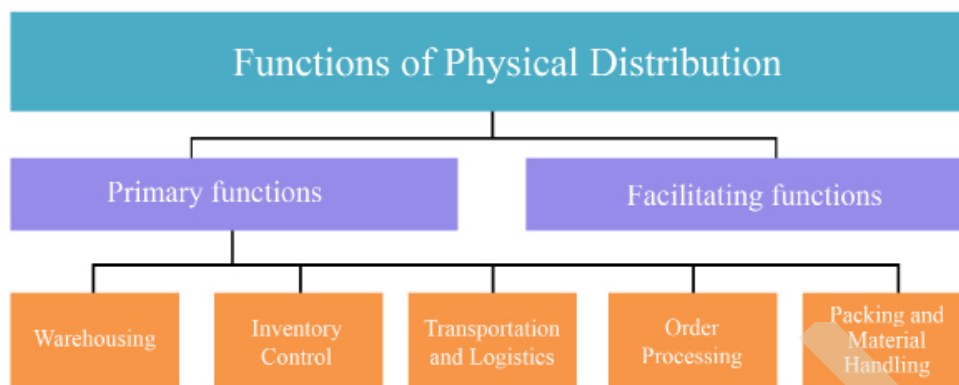
Figure 4.4.1: Functions of Physical Distribution

Inventory Control

The function of maintaining an appropriate quantity of stock by an organisation, 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 organisation 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 organisation 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 organisations so that it can be turned into a competitive advantage, thereby adding to its marketing effort.

CityGlide Bikes has established a set of three main channels of distribution for the process of making their products available for consumption. This describes the channels of distribution as explained below.

4.4.2 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.

Figure 4.4.2: 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.

Figure 4.4.3 Direct Channel of Distribution

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 4.4.4: One Level Channel

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.

Figure 4.4.5 Two 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.

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

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 organisation, 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?

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

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. Discuss the impact of e-commerce and online retailing on traditional distribution channels. Examine how companies have adapted their physical distribution strategies to meet the demands of online customers and address the challenges of delivering products directly to consumers.

10. Critically evaluate the concept of reverse logistics and its significance in today's environmentally conscious business landscape. Discuss the benefits and challenges of implementing effective reverse logistics systems for product returns, recycling, and remanufacturing.

11. Analyse the role of third-party logistics (3PL) providers in physical distribution. Discuss the advantages and potential drawbacks of outsourcing distribution activities to specialized logistics companies.

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.

Suggested Reading

1. Coyle, J. J., Langley, C. J., Novack, R. A., & Gibson, B. J. (2017). Supply chain management: A logistics perspective (10th ed.). Cengage Learning.

2. Bowersox, D. J., Closs, D. J., & Cooper, M. B. (2010). Supply chain logistics management (3rd ed.). McGraw-Hill Education.

3. Chopra, S., & Meindl, P. (2016). Supply chain management: Strategy, planning, and operation (6th ed.). Pearson.

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5. Burt, D. N., Petcavage, S. D., & Pinkerton, R. L. (2010). Supply management (8th ed.). McGraw-Hill Education.

BLOCK
04

Consumer Behaviour and Segmentation

Unit 1

Consumer Behaviour: Fundamentals, Determinants & Decision-Making

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

In a small coastal town, a group of college friends—Aisha, Rohit, and Vikram—started a café called Chai Tapri near their campus. Their idea was simple: serve affordable, tasty snacks and drinks to students. At first, business was slow. They assumed students would automatically visit because of their low prices, but they were wrong.

One afternoon, Professor Gupta, their marketing teacher, stopped by. He noticed their empty tables and asked, "Do you know why students aren't coming?" The friends shrugged. "Maybe they don't like our menu?" Professor Gupta smiled. "It's not just about the product. You need to understand your customers—what they want, when they want it, and why."

He suggested they observe student behavior. They noticed that students rushed in during breaks but ignored the café after classes. Many carried expensive branded coffee cups, even though Chai Tapri was cheaper. Groups of friends tended to linger longer when free Wi-Fi was available.

The team made changes based on these insights. They added quick "grab-and-go" combo meals for break-time rushes. They introduced a loyalty card for frequent buyers. To attract groups, they offered free Wi-Fi and board games. Soon, Chai Tapri became the campus hotspot.

The friends learned that consumer behaviour—understanding needs, habits, and influences—was the key to their success. In this unit, we'll explore how psychology, culture, and decision-making shape what people buy, helping you create strategies that connect with customers.

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

4.1.1 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.

In the marketing study of Chai Tapri, it was found that 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.

4.1.2 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.

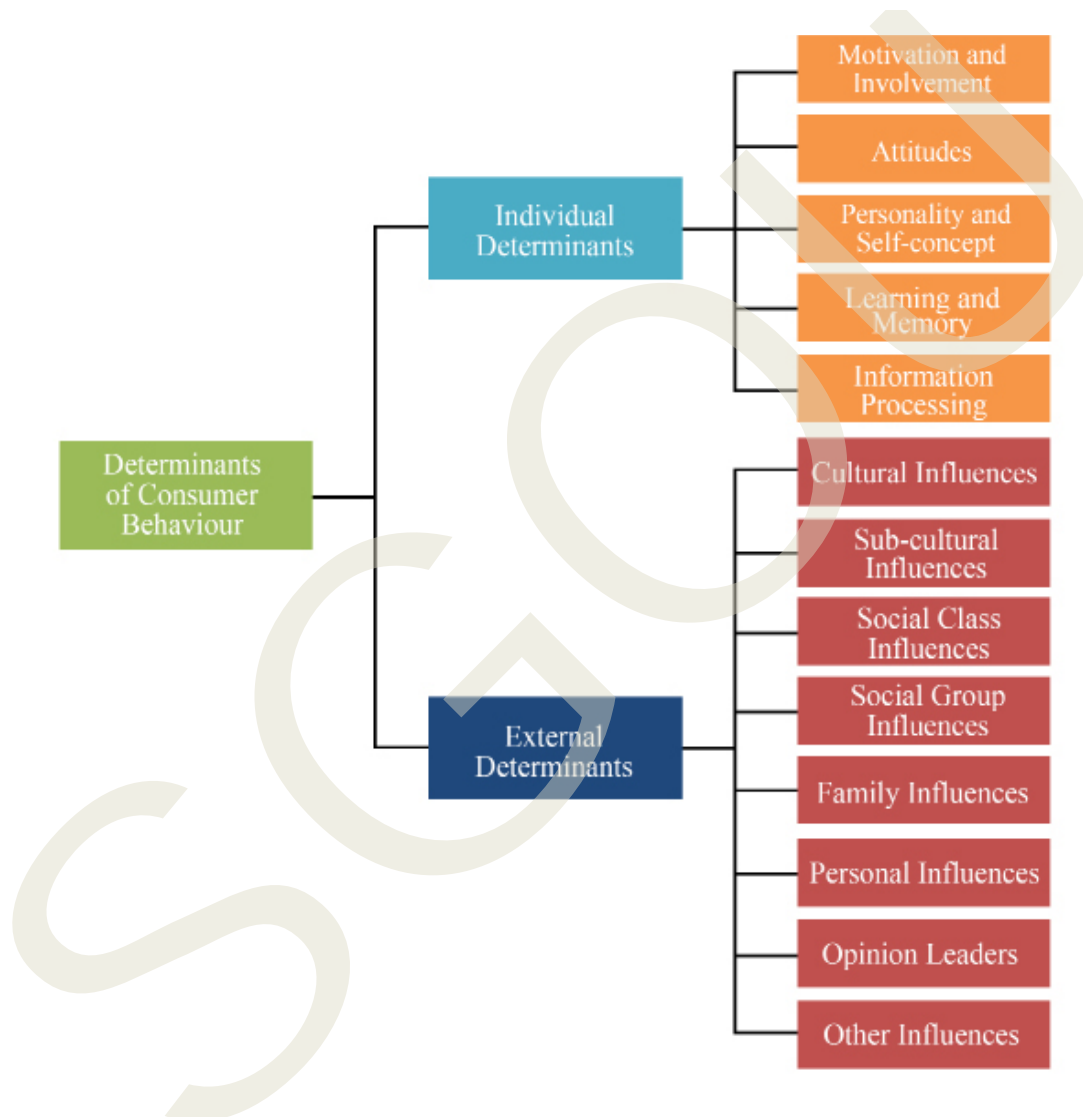Figure 4.1.1: Determinants of Consumer Behaviour

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.

4.1.2.1 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.

Figure: 4.1.2 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

4.1.2.2 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.
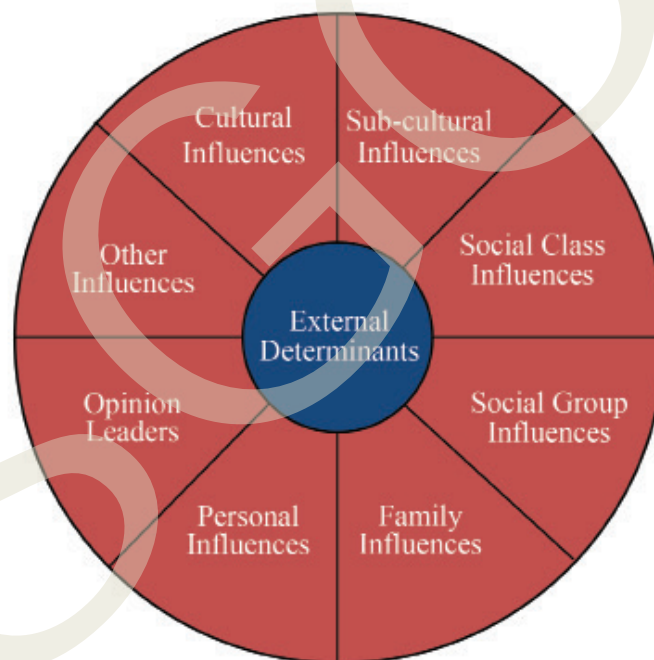

Figure 2.1.3: External Determinants

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. 'Chai Tapri' have developed new promotional messages to capture a niche market for their products. Mr. Charan who has seen advertisementson cable TV channels, inclined towards Chai Tapri. After comparing it with many alternatives, he decided to choose Chai Tapri. Mr. Charan was happy with Chai Tapri and is recommending it to his family and friends. This action is referred to as Consumer Decision Making Behaviour and it is explained below in detail.

4.1.3 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:

4.1.3.1 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.

4.1.3.2 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.

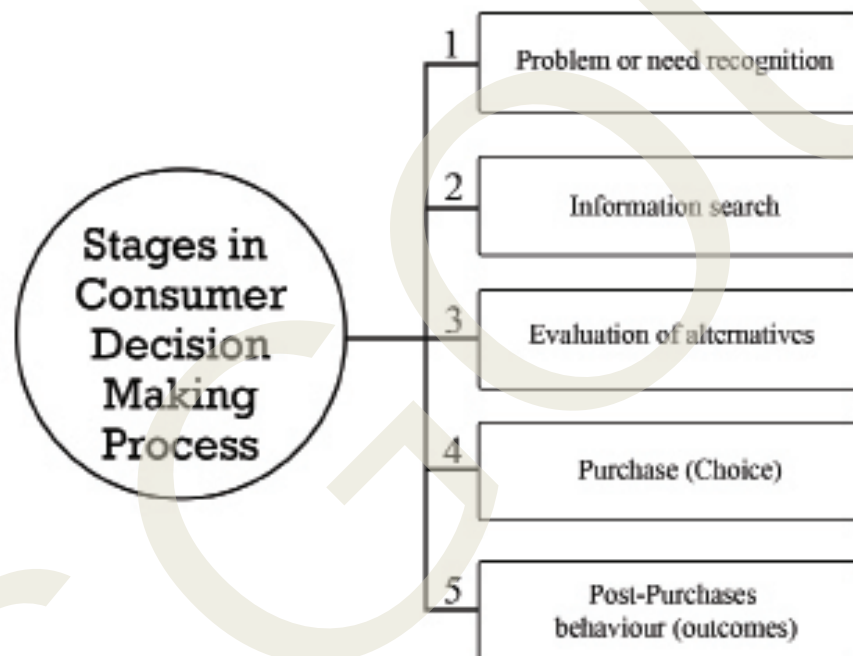Figure 2.1.4 : Stages in Consumer Decision Making Process

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.

4.1.3.3 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.

4.1.3.4 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.

4.1.3.5 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 organisations 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

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Unit 2

Segmentation, Targeting and Positioning

Learning Outcomes

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

◊ familiarise the concept of segmentation

◊ know the bases of consumer market segmentation

◊ realise the concept of targeting and its process

◊ recognise the concept of positioning and its types

Prerequisite

After Chai Tapri became popular, Aisha noticed something curious. Some students came daily for the same masala chai, while others only tried new seasonal drinks. Rohit's budget-friendly combos attracted frugal seniors, but juniors splurged on premium iced teas. Vikram wondered: "Why do different customers behave so differently?"

Professor Gupta returned to explain: "Consumer choices aren't random. They're shaped by invisible forces - like personal tastes, social pressures, and cultural habits." He pointed out how personality affected their customers - outgoing students loved gathering at the board-game corner, while more reserved customers preferred taking their coffee to-go. They also observed powerful social influences at work; when the college cricket team started visiting regularly, dozens of other students began frequenting the café too. Cultural differences were equally striking, with international students consistently avoiding spicy local snacks in favor of familiar sandwiches and pastries.

The team decided to put these insights into action. They placed "Best Seller" labels on popular items to leverage peer influence, added milder snack options after observing cultural preferences, and even adjusted the café's music playlist, noticing how shifting from loud rock to softer indie affected how long customers stayed.

Chai Tapri learned that determinants of consumer behaviour - both internal and external - silently steer every purchase decision. In this unit, we'll unpack these hidden drivers to better predict and influence customer choices.

Keywords

Segmentation, Targeting, Positioning, Demographic, Geographic, Psychographic, Behavioural, Functional, Symbolic, Experiential.

Discussion

4.2.1 Segmentation

As we discussed earlier, all customers are unique based on their age, gender, values, interests and behaviour. They may even use the same products to satisfy different requirements. To market their products marketers must have a clear understanding of the customers' needs. Thus, customers in the market are segmented into homogenous groups with similar nature and characteristics, to customise the engagement with each group.

The process of dividing a market into smaller and better-defined categories that share similar characteristics like demographics, needs, interests, locations *etc*. is referred to as market segmentation. According to marketing pioneer Philip Kotler, "market Segmentation is the sub - dividing of a market into homogeneous subsets of customers, where any subset may conceivably be selected on a market target to be reached with a distinct marketing mix".

Segmentation of customers is important because it aids in focusing the marketing efforts and resources on reaching the most valuable customers, thereby achieving marketing goals. It helps in knowing the customers, their needs, and in turn, aiding the marketer to better execute their marketing strategies from top to bottom.

4.2.2 Bases of Consumer Market Segmentation

The purpose of segmentation is to identify different groups of customers within the market to deliver more targeted and valuable messaging to these groups.

There are four ways in which a consumer market can be segmented; this is referred to as the basis for consumer market segmentation. They are as follows:
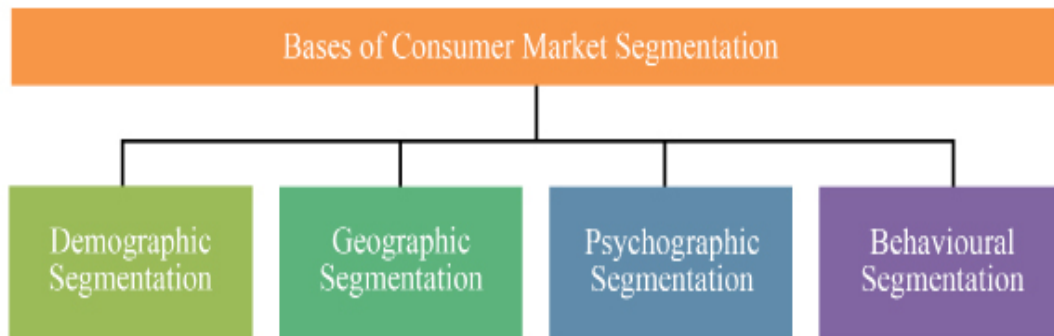
Figure 2.2.1: Bases of Consumer Market Segmentation

4.2.2.1 Demographic Segmentation

The division of the consumers in the market into groups based on demographic variables like age, gender, family size, income, occupation, education, religion, race and nationality is referred to as Demographic Segmentation. This is considered the most popular basis for segmenting the consumer group because consumer needs, wants, and consumption rates often closely relate with the demographic variables. Furthermore, demographic variables are easier to measure than the other variables.

Let us consider the following most commonly used demographic variables.

Age

This is the most common demographic variable used in consumer market segmentation. Most business organisations offer different products and subsequently use different marketing approaches for different age groups. For instance, Johnson and Johnson targets children, teens, adults and seniors with different advertisements and media, offering each age group different products.

The most common markets that are segmented by age include clothing, toys, music, automobiles, soaps, shampoos, foods *etc*.

Gender

This is the next most common demographic variable used in consumer market segmentation. The most common markets that are segmented by Gender are clothing, cosmetics, magazines *etc*.

Income

Consumer market segmentation can also be done based on income. It is considered a variable because income influences the consumers' purchasing power and lifestyle. It is most commonly used for markets in housing, furniture, automobile, clothing, alcohol, beverages, food, sporting goods, luxury goods, financial services and travel.

Family Cycle

The need for products may vary as per the age, marital status and number and age of people in the household. These variables are combined to form a single variable termed family life cycle. A few of the numerous product markets that are segmented by the family cycle stages include housing, home appliances, furniture, food, automobiles *etc*. Social class is also a part of the family cycle and can be classified into the upper class, middle class and lower class. A lot of companies include social class as a variable for segmentation of markets for products like clothing, home furnishing, leisure activities, design products and services.

Let us move on to the next basis for Consumer Market Segmentation

4.2.2.2 Geographic Segmentation

The division of the market into different geographical units like neighbourhoods, cities, regions, states, zones and nations is referred to as Geographic segmentation. For instance, a newspaper is published and distributed to different parts of the country in different languages to cater to customers all around the nation. This is more evident from a newspaper of the same brand publishing a whole lot of local news and marketing messages specific to particular areas.

The geographic variables have a huge influence on consumer behaviour because climate, terrain, natural resources and population density can impact the need for consumer products. Most organisations use different geographic variables to divide markets into regions because of the varying needs and wants of consumers from one region to another.

4.2.2.3 Psychographic Segmentation

The market division based on lifestyle and personality traits is termed Psychographic segmentation. In many cases, buying behaviour of consumers with regards to certain products may predominantly depend on their lifestyle and personality characteristics. Psychographic variables such as lifestyle and personality traits are subjective and relatively very difficult to identify and generalise. They are not data focused and require extensive research to uncover and understand.

The following are the main two aspects of Psychographic segmentation:

Personality Characteristics

A person's character traits, attitudes and habits are referred to as Personality characteristics.

According to this, markets are divided based on competitiveness, introversion, extroversion, ambition, aggressiveness *etc*. Personality characteristics segmentation is utilized when the products are similar to other competing products and consumer needs for the products are not the least bit affected by other segmentation variables. For instance, Procter & Gamble has segmented the market for their brand Ariel Washing

Powder to target homemakers who are the decision - makers of the household and use washing machines and are colour sensitive about their clothes.

Lifestyle

This variable of psychographic Segmentation determines how people live and spend their time and money. Marketers use Lifestyle analysis to study the consumers because it can divide the markets into groups based on activities, interests, beliefs and opinions.
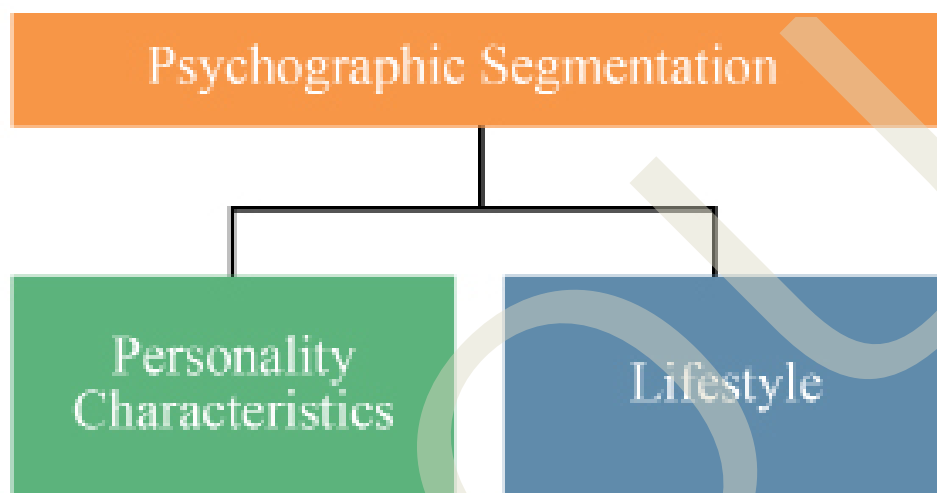
Figure 2.2.2: Psychographic Segmentation

The organisations which most frequently segment the market according to lifestyle are those making automobiles, cosmetics, alcoholic beverages and furniture. For instance, the luxury car brand usually focuses on customers who value quality and status.

Let us move on to the fourth basis for Consumer Market Segmentation.

4.2.2.4 Behavioural Segmentation

The division of the market based on how the customers' act is termed behavioural segmentation. That is, the buyers are segmented into groups based on their knowledge of the product, attitude towards the product, use of the product or their response to a product. It also includes division based on occasions, user status, rate of use, loyalty status, buyer readiness stage and attitude.

Occasion

Buyers can be distinguished based on the occasions when they purchase a product, use a product, or develop a need to use a product. It aids the organisation in expanding product use. For instance, Cadbury's advertises their product heavily during festival season.

User Status

Consumers are segmented based on user statuses such as based on non-user, ex-user, potential user, first-time user and regular user of the product. This behavioural segmentation variable is most frequently used by large organisations to target potential users, whereas smaller organisations focus on current users.

Rate of Use

Markets can be segmented based on rate of use, that is, markets can be distinguished based on light, medium and heavy users. In general, heavy users are only a small percentage of the market but account for the highest percentage of the total consumption. Marketers mostly aim to attract heavy users as opposed to several light users and concentrate their promotional efforts accordingly.

Figure 2.2.3: Basis for Behavioural Segmentation

Loyalty Status

Customers can be segmented based on their loyalty statuses like the hardcore loyal consumer who buys one brand regularly, split loyal consumers who are loyal to two or three brands, shifting loyal consumers who shift from one brand to another and switchers, the consumers who show no loyalty to any specific brand. This variable is frequently used by airlines to distinguish their frequent flyers for their loyalty programs.

Buyer Readiness Stage

Markets can be segmented based on the six psychological stages through which each person passes through when deciding to purchase a product. The six stages are awareness of the product, knowledge of what it does, interest in the product, preference over competing products, the conviction of the product's suitability and purchase. Most of the marketing campaigns are designed to move the target audience through the buyer readiness stages.

Market segmentation processes are always tailored to suit the organisational marketing objectives. That is, companies may use different variables from any of the four bases to suit how they want to distinguish their consumers or market to push their agendas. Successful marketing depends on the understanding of the target market by the organisations. One of the finest methods to identify a target market is market

segmentation. Just like the consumer market, business markets are mostly segmented using the same parameters. But at the same time, the organisations might also segment the market based on the use of the product, characteristics of the purchasing function and size of the client or industry, as well as other considerations related to characteristics of business customers.

4.2.3 Targeting

The strategy of breaking the large market into smaller segments to focus on a specific group of customers within that segment or audience is termed Targeting. That is, it portrays a segment of customers based on their unique characteristics and focuses solely on serving them.

According to marketing author Philip Kotler, "there is only one winning strategy. It is to carefully define the target market and direct a superior offering to that target market."

Targeting is a much more efficient way to market because instead of trying to reach the whole market, a brand can use targeting to put their energy into connecting with a specific, defined group within that market. Targeting is also referred to as multisegmented marketing. It involves identifying specific markets for specific products. Business organisations use targeting or target marketing to learn more about their consumers, this way they can design promotional programs for these targeted consumer groups to maximise their response. Target marketing has proven to be more effective than mass marketing as it focuses on the consumers who are most likely to interact with the product or brand.

After segmentation, targeting is the next logical step in the marketing process. The most common way of targeting is done based on consumer market segmentation, which includes demographic targeting, geographic targeting, psychological and behavioural targeting.

4.2.3.1 Bases of Targeting

Demographic Targeting

In Demographic targeting, consumers are targeted based on age, gender, ethnicity, race, income, education, religion, economic status *etc*. This is the most tried and tested technique of targeting in the consumer product markets and forms the foundation for target marketing. For instance, based on the product the organisations combine different segments like age and gender, specific consumers are targeted for specific products in various ways like advertisements, product placements *etc*. For instance, demographic targeting is used in selling kids Kinder Joy. The candy is advertised during the kids' program on tv or the internet. Kids are further persuaded in the advertisement by offering a free toy with each candy. When they are taken shopping, Kinder Joy is displayed at the billing counter for a quick recall by the children, thus, letting kids ask their parents to buy it for them.

Demographic targeting also aids in pushing the sales of certain products that are not performing well in the market. For instance, if a product is selling greater in the male demographic aged between 25 – 40 than in the female demographic aged between 25 - 40, advertisements can be designed to specifically target those female demographics to boost sales.

Geographic Targeting

The targeting of consumers based on the geographical locations like the country or region or city or neighbourhood is referred to as Geographic targeting. It is also known as geo-targeting or geo-filtering. In general, it involves gathering geographic information like the city, state, address, pin code, IP address etc. and then targeting consumers within certain locations. This technique is a very effective marketing strategy because promotional messages exactly reach the right people at the right place. For instance, fashion retailers most often will run advertisement campaigns and onsite experiences based on geographic locations and weather conditions, that is, the same brand that displays promotion for casual wear in humid areas will display winter clothing promotions in cold areas.

Geographic targeting also aids in determining the frequency of consumer visits to a particular area. This is mostly utilised to create an interest and habit profile,which will help determine the group to which the consumers belong. Furthermore, it ensures that companies can make their products available to consumers at their locations.

Psychological and Behavioural Targeting

The targeting that is based on personality traits, previous purchases, favourite places, shopping habits, "Likes" on Facebook or Twitter, opinions *etc*. are termed psychological and behavioural targeting. The knowledge of consumer's personality traits and behavioural patterns can greatly enhance the efficacy of marketing campaigns. Based on whether they are introverts or extroverts, words can be incorporated into the marketing messages to influence consumers of each group to buy the product. For instance, social media websites use psychological and behavioural targeting to display advertisements on consumers personal pages based on their money spending habits, latest search history, purchase history *etc*. This is especially evident when a consumer searches for an item and suddenly their social media feed is showing advertising for the searched items.

Targeting can be accomplished in various shapes and forms. Any group made up of people can be targeted after an effective segmentation. Though the above-given basis for targeting the consumer market is a way to improve marketing by an organisation, there are various other variables like the product benefits and patterns of use that can set as a basis for promotional programmes like brand awareness, loyalty, bulk user *etc*. This way, organisations can focus more on the most consistent consumers who need less effort to retain than on gaining more potential future customers.

Figure 2.2.4: Bases of Targeting

Chai Tapri needs to design its offers and image to occupy a specific place in the minds of the targeted consumers relative to the competition. This is referred to as positioning, as explained below.

2.2.4 Positioning

The strategic process of creating an identity or distinct mental image of the product or service in the minds of the customers relative to the competition is called positioning. That is, it is the process by which an organisation can differentiate their products from that of the products of their competitors within the target customers' minds. The positioning process is highly influenced by competitors' actions, customer requirements, motivation *etc.* For instance, if someone asks about an expensive TV, the first thing that comes to a person's mind is either Sony or Samsung, whereas if someone asks about the cheapest TV, most people would think of Onida or Videocon. This is because these brands have positioned themselves in the minds of customers as expensive or cheapest TV respectively.

Positioning, according to Marketing author Philip Kotler, is "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market."

Positioning of the brand is one of the most important aspects of brand creation. Depending on how a brand or product is positioned in the market, people have different perceptions about the brand. For instance, Tesla and Audi have positioned their products as luxury status symbols in the minds of consumers. Microsoft and Apple have positioned themselves as tech companies that offer the most innovative and user-friendly products in the market.

4.2.4.1 Types of Positioning

There are broadly three basic concepts of positioning. They are functional, symbolic and experiential.

Let us understand them one by one.

Functional

The functional position is formed when the products or brands provide solutions to problems and provide benefits to customers. Thus, this type of positioning focuses on the function, benefit or utility that a brand or product provides to the customers. This position is desirable to get favourable perceptions by investors (stock profile) and lenders.

Symbolic

The symbolic position is developed when a customer has an affection, social connection, ego identification *etc*. with the product or brand. This type of positioning is valuable in creating a brand image to develop brand equity, a sense of social belonging and ego-identification.

Experiential

An experiential position is formed when the customer can relate to the experiences. This type of positioning develops sensory and cognitive stimulation in the minds of the customer.

Every organisation tries to position their products or brands in a right and positive way within the customers' minds. But in case the brand or product does not hit the right or positive mark in people's minds, the positioning needs to change how people perceive the product or brand. This is done mostly by revamping the brand's logo, slogan *etc.* This is referred to as repositioning. It aids in creating a different image for the product or brand.
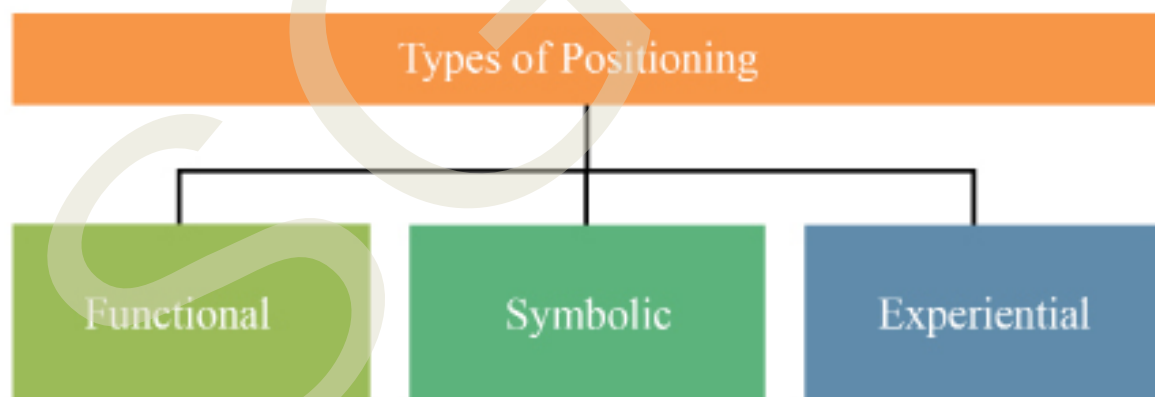

Figure 2.2.5: Types of Positioning

4.2.4.2 Key Factors of Positioning

Positioning is vitally important for any brand, product or service to create an impression in the minds of the consumer and subsequently ensure longevity in the market.

Following are the main factors that the marketers consider to create a positioning strategy for the products or brands.
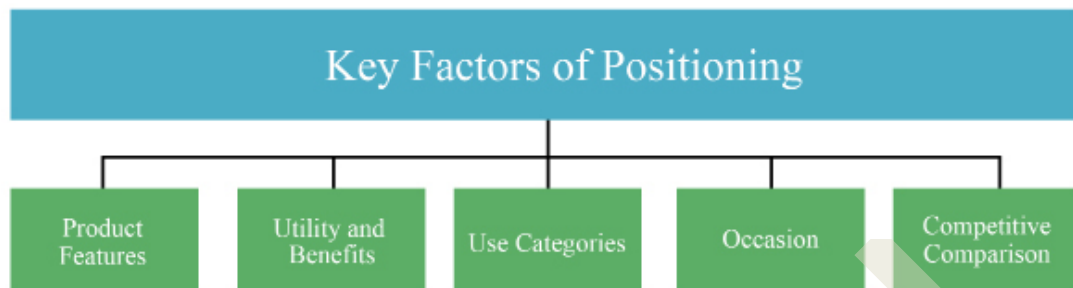
Figure 2.2.6: Key Factors of Positioning

Product Features

The positioning of a product can be done based on the looks, feel, appearance *etc.* of the product. The prime features of the products can be utilised to develop positioning and highlight their value.

Utility & Benefits

The positioning of a product can be done based on the value a product gives and the needs it can fulfil. The clear benefit in terms of money savings must be visible in the promotional messages. For instance, Fridges with five-star ratings denote savings in electricity expenses and positions themselves as beneficial to the customers.

Use Categories

The positioning of a product can be done based on how the product can be utilised by the consumers. A compelling position for a product or brand can be established based on all the different use cases and scenarios.

Occasion

The positioning of a product can be done based on the time, event or occasion when the product can be utilised. Thus, an association of a product with an occasion like New Year can establish strong positioning in the consumer's mind. For instance, stars are always associated with the occasion of Christmas and the new year.

Competitive Comparison

The positioning of a product can be done based on comparing a competitive offering. This is executed by organisations by improving the competitive positioning using points of parity or points of differentiation. Thus, to achieve a competitive advantage, a product or brand is differentiated based on Points of Parity and Points of Difference. Points of Parity (POPs) refers to the positioning based on the most similar elements on par with the competitors and Points of Difference (PODs) refers to the clear difference in the product compared with the competitors.

Thus, positioning is a continuous process executed by marketers to ensure strong, positive and stable positioning of a brand, product or service in consumers' minds.

Please Note: Positioning is not just what the targeted consumer thinks about the product or brand. Rather, it is about how they think of it relative to the competitors' products. It often relates to the product or brands' strategic objectives. The positioning aspect commences after the market segmentation breaks down the market into small groups and a target group for the products or brand is identified using targeting.

These efforts are collectively termed Segmentation Targeting Positioning marketing strategy (STP Marketing). Once a specific market is identified this strategy aids in developing an impression in the minds of the customers. Segmentation targeting positioning marketing is the core ideology behind modern-day marketing. STP marketing allows the marketing campaigns not to be generic, thus allowing some personalization. It allows products and brands to sustain longer life cycles in the market. In a nutshell, the STP marketing model allows marketers to segment the market, target select customer segments with marketing campaigns tailor-made to their preferences, and adjust the positioning according to targeted customers' desires and expectations.

Recap

◊ Segmentation: The subdividing of a market into homogeneous subsets of customers.

◊ Bases of Consumer Market Segmentation:

- Demographic Segmentation: Division of the consumers is based on demographic variables like age, gender, family size, income, occupation, education, religion, race and nationality.

- Geographic Segmentation: Division of the market into different geographical units like neighbourhoods, cities, regions, states, zones and nations.

- Psychographic Segmentation: Division based on lifestyle and personality traits is termed Psychographic segmentation.

- Behavioural Segmentation: Division of the market based on how the customers' act.

◊ Targeting: The strategy of breaking the large market into smaller segments is to focus on a specific group of customers within that segment.

- Most common bases of targeting: demographic targeting, geographic targeting, psychological and behavioural targeting.

◊ Positioning: Act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.

- Types of Positioning: functional, symbolic and experiential.

- Key Factors of Positioning: Product Features, Utility & Benefits, Use Categories, Occasion, Competitive Comparison.

Objective Questions

1. Which is the term used for the process of dividing a market into smaller and better- defined categories that share similar characteristics?

2. Which is the term used for the division of the consumers based on demographic variables like age, gender, family size, income, occupation, education, religion, race and nationality?

3. What is Geographic segmentation?

4. Which segmentation is based on lifestyle and personality traits?

5. Which type of targeting is based on personality traits, previous purchases, favourite places and shopping habits?

6. Which is the term used for the strategic process of creating an identity or distinct mental image of the product or service in the minds of the customers relative to the competition?

7. Which position is developed when a customer has an affection, social connection and ego identification with the product or brand?

8. Which segmentation divides the market geographically?

9. What does psychographic segmentation consider?

10. What is the act of focusing on a specific segment called?

Answers

1. Segmentation

2. Demographic Segmentation

3. The division of the market into different geographical units like neighbourhoods, cities, regions, states, zones and nations

4. Psychographic segmentation.

5. Psychological and Behavioural Targeting

6. Positioning

7.   Symbolic position

8.   Geographic segmentation

9.   Lifestyle and personality

10. Targeting

Self-Assessment Questions

1.   What is Market Segmentation?

2.   What is Targeting?

3.   Define Positioning.

4.   Explain the types of Positioning.

5.   Elaborate the key factors influencing Positioning.

6.   Explain the different bases of consumer market segmentation and provide examples of how companies can segment their target market using each of these bases.

7.   Discuss the importance of targeting in marketing strategy. What are the key factors that companies should consider when selecting their target segments?

8.   Differentiate between functional, symbolic, and experiential positioning. Provide examples of how companies can position their products or services using each of these positioning strategies.

9.   Analyse the role of product features, utility/benefits, use categories, occasion, and competitive comparison in effective positioning. How can companies leverage these factors to create a distinctive position in the minds of their target customers?

10. Describe a real-world company or brand that you believe has successfully implemented segmentation, targeting, and positioning strategies. Explain their approach and how it has contributed to their success in the market.

Assignments

1. Develop a detailed report on the Segmentation, Targeting and Positioning activities of an organisation of your choice.

2. Choose a consumer product category of your choice (e.g., clothing, electronics, food & beverages) and develop a comprehensive segmentation strategy. Identify the different bases of segmentation you would use and explain how you would segment the market based on each of these bases.

3. Select a target segment from your segmentation strategy of your choice. Develop a positioning strategy for a new product or brand aimed at this target segment. Clearly define the functional, symbolic, and experiential elements of your positioning and how you would leverage key factors such as product features, utility/benefits, use categories, occasion, and competitive comparison to create a distinctive position.

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BLOCK
05

Emerging Concepts in Marketing

Global Marketing Concepts

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

◊ understand the fundamentals of Global Marketing and its significance

◊ describe the principles and applications of Social Marketing and Green Marketing

TerraBite began as a small Barcelona snack company with a big idea - fusion chips mixing Spanish flavors with global inspirations. Their paprika-seaweed and chorizo sweet potato chips became local favorites, shared widely on social media. But after three successful years, challenges emerged. The market became crowded with imitators, retailers pushed for lower prices, and a new generation of shoppers demanded sustainable options.

Facing these hurdles, CEO Lucia made a bold decision at their annual meeting. "If we can't grow here, we'll grow everywhere," she announced. But taking their chips global would require smart marketing strategies. They needed to consider whether to keep their signature packaging worldwide or adapt it for different cultures. The team debated how to adjust flavors for various markets - perhaps toning down spices for some countries while turning up the heat for others.

As they planned their expansion, TerraBite knew they had to stay true to their roots. They wanted to continue supporting local farmers through fair-trade practices, even as they scaled up production. Their eco-friendly compostable packaging, though more expensive, was non-negotiable - but would international customers appreciate this enough to pay premium prices?

This unit will explore how TerraBite can use global marketing to enter new markets while respecting cultural differences. We'll examine how social marketing can help them build genuine connections in communities abroad. Finally, we'll see how green marketing allows them to maintain their environmental com-

mitments while growing their business. Through TerraBite's journey, students will learn how modern companies balance expansion with authenticity in an interconnected world.

Discussion

5.1.1 Global Marketing

Only a few generations ago, it took months to deliver merchandise to a marketplace in other countries. Then, modernisation in transportation technology paved the way to globalisation. Thus, it became viable for people to be transported and products traded across markets all over the globe. This necessitated marketers to develop strategies to market their products across multinational markets. For the execution of business activities like planning, producing, placing, promoting and directing the flow of products and services to consumers across markets of multiple countries, the company needs to go global, and it needs a strategy to integrate marketing actions across various geographical markets. This is popularly known as Global Marketing. Global marketing refers to marketing practices targeted at consumers in multiple countries and across the world. It involves understanding consumer behaviour, trends and market conditions across global regions to compose an integrated worldwide marketing strategy. As the world becomes increasingly interconnected, global marketing allows organisations to expand sales, build partnerships and enhance the brand through an international presence. On course to adopting a global marketing approach, companies must understand variances in cultural values, regulatory environments, demographics and competition in markets abroad.

According to Philip Kotler, "global marketing is concerned with integrating or standardising marketing actions across a number of geographic markets." Global marketing is the implementation of marketing principles in more than one country by organisations across national borders. Global marketing is vitally important for the development of the marketing mix that suits each market across the globe. It involves the use of existing marketing strategies, mix and tools for export, relationship strategies such as localisation, local product offers, pricing, production and distribution with customised promotions, offers, website, social media and leadership. Global marketing refers to the strategic practice of promoting and selling products or services globally. It involves extending a company's marketing activities beyond its domestic market

to reach customers in different countries and regions worldwide. Global marketing recognizes the increasing interconnectivity and interdependence of economies and societies and aims to capitalize on the opportunities presented by a global marketplace.

The concept of global marketing acknowledges the diverse preferences, behaviour and needs of consumers worldwide. It recognizes that a one-size-fits-all approach is no longer effective in today's highly competitive marketplace. Instead, global marketing focuses on developing customized marketing strategies that resonate with target audiences in different countries, considering cultural differences, language barriers, legal regulations and economic factors.

For instance, Red Bull is an Austrian drinks company that has utilised global marketing by hosting extreme sports events at various venues all around the world. This made their energy drinks to be recognised across the world with many Americans, Germans, Britons *etc*. thinking it is their local brand. Let us understand the Importance of Global Marketing for a company like Terrabite. Another example is Coca-Cola's global marketing strategies, characterized by universal messaging harmonized with localised campaigns, which have propelled it to a dominant market position worldwide, including India. For instance, the "Share A Coke" campaign was adeptly localized to resonate with Indian consumers, showcasing the brand's adeptness in navigating cultural nuances while maintaining a consistent brand image. Through global marketing, Coca-Cola amplifies its brand presence. It significantly enhances its revenue streams, embodying the profound impact and necessity of global marketing for brands aspiring for international acclaim and profitability.

5.1.1.1 Importance of Global Marketing

In the current economic situation, Global Marketing has got more prominence as more and more nations join the globalisation process. The following reasons explain its importance.

i. **Wider Market:** Global marketing provides an opportunity to the organisations to expand their business globally. It aids in connecting to wider and varied categories of customers worldwide. Marketers can sell their products to more people and earn more profits.

ii. **Elevates Brand Image and Reputation:** Global marketing enhances brand image and reputation because brands sold globally are perceived to be better than the brands sold locally. People too tend to lean towards globally available products. Hence, global marketing is important to boost brand reputation.

iii. **Grosses Foreign Exchange:** Global marketing serves as an avenue for earning foreign exchange by countries. Organisations world over can sell their products in other countries to bring foreign currency to their home country.

iv. **Scatters Business Risk:** Global marketing allows organisations to spread the business risks by conducting business operations in several countries. This means that the loss accumulated by the business in one country can be easily compensated with profits earned from other countries.

v. **Improves Living Standards:** Global marketing permits people to have quality products, thereby enhancing the standard of living. It allows various reputed brands to sell their products in many countries. People are enabled to avail high-quality products or services that can improve their lifestyle.

vi. **Ensures Optimum Utilisation of Resources:** Global marketing aims at efficient allocation of resources by encouraging free trade at a global level. It enables countries to supply their surplus materials to various other countries where they can be efficiently utilised to manufacture goods and services.

vii. **Facilitates Cultural Exchange:** Global marketing acts as a medium to exchange culture and traditions among various countries. With the free movement of goods and services, countries are enabled to exchange their social and cultural ideas. The central aim is to attain cultural integration globally.

viii. **Promote World Peace:** Global marketing emphasises promoting harmony and peace at a global level. It facilitates international trade and provides a common platform where various countries can come together. It aids in developing mutual understanding and trade collaborations worldwide. This mutual trade relationship in turn will promote peace among the countries.

5.1.1.2 Global Marketing Strategies

Global marketing strategies are the approaches and tactics of companies to promote and sell their products or services globally. These strategies consider the diverse needs, preferences and cultural nuances of different markets worldwide. Here are four common global marketing strategies, along with examples of renowned brands that have successfully implemented them:

1. Standardisation Strategy

The standardisation strategy involves offering the same product or service and using the same marketing mix across multiple markets. This approach assumes that consumer preferences and needs are similar across countries, allowing companies to achieve cost efficiency and consistency in their global marketing efforts.

Example: Coca-Cola is a prime example of a company implementing a standardisation strategy. The brand maintains consistent packaging, branding, and taste worldwide. This uniformity enables Coca-Cola to achieve economies of scale in production, marketing and distribution while delivering a consistent brand experience to consumers globally.

2. Localisation Strategy

A Localisation strategy involves adapting marketing efforts to suit the specific needs, preferences and cultural nuances of individual markets. Companies tailor their products, messages and promotional activities to cater to local tastes and customs, recognizing that consumer behaviour and preferences vary across countries.

Example: McDonald's is a brand that effectively utilises a localization strategy. While the core menu items, such as the Big Mac, remain consistent globally,

McDonald's adapts its menu to suit local tastes and preferences. In India, the menu includes vegetarian options like the McAloo Tikki Burger to cater to the predominantly vegetarian population, showcasing the brand's ability to localise its offers to specific markets.

3. Global Branding Strategy

A global branding strategy involves creating a consistent brand image and identity, transcending geographical boundaries. This strategy emphasises the global reach and recognition of the brand, aiming to evoke similar brand perceptions and associations across diverse markets.

Example: Nike employs a global branding strategy that emphasizes its core values of athleticism, innovation and inspiration. The "Just Do It" slogan and the iconic swoosh logo are recognizable worldwide, reinforcing consistent brand identity. Nike's global marketing campaigns featuring renowned athletes, such as Serena Williams and Cristiano Ronaldo, resonate with consumers globally, creating a strong and unified brand image.

4. Glocalisation Strategy

The Glocalisation strategy combines elements of both globalization and localisation. It involves adapting global marketing strategies to suit local markets while maintaining a consistent global brand identity. Companies balance the need for standardisation with the recognition that certain aspects of their marketing mix must be tailored to local preferences.

Example: Starbucks has successfully implemented a glocalization strategy. While maintaining a consistent brand image and experience across its stores globally, Starbucks adapts its menu offers to cater to local tastes and preferences. For instance, Starbucks introduced green tea-flavoured beverages and localised food items in China, appealing to Chinese consumers' preferences. This approach allows Starbucks to retain its global brand recognition while adapting to the local market.

5.1.1.3 Limitations of Global Marketing

The most understood limitations of global marketing are as follows.

1. **Higher Costs**: Global marketing can take a toll on the financial resources of the organisation. This is because it requires additional personnel and technology to manage and monitor the business. Furthermore, the management of logistics and import-export policies may sometimes eat into the revenues.

2. **Crisis Management:** Managing crisis is a big part of all businesses but it is more challenging on a global scale. Political or societal changes can create difficulties in business, so it becomes necessary for businesses to constantly monitor their macro environment. For instance, natural disasters can disrupt the supply chain in a country and managing the same in real-time from across the globe becomes highly challenging. This may become a costly affair and ignoring the

same can damage the reputation of the organisation. As with any business activity, global marketing limitations need to be understood by the marketers before implementing it. As with all businesses, the benefits of global marketing must outweigh the limitations to make it effective for the business.

3. **Cultural Differences:** Varying cultural values, customs and preferences can influence consumer behaviour and necessitate tailored marketing approaches.

4. **Adapt to the legislation of foreign countries**: It can be costly and risky to start working without understanding the laws and taxations of the new markets. Sometimes businesses need lawyers' help to make their start abroad smoother and avoid fines. This process may be time-consuming, but it is necessary before launching the promotional campaign.

5. **Difficult to avoid overspending on buying raw materials**: If you start working with foreign markets without proper research, the inventory costs can increase significantly. Firstly, it may be challenging to find the balance between supply and demand because the results of your promotional campaigns will not be the same as in your country. Secondly, if you start working with local suppliers, finding the cheapest resources in the area requires time to save your costs.

5.1.2 Social Marketing

Social marketing, sometimes known as "marketing for good," is a strategy that promotes positive social transformation by focusing on influencing individuals' actions or ways of life rather than just selling an item or service. Its emphasis on community engagement is distinct from commercial marketing, marketing via green or sustainable practices and marketing via social media. The goal of such marketing is to modify people's behaviors for the greater good of society – to the individual's profit and benefit of society as a whole – by using the concepts of commercial marketing and the social sciences. It is used by a wide variety of nonprofit organisations and charities, as well as by government organisations, emergency services and agencies. Likewise, some examples are highway safety alliances, policemen, firefighters and paramedic groups. Social marketers also handle campaigns for charitable causes of a commercial brand's product or business.

Social marketing is the use of commercial marketing principles and techniques to improve the welfare of people including the physical, psychological, social and economic welfare. It is a carefully planned, long-term approach to change human behaviour. Those marketing activities that help change or maintain people's behaviour towards the benefit of individuals and society as a whole is termed 'social marketing'. It combines ideas from commercial marketing and the social sciences to influence consumer behaviour sustainably and cost effectively. According to the world-famous marketing authors Kotler and Zaltman, "social marketing is the design, implementation and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution and marketing research".

The primary objective of traditional commercial marketing is mostly profit making. But the primary goal of social marketing is to achieve a common good. For instance, if we take public health markets, the traditional commercial marketing is done by organisations to promote new and existing products in the market at a profit, whereas social marketing would promote general health, raise awareness, induce changes in behaviour and the like. For example, "No Smoking" advertisements before the commencement of movies in theatres. They aim to promote healthy living among people by showcasing the ill health that can be caused by tobacco use.

Social marketing is essential because it encourages positive behavioural changes more successfully than mandates. By engaging with the public in a gentle and non-confrontational manner, there is less risk of reaction and firm resistance.

Fundamental Composition of Social Marketing:

An organisation must balance three aspects of their business to their social marketing strategy. This includes profit, consumer needs and society's interests. A proper blend of these three is the rudiment composition of social marketing.

i.   **Society's Interests:** The organisation must make sure that their products, services, actions, investment, innovations etc., serve society or human welfare.

ii.   **Consumer Needs:** The organisation must make sure that the products and services must meet the consumers' needs and satisfaction.

iii. **Profits:** Organisations must work to make a profit and maximize their wealth to ensure its sustainability in the market. For this purpose, they must build long-term customer relationships, be socially responsible and provide satisfactory products.

Therefore, a social marketing campaign must be designed to keep these three aspects clear and well balanced.

5.1.2.1 Importance of Social Marketing

Social Marketing is one of the best ways to bring social and behavioural changes among people. It can quickly develop an interest among the public as it can positively influence the perceptions. To be effective, a social marketing message must relate to the targeted audience and their understanding of society. The importance of social marketing for the organisation is discussed below:

i.   **Creates Brand Awareness:** Social marketing can develop good brand awareness among people. Brands engaged with the campaigns related to social issues are mostly noticed by the people with a positive attitude. So, social marketing is one of the best ways to make the people familiar with the brand.

ii.   **Cost-effective Marketing Strategy:** Social marketing is the most cost-effective marketing strategy as genuine social topics get more attention from the audience, thereby the brands as well, so that organisations can reduce the amount spent for massive advertisements.

iii. **Doing Good for Society:** The core of social marketing lies with the philosophy of "changing society for good." This philosophy plays a significant role in influencing people which in turn helps the company to complete their commercialization process.

iv. **Easiest Way to Reach Public:** Social marketing campaigns are one of the easiest ways to reach the public. They can easily drive changes in society if the product or offers seem to fit with the marketing message.

v. **Promotes Healthier Lifestyle**: Social marketing promotes health care as well as fit and healthier lifestyle among people. It makes people aware of the behavioural changes that are required to achieve a quality life in society. It can run efficient and effective advertisements by promoting it on various platforms like social medias, blogs, vlogs etc.

Social Marketing Strategy gives completeness to the commercialisation activity of a firm as it gives mileage to the firm with a social awareness campaign that may touch the heart of the target audiences. It becomes effective when businesses can develop an understanding of what kind of social change the people are anticipating and quickly grab peoples' attention by dispensing their perspective in a better way. Social Marketing is mostly used by Non-Profit Organisations, Charity Foundations, Government Agencies, Public Health, Emergency Services (fire and police departments) etc. But occasionally many commercial organisations have started using Social Marketing to develop a positive brand image for their products.

5.1.2.2 Advantages and Disadvantages of Social Marketing

Let us look at the advantages and disadvantages of the social marketing concept:

Advantages

i. It gives businesses a competitive advantage: Consumers want to purchase goods from ethically and socially accountable firms. These trends will gain appeal as campaigns and concerns around social and ecological issues expand.

ii. Premium pricing: Businesses transform their social and environmental initiatives into distinct selling factors, enabling them to charge greater prices.

iii. Promotes health awareness and facilitates the adoption of a healthy lifestyle.

iv. It contributes to green marketing efforts.

v. It contributes to eradicating social ills that harm society and people's lives.

vi. **Social Marketing builds meaningful connections with audiences** through personalized and relatable content.

Disadvantages

i. **Failure to Reach Target Audience** - Reaching the demographic groups most in need of behavior change via social marketing campaigns can be very difficult and may require significant advertising budgets.

ii. **Superficial Impact** - Critics argue that many social marketing campaigns may raise awareness but have limited long-term impact on actual behaviour change, especially without complementary policy changes.

iii. **Social Cost** - The costs of large-scale campaigns promoting lifestyle changes can be passed to society. For example, anti-smoking ads funded by increased cigarette taxes.

iv. **Overpromising** - If social marketers overstate the benefits their interventions can realistically deliver, it can lead to consumer disenchantment, distrust and message fatigue over time.

v. It is common for commercial marketing to be conducted under the pretext of social outreach marketing.

5.1.2.3 Types of Social Marketing

1. Organisations based Social Marketing

Organisations play a crucial role in driving Social Marketing efforts. These include Universities, Government and non-Government organisations, as well as Cooperative bodies. They collaborate to design and implement impactful campaigns addressing a wide range of social issues.

2. People-Based Approach

In the people-based approach, individuals take on the responsibility of promoting social causes. This may involve political candidates seeking votes during elections, volunteers actively seeking donations for various charitable initiatives and other individuals who actively contribute to social changes.

3. Place-Based Initiatives

Place-based Social Marketing focuses on specific locations or venues to create awareness and influence behaviour. For instance, campaigns may be conducted at Convention Centers or Industrial sites to address specific issues relevant to those settings and engage with the target audience effectively.

4. Idea-Based Campaigns

Idea-based Social Marketing campaigns revolve around promoting specific ideas or concepts for the betterment of society. Examples include campaigns on Family Planning, AIDS Control, No Smoking and other critical issues that require behavioural changes and increased awareness.

5. Service-Based Approach

The service-based approach in Social Marketing emphasizes providing essential services to the community. Organisations may focus on Education, Child-care,

Community Services and other initiatives that directly contribute to the well-being of individuals and society as a whole.

5.1.3 Green Marketing

With an environmental crisis, today's consumers have become more conscious of the environmental impact that they have on the planet. As a result, they are looking for brands that use sustainable practices and are environmentally conscious. To meet this demand, a number of leading global organisations are adopting these marketing initiatives to ensure that consumers have a positive perception of their brands. Companies looking to reduce their carbon footprint and attract more customers implement green marketing, which is a sustainability advertising strategy. Understanding this strategy can help organisations make their operations more eco-friendly, thus increasing profits and improving their reputation.

Green marketing is part of a larger social movement towards more sustainable and ethical business practices in response to rapid developments in climate change. Green marketing is the practice of promoting products or services that are environmentally friendly or have a positive impact on the planet. It involves incorporating sustainability principles into various aspects of marketing, such as product design, packaging, messaging and promotion. Green marketing also referred to as eco-marketing or environmental marketing, is the practice of promoting a company's products to demonstrate their sustainability. Companies might design sustainable packaging, create products that reduce the consumer's carbon footprint or use eco-friendly procedures during the distribution process.

Example: The Body Shop is a British cosmetics, skin care, and perfume company also engaged in a variety of green marketing initiatives. For example, it has launched campaigns to raise awareness about environmental issues such as climate change and wildlife conservation. The company also partners with various organisations to promote sustainability and social justice causes.

Patagonia, an American clothing company has long been known for its commitment to sustainability. In addition to using eco-friendly materials in its products, the company also engages in various green marketing efforts to promote its commitment to sustainability. For example, it has launched campaigns that encourage customers to repair and reuse their clothing rather than buy new items.

5.1.3.1 Importance of Green Marketing

Green marketing helps raise awareness about environmental issues and encourages consumers to make more sustainable choices.

i. By promoting eco-friendly products and practices, companies can differentiate themselves from their competitors and appeal to consumers who are increasingly seeking out environmentally responsible products and services.

ii. It can also help companies reduce their environmental impact by promoting products and practices with a lower carbon footprint or recycled materials.

iii. Companies that are seen as environmentally responsible can benefit from increased customer loyalty and a positive brand reputation.

iv. By embracing sustainable practices and promoting them through marketing campaigns, companies can help to drive positive change and contribute to a more sustainable future.

5.1.3.2 Green Marketing Mix

As in traditional marketing, firms use green marketing mix, to use the marketing variables and get the intended response from the target audience. The four P's of the green marketing mix are:

Fig: 5.1.1 Green Marketing Mix

a. **Green Product:** The products should be designed and developed in such a manner that they use fewer resources and are pollution-free, plus they do not contain any toxic substance, whose use can be harmful. Moreover, the product must increase the conservation of scarce resources.

b. **Green Pricing :** In green marketing, price plays a prominent role, as the customers are going to pay the additional price, only when they are of the view that they will be getting the premium quality products, in terms of design, performance, appeal, taste or anything else.

c. **Green communication:** Green advertising can be done in three ways, i.e., there can be ads which display the connection amidst the product and the environment or ads which promote a green and organic lifestyle or ads that showcase a corporate image of environmental responsibility.

d. **Green Distribution:** Place defines the availability of the products and so the marketers should opt an ideal way to make such products available as it will have a great impact on the customers.

It is a well-known fact that any sort of production consumes energy and also produces waste. So, green marketing could be a great marketing initiative taken by the firm.

5.1.3.3 Green Marketing Strategies

The goal of green marketing is making sustainability claims that are truthful and benefiting the environment in real ways, not just for marketing purposes. Maintaining transparency and integrity is the key. The following are some of the Green Marketing strategies that companies can use.

i. Sustainable packaging - Using recycled, recyclable or biodegradable materials for product packaging. This reduces waste and shows consumers you are environmentally conscious.

ii. Eco-labeling - Putting environmental certification labels (e.g. Energy Star) on products to highlight green features. This makes it easy for buyers to choose sustainable products.

iii. Green products - Designing new products that are made of natural materials, are non-toxic, energy efficient or otherwise more sustainable than the alternatives. Market these products as green solutions.

iv. Local sourcing - Sourcing product materials and manufacturing locally as much as possible to reduce the carbon footprint from transportation and then marketing the products as locally sourced.

v. Eco-friendly processes - Making company operations more sustainable by reducing waste, improving energy efficiency, using renewable energy, reducing emissions and more. Communicate this to consumers.

vi. Cause marketing - Committing to donate a portion of sales to environmental causes. This shows buyers their purchases support the environment.

vii. Transparency - Communicating openly and honestly with buyers about sustainability practices, achievements and goals. This builds consumer trust.

5.1.3.4 Green Products

Green products are those that do not harm the environment and are made from sustainable materials. They may be products or services produced by a company to reduce their impact on the environment. Consumers have become increasingly aware of the importance of sustainability, which is leading companies to find creative and innovative ways to reduce their environmental footprint. As more consumers opt for green products, manufacturers must adjust their production processes accordingly to meet these demands and stay competitive in the market. In this lesson, we will discuss what green products are as well as some examples of environmentally-friendly solutions on the market today.

A green product is a product that has been designed to have a minimal impact on the environment. This can include products that are made from recycled materials, products that are designed to be reused or recycled and products that are made from renewable resources. Green products can also be those that have been certified by an independent organisation as being environmentally friendly.

5.1.3.5 Types of Green products

Green products are those that have been designed to have a positive environmental impact. This can include anything from energy-efficient appliances to eco-friendly building materials. Here are some of the most common types of green products:

1. Energy-Efficient Appliances: These appliances use less energy than traditional models, which helps to reduce your carbon footprint and save you money on your utility bills.

2. Eco-Friendly Building Materials: Green building materials are made from sustainable resources and are designed to be environmentally friendly throughout their life cycle.

3. Recycled Products: Recycled products are made from materials that have been recovered from waste streams. By using recycled products, you can help to reduce the amount of waste that ends up in landfills and other disposal facilities.

4. Compostable Products: Compostable products are made from organic materials that can be safely broken down into compost. This helps to reduce the need for chemical fertilizers and pesticides and can also improve the quality of your soil over time.

Recap

◊ Global Marketing: marketing practices targeted at audiences in multiple countries and across the world.

- Importance of Global Marketing
- Global Marketing Strategies: Standardisation, Localisation, Global Branding, Glocalisation Strategies
- Limitations of Global Marketing

◊ Social Marketing: combines ideas from commercial marketing and the social sciences to influence consumer behaviour sustainably and cost effectively.

- Importance of Social Marketing
- Advantages and Disadvantages
- Types of Social Marketing

◊ Green Marketing: Products are those that do not harm the environment and are made from sustainable materials.

- Importance of Green Marketing
- Green Marketing Mix
- Green Marketing Strategies
- Green Products and its types

1. What is the execution of business activities across markets of multiple countries called?

2. What is the name given to the global marketing strategy that involves offering the same product and marketing mix across multiple markets?

3. What is the limitation of global marketing related to managing crises across different countries?

4. What is the marketing strategy that promotes positive societal transformation called?

5. According to Kotler and Zaltman, what is the objective of social marketing?

6. What is the term used for the philosophy of "changing society for good" in social marketing?

7. Which type of social marketing focuses on specific locations or venues?

8. What is the practice of promoting environmentally friendly products or services called?

9. What is the 'P' in the green marketing mix that defines the availability of products?

10. What strategy in green marketing involves using recycled or biodegradable materials for product packaging?

11. What is the term used for products made from sustainable materials and have a minimal impact on the environment?

12. Which type of green product is made from materials recovered from waste streams?

13. What is the name given to products made from organic materials that can be safely broken down into compost?

14. Which type of green product uses less energy than traditional models?

Answers

1. Global Marketing

2. Standardization Strategy

3. Crisis Management

4. Social Marketing

5. Influencing acceptability of social ideas

6. Society's Interests

7. Place-Based Initiatives

8. Green Marketing

9. Place

10. Sustainable Packaging

11. Green Products

12. Recycled Products

13. Compostable Products

14. Energy-Efficient Appliances

Self-Assessment Questions

1. What are the three fundamental aspects that an organisation must balance for its social marketing strategy?

2. What are the four P's of the green marketing mix?

3. Can you provide an example of a company that has successfully implemented a standardization strategy in global marketing?

4. How does social marketing differ from traditional commercial marketing in terms of its primary objective?

5. What role does the "Place" component play in the green marketing mix?

6. Could you explain the concept of "eco-labeling" as a green marketing strategy?

7. In your opinion, why is it important for companies to adopt green marketing strategies in today's business environment?

Assignments

1. Identify the green marketing strategies followed by a company of your choice.

2. Find out the social marketing strategy followed by a MNC and summarize how it serves welfare to the society.

Suggested Reading

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Unit 2

Digital Marketing Concepts

Learning Outcomes

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

◊ describe the key concepts, objectives, and strategies of Online Marketing

◊ analyse the features, appeals, motivations, advantages and disadvantages of Viral Marketing

◊ evaluate the different types and dimensions of Meta Marketing and Telemarketing

◊ apply concepts from online marketing, viral marketing, and meta marketing to develop integrated digital marketing plans, optimise campaign effectiveness and align efforts with business goals

Prerequisite

TerraBite's European expansion had been successful, with their fusion chips now lining supermarket shelves across France, Germany, and Italy. Yet the growth they expected wasn't happening. During a tense quarterly review, the marketing team uncovered an uncomfortable truth - while older customers still shopped in stores, their core young audience had moved online. Social media manager Carlos shared alarming findings showing their competitors were thriving on platforms TerraBite barely used.

The team realized their traditional marketing methods were becoming obsolete. Memes about their chips circulated online, but their outdated website couldn't process direct orders. Competitors ran engaging TikTok challenges while TerraBite still relied on newspaper coupons. Most troubling was discovering how brands like CrunchTribe had transformed into digital snack communities through Instagram reels and gaming sponsorships, creating loyal followings beyond just product sales.

Facing this digital gap, TerraBite needed immediate solutions. They required an e-commerce platform that captured their brand's playful personality while

handling international orders. Their social media needed authentic, shareable content that could spread faster than their chips ever could. Most importantly, they needed to understand digital advertising to precisely target snack enthusiasts across different countries and platforms.

This unit explores how digital marketing tools can help traditional brands like TerraBite survive in the online marketplace. From building effective websites to creating viral content and personalized ad campaigns, these strategies will determine whether TerraBite becomes a digital snack leader or gets left behind in the social media age. The challenge is clear - adapt digitally or risk becoming irrelevant to their most important customers.

Keywords

Online Marketing, Viral Marketing, Meta Marketing, Tele Marketing, Pay-per-click, Website marketing, content marketing, social-meadia marketing, Affiliate marketing, Search engine optimisation.

Discussion

5.2.1 Online 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, online 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 traditional marketing methods are highly expensive which in turn reflected in the price of the product and the result of the marketing activities cannot be measured precisely. For example, if we consider traditional marketing campaigns like Television advertisement, it requires a huge amount of money. The results of this campaign can only be measured through consumer focus groups. But on the other hand, in online marketing, anyone can create a website and build customer acquisition campaigns with minimum cost. These online marketing campaigns can also be measured in real-time and optimised to influence the target market.

For instance, if most of the time an internet user searches photography related information in search engines like Google, Yahoo, Bing etc., Canon company may advertises their products on the search page. This is an effective way in which Canon company can direct the potential audience to a specific webpage and increase their brand awareness.

Online or digital marketing connects organisations with the most qualified potential customers, thereby elevating business development. An organisation with an active digital marketing programme can drive in more qualified traffic by targeting specific leads interested in the business. It aids organisations to raise brand awareness by establishing an online presence on the internet. Online marketing utilises creative and technical tools of the internet like design, development, sales and advertising through the primary online business models like E-commerce, Lead-based websites, Affiliate marketing, Local search and Social media.

Online marketing is carried out by organisations by promoting the business's products or services via digital platforms. This has gained immense popularity among both small and large businesses, especially due to the widespread usage of online social media. The best known Online marketing platforms are Search Engine Optimization (SEO), Pay-per-click advertising (PPC), Website Marketing, Content Marketing, Social Media Marketing (SMM), Email Marketing and Affiliate Marketing.

5.2.1.1 Online Marketing Strategies

Online marketing can be implemented in many forms. Knowing the right set of online or digital tools to use for a specific business could aid planning and meeting the marketing targets efficiently. Online marketing is also known as Digital Marketing because online marketing uses digital platforms for promotional activities. This directly indicates that online marketing and digital marketing are used interchangeably and refer to the same concept of using digital / web-based channels and platforms for marketing purposes. Online marketing uses various strategies to attract the most qualified potential customers through different routes. Think of online marketing as a group of different online activities or strategies carried out by a company to generate traffic, create awareness and transform customers into loyal customers for the business.

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-click Advertising

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. Website Marketing

A website of an organisation is one of the biggest marketing assets that aid potential customers to find what they are looking for and make the final purchase. As internet use has increased over the years, an average buyer spends a significant amount of time on the website before making the purchase decision. All organisations try to provide an excellent user experience to keep their customers on their websites for longer. This is done by making the information about the products and services very easy to find.

A website must be created with graphics, design and overall layout in mind to match the brand value of the organisation to form a lasting impression in the minds of the visitors.

4. 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.

5. 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*.

6. 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.

7. 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.

Let us understand the benefits of Online Marketing for companies like TerraBite.

5.1.2.2 Benefits of Online Marketing

Online marketing tends to have the following benefits.

1. **Global Reach:** A website or a social media channel enables an organisation of any size to find new potential markets and trade globally by reaching out online.

2. **Lower Cost:** A properly planned and well-targeted digital marketing campaign can reach and attract the right customers at a much lower cost than the traditional marketing methods. Digital showcasing, techniques don't drain a lot of resources to have the same reach.

3. **Measurable Results:** Online marketing progress can be measured with social media, web analytics and other online metric tools. This helps in determining how effective the campaign has been. These tools can obtain detailed information regarding customers' use of the website or response to the advertising.

4. **Personalization:** If the organisation's customer database is linked to the website, whenever a customer visits the website, they can be greeted with targeted offers. The longer a customer is associated with the organisation the more likely their behaviour can be studied, thus refining the customer profile and thereby marketing effectively.

5. **Open New Markets:** By keeping a social media presence and by managing it carefully, organisations can create loyal customers and develop a customer-friendly reputation for the brand.

6. **Social Currency:** Online marketing enables an organisation to develop engaging campaigns through content marketing tactics. This content, be it images, videos, articles *etc*. can help the organisation gain social currency (influence currency) by passing from user to user and going viral.

7. **Conversion Rates:** There is a higher chance for customers to purchase if the business is online through a website or e Commerce, unlike other media that requires people to get up and make a phone call or go to a shop.

Online marketing makes purchase decisions to be seamless and immediate. These advantages of online marketing provide a business with greater reach and possibilities.

5.2.1.3 Limitations of Online Marketing

Like any other marketing strategy, the online marketing area also has the following limitations.

1. Skills and Training

Organisations need to ensure that there is a dedicated team that has the right expertise to carry out an effective digital marketing campaign. The team needs to be up to date with the tools, platforms and trends as they change rapidly online.

2. Time-consuming

Online tasks like creating marketing content and optimising the online advertising campaigns take a lot of time. It becomes important to measure your results to ensure a return on investment.

3. High Competition

As an organisation reaches the global audience with online marketing, they are up against the global level competition as well. It becomes challenging for new brands to stand out in the competition and to get attention from the online consumers through their marketing messages in a vast pool of similar messages.

4. Complaints and Feedback

The exposure of the brand in case of negative feedback or criticism is also visible to all your audience through social media and review websites. Exercising effective customer service online is highly challenging as negative comments or failure to respond can very well damage the brand reputation.

5. Security and Privacy Issues

There is a wide range of legal formalities that need to be considered before collecting and using customer data for online marketing activities. The rules regarding privacy and data protection need to be abided by during online marketing campaigns. If these limitations out weigh the benefits of online marketing, the organisation must not indulge in online marketing. As with any strategy, both benefits and limitations of online marketing need to be considered before embarking on an online marketing operation.

5.2.2 Viral Marketing

With the rise of social networking and digital media platforms like TikTok and YouTube, anyone and anything can go viral. Viral marketing is based on the idea of creating exciting content that viewers voluntarily share and forward to others. This is similar to how a virus spreads, that is how the name viral marketing has been derived. Viral marketing refers to marketing techniques that encourage people to pass on or share marketing messages voluntarily to others, creating the potential for exponential growth in the message's exposure and influence.

Viral marketing is named after viral infections because of the way marketing messages and content can spread rapidly from person to person in an exponential manner, similar to how a virus is transmitted among hosts during an outbreak. Just as each infected person can pass a virus to others, causing the total infected population to snowball, every consumer who shares or passes along marketing content has the potential to expose it to their networks, enabling informational "epidemics." This organic, decentralized peer-to-peer spread of promotional messages through networks mimics virality, hence the naming of this technique viral marketing.

Some key features about viral marketing are as follows:

i.   It relies on peer-to-peer sharing, especially over social media networks. The goal is to create messaging that users want to share with their friends / followers.

ii.   Viral content tends to be very entertaining, funny, emotional or practically useful. This could be videos, images, stories, news articles, quizzes, infographics *etc*. The message captures attention and motivates sharing.

iii. It can happen organically by creating genuinely engaging content. But it can also be encouraged by calls-to-action: to like, share, retweet etc. Incentives like giveaways may encourage more sharing.

iv. The reach and speed of message spreading is much greater than typical marketing. Success depends on the "viral coefficient" - how many additional people will share content from each person exposed.

v. A single viral hit can vastly raise brand awareness and site traffic almost instantly. But creating effective viral content involves trial and error, with an emphasis on understanding social channels and consumer psychology.

vi. When viral marketing works as intended, a campaign can achieve mass scale in record time and at very low costs. The challenge lies in being creative enough to make the content infectious.

De Bruyn and Lilien state that what distinguishes viral marketing from other forms of marketing is its consumer-to-consumer (peer-to-peer) nature. Rather than companies communicating information about a product or brand, it is consumers who are spreading information to one another. Viral marketing is also different from word-of-mouth (WOM). According to Ferguson, the difference stems from cause and effect, whereby viral marketing is the cause, and word-of-mouth is the effect.

In viral marketing, seeding is the idea that the content is first shared with a small target customer segment, who are then encouraged to forward it to others, i e., the campaign is planted within the small group, who then spreads the campaign to others, allowing it to grow and increase its reach. After the initial implementation is finished, marketers receive feedback from the small target group before the campaign goes live. Businesses can use this test marketing approach to make changes to the campaign if necessary. Finally, they implement the campaign on a larger scale and assess its effectiveness. This data is collected and transformed into useful insights for future campaigns.

Example: In 2018, KFC Australia announced they would give away a year's worth of free food to one lucky winner. KFC ran a competition on Facebook to find out who was the biggest KFC superfan. The superfan would win the prize. The viral campaign attracted much attention to its Facebook and other social media pages. So, how did the winner manage to secure 100 dollars worth of KFC food a week? By getting a KFC logo tattoo on her foot! Yes, the biggest superfan went to the lengths of getting a tattoo dedicated to her favorite fast food chain. For KFC, the campaign's total cost was only $5,200, but the brand reached a tremendous number of customers in Australia.

You might be familiar with Spotify Wrapped. But how did it become a viral trend? Well, Spotify sends an e-mail to all Spotify users eligible for a wrapped review at the end of the year. Spotify Wrapped is a personalized overview of the songs, artists, genres and podcasts the individual has been listening to the most that year. Spotify then encourages the individual to share their wrapped review with friends on social media platforms. Typically, Spotify experiences an increase in app store downloads every year after millions of users share their Spotify Wrapped on social media platforms. The virality of Spotify Wrapped can primarily be attributed to the level of personalization of the campaign.

5.2.2.1 Viral Marketing Elements

How do ads or content in general, go viral? Let us take a look at some of the specific elements of a viral marketing campaign.

a. **Emotional Appeals** - A crucial element of a viral marketing campaign is the emotional appeal used. Emotional appeals are essential for capturing the audience's attention and are powerful tools used to encourage people to forward content on social media. Whether it be feeling sad for abandoned puppies or celebrating our favorite football team's win together through a challenge, emotional appeals work. But which one is the most effective for viral marketing? According to Petrescu, Korgaonkar, and Gironda (2015), it is humour - humorous appeal has the highest potential when creating viral ads.

For example, the company Ryan Air uses humour to create viral videos on TikTok. The company often jumps on trends and even makes fun of its customers and its own services to entice viewers to like and share their videos with others. This strategy seems to have proven successful as some of Ryan Air's Tik Toks have over 10s of millions of views and tens of thousands of shares each.

b. **Motivation to forward content to others** - Another crucial element of viral marketing campaigns is their ability to entice viewers to forward the content to others rather than simply engage the viewer. The message and content must have a unique view on a particular topic and should be relevant to current situations or trends. All in all, the content should give the viewer a reason to share the information with others. Therefore, a viral marketing campaign will be more successful if its message resonates with the target group. It should appeal to the motivations for sharing information, particularly to the motivations of helping others and standing out from the crowd.

Social media videos often try to entice viewers with a call-to-action (CTA). A CTA is a phrase that motivates the viewer to engage further with a post by, for instance, clicking like or sharing with a friend.

c. **Opinion leaders and influencers** - Finally, certain brands attempt to go viral by partnering with an opinion leader, e.g., an influencer or a celebrity. For instance, Nike often uses famous athletes like Serena Williams or Michael Jordan to draw attention to its new campaigns. Using celebrities and influencers can have an impressive impact on a campaign's virality due to the reach of the celebrity involved. However, marketers should be careful in choosing which celebrities they involve in a campaign as it can come across as inauthentic if there is no immediate connection between the brand and the celebrity.

Puma faced backlash on Twitter when it chose Kylie Jenner as one of its brand ambassadors. As a sports brand, Puma was trying to promote its new sneakers and athletic wear but chose an unconventional person as a brand ambassador. In two separate campaigns, a track and field and a basketball one, Jenner was criticized for her stance, the way she positioned her shoulder, held the ball *etc*. Simply put, Kylie Jenner is a celebrity, not an athlete. As a result, these marketing stunts can quickly become inauthentic when choosing the wrong person for the campaign.

5.2.2.2 Advantages and Disadvantages of Viral Marketing

All in all, viral marketing is a tricky science, but is it worth it? Let us now turn our attention to some of the advantages and disadvantages of viral marketing.

The advantages of viral marketing include:

i.   Reach - Viral marketing can reach many people quickly.

ii.   Buzz - Viral marketing creates buzz around a product or brand, increasing awareness and purchase motivation.

iii.   Costs - Viral marketing can be a low-cost strategy as it is dependent on word-of-mouth rather than spending on advertisements to target customers.

iv.   Authenticity - As viral marketing relies on word-of-mouth, it can come across as more authentic and credible. For example, a friend sharing a video seems more genuine than a company pushing it on your social media feed.

The disadvantages of viral marketing include:

i.   Negative word-of-mouth (NWOM) - If viewers get a negative impression of the campaign, it could spark negative word-of-mouth publicity

ii.   Implementation and control - It is difficult to target a viral marketing campaign; therefore, it might not reach the intended audience.

iii.   Wasting time - If the campaign is unsuccessful and consumers are not interested in it, marketers have wasted time and effort creating it. Additionally, not all interested viewers are guaranteed to share the campaign.

iv.   Feedback: It is challenging to collect feedback and measure the results of a viral marketing campaign as it is heavily based on word-of-mouth.

5.2.3 Meta Marketing

Meta marketing, also known as "marketing about marketing" is a concept that focuses on the strategies, techniques and analysis of marketing itself, rather than solely on promoting products or services to consumers. It involves a higher-level examination of the marketing process, including the methods, messages, channels and technologies used to connect with and influence target audiences. Meta marketing refers to a strategic approach in marketing that focuses on the analysis, management and optimization of various marketing techniques, strategies and channels. Instead of directly promoting a product or service, meta marketing involves the evaluation and enhancement of the overall marketing process to ensure maximum effectiveness and efficiency. It involves the study of marketing campaigns, consumer behaviours, market trends and various marketing methods to identify patterns and opportunities for improvement.

Meta marketing might include activities such as refining targeting strategies, optimising marketing automation, analysing data from different marketing channels and making adjustments to improve overall marketing performance. The goal of meta marketing is to elevate the effectiveness of marketing efforts as a whole, leading to

improved ROI and better alignment with the ever-changing dynamics of the market and consumer preferences. The concept of meta marketing encourages marketers to question assumptions, adapt to changing trends and think critically about their approach. By understanding the broader context of marketing and being open to innovation, meta marketing aims to enhance the overall effectiveness of marketing efforts and lead to more informed and strategic decision-making.

5.2.3.1 Objectives of Meta Marketing

Here are the objectives of meta marketing:

i.   Enhance brand credibility by openly sharing marketing strategies and decision-making processes.

ii.   Deepen customer involvement by involving them in the marketing journey and seeking their input.

iii. Set the brand apart by showcasing unique marketing approaches and creative efforts.

iv.   Educate the audience about marketing concepts, fostering a deeper understanding.

v.   Build trust and authenticity by revealing the human side of marketing efforts.

vi.   Create compelling narratives around marketing campaigns, enhancing emotional connections.

vii. Highlight the value created through well-thought-out marketing strategies.

viii. Encourage audience interaction and feedback, strengthening the brand-consumer relationship.

ix.   Reinforce the brand's position as innovative and committed to quality marketing.

x.   Make the brand more memorable by sharing the stories behind marketing initiatives.

5.2.3.2 Types of Meta Marketing

Meta marketing encompasses several different types or dimensions that provide a deeper understanding of marketing practices and strategies. Here are some notable types of meta marketing:

1.   **Strategic Meta Marketing**

      This type involves the analysis of high-level marketing strategies and decisions, such as target audience selection, market positioning, competitive differentiation and long-term planning. It focuses on the intended direction that a company takes to achieve its marketing goals.

2.   **Tactical Meta Marketing**

      Tactical meta marketing involves the examination of specific marketing tactics and

techniques employed within campaigns. This includes analyzing the effectiveness of different advertising channels, content formats, messaging strategies and promotional methods.

3. Technological Meta Marketing

In this type, marketers explore how emerging technologies impact marketing strategies. This could involve discussions about the use of artificial intelligence, automation, virtual reality and data analytics in shaping consumer experiences and optimizing marketing efforts.

4. Consumer Behavior Meta Marketing

This dimension focuses on understanding consumer behavior, psychology and decision-making processes. By studying why consumers make certain choices and how they respond to different marketing stimuli, companies can fine-tune their campaigns to resonate more effectively.

5. Ethical Meta Marketing

Ethics in marketing is an increasingly important aspect. Ethical meta marketing involves evaluating the ethical implications of marketing strategies, ensuring that campaigns are respectful, transparent and aligned with social values.

6. Cultural and Social Meta Marketing

This type involves understanding cultural trends, social shifts and demographic changes that influence consumer preferences and behaviour. Marketers analyze how these factors impact their marketing strategies and messaging.

7. Data-Driven Meta Marketing

With the growing availability of data and advanced analytics, this type of meta marketing involves using data to optimise marketing efforts. Marketers analyse key performance indicators, conversion rates and other metrics to refine campaigns and achieve better results.

8. Innovation Meta Marketing

Innovation is crucial in the dynamic marketing landscape. This type involves exploring new and creative marketing techniques, adopting novel approaches and staying ahead of industry trends to capture consumers' attention.

9. Collaborative Meta Marketing

This dimension emphasizes collaboration within the marketing community. Marketers share insights, strategies and best practices, fostering a collective approach to improving marketing effectiveness across the industry.

10. Experiential Meta Marketing

This type focuses on creating memorable and immersive experiences for

consumers through marketing efforts. Marketers explore how to engage all five senses, leverage emotions and establish deeper connections with their audiences.

11. **Metrics and Measurement Meta Marketing**

    This type revolves around the measurement of marketing success through the use of relevant metrics. Marketers assess the effectiveness of campaigns, track return on investment (ROI) and adjust strategies based on data-driven insights.

5.2.3.3 Process of Meta Marketing

The step-by-step process for implementing meta marketing:

1. **Understand the Audience:** Just like any marketing strategy, start by understanding target audience such as their interests, preferences, perception and values. This understanding will shape your meta marketing strategy to ensure it resonates with your intended audience.

2. **Identify Unique Marketing Aspects:** Highlight the distinctive marketing aspects of your product or service. This could include the creative process, behind-the-scenes insights, market research or the journey of how the product came to be. Identify elements that set your marketing approach apart from the competition.

3. **Storytelling:** Craft a compelling narrative around the marketing process itself. Share stories that showcase the dedication, innovation and effort put into the marketing campaign. Highlight challenges faced and how they were overcome, showcasing the brand's commitment to excellence.

4. **Transparency and Authenticity:** Meta marketing works best when it is rooted in transparency and authenticity. Avoid overselling or exaggerating the marketing strategies. Instead, be honest about the choices made, the experiments conducted and the lessons learned.

5. **Engage and Educate:** Use meta marketing as an opportunity to educate your audience about marketing concepts. This can include explaining why certain color schemes were chosen, the psychology behind specific slogans or the data-driven decisions that informed the campaign. This engagement can foster a deeper connection between your brand and consumers.

6. **Visual Content:** Incorporate visuals to enhance your meta marketing strategy. This could include sharing mood boards, concept sketches, drafts of marketing materials or even a timeline of the marketing campaign's evolution. Visual content can make your meta marketing narrative more engaging and relatable.

7. **Platform Selection:** Choose the right platforms to showcase your meta marketing content. Social media, blogs, podcasts and videos are excellent

mediums for sharing the behind-the-scenes aspects of your marketing journey.

8. **Interactivity:** Encourage interaction with your audience. Ask for feedback, opinions or suggestions related to your marketing choices. This not only demonstrates that you value your audience's input but also deepens their involvement with your brand.

9. **Consistency:** Ensure that your meta marketing aligns with your overall brand identity and message. The meta narrative should complement, not overshadow, your product or service's benefits.

10. **Measure and Adapt:** As with any marketing strategy, monitor the effectiveness of your meta marketing efforts. Collect feedback, analyse engagement metrics and adapt your approach based on the responses you receive.

The success of meta marketing relies on its ability to resonate with your audience and provide an insightful, genuine and engaging perspective on your marketing strategies.

Here are some examples of meta marketing:

1. Apple's "Shot on iPhone" Campaign:

Apple's campaign showcasing photos taken by users on their iPhones is a form of meta marketing. By highlighting the capabilities of their own products through user-generated content, Apple not only emphasizes the quality of their cameras but also engages customers in the marketing process.

2. Coca-Cola's "Share a Coke" Campaign:

Coca-Cola's campaign that replaced its logo with popular names was a clever form of meta marketing. The campaign encouraged customers to share personalized bottles and cans with their names or those of friends, turning consumers into brand promoters.

3. Dove's "Real Beauty" Campaign:

Dove's campaign focusing on real women with various body types challenges traditional beauty standards. This meta marketing approach highlights Dove's commitment to authenticity and its marketing strategy that values inclusivity and self-esteem.

4. Domino's "Pizza Turnaround" Campaign:

Domino's ran a campaign acknowledging customer complaints about the quality of their pizza. They shared the journey of improving their recipes and processes based on customer feedback, demonstrating transparency and dedication to delivering a better product.

5.2.3.4 Advantages of Meta Marketing

1. **Strategic Clarity:** Meta marketing helps marketers gain a clearer perspective on their overall marketing strategies and objectives.

2. **Innovation:** By examining marketing practices critically, meta marketing encourages innovative thinking and the exploration of new strategies.

3. **Adaptability:** Meta marketing equips marketers to adapt quickly to changing trends and consumer behaviour.

4. **Improved ROI:** A deeper understanding of marketing effectiveness through meta analysis can lead to better allocation of resources and improved return on investment.

5. **Ethical Awareness:** Meta marketing encourages ethical and responsible marketing practices that consider societal values and consumer well-being.

6. **Enhanced Data Utilisation:** Utilising data-driven insights in meta marketing allows for informed decision-making and more effective campaigns.

7. **Effective Communication:** Meta marketing helps refine messaging strategies for better communication with target audiences.

8. **Collaborative Learning:** Engaging in meta discussions fosters a collaborative learning environment among marketers.

5.2.3.5 Disadvantages of Meta Marketing

1. **Time-Consuming:** The analysis and reflection involved in meta marketing can be time-consuming, diverting resources from other marketing activities.

2. **Complexity:** Delving deep into marketing practices requires a solid understanding of marketing principles and can be complex for less experienced marketers.

3. **Subjectivity:** Meta analysis can involve subjective judgments, potentially leading to differing interpretations and opinions.

4. **Resource Intensive:** Conducting comprehensive meta analysis may require additional tools, technologies and expertise.

5. **Lack of Immediate Impact:** Meta marketing might not always show immediate tangible results, as its impact might be more indirect.

6. **Trend Dependence**: Relying too heavily on current trends in meta marketing can lead to strategies that quickly become outdated.

7. **Overthinking:** Overanalysing marketing practices through meta marketing could lead to indecision or excessive caution.

8. **Competitive Disclosure**: Sharing meta insights could unintentionally reveal valuable marketing strategies to competitors.

5.2.4 Tele Marketing

If you receive a call from somebody you do not know who seeks to sell you products or services, you are talking to a telemarketer. These individuals contact people usually with the intention of selling something and can be very persuasive. Telemarketing is the direct marketing of goods or services to potential customers over the telephone, Internet or fax. Telemarketing may either be carried out by telemarketers or increasingly by automated telephone calls or "robocalls." Telemarketing is oftentimes part of a company's marketing plan or campaign. Telemarketing is the practice of contacting, vetting and approaching potential customers. It does not include the use of direct mail marketing methods. Telemarketing may also be referred to as "telesales" or "inside sales."

The invasive nature of telemarketing, as well as reports of scams and fraud executed over the telephone, has stimulated a growing backlash against this direct marketing practice. Telemarketing may take place from a call centre, an office or, increasingly, a home. Many times, telemarketing can involve a single call to assess interest or suitability and then follow-up calls to pursue a sale. Various data may be used to narrow down large databases of names to a small number of higher-probability customer prospects. Telemarketing is used by for-profit businesses, nonprofit charities, political groups and candidates, surveying, donation solicitation, marketing research and other kinds of organisations.

5.2.4.1 Types of Telemarketing Activities

The act of telemarketing can be divided into four subcategories:

1. **Outbound:** Companies actively reach out to prospective customers and existing customers via outbound telemarketing calls, also known as "cold" calls.

2. **Inbound:** These telemarketing calls are based on inbound inquiries about products or services as prompted by advertising or sales efforts. These are considered "warm" calls as customers will typically have submitted an interest form online or already be familiar with the company.

3. **Lead generation:** This is the collection of intelligence about the profiles, interests and demographic data of potential customers.

4. **Sales:** Telemarketers who are trained salespeople engage in this persuasive activity. They aim to close a deal on the phone.

Telemarketing may entail a variety of activities, such as surveying, appointment-setting, telesales, database maintenance and cleaning and providing a call to action.

5.2.4.2 Advantages and Disadvantages of Telemarketing

Below are the advantages of telemarketing:

a. **Creates personal connection:** Telemarketing has the benefit of connecting a representative with a consumer directly, which can help form a connection between the two people. Using this connection, sales representatives can improve the possibility of a consumer purchasing a product or service. With a telemarketer speaking to a consumer, the consumer can also ask specific questions about a product or service to learn more about it.

b. **Manages a higher volume of contacts:** Telemarketing has the opportunity to reach more consumers than traditional marketing practices since it uses technology. This automates many processes that would take longer without computers or cell phones.

c. **Reduces cost of marketing:** Making phone calls can be faster and less expensive than creating advertisements, commercials or emails. This can reduce the cost of marketing.

d. **Simplifies cleaning databases:** Since phone numbers may change, telemarketing ensures databases remain up-to-date by providing constant feedback about accessible phone numbers. Since databases can automatically filter and sort these phone numbers, it can be simple to upload and adjust them.

e. **Troubleshoots challenges:** A customer may use a telemarketing call to discuss challenges they are having with a product. Telemarketers can then use this information to promote their own similar products.

Disadvantages of telemarketing

a. **Unsolicited marketing:** Telemarketing involves giving information to people who did not request it, so it can sometimes feel like an interruption to consumers' days. Keeping a positive attitude and maintaining composure during calls can help mitigate this.

b. **Restrictions to telemarketing:** The Do Not Call registry and other regulations can limit the effectiveness of telemarketing. Companies can adjust to this by maintaining a strong list of customers and using programs and resources to generate leads.

c. **Cost of training agents:** Training agents to be effective at telemarketing comes with a cost that can be prohibitive for some organisations. While training can be an investment, it is often worth it because a strong telemarketing team can result in higher sales numbers.

d. **Low conversion rate:** Telemarketing does not have a high conversion rate, so the cost of implementing it may be higher than the gains it creates. Monitoring your sales rates while using telemarketing strategies can allow you to respond to this quickly.

e. **Employee morale:** As telemarketing often involves repetitive calls and rejection from customers who opt not to purchase, morale can sometimes falter. Supporting your colleagues and maintaining a positive work environment can help keep morale up.

◊ **Online Marketing:**

- Online marketing leverages web-based mediums to promote products, services or brands

- Also known as digital marketing

- Benefits include global reach, lower costs, measurable results, personalization and higher conversion rates

- Limitations involve skills / training needs, time-consuming efforts, high competition and privacy concerns

- Strategies include Search Engine Optimization (SEO), Pay-per-Click (PPC) advertising, website marketing, content marketing, social media marketing, email marketing and affiliate marketing

◊ **Viral Marketing:**

- Encourages people to voluntarily share marketing messages, enabling exponential growth

- Features peer-to-peer sharing, engaging / entertaining content and incentives for sharing

- Elements include emotional appeals (especially humor), motivation to forward and influencer involvement

- Advantages are reach, buzz creation, low costs and authenticity

- Disadvantages include negative word-of-mouth, control issues, wasted efforts and measurement challenges

◊ **Meta Marketing:**

- Focuses on strategies, techniques and analysis of marketing itself

- Objectives include enhancing credibility, deepening customer involvement, setting brands apart and fostering understanding

- Types include strategic, tactical, technological, consumer behavior, ethical, cultural / social data-driven, innovation, collaborative, experiential and measurement

- Process involves understanding the audience, identifying unique aspects, storytelling, transparency, engagement, visual content, platform selection, interactivity, consistency and measurement

◊ **Telemarketing:**

- Direct marketing of goods / services to potential customers over the telephone, internet or fax

- Types include outbound, inbound, lead generation and sales activities

- Advantages are personal connection, high volume, cost reduction, database cleaning and troubleshooting

- Disadvantages include unsolicited marketing, restrictions, training costs, low conversion rates and employee morale concerns

Objective Questions

1. Which is the process of leveraging web-based mediums to broadcast the message about products or services called?

2. Which is the name given to the marketing technique that encourages people to pass on or share marketing messages voluntarily?

3. Which is the term used for the initial implementation of a viral marketing campaign within a small target group?

4. What is the concept that focuses on the strategies, techniques, and analysis of marketing itself called?

5. What type of meta marketing involves understanding cultural trends, societal shifts, and demographic changes?

6. Which is the term used for direct marketing of goods or services to potential customers over the telephone, Internet or fax?

7. Which is the term used for telemarketing calls based on inbound inquiries about products or services?

8. What is the act of collecting intelligence about the profiles, interests and demographic data of potential customers called in telemarketing?

9. What type of meta marketing involves examining the ethical implications of marketing strategies?

10. What is the first step in the process of implementing meta marketing?

11. Which type of telemarketing activity involves companies actively reaching out to prospective customers?

12. What is the term used for telemarketing calls made to consumers who have already submitted an interest form?

13. What is the term used for telemarketing calls made to discuss challenges consumers are having with a product?

Answers

1. Online Marketing
2. Viral Marketing
3. Seeding
4. Meta Marketing
5. Cultural and Social Meta Marketing
6. Telemarketing
7. Inbound
8. Lead Generation
9. Ethical Meta Marketing
10. Understand the Audience
11. Outbound
12. Warm Calls
13. Troubleshoots challenges

Self-Assessment Questions

1. How does viral marketing differ from word-of-mouth marketing?

2. What are the key features of viral marketing?

3. What are the objectives of meta marketing?

4. What are the four subcategories into which telemarketing activities can be divided?

5. Can you explain the process of seeding in the context of viral marketing campaigns?

6. What role do emotional appeals play in creating viral content?

7. How can brands leverage influencers and opinion leaders in their viral marketing efforts?

8. Could you elaborate on the concept of tactical meta marketing with an example?

9. In your opinion, what are the most significant advantages and disadvantages of telemarketing for businesses?

Assignments

1. Identify the online marketing strategies adopted by a company of your choice.

2. Try to find out few companies which follows Viral marketing strategy.

Suggested Reading

1. Chaffey, D., & Ellis-Chadwick, F. (2019). Digital marketing: Strategy, implementation and practice (7th ed.). Pearson Education Limited.

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Learning Outcomes

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

◊ comprehend how service marketing differs from product marketing due to its unique characteristics

◊ explain the 7 Ps of service marketing mix including the additional 3 Ps of people, physical environment and process.

◊ explore the marketing concept of Relationship Marketing

Prerequisite

The digital transformation had worked better than TerraBite expected. Their chips were now trending on TikTok, their website handled international orders smoothly, and online sales were growing. But as Marketing Director Elena scrolled through their customer comments, she noticed something troubling. "People love our chips, but they don't feel connected to us as a brand," she told the team. "We're getting lots of first-time buyers, but not enough repeat customers."

The analytics showed a clear pattern - while TerraBite was great at getting attention online, they struggled to turn buyers into loyal fans. Their competitors were building snack subscription clubs and personalized loyalty programs, while TerraBite still treated every sale as a one-time transaction. Even worse, some customers complained about inconsistent service experiences between different countries.

Elena knew they needed deeper relationships with their customers. "We can't just be chips in a bag," she argued. "We need to become part of people's daily lives." This meant rethinking their entire approach - from how they communicated with customers to how they designed their service experience across different markets.

This unit explores the strategic marketing solutions TerraBite needs. They'll examine how direct marketing can create personal connections beyond social media likes. The team will learn how service marketing principles can ensure every customer interaction reflects their brand values. Most importantly, they'll discover relationship marketing strategies to transform casual buyers into devoted TerraBite ambassadors who don't just purchase their chips, but believe in what they stand for.

Keywords

Service Marketing, Relationship Marketing, Cold calling, Pop ups, Flayers, Targeted Social Adds, Service, Tangibility, Perishability, Service marketing Mix, Tangibility spectrum.

Discussion

5.3.1 Service Marketing

When a customer purchases a ticket for an airline flight, they are paying for a service experience rather than tangible goods. The flight itself is intangible and perishable - any unused seats represent lost revenue, as the flight's capacity cannot be stored or inventoried for future sales. The customer is involved in co-producing the service by booking, checking-in, boarding, stowing bags and following safety protocols during the flight. The quality and satisfaction of the flight depends heavily on the particular airline, aircraft, flight crew and even interactions with fellow passengers. Unlike with physical goods, each flight experience can vary widely. Additionally, the customer does not gain ownership or possession of anything physical. They are paying for the transportation service, the privilege of access to the aircraft and the benefits of arriving at their destination. The inability to take ownership distinguishes services from goods. As an outline, an airline flight demonstrates key aspects of services - intangibility, inseparability, heterogeneity and perishability. Analysing one example like this serves to introduce and illustrate the core concepts that differentiate services from physical products.

5.3.1.1 What is Service?

According to the American Marketing Association. services are the "activities, benefits and satisfactions 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

This definition from marketing expert Philip Kotler highlights some key aspects of services:

i.   Services are acts or performances provided by one party to another.

ii. They are often tied to physical products but are intangible experiences.

iii. Services are transitory and performed over a period of time.

iv. Customers utilise but do not gain ownership over resources or goods from the service

Kotler emphasises the intangible, experiential nature of services compared to physical goods. His definition underlines that services result in utilisation rather than ownership. Overall, it captures several core distinctions between services and products.

Table: 5.3.1 Difference between Service and Product

Basis of Difference	Service	Product
Tangibility	Intangible	Tangible
Ownership	Usage but no transfer of ownership	Ownership is transferred
Production	Simultaneous production and consumption	Production, then consumption
Perishability	Cannot be stored or inventoried	Can be stored for later use/sale
Standardisation	Prone to heterogeneity/ variability	Standardised / uniform
Customer involvement	Customer involved in co-production	No customer involvement in production
Measurement	Difficult to measure objectively	Easier to measure objectively

5.3.1.2 Characteristics of Service

1. Intangibility - Services are intangible experiences rather than physical products, so they cannot be directly examined before purchase. Service marketers rely heavily on building trust through branding, customer reviews, guarantees *etc*.

2. Inseparability - Services are produced and consumed simultaneously, with the customer involved in the production process. Service providers need to manage the customer experience and interactions carefully.

3. Perishability - Services cannot be stored for later sale or use. Service capacity is perishable and needs to be managed through demand forecasting, yield management pricing and more.

4. Heterogeneity - Performance often varies based on who provides the service and when / where it is provided. Systems and training are used to minimise inconsistency.

5. Lack of ownership - Customers pay for a service but do not gain ownership of anything tangible. Service marketers focus on access, membership, usage fees and subscriptions.

5.3.2.3 Service Marketing

Service marketing refers to marketing strategies and tactics that are specifically designed for service-based companies, as opposed to product-based companies. It means marketing and selling of intangible products (non-physical products). Services comprise all the personal facilities which we require from time to time like; medical care, education, renting of living spaces and vehicles, hair cut, spas, musical concerts, dance classes etc.

Service marketing is a form of promotion that aims to sell services to consumers. This implies that building a healthy rapport with the customers and gaining their trust is the prime focus of this method of marketing. It is because customers must feel confident in the service marketer to obtain the desired results. For instance, when a family arrives at McDonald's for lunch and avail services while sharing conversation, this enhances their experience of family quality time.

Importance of Service Marketing

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

i. A Key Differentiator

Due to the homogeneity in products, the services provided with the product becomes the key differentiator in the minds of the consumers. For instance, most of the fast-food brands like KFC or Burger King serve very similar products but

it is their service quality that distinguishes these two brands from each other. Thus, marketers can lean on the service offer to add unique selling points (USP) to differentiate themselves from their competitors to attract consumers.

ii. **Importance of Relationships**

Developing relationships is the thought behind the marketing of services. As the service is an intangible product, the customers' buying decision mostly depends upon the degree to which they trust the seller. Thus, repeat sales and positive word of mouth result from understanding the needs of the customer and fulfilling them through the appropriate service offers while maintaining a long-lasting relationship.

iii. **Customer Retention**

In a highly competitive market where multiple sellers are vying for a limited pool of customers, retaining current customers must hold more priority than attracting new ones. As services are mostly generated and consumed at the same time, it involves the customers in the service delivery process by obtaining and considering customers' requirements and feedback. Thus, services offer greater scope for customization as per customer requirements. This way there is increased satisfaction that leads to higher customer retention.

iv. **Multiple Touchpoints**

Service marketing enables an organisation to have many touchpoints for the consumers. It makes it possible to have interactions with multiple people and experiences impacting the consumers' perspective of the purchase process. These touchpoints work in consensus to form brand perception in consumers' minds.

v. **Feedback Improves Service**

As opposed to marketing tangible products, service marketing involves people in its process. People are participants in this process and they contribute towards a positive outcome. Thus, it becomes vital to obtain consumer feedback, which can then be utilised to improve service marketing effectiveness.

vi. **Technology Impacts**

Technology enables consumers to participate actively in the service marketing process of all the organisations. Thus, having a dedicated website and customer database becomes vital for organisations to dish out information to people before the decision on which one to choose. Service Marketing can add an extra USP for both tangible and intangible product marketing and sales.

5.3.1.4 Service Marketing Mix

The service marketing mix is also known as an extended marketing mix. The service marketing mix is an extension of the 4Ps framework. The essential elements of product, promotion, price and place remain but three additional elements - people, physical

evidence and process are included to the 7Ps mix. The need for the extension is due to the high degree of direct contact between service providers and its customers, the highly visible nature of the service process and the simultaneity of the production and consumption. Although it is possible to discuss people, physical evidence and process within the 4P framework (for example, people can be considered part of the product offer), this extension allows for a more thorough analysis of the marketing elements necessary for successful services marketing.
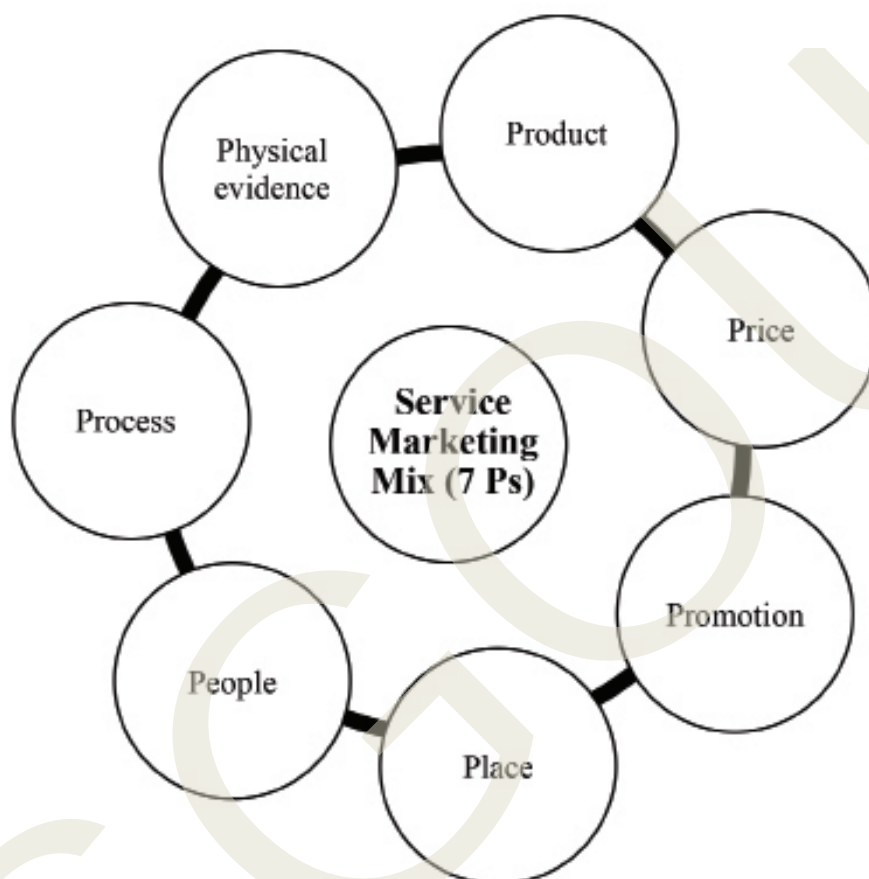
Figure: 5.3.1: Service Marketing Mix

The seven Ps of service marketing is explained below.

1. **Product**

In the case of services, the "product" is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offer as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Therefore, particular care has to be taken in designing the service offer.

2. Price

Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in the case of services there are attendant costs--such as labour and overhead costs--that also need to be factored in. A restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided.

3. Place

Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product assumes importance. Service providers have to give special thought as to where the service is provided. A fine dining restaurant is better located in a busy, upscale market as opposed to the outskirts of a city. A holiday resort is better situated in the countryside away from the rush and noise of a city.

4. Promotion

Since a service offer can be easily replicated, promotion becomes crucial in differentiating a service offer in the mind of the consumer. Service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offers.

5. People

People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. A restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organisations today.

6. Process

The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

7. Physical Evidence

Since services are intangible in nature, most service providers strive to incorporate certain tangible elements into their offers to enhance customer experience. Many hair salons have well designed waiting areas, often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.

5.3.1.5 Tangibility Spectrum

Essentially all product offers in the marketplace are a mix of services and goods – that is, intangible and tangible elements. This was first documented by Lynn Shostack in 1977 in a journal article published in the *Journal of Marketing*. The spectrum classified various industries from "tangible dominant" to "intangible dominant."This is also known as tangibility - intangibility continuum. Virtually all industries have a product offer that is a mix of both tangible and intangible elements. In the following diagram, the blue colour refers to the extent of tangible / physical product offer, and the red is the extent of intangible / service product offer across a number of selected industries.

Mix of Service and Non-service Elements
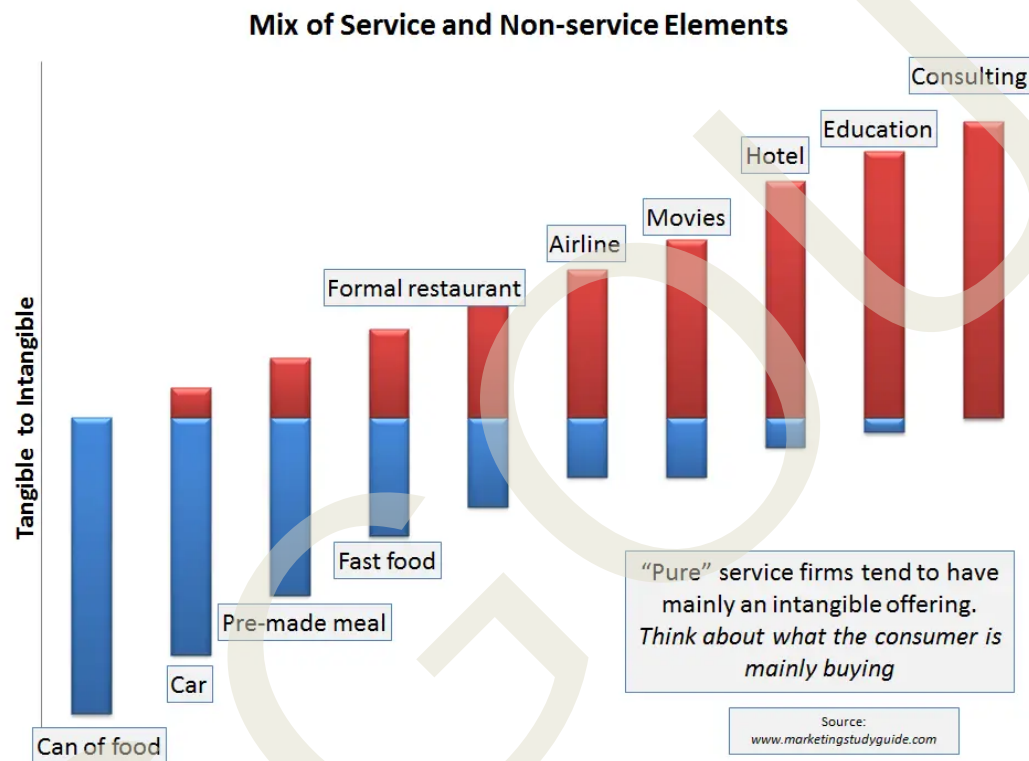
Figure: 5.3.2 Tangible – Intangible Continuum

Almost all the industries have a product offer that is a mix of both tangible and intangible elements. Some firms / industries tend to have a greater extent of intangible (that is, service) components in their overall offers. In the following diagram, the blue colour refers to the extent of tangible / physical product offering and the red is the extent of intangible / service product offering across a number of selected industries. When we study Services Marketing, we are primarily concerned with the type of firms / industries on the right-hand side of the above picture (in this case: consulting, education, hospitality – and of course, banking and insurance, medical services would be there too). The firms on the far-right hand side are sometimes referred to as "pure" service providers.

Difference between being a service provider and selling a physical/tangible product

Industry/ Product	Tangible or Intangible?	Rationale
Can of food	Tangible	The consumer is simply receiving a physical product without any expectation of additional service
Car	Tangible	The consumer is primarily receiving tangible product, however the manufacturer may package the offering with some intangible elements, such as: finance, free servicing and a warranty period
Pre-made meal	Tangible	This is similar to the above example of the can of food, but also contains an intangible element – in this case the product has moved beyond simply a basic ingredient to be a mixed offer of food items that can be quickly and easily prepared as a meal. Therefore, the preparation provided can be considered an element of service
Fast food	Mixed	Most textbooks will describe a fast food (or quick serve) outlet as having a balanced mix of tangible and intangible elements. The various menu items are clearly tangible and the intangible elements are the use of the facilities (that is, seating, rest rooms, and playground) as well as the actual customer service provided
Formal Restaurant	Mixed	The next level up the intangibility continuum would be a formal (fine dining) restaurant. Like a fast food chain, they also provide tangible food and drink; however they package their offers with high levels of customer service, special orders, and high quality facilities and so on

Airline	Intangible	Airlines primarily deliver intangible benefits – essentially the physical movement of people, luggage and goods. They have some tangible offers as well, usually food and beverages served on the flight
Movies	Intangible	Movies / cinemas are similar to airlines above, where the prime offer is intangible (entertainment, great viewing experience, comfortable facilities), as well as some tangible elements of snacks, drinks and even souvenirs, toys and 3D glasses
Hotel	Intangible	Hotels and associated hospitality providers are highly intangible in their offerings. Consumers have use of a room, the hotel's facilities and possible entertainment. Like the food businesses above, they will also be tangible meal solutions
Education/ Consulting	Intangible	At the top end of the continuum are industries such as education, professional service firms, banking and insurance. They can be considered "pure" service firms as they do not tend to offer anything tangible elements (other than a book or a report, for example, from a consulting firm

5.3.2.5 Limitations of Service Marketing

As with any mode of marketing service marketing also has the following limitations.

i. Market Volatility

As we have learned earlier services are often produced and consumed simultaneously. Unlike a product that can be corrected of faults before reaching the market, services are produced in the most current diverse and challenging volatility of the customer, thus making service marketing very complex to manage with consistent results.

ii. Requirement of Trust

Service organisation must develop some level of trust in the minds of customers to make service marketing more effective. This is a very difficult task to achieve as most often service offers and their value take more precedence over the proposal.

iii. **Service Offers Remains Intangible**

As services are intangible products they are difficult to conceptualize and analyze from the customers' perspective. This can create uncertainty and risk perception in the mind of customers. At the same time, the intangibility makes it difficult to promote, do quality control and set the price for services.

iv. **Brand Association**

As most services involve maintaining brand reputation, activities like external communications, internal brand management and communications become a vital part of the service marketing process. This makes the tasks extremely volatile and difficult to handle.

v. **Incompetent Lead Generation Strategies**

The lead generation strategies that work for tangible products do not necessarily work for intangible ones. This is because of the dynamic nature of how customers make purchase decisions regarding services.

vi. **Sales Made Through Service Providers**

Organisations that make products do not have a dedicated sales force. So, usually sales of services, often fall under sales marketing, professional and administrative staff. Thus, coordination and cooperation regarding updates and upgrades of services become difficult.

vii. **Loss of Movement in Marketing and Sales**

The declining pace of sales and marketing movement of an organisation greatly affect the promotional charm of services. For instance, new offers are always expected by customers, otherwise, they tend to lose interest in the services.

viii. **The Interest of Employees Matter**

The employees bring passion, spirit, buzz and desire to the organisation each day. The enthusiasm employees show in their work to market and sell the services is vital to success. Thus, bad service can negatively impact the service marketing and the brand image altogether.

5.3.3 Relationship Marketing

Keeping the customers engaged and providing them with the highest possible value from their purchase is essential. Here comes the role of relationship marketing. When the competition is high and the customers are aware, the organisations cannot just rely on selling their products or services to them. There is a need of focus on enhancing the customer experience and developing customer loyalty rather than increasing the sales volume and profit of the organisation. The customers always look for the organisations which provide an added value or advantage to them along with the product or service.

Relationship marketing is a customer-centric approach that focuses on building long-term, mutually beneficial relationships with customers, rather than just aiming for short-term transactions. The core idea behind relationship marketing is to create strong emotional connections with customers, foster loyalty, and maximize customer lifetime value. Here is a more detailed explanation of the concept, meaning and definitions of relationship marketing.

For Example; Nike, being the most recognized athletic wear brand, started its 'Just Do It' campaign to capture the attention of the non-athletes.

The advertisement featured a heavy boy wearing Nike apparel and running. Thus, it recognized the overweight people and tried to motivate them through the message that everything is possible if we try to do it.

Relationship marketing is a strategic approach that shifts the focus from acquiring new customers to retaining and nurturing existing ones. It recognizes that it is more cost-effective to retain existing customers than to continuously acquire new ones. The concept emphasizes cultivating strong bonds with customers, understanding their needs and preferences, and delivering personalized experiences that exceed their expectations. The meaning of relationship marketing revolves around building long-term relationships based on trust, commitment, and mutual benefits. It involves creating value for customers by understanding their specific needs, tailoring products or services accordingly and providing exceptional customer service. Relationship marketing aims to establish emotional connections with customers, making them feel valued and appreciated, ultimately leading to increased loyalty and advocacy.

"Relationship marketing is a strategy designed to foster a long-term, cost-effective link between an organisation 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)

The key **features** of Relationship Marketing involve the following;

1. Customer retention and loyalty programmes
2. Personalized interactions and experiences
3. Effective communication and feedback mechanisms
4. Value-added services and customer support
5. Collaborative problem-solving and co-creation
6. Emotional bonding and trust-building
7. Long-term commitment and mutual benefits

5.3.3.1 Importance of Relationship Marketing

Customer relationship management is the essence of today's competitive business environment. Creating new customers for the organisation is not enough; enhancing the customer experience is also necessary for an organisation. Relationship marketing is crucial for businesses as it offers several important benefits. Here are some key reasons why relationship marketing is important:

1. Customer retention and loyalty: By focusing on building strong, long-term relationships with customers, businesses can increase customer retention rates and foster loyalty. Loyal customers are more likely to make repeat purchases, recommend the business to others and remain less price-sensitive.

2. Increased customer lifetime value: Relationship marketing aims to maximize the lifetime value of each customer by nurturing the relationship over an extended period. Loyal customers tend to spend more money with a business over time, making them more valuable than constantly acquiring new customers.

3. Reduced customer acquisition costs: It is generally more cost-effective to retain existing customers than to continually acquire new ones. Relationship marketing strategies help businesses reduce the costs associated with acquiring new customers, such as advertising and promotional expenses.

4. Competitive advantage: Strong customer relationships can provide a significant competitive advantage. When customers feel a strong emotional connection and loyalty to a business, they are less likely to switch to competitors, even if offered lower prices or similar products / services.

5. Improved customer insights: By fostering close relationships with customers, businesses can gain valuable insights into their needs, preferences and behaviours. This information can be used to improve products, services and overall customer experiences.

6. Positive word-of-mouth and referrals: Satisfied and loyal customers are more likely to recommend the business to friends, family and colleagues, which can lead to valuable word-of-mouth marketing and referrals, reducing the need for expensive advertising campaigns.

7. Increased cross-selling and up-selling opportunities: Businesses can leverage existing customer relationships to cross-sell complementary products or up-sell premium products, leading to increased revenue and profitability.

8. Enhanced customer experience: Relationship marketing emphasises delivering personalised and tailored experiences to customers, which can lead to higher customer satisfaction, loyalty and advocacy.

9. Long-term profitability: By focusing on building long-term, mutually beneficial relationships with customers, businesses can achieve sustainable profitability and growth, as opposed to relying solely on short-term transactions.

The Relationship marketing is important because it helps businesses retain customers, maximize customer lifetime value, reduce costs, gain a competitive advantage, improve customer experiences and ultimately drive long-term profitability and growth.

5.3.2.2 Strategies for Relationship Marketing

Relationship marketing involves various strategies and tactics to build and maintain strong, long-lasting relationships with customers. Here are some common strategies employed in relationship marketing:

1. **Customer segmentation and personalisation:** Businesses segment their customer base based on characteristics, preferences and behaviour, enabling them to tailor personalised experiences, offers and communications for each segment.

2. **Customer loyalty programmes:** These programmes reward customers for their repeat business and encourage loyalty through incentives such as discounts, exclusive offers, early access to products / services or special recognition.

3. **Customer relationship management (CRM) systems:** CRM systems help businesses collect and analyse customer data, track interactions and manage relationships effectively, enabling personalized communication and targeted marketing efforts.

4. **Exceptional customer service:** Providing outstanding customer service and support is crucial in relationship marketing. This includes prompt problem resolution, easy accessibility and proactive communication to ensure customer satisfaction and build trust.

5. **Emotional bonding:** Building emotional connections with customers through storytelling, shared values and creating meaningful experiences that resonate with their emotions and aspirations.

6. **Co-creation and customer involvement:** Involving customers in the product / service development process, seeking their feedback and collaborating with them to create value and foster a sense of ownership and loyalty.

7. **Community building:** Creating online and offline communities where customers can interact with the brand, share experiences and engage with like-minded individuals, fostering a sense of belonging and advocacy.

8. **Omnichannel customer experience**: Delivering consistent and seamless customer experiences across multiple channels (e.g., in-store, online, mobile, social media) to meet customers' needs and preferences.

9. **Customer feedback and continuous improvement**: Actively seeking customer feedback through surveys, social media, or other channels, and using the insights to continuously improve products, services and customer experiences.

10. **Cause marketing and corporate social responsibility:** Aligning the brand with social or environmental causes that resonate with customers' values, demonstrating a commitment to making a positive impact and building goodwill.

11. **Influencer marketing:** Partnering with influential individuals or organisations that have established trust and credibility with the target audience, leveraging their influence to build relationships and advocacy.

12. **Customer appreciation and recognition**: Showing appreciation and recognising loyal customers through personalized gestures, exclusive events or special treatment, making them feel valued which will strengthen the emotional bond.

13. Effective relationship marketing strategies often involve a combination of these tactics, tailored to the specific needs and characteristics of the target audience, with the goal of fostering long-term, mutually beneficial relationships with customers.

5.3.2.3 Drawbacks of Relationship Strategies

While relationship marketing offers numerous benefits, it also has some potential drawbacks that businesses should be aware of:

1. **High costs and resource requirements:** Implementing effective relationship marketing strategies can be resource-intensive and costly. Activities such as personalized customer interactions, loyalty programs, customer relationship management (CRM) systems and community building initiatives require significant investments in terms of time, money and personnel. Smaller businesses with limited budgets may find it challenging to allocate sufficient resources for comprehensive relationship marketing efforts.

2. **Data privacy and security concerns:** Relationship marketing relies heavily on collecting and analyzing customer data to personalize experiences and build meaningful relationships. However, this can raise concerns about data privacy and security, especially with increasing consumer awareness and stricter data protection regulations. Businesses must ensure robust data management

practices and transparency to maintain customer trust and avoid potential legal issues or public backlash.

3. **Potential for customer fatigue or intrusion:** While personalization and tailored experiences are key components of relationship marketing, businesses must strike a balance to avoid becoming overly intrusive or overwhelming customers with excessive communication or marketing efforts. Customers may experience fatigue or feel their privacy is being invaded, leading to a negative perception of the brand and potential customer churn.

4. **Difficulty in measuring return on investment (ROI):** Some relationship marketing activities, such as community building, emotional bonding or customer appreciation gestures, can be challenging to quantify in terms of direct financial returns. While these efforts contribute to building stronger customer relationships and loyalty, it may be difficult to attribute specific revenue or profit figures to them. This can make it challenging to justify the associated costs and investments to stakeholders who prioritize short-term financial metrics.

5. **Risk of over-customization:** While personalization is a key aspect of relationship marketing, taking it too far can lead to operational complexities and inefficiencies. Excessively tailoring products, services or experiences for individual customers can increase production costs, complicate supply chain management and strain internal processes. Finding the right balance between personalisation and standardisation is crucial to avoid over-customisation.

6. **Conflict between short-term and long-term goals**: Relationship marketing is a long-term strategy focused on building lasting customer relationships and maximising lifetime value. However, this can sometimes conflict with short-term transactional goals, such as maximising immediate sales or meeting quarterly revenue targets. Businesses need to carefully balance these objectives and ensure that short-term priorities do not undermine their relationship marketing efforts.

7. **Maintaining consistent experiences across multiple touchpoints**: Delivering a consistent and seamless customer experience across various touchpoints (e.g., in-store, online, mobile, social media) is essential for effective relationship marketing. However, for larger organisations with diverse products, services or geographical presence, maintaining this consistency can be a significant challenge. Inconsistent experiences can dilute the impact of relationship marketing efforts and erode customer trust.

8. Potential neglect of certain customer segments: In some cases, businesses may inadvertently prioritise their relationship marketing efforts towards high-value or loyal customers, potentially neglecting or underserving other customer segments. This can lead to a perception of unfairness or discrimination, damaging the brand's reputation and causing dissatisfaction among neglected customers.

To address these drawbacks, businesses should carefully plan and allocate resources for relationship marketing, ensuring alignment with overall business objectives. They should also develop robust measurement frameworks to evaluate the effectiveness of their initiatives, strike a balance between personalization and operational efficiency, and continuously monitor customer feedback to ensure consistent and equitable experiences across all segments.

Recap

Service Marketing

◊ Services are intangible experiences, unlike physical products. Display unique aspects like inseparability, heterogeneity, perishability.

◊ Characteristics impact marketing strategy - focus on trust, customer experience, relationships. Customisation possible.

◊ Expanded the traditional 4Ps of marketing mix by adding the elements such as people, physical evidence, process beyond.

◊ Mix allows thorough analysis of elements needed for service success - people training, service blueprints, facility design.

◊ Almost all offerings have tangible and intangible components. "Pure" service providers like consulting tend to be highly intangible.

Relationship Marketing

◊ Relationship marketing is a customer-centric approach that focuses on building long-term, mutually beneficial relationships with customers, rather than just aiming for short-term transactions.

◊ It aims to create strong emotional connections with customers, foster loyalty and maximise customer lifetime value.

◊ Importance of relationship marketing: Increased customer retention and loyalty, Higher customer lifetime value, Reduced customer acquisition costs, Competitive advantage, Improved customer insights, Positive word-of-mouth and referrals, Increased cross-selling and up-selling opportunities, Enhanced customer experience and Long-term profitability and growth.

◊ Strategies for relationship marketing: Customer segmentation and personalisation, Customer loyalty programs, Customer relationship management (CRM) systems, Exceptional customer service, Emotional branding, Co-creation and customer involvement, Community building, Omnichannel customer experience, Customer feedback and continuous improvement, Cause marketing and corporate social responsibility, Influencer marketing and Customer appreciation and recognition.

◊ Drawbacks of relationship marketing: High costs and resource requirements, Data privacy and security concerns, Potential for customer fatigue or intrusion, Difficulty in measuring return on investment (ROI), Risk of over-customisation, Conflict between short-term and long-term goals, Maintaining consistent experiences across multiple touchpoints and Potential neglect of certain customer segments.

Objective Questions

1. What makes it hard to store service for future sales?

2. Name one characteristic that differentiates services from physical goods.

3. How many Ps are in the expanded service marketing mix?

4. What is added to the marketing mix beyond the original 4 Ps?

5. Name the service marketing mix that refers to location.

6. Are services homogeneous or heterogeneous?

7. Is a flight experience purchased from an airline a good or a service?

8. What is the core idea behind relationship marketing?

9. Which program rewards customers for repeat business?

10. What system helps collect and analyze customer data?

11. What can lead to customer fatigue in relationship marketing?

12. What can erode customer trust in relationship marketing?

Answers

1. Perishability

2. Intangibility

3. seven

4. People, process, physical evidence

5. Place

6. Heterogeneous

7. Service

8. Emotional connections, loyalty

9. Loyalty programs

10. CRM systems

11. Over communication

12. Inconsistent experiences

Self-Assessment Questions

1. Explain the key elements and importance of relationship marketing. Why is it crucial for businesses to adopt a relationship marketing approach in today's competitive environment? Support your answer with relevant examples.

2. Discuss the various strategies employed in relationship marketing. Select any three strategies and analyse how they can be effectively implemented by a company of your choice to build strong customer relationships and foster loyalty.

3. While relationship marketing offers several benefits, it also has potential drawbacks. Identify and elaborate on three major drawbacks of relationship marketing. For each drawback, propose suitable measures that businesses can take to mitigate or overcome these challenges.

Assignments

1. Find out the various Relationship Marketing strategies followed by a company of your choice.

2. Create a Tangibility Spectrum of a company which deals with a variety of products and services.

Suggested Reading

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Unit 4

Unconventional Marketing Concepts

Learning Outcomes

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

◊ explain the concept and features of various marketing concepts

◊ comprehend how synchro marketing differs from the marketing

◊ analyse the difference between Ambush Marketing and Guerilla marketing

Prerequisite

Consider the hotel brand called "Comfort Stay Hotels" that wants to improve its marketing. So, they decided to employ various unconventional marketing activities. As a result, they run an integrated advertising campaign with coordinated TV, social media, and web advertisements highlighting the brand's guarantee of a comfortable stay. The same images, slogans and color schemes are used across channels (Synchro Marketing). During peak tourism seasons when demand surges, Comfort Stay temporarily halts some marketing efforts for discounts and deals to reduce overbooking of rooms during sold-out dates (De-Marketing). They track browsing behaviour of site visitors across the web to display relevant display ads afterwards, enticing them to complete a prior hotel search or booking (Remarketing). Comfort Stay staff distribute free coffee vouchers or branded t-shirts at transportation hubs to meet / interact with potential guests in a buzz-building unconventional promotion (Guerilla Marketing). The above scenarios demonstrate how Comfort Stay could apply some unconventional marketing techniques to connect with potential and current guests. Let us learn each of these concepts in detail.

Keywords

Synchro Marketing, De-marketing, Remarketing, Guerilla Marketing, Ambush Marketing, General Demarketing, Ostensible Demarketing.

5.4.1 Synchro Marketing

Synchro marketing means using different tactics to control irregular demand. These methods include attractive offers such as free instalments, gifts or discounts to encourage customers to purchase off-seasonal goods. Manufacturers use the tactics during the low season to increase sales and profits. Synchro marketing is one of the most effective strategies used by cafes, restaurants and cinemas. Since most customers are free in the evenings and weekends, cafes, restaurants and other places are crowded with visitors. The demand is very high. However, you will not find many people enjoying a cup of coffee in a cafe in the morning or working out in a gym at lunchtime. To increase the demand in the morning and afternoon, different companies use various methods. Gyms encourage visitors to purchase gym membership at a lower price, cafes provide complimentary drinks, lunches for special prices and cinemas sell cheap movie tickets.

Clothing stores also sell items for a lower price during the off-season. When there is no demand for certain items, stores leverage "buy one, get one free item" and give customers big discounts to free the warehouse for new collections. Synchro marketing activity intended to shift the pattern of demand to that it equates more suitably with the ideal pattern of supply. Marketing efforts aimed at trying to bring inconsistent or seasonal demand levels in sync with supply levels. Restaurants use early-bird dinner specials to bring in customers during the slow period between normal lunch and dinner hours. Ski resorts promote summer activities and festivals to bring in tourists during the summer months.

Synchro marketing suits the best during the off-season when the demand is deficient. It helps brands earn revenue and sell goods that are not popular at a certain moment.

5.4.1.1 Features of Synchro Marketing

1. **Incentive Offers:** Providing attractive incentives like free installments, gifts or discounts to encourage customers to purchase products or services during off-peak or low-demand periods.

2. **Demand Shaping Tactics:** Employing strategies to shift or redistribute customer demand from peak periods to off-peak periods, such as offering discounts or special promotions during slower times.

3. **Inventory Management:** Utilising Synchro Marketing techniques to better manage inventory levels by stimulating demand for products or services that may have excess inventory or are nearing the end of their product life cycle.

4. **Seasonal Adjustments:** Implementing Synchro Marketing tactics to address seasonal fluctuations in demand, such as offering special deals or bundles to promote off-season products or services.

5. **Price Optimisation:** Adjusting pricing strategies and offering dynamic pricing or discounts during periods of low demand to stimulate sales and better match supply with demand.

6. **Cross-selling and Upselling:** Using Synchro Marketing approaches to cross-sell or upsell complementary products or services during periods of irregular demand to maximise revenue opportunities.

7. **Targeted Promotions:** Utilizing customer data and insights to deliver targeted promotions, offers or marketing campaigns to specific customer segments during low-demand periods to boost sales.

5.4.1.2 Synchro Marketing Strategies

There are several strategies to increase the demand for products during the low selling season. Three tactics below will help you improve sales.

1. **Provide customers with attractive offers:** To hold the audience's attention when there is no demand for a product is no easy task. The first thing is to create attractive offers. Do something for free or provide additional gifts. Let us take sun blocks, for example. To sell these items in winter might be quite challenging. Yet, if you make discounts, provide small gifts or leverage a "buy one get one free" sales promotion, you have a chance to increase revenue.

2. **Reduce the prices:** Reduced prices also attract customers. Offer discounts to make your product look more attractive even during the low season. People will appreciate buying an air conditioner with a 50% discount in the off-season.

3. **Promote your offers:** To capture many customers and raise the demand, it requires to promote the products. Use various online channels and traditional advertising to inform customers about sale. Advertise it on Instagram, Facebook, or start an email campaign to reach online audience. As a result, your target audience and the number of sales will increase.

5.4.2 De-marketing

Demarketing emerges as a nuanced, strategic approach in marketing. It is a strategic approach used by businesses to deliberately reduce demand for a product or service. Typically employed in situations of excess demand, limited supply, or social responsibility, demarketing aims to discourage certain consumers or overall consumption. It involves tactics like raising prices, reducing advertising, or modifying the product's appeal. This counterintuitive strategy helps manage scarce resources, align with ethical standards, or recalibrate market demand. Demarketing is not about eliminating demand but managing and redirecting it more effectively and responsibly.

Examples of De-marketing;

Coca-Cola: In light of health trends, Coca-Cola has subtly shifted its focus towards

its diet and zero-sugar variants. While not directly reducing marketing for its classic sodas, the emphasis on healthier options serves as a form of demarketing the sugary drinks.

Volkswagen: Amidst increasing environmental awareness, Volkswagen has promoted its electric vehicles over traditional fuel-based models. By focusing on eco-friendly cars, they de-market their less sustainable options, responding to the global push for reduced carbon emissions.

Starbucks: Starbucks has used demarketing for some of its high-calorie, sugary drinks by promoting smaller sizes and alternative milk options. This shift caters to health-conscious consumers subtly reducing the demand for their more indulgent beverages.

Apple: Apple periodically de-markets older iPhone models by discontinuing them and focusing marketing efforts on newer, advanced models. This strategy encourages consumers to purchase the latest technology, gradually phasing out older products.

IKEA: IKEA promotes its sustainable and eco-friendly products, subtly demarketing their less sustainable options. This aligns with the growing consumer preference for environmentally responsible products.

In short, Demarketing is a counterintuitive marketing strategy that aims to reduce or discourage demand for a product or service, rather than stimulating it. It goes against the traditional marketing mindset of creating and increasing demand. However, demarketing can be a valuable tool for organisations in certain situations.

5.4.2.1 Objectives of Demarketing

1. **Managing excess demand:** When demand for a product or service exceeds the available supply, it can lead to shortages, long wait times, and customer dissatisfaction. Demarketing strategies can help organisations manage this excess demand by making the product or service less attractive or accessible. This can be achieved through tactics such as:

   - Raising prices to make the product less affordable

   - Reducing promotions and advertising efforts

   - Limiting availability in certain regions or during specific periods

2. **Discouraging consumption of harmful or undesirable products:** Demarketing can be used as a public policy tool to discourage the consumption of products or services that are considered harmful to individuals or society. Examples include:

   - Anti-smoking campaigns to reduce tobacco consumption

   - Initiatives to discourage excessive alcohol consumption

   - Efforts to promote energy-efficient products and discourage the use of high-emission vehicles

3. **Redistributing demand:** Demarketing can help redistribute demand from peak periods to off-peak periods or from overcrowded locations to less crowded ones. This can be particularly useful in industries like tourism, public transportation or entertainment, where demand can fluctuate significantly. Strategies may include:

- Offering discounts or incentives for off-peak periods

- Restricting access or increasing prices during peak times

- Promoting alternative locations or experiences during periods of overcrowding

4. **Limiting access:** In some cases, demarketing is used to limit access to a product or service to specific target groups. This can be done for various reasons, such as:

- Age restrictions for products like alcohol or gambling

- Membership requirements for exclusive clubs or services

- Eligibility criteria for social programmes or subsidies

5. **Educating consumers:** Demarketing can involve educating consumers about the negative consequences or risks associated with a product or service. This can help discourage consumption or promote more responsible use. Examples include:

- Campaigns highlighting the health risks of excessive sugar consumption

- Initiatives promoting responsible gambling or financial management

6. **Rationing or quotas:** In situations of scarcity or limited resources, demarketing strategies may involve implementing quotas or limits on the amount of a product or service that can be purchased or consumed by each customer. This can help ensure fair distribution and prevent hoarding or overconsumption.

It is important to note that demarketing should be implemented carefully and with consideration for ethical concerns and potential unintended consequences. Organisations may face criticism or resistance from consumers accustomed to traditional marketing practices. Additionally, demarketing strategies should be tailored to specific situations and align with the organisation's overall goals and values.

5.4.2.2 Types of Demarketing

1. **General Demarketing**: This is used when a company wants to reduce overall demand for its products temporarily or permanently. For example, during water shortages, beverage companies like Coca-Cola and PepsiCo have engaged in

general demarketing in certain regions by reducing production and advertising of water-intensive products to conserve resources.

2. **Selective Demarketing**: This targets specific segments of the market that a company deems less desirable or less profitable. For example, luxury brands like Rolex or Louis Vuitton often use selective demarketing by making their products less accessible to the mass market, preserving exclusivity and targeting only high-end consumers.

3. **Ostensible Demarketing**: A company appears to be demarketing a product but is actually trying to increase its appeal through reverse psychology. For example, a nightclub may intentionally limit entry, creating an impression of exclusivity and high demand. This can attract more patrons who desire to be part of an 'exclusive' crowd, ultimately boosting the club's popularity and demand.

5.4.2.3 Role of Demarketing in Business

1. **Resource Management**: Demarketing aids in managing scarce resources efficiently. For instance, during raw material shortages, companies might reduce advertising efforts to lower product demand, ensuring adequate supply for existing customers and maintaining quality standards.

2. **Maintaining Brand Image**: Luxury brands often use demarketing to uphold exclusivity. By limiting product availability or advertising selectively, they cater to an elite clientele, enhancing the brand's prestige and desirability among high-end consumers.

3. **Social Responsibility**: In addressing public health or social issues, companies like tobacco manufacturers use demarketing campaigns to discourage product use. This approach aligns with social responsibility initiatives and regulatory mandates, promoting a positive public image.

4. **Environmental Sustainability**: Firms might de-market environmentally harmful products to embrace sustainability. This strategy aligns with ecological goals and caters to eco-conscious consumers, improving the brand's reputation as environmentally responsible.

5. **Managing Overcrowding**: Service industries like tourism use demarketing to prevent overcrowding. By reducing promotional activities during peak times, they ensure service quality and sustainability, enhancing customer satisfaction and preserving resources.

6. **Crisis Management**: In crises like product recalls, demarketing helps manage demand and public perception. It allows companies to focus on resolving the issue without overwhelming customer service channels, maintaining trust and stability.

7. **Profit Maximization**: Demarketing helps businesses focus on profitable segments. By deliberately reducing appeal to less profitable customers, companies can optimize their marketing efforts and resources towards more lucrative market segments, enhancing overall profitability.

5.4.2.4 Demarketing Strategies

1. **Price Increase Strategy**: Employed to target a more exclusive market segment by making products less affordable for the general population. This helps manage demand and maintain a brand's high-end image. For example, luxury brands like Gucci increase their prices periodically to reinforce their exclusivity and desirability among affluent consumers.

2. **Reduced Promotion Strategy**: Involves cutting back on advertising and promotional efforts to decrease demand, often used in situations of product scarcity or environmental concerns. For example, during droughts, water utilities reduce advertising about water use to encourage conservation among the populace.

3. **Selective Availability Strategy**: This strategy restricts the availability of products to certain locations or times, creating a perception of scarcity and exclusivity. For example, Starbucks periodically offers limited-time-only drinks like the Pumpkin Spice Latte, making it exclusive to certain seasons and driving demand during its availability.

4. **Customer Rationing Strategy**: Implemented by limiting the quantity of products a customer can purchase, often used in times of shortages to ensure fair distribution. For example, Supermarkets limited the number of essential items like toilet paper per customer during the COVID-19 pandemic to prevent hoarding and ensure wider availability.

5.4.2.5 Difference between Synchro-marketing and Demarketing

Synchro marketing and demarketing are the two opposite concepts. The first strategy aims to create a demand for off-seasonal goods, while the second one strives to discourage the demand for a product that a company cannot meet. Let us review each concept in more detail to know the features.

Here is a tabulated form showing the differences between synchro marketing and de-marketing:

Basis of Difference	Synchro Marketing	De-marketing
Meaning	Synchro marketing refers to the strategy of matching the supply of a product or service with the existing demand in the market.	De-marketing is the process of deliberately trying to reduce the demand for a product or service.
Objective	The objective of synchro marketing is to achieve a balance between supply and demand, ensuring that the available supply meets the existing demand.	The objective of de-marketing is to discourage demand temporarily or permanently, either for the entire product or for a specific segment of the market.
Demand Situation	Synchro marketing is typically used when the demand for a product or service is in line with the available supply.	De-marketing is employed when the demand for a product or service far exceeds the available supply or when there are concerns about overconsumption or negative societal impacts.
Marketing Efforts	In synchro marketing, marketing efforts are focused on aligning demand and supply through various strategies, such as inventory management, pricing adjustments, or promotional campaigns.	In de-marketing, marketing efforts are directed towards reducing or discouraging demand through strategies like increasing prices, reducing promotions, or conveying negative messages about the product or service.
Marketing Mix	Synchro marketing involves adjustments to the marketing mix elements (product, price, place, and promotion) to match supply and demand.	De-marketing often involves modifications to the marketing mix elements to reduce demand, such as decreasing promotion efforts, increasing prices, or limiting product availability.

Target Market	Synchro marketing targets the existing customer base and aims to meet their demand effectively.	De-marketing may target specific segments of the market or the entire market, depending on the objective of reducing demand.
Resource Allocation	In synchro marketing, resources are allocated to ensure efficient supply chain management, production planning, and inventory control.	In de-marketing, resources may be reallocated from traditional marketing activities to demand reduction efforts, such as public awareness campaigns or product design modifications.
Time Horizon	Synchro marketing is typically a short-term or periodic strategy to address temporary fluctuations in supply and demand.	De-marketing can be a long-term strategy, especially when addressing issues like over-consumption, environmental concerns, or social responsibility.
Competitive Advantage	Synchro marketing can provide a competitive advantage by ensuring product availability and meeting customer demand effectively.	De-marketing may be pursued as a socially responsible strategy, even if it means temporarily losing competitive advantage or market share.
Consumer Perception	Synchro marketing aims to maintain positive consumer perception by ensuring product availability and satisfying customer needs.	De-marketing may initially face resistance or negative consumer perception, as it involves discouraging demand for a product or service
Examples	Examples of synchro marketing include airlines adjusting flight schedules based on seasonal demand, restaurants offering limited-time promotions to match supply with demand during peak periods, and retailers managing inventory levels to avoid stockouts or overstocking.	Examples of de-marketing include anti-smoking campaigns aimed at discouraging tobacco consumption, energy conservation campaigns encouraging reduced electricity usage, and national parks limiting visitor numbers to prevent overcrowding and environmental damage.

5.4.3 Remarketing

If you have ever visited and left a website without taking action, you may have later seen the company's advertisements on a different website. This strategy is called remarketing and targets potentially interested customers to ensure they remain aware of the brand. By creating a campaign like this, an organisation can increase conversions and optimise its advertising budget.

Remarketing is a powerful digital marketing strategy that allows brands to re-engage with potential customers who have already shown interest in their products or services. By displaying targeted advertisements to these users on other websites or platforms they visit, remarketing keeps the brand top-of-mind and can effectively nudge interested users towards completing the desired action, such as making a purchase or signing up for a service. This targeted approach can help increase conversion rates and optimise advertising budgets by focusing on users who have already expressed interest, rather than targeting a broader, less qualified audience.

Remarketing starts when a consumer visits your website and allows cookies to be placed in their browser. These cookies help track the consumer's activity on your site and enable targeted ads to remind them to return and make a purchase if they leave without buying. The purpose of remarketing is to drive the consumer's interest in returning to your website and completing your targeted call to action. A conversion of a remarketing campaign could mean a consumer becoming a paying customer, but it could also mean a consumer completing another call to action such as entering their email into your subscription list or following the company's social media page.

5.4.3.1 Benefits of Remarketing

Remarketing offers several benefits for businesses:

1. Increased brand awareness and recall: Remarketing keeps your brand visible to potential customers who have already shown interest, keeping you top-of-mind.

2. Higher conversion rates: Remarketing targets customers who are already familiar with your products / services, making them more likely to convert compared to cold leads.

3. Cost-effective advertising: Remarketing focuses your ad spend on the most promising prospects, optimising your advertising budget.

4. Targeted messaging: With remarketing, you can tailor your ads and messaging based on the specific products or pages a user previously viewed on your site.

5. Completion of abandoned purchases: Remarketing can help recover potential sales from customers who abandoned their shopping carts by reminding them to complete their purchases.

6. Lead nurturing: Remarketing allows you to nurture leads by serving them relevant content and offers based on their previous interactions with your brand.

7. Improved ROI: By targeting users who have already shown interest, remarketing campaigns tend to deliver higher returns on investment compared to broader advertising campaigns.

8. Audience insights: Remarketing data can provide valuable insights into customer behavior, interests, and pain points, helping inform your overall marketing strategy.

By effectively leveraging remarketing, businesses can enhance brand recall, increase conversions, optimize ad spend, and ultimately drive more sales and revenue.

5.4.3.2 Types of remarketing

There are several different types of remarketing ads companies can use to remarket their business. Some of the most popular types of remarketing ads include:

1. Display Remarketing

Display remarketing is one of the most common types of campaigns. Ads appear on external websites to remind users of the products they are interested in and encourage them to buy. Display ad campaigns usually operate on a pay-per-click model, making it important to target the appropriate users and streamline the buying process.

2. Search Remarketing

Search remarketing campaigns involve the use of paid search engine results page placements for specific keywords. Consumers who have previously visited your site see ads in their search results when they use specific keywords. This approach can help you secure customers and prevent them from choosing competitor products over yours.

3. Video Remarketing

Video remarketing campaigns feature ads at the beginning of clips on streaming platforms. These ads can be particularly effective, as they tend to be more engaging than traditional text or picture ads. They capture a user's attention by reminding them of your brand and encouraging them to click-through to make a purchase.

4. Social Media Remarketing

Social media remarketing campaigns involve using various ad types to target customers who have previously visited your website while they are browsing their social media feeds. Posts can consist of text, images and videos to improve engagement. Even if these ads do not lead to direct sales, they can improve your organic social media presence in the long run.

5. Email Remarketing

Email remarketing targets visitors to your website who have signed up on your email list. Email campaigns can include ads to both visitors who have shown interest but not converted and to post-conversion consumers to get them interested in new products or services. This approach is especially effective for providing customers with the additional information they want before making a purchase.

6. Offline Remarketing

While most of this article has discussed remarketing campaigns in the online context, there are also ways to use remarketing campaigns offline. Companies may also use platforms such as television advertising, billboards and phone calls as part of their remarketing campaigns.

For example, a local restaurant may create a remarketing campaign by placing several different billboard advertisements along a long stretch of highway leading up to their location. Drivers may overlook the first billboard they see, but additional billboards can solidify their awareness of the restaurant.

5.4.4 Guerilla Marketing

In fast food history, who thought a rotten burger would be used in an ad? Not many - that's why Burger King made a video showing their Whopper burger decaying for 34 days. People complain about perfect-looking food in ads. But Burger King showed the opposite - no artificial preservatives in their Whopper burgers. The video shows mould growing on the burger buns, tomatoes, lettuce, onions and beef patty. It shows the number of days since the burger was made. A statement says, "The beauty of no artificial preservatives." While very gross, the target audience appreciated the ad's message. Some said they would choose the Whopper burger over others.

Figure: 5.4.1: *Burger King's Moldy Whopper*

Guerrilla marketing uses low-cost advertising techniques. It aims to get maximum exposure for a product or service. The term "guerrilla marketing" was coined in the 1984 book *Guerrilla Advertising* by Jay Conrad Levinson. With the rise of the internet, guerrilla marketing has become more popular among marketers. Guerrilla marketing is an advertising tactics to promote products or services. It uses surprising and unconventional interactions. It is different from traditional marketing. Guerrilla marketing relies on personal interaction. It has a small budget. It comes from original ideas to engage the target audience. It focuses on small groups of promoters in specific locations. These promoters spread the word instead of widespread marketing campaigns.

Guerrilla marketing relies heavily on creativity. It uses surprise tactics, like guerrilla warfare. But it uses these tactics for marketing purposes! The idea is to take the consumer by surprise. It leaves a lasting impression. It creates a large amount of buzz on social media. Compared to traditional marketing and advertising, the aim is to create a memorable impression on consumers. Nowadays, consumers tune out traditional advertising methods. These include television and radio ads pop-ups *etc.*. For example, consumers skip ads before YouTube videos. This is where guerrilla marketing stands out. It does not follow typical marketing strategies. Instead, it uses the element of surprise to get consumer attention. It does not use conventional methods. The goal is to capture consumer attention through surprise tactics.

Management often prefers guerrilla marketing because it is usually a budget-friendly option. Instead of needing to deploy lots of capital, guerrilla marketing is often less expensive than other marketing campaigns. Start-ups, local businesses or companies with less corporate restrictions often deploy guerrilla marketing techniques because this method also allows for greater creative capacity. Guerrilla marketing uses unconventional marketing methods. This allows marketers to get creative with their strategies. Some guerrilla campaigns can reach more people. They may also be more profitable than traditional campaigns. Marketers often find guerrilla marketing campaigns more enjoyable to implement.

Guerrilla marketing campaigns can be unconventional and surprising, making them difficult to understand without seeing real examples. To fully grasp the concept, it is helpful to examine how various brands have implemented these tactics in creative and memorable ways. Examples: IKEA once deployed portable showrooms made from its storage lockers in public parks. Burger King famously pulled a stunt delivering food to a McDonald's corporate office via a lockbox-carrying "hostage" to promote its new Big King burger. The key for all these examples is using surprise, creativity and interaction to generate buzz for the brand in unexpected ways and locations.

5.4.4.1 Types of Guerrilla Marketing

1. Outdoor Guerrilla Marketing:

This type of guerrilla marketing involves adding temporary elements to existing urban spaces, such as placing removable objects on statues or creating temporary artwork on sidewalks and streets. The goal is to capture the attention of pedestrians and create a memorable experience in unexpected places. For example, the candy company

Skittles once installed a giant candy dispenser on a park bench, allowing people to pull a lever and get free Skittles candies dispensed.

2. Indoor Guerrilla Marketing:

Indoor guerrilla marketing takes place in indoor locations like train stations, shops, and university campuses. The idea is to surprise people in these high-traffic areas with unconventional marketing tactics, potentially disrupting their daily routines and leaving a lasting impression. For instance, Red Bull once placed a small aircraft made to look like it had crashed through the ceiling of a busy shopping mall as a publicity stunt.

3. Event ambush Guerrilla Marketing:

This tactics involves promoting a product or service at an in-person event, such as a concert or sporting event, without the permission of the event organizers or sponsors. The aim is to engage the audience in a noticeable way, potentially creating a buzz around the brand or product. For example, During the 2014 World Cup , a popular beer brand hired audacious entertainers to dance in branded outfits inside stadiums during matches.

4. Experiential Guerrilla Marketing:

This approach encompasses all of the above guerrilla marketing tactics but requires the public to interact with the brand in some way. It creates an immersive experience by encouraging people to participate, engage with the product or service and potentially share their experiences on social media or with others. For example, 5 Gum once set up a "Need a Moment?" booth in public spaces where people could take a break, sample gum and even get a massage while surrounded by the brand.

5.4.4.2 Advantages of Guerilla Marketing

Here are some key advantages of guerrilla marketing:

1. **Low cost:** Guerrilla marketing tactics are generally inexpensive compared to traditional advertising methods, making it accessible for businesses with small budgets.

2. **Creates buzz:** Unconventional and surprising guerrilla tactics generate word-of-mouth and social media buzz, increasing brand awareness.

3. **Memorable impact**: The element of surprise and creativity in guerrilla marketing leaves a lasting impression on consumers.

4. **Targets specific audiences:** Guerrilla campaigns can be tailored to reach niche or localized target audiences effectively.

5. **Stands out from the clutter: I**n a saturated advertising landscape, guerrilla tactics helps brands stand out from competitors.

6. **Encourages engagement**: Interactive guerrilla stunts encourage consumer engagement and participation with the brand.

7. **Flexibility:** Guerrilla tactics can be quickly adapted and modified based on real-time consumer responses.

8. **Viral potential:** Creative guerrilla campaigns often go viral online, amplifying the reach without additional costs.

9. **Aligns with modern consumer behavior:** Guerrilla tactics aligns with consumers' preferences for authentic, experiential marketing over traditional advertising.

10. **Supports other marketing efforts:** Guerrilla tactics can complement and reinforce other marketing strategies in an integrated campaign.

While unconventional, guerrilla marketing's ability to create buzz, engage audiences and deliver memorable brand experiences makes it an attractive option for businesses seeking high-impact, cost-effective marketing.

5.4.4.3 Disadvantages of Guerilla Marketing

Here are some potential disadvantages of guerrilla marketing:

1. **Lack of control:** Guerrilla tactics often involve public spaces or interactions, making it difficult to control the environment and audience reactions.

2. **Potential for negative perception:** Some guerrilla stunts may be perceived as intrusive, annoying or in poor taste, leading to negative brand associations.

3. **Legal and ethical concerns:** Certain guerrilla tactics may violate local laws, regulations or ethical standards, exposing the company to legal risks.

4. **Short-term impact:** The element of surprise in guerrilla marketing can wear off quickly, limiting the long-term effectiveness of a campaign.

5. **Difficulty measuring ROI**: It can be challenging to accurately measure the return on investment (ROI) for guerrilla marketing campaigns, making it hard to justify the efforts and expenses.

6. **Limited reach:** Guerrilla tactics are often localized or targeted to specific audiences, potentially limiting the overall reach and exposure for the brand.

7. **Consistency challenges**: Maintaining a consistent brand image and messaging across multiple guerrilla activations can be difficult, especially for bigger brands.

8. **Staff training and coordination:** Executing successful guerrilla campaigns requires extensive training and coordination of staff or brand ambassadors.

9. **Safety concerns:** Some guerrilla stunts may raise safety concerns for participants or bystanders if not properly planned and executed.

10. **Potential for backlash:** Provocative or controversial guerrilla tactics may face backlash from certain consumer segments or interest groups.

While guerrilla marketing can be an effective way to generate buzz and engagement, businesses must carefully weigh the potential risks and downsides against the intended benefits to ensure a successful and responsible campaign.

5.4.5 Ambush Marketing

There is a huge football match happening, thousands of fans filled the stadium. Brand Y has paid a massive amount to be the one and only official sponsor of this major event. But here comes Brand X, even though they did not pay a single penny to sponsor the event, they are trying to act like they own the place with some clever marketing tricks. Brand X hires a bunch of people to dress up in their brand's colors and logo, making them highly visible in the crowds. They hand out free branded goodies like caps and t-shirts to the fans. They even set up their own booths right outside the stadium entrances! So, while all the fans are excitedly making their way inside, they are getting bombarded with Brand X's name and products from all angles. On TV, Brand X strategically runs their commercials during the live broadcast of the match. Now, poor Brand Y is probably furious! They paid a large amount to become the star of this event. But the Brand X has ambushed the whole thing, stealing away some of the spotlight that Brand Y paid for. It is like Brand X has sneakily crashed Brand Y's opportunity. Through these guerrilla ambush tactics, Brand X is trying to confuse people into thinking they are just as associated with the event as the actual sponsor, Brand Y. So, Brand Y is the one getting ambushed and gatecrashed by Brand X's underhanded yet brilliant marketing moves. It is a risky game of ambush that Brand X is playing.

Ambush marketing is the strategy adopted by a company or brand that takes advantage of others' marketing campaigns to gain exposure and profit. The main purpose of it is to make the customers believe that the marketing campaign is associated with a certain event, sport or team. This kind of marketing is done to attract the attention of people in large numbers toward a particular product or brand. The companies do not pay sponsorship fees for such marketing but still get noticed by many people at the event. It is why it is also referred to as predatory marketing. Ambush marketing is a marketing strategy under which particular brand ambushes or covers the marketing strategy adopted by the competitors to gain a competitive advantage and promote their product to create brand awareness in the market and make revenue. It means free promotion of goods and services by connecting a brand to a team or event without paying a promotion fee. This form of advertisement or marketing strategy is generally unofficial. It involves no permission from the authorities, but the marketers intend to make customers believe it has an official association with the event or the team. On one end, ambush marketing is considered a great advertising tactics, but on the other end, it is an unethical business practice done by companies.

The 1996 Olympic games held in Atlanta showcase a perfect example of ambush marketing. Nike chose not to advertise its products or pay sponsorship fees in the Olympic games. However, Nike did ambush marketing by advertising in the Olympics. Michael Johnson raced in the Olympic event with the gold Nike shoes and gold medals, overshadowing the event's main sponsor, Reebok.

5.4.5.1 Types of Ambush Marketing

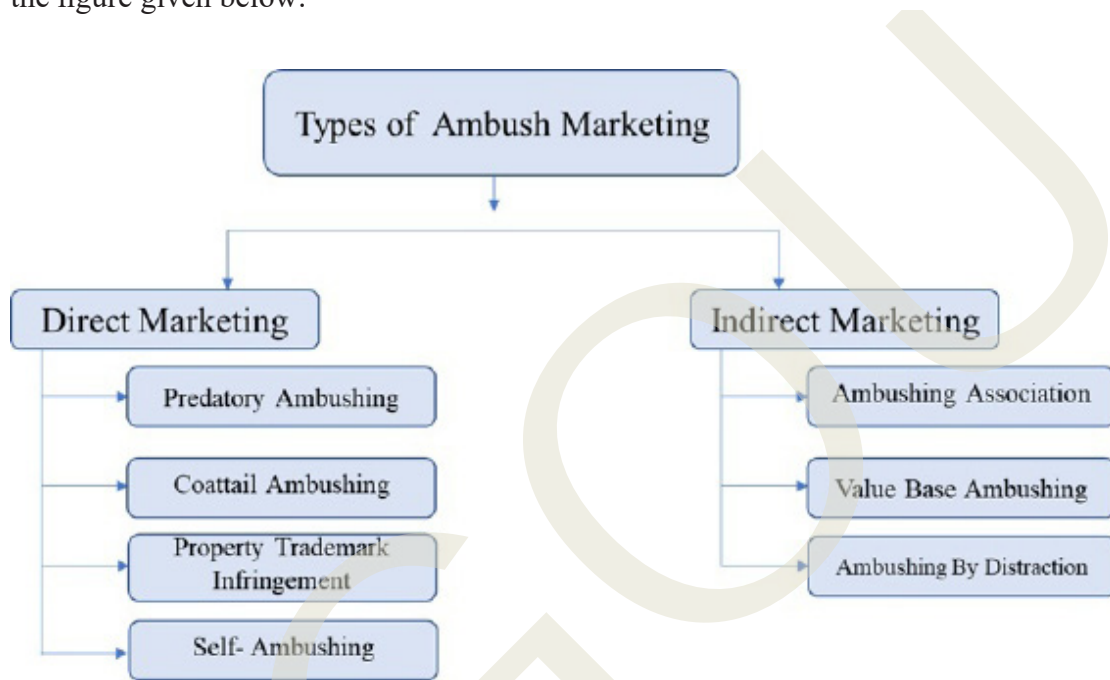Ambush marketing is broadly categorized into two different types which are shown the figure given below:

Figure: 5.4.2: Types of Ambush Marketing

1. Direct Ambush Marketing

The direct category is further subdivided into four different types:

a. Predatory Ambushing

This is an aggressive form of ambush marketing where a brand willfully attacks or undermines another brand that is the official sponsor. Ambushing brands use tactics that divert or confuse the public about who the real sponsor is.

For example, during the 2012 London Olympics, the athletic brand 'Beats by Dre' hired athletes to wear their headphones prominently, even though their rival Panasonic was an official Olympic sponsor. This created confusion about who the official headphone sponsor was.

b. Coat tail Ambushing

In this approach, a brand tries to associate itself with smaller events or activations

related to a larger sponsored event, rather than the main event itself. This allows them to capitalize on the excitement without directly ambushing the official sponsor.

For instance, if Nike is the official sponsor of a football league, their rival Adidas may distribute branded jerseys and gear to fans attending public viewings or smaller local events connected to the league. This lets Adidas get exposure by coat tailing on the popularity of the larger Nike-sponsored event.

c. Property / Trademark Infringement

Here, the ambushing brand uses trademarked logos, symbols, slogans or other properties belonging to the official sponsor or event organizers. This causes direct brand confusion and association with the event they have not paid for sponsorship rights.

During the 1992 Olympics, athletic brand Quelle distributed merchandise using the Olympic motif and font styles, even though they were not an official sponsor. This infringed on the Olympic brand's trademarks.

d. Self-Ambushing

This occurs when a brand that is already an official sponsor oversteps the boundaries of their sponsorship contract through excessive marketing activations at the event site. They end up ambushing the other sponsors by going beyond what their contract permits.

For example, if a brand sponsors a concert but then hands out free branded merchandise inside the venue, they may be self-ambushing by drawing too much attention to themselves and away from other sponsors who paid for that right.

2. Indirect Ambushing

A brand indirectly promotes its product or services by linking it to a larger event. In this form of advertising, the competitors do not consider the brand predatory. It is a strategic way for brands to associate themselves with popular events without being an official sponsor, thus gaining exposure and leveraging the event's popularity.

It is further subdivided into three types:

a. Ambushing by Association: It is the strategy under which a brand uses a term or image that does not have any intellectual property rights associated with it, but it creates an illusion in the minds of people that it has a link with the particular brand.

Example: During the FIFA World Cup, a brand like Nike might use imagery or phrases like "the beautiful game" or "the world's game" in their advertising campaigns, creating an association with the World Cup without directly mentioning the event or using its official logos.

b. Value-Based Ambushing: A strategy by non-sponsor brands to advertise their product with certain themes or values that catch people's attention at the big event.

Example: During the Olympics, a brand like Adidas might run an advertising campaign emphasizing themes like determination, perseverance and athletic excellence, which are values closely associated with the Olympic Games, without directly mentioning the event or using Olympic imagery.

c. Ambushing by Distraction: The companies adopt a strategy to promote the event without being part of it.

Example: During the Super Bowl, a brand like Bud Light might run a commercial that is humorous and entertaining, aiming to capture the attention of viewers during the event without directly referencing the Super Bowl or the teams playing. This distracts viewers from the official sponsors and creates brand awareness for the ambushing company.

These ambushing strategies allow brands to capitalise on the popularity and attention surrounding major events without paying the often exorbitant sponsorship fees. However, they must be careful not to infringe on any intellectual property rights or violate any event rules or regulations, as this could lead to legal consequences.

5.4.5.2 Advantages and Disadvantages

The advantages and disadvantages of ambush marketing are as follows:

Advantages

1. **Attention-Grabbing and Creative**: Ambush marketing campaigns are often creative, unconventional and designed to grab people's attention in unique ways. This can help a brand stand out from the clutter of traditional advertising and create a memorable impact on consumers.

2. **Freedom of Expression**: Unlike official sponsorships, ambush marketing allows brands to have full creative freedom in their messaging, tone and style. They are not bound by the guidelines or restrictions imposed by the event organizers, enabling them to craft more daring and impactful campaigns.

3. **Perception and Credibility:** When executed effectively, ambush marketing can help change consumer perceptions towards a brand and improve its credibility. By associating with high-profile events, brands can position themselves as relevant, innovative and connected to popular culture.

4. **Revenue Generation:** If an ambush marketing campaign resonates with the target audience and generates buzz, it can lead to increased brand awareness, customer engagement and ultimately, revenue growth for the business.

5. **Cost-Effectiveness:** Compared to the often-exorbitant costs of official sponsorships, ambush marketing can be a more cost-effective way for brands to leverage the popularity of major events and capitalize on the associated marketing opportunities.

Disadvantages

1. **High Costs:** While ambush marketing may be more cost-effective than official sponsorships, it can still be an expensive endeavor, especially when multiple brands are vying for attention around the same event. The level of competition can drive up advertising and marketing costs.

2. **Difficulty in Measuring ROI:** Unlike traditional advertising campaigns, it can be challenging to accurately measure the return on investment (ROI) for ambush marketing efforts. The indirect nature of the association and the difficulty in isolating the impact of the campaign can make it hard to quantify the true value and effectiveness.

3. **Time and Resource Constraints:** Ambush marketing often requires quick planning and coordination within a limited timeframe and space. Brands need to be agile and responsive to capitalize on the marketing opportunities presented by major events, which can strain resources and put pressure on marketing teams.

4. **Legal and Ethical Concerns:** In some cases, ambush marketing can raise legal and ethical concerns, particularly if the campaign infringes on intellectual property rights or violates event rules and regulations. Brands need to carefully navigate these potential pitfalls to avoid legal consequences and reputational damage.

5. **Backlash from Event Organisers:** Official sponsors and event organisers may view ambush marketing as a threat to their investments and may take measures to counter or discourage such efforts. This could lead to conflict or negative publicity for the ambushing brand.

Ultimately, the decision to pursue ambush marketing strategies requires a careful evaluation of the potential advantages and disadvantages, as well as a thorough understanding of the legal and ethical boundaries within which such campaigns must operate.

5.4.5.3 Ambush Marketing Vs. Guerilla Marketing

While both ambush marketing and guerilla marketing involve unconventional and attention-grabbing tactics, the key difference lies in their intent and relationship to major events or properties.

Here is a table comparing Ambush Marketing and Guerilla Marketing across different bases:

Basis	Ambush Marketing	Guerilla Marketing
Definition	The practice of associating a brand with a major event or property without being an official sponsor.	Unconventional, low-cost marketing tactics that leverage creativity and surprise to generate buzz and awareness.
Intent	To capitalise on the popularity and attention surrounding a high-profile event.	To create buzz, generate word-of-mouth, and build brand awareness in a cost-effective manner.
Relationship with Events	Targets specific major events or properties	Not necessarily targeting specific events or properties.
Tactics	Using event-related imagery, themes, or terminology in advertising campaigns; hosting promotional activities near the event venue.	Street art, flash mobs, stunts, experiential marketing events that disrupt everyday routine.
Scale	Often large-scale campaigns aimed at a broad audience.	Typically small-scale, localised campaigns targeting specific audiences.
Cost	Can be expensive, especially when competing with multiple brands.	Designed to be low-cost and cost-effective.
Legal and Ethical Concerns	Potential infringement of intellectual property rights or violation of event rules and regulations.	Generally legal and ethical as long as local laws and public spaces are respected.
Target Audience	Broad audience interested in the targeted event.	Specific target audience based on the campaign's objectives.
Goal	Gain exposure and leverage the event's popularity without paying sponsorship fees.	Create buzz, generate word-of-mouth, and build brand awareness.

While both strategies involve unconventional and attention-grabbing tactics, ambush marketing specifically targets major events or properties, often raising legal and ethical concerns, while guerilla marketing focuses on cost-effective, disruptive campaigns without necessarily targeting specific events.

Recap

◊ Synchro Marketing

- Matching supply with demand through tactics like discounts, free gifts etc.

- Used by businesses like cafes, restaurants, cinemas during off-peak hours

- Aims to increase sales and profits during low seasons

◊ De-marketing

- Deliberately reducing demand for a product or service

- Used in cases of excess demand, limited supply or social responsibility concerns

- Tactics include raising prices, reducing advertising, modifying product appeal

◊ Remarketing

- Targeting potential customers who have shown interest but have not converted

- Displaying ads on other websites and platforms to remind them of the brand

- Aims to drive conversions and optimize advertising budgets

◊ Guerrilla Marketing

- Unconventional, low-cost tactics to generate buzz and awareness

- Tactics like street art, flash mobs, experiential marketing

- Advantages: low cost, creates buzz, memorable impact

◊ Ambush Marketing

- Associating a brand with a major event without being an official sponsor

- Tactics include using event-related imagery, hosting promotional activities nearby

- Advantages: attention-grabbing, creative freedom, cost-effectiveness

- Disadvantages: legal concerns, difficulty measuring ROI, backlash from organizers

1. What does synchro marketing aim to achieve in terms of balancing supply and demand?

2. In which kind of situations is de-marketing typically used?

3. Who does remarketing target in terms of previous customer behaviour?

4. What is a key benefit of guerrilla marketing tactics?

5. With what type of events or properties does ambush marketing associate a brand?

6. Ambushing by association is an example of which type of ambush marketing?

7. During what season or period does synchro marketing suit best?

8. which kind of response may de-marketing face from consumers initially?

9. What is the primary aim of remarketing campaigns?

10. What is a potential disadvantage or concern associated with guerrilla marketing?

11. Predatory ambushing falls under which category of ambush marketing?

12. In which way can ambush marketing be advantageous for brands compared to official sponsorships?

Answers

1. Match the supply of a product or service with the existing demand in the market.

2. Situations of excess demand, limited supply or social responsibility concerns.

3. Targets potential customers who have already shown interest in the brand but have not converted.

4. Low cost compared to traditional advertising.

5. A brand with major events or properties without being an official sponsor.

6. Indirect ambush marketing.

7. During the off-season when demand is deficient.

8. Resistance or negative perception from consumers.

9. Drive conversions.

10. Legal concerns or violations.

11. Direct ambush marketing.

12. More cost-effective compared to paying official sponsorship fees.

Self-Assessment Questions

1. What is the main objective of synchro marketing? Explain with an example.

2. How does de-marketing differ from traditional marketing in terms of its goals and tactics?

3. Explain the benefits of remarketing campaigns for businesses. Provide an example of how a company could use remarketing effectively.

4. Describe the key characteristics and examples of guerrilla marketing tactics.

5. Differentiate between direct and indirect ambush marketing, providing examples of each type.

6. You are a marketing consultant for a clothing retailer that experiences significant seasonal fluctuations in demand. Develop a synchro marketing strategy to address the challenges of managing supply and demand during off-peak seasons. Outline specific tactics and campaigns you would recommend.

7. As the marketing manager of a healthcare organisation, you have been tasked with promoting the importance of a balanced diet and exercise among the younger population. Develop a guerrilla marketing campaign that would effectively capture the attention of your target audience and encourage them to adopt healthier lifestyle habits.

8. Imagine you are a marketing executive for a sports apparel brand that is not an official sponsor of an upcoming major sporting event. Devise an ambush marketing strategy that would allow your brand to capitalize on the event's popularity without infringing on any legal or ethical boundaries. Explain your approach and the potential advantages and risks involved.

Assignments

1. Identify some of the types of remarketing ads followed by a company of your choice.

2. Find out the various de-marketing strategies followed by a company of your choice. Also try to find out the reason for following such strategies.

Suggested Reading

1. Kotler, P., & Keller, K. L. (2016). Marketing management (15th ed.). Pearson.

2. Lawther, K., & Hastings, G. (2003). De-marketing: Putting Kotler and Levy's ideas into practice. Journal of Marketing Management, 19(1-2), 123-146. https://doi.org/10.1080/0267257X.2003.9728201.

3. Stokes, R. (2018). eMarketing: The essential guide to marketing in a digital world (6th ed.). Quirk eMarketing.

4. Levinson, J. C., & Lautenslager, A. (2007). Guerrilla marketing in 30 days (2nd ed.). Entrepreneur Press.

5. Chadwick, S., & Burton, N. (2011). The evolving sophistication of ambush marketing: A typology of strategies. Thunderbird International Business Review, 53(6), 709-719. https://doi.org/10.1002/tie.20449.

6. Sandler, D. M., & Shani, D. (1989). Olympic sponsorship vs. "ambush" marketing: Who gets the gold? Journal of Advertising Research, 29(4), 9-14.

SREENARAYANAGURU OPEN UNIVERSITY

THIRD SEMESTER BACHELOR OF BUSINESS ADMINISTRATION

(HONOURS) EXAMINATION

MODEL QUESTION PAPER SETS

QP CODE: ....   Reg. No   : ....

Name   : ……...........

THIRD SEMESTER BBA (Honours) EXAMINATION

DISCIPLINE CORE - SGB24BB201MC- MARKETING MANAGEMENT

(FYUGP - BBA)

MODEL QUESTION PAPER- SET- A

2023-24 - Admission Onwards

Time: 3 Hours   Max Marks: 70

SECTION A

Answer any ten questions in a word or sentence. Each question carries one mark

(10×1 = 10 Marks)

1. What is the core concept of marketing?

2. Define the term "customer satisfaction."

3. Mention any two bases of market segmentation.

4. What is meant by relationship marketing?

5. Define the term "product differentiation."

6. What is meant by corporate social responsibility (CSR) in marketing?

7. What is a unique selling proposition (USP)?

8. Name any two types of sales promotion techniques.

9. What is meant by e-marketing?

10. Define consumer perception in marketing.

11. What is meant by direct marketing?

12. Explain the term "marketing mix."

13. What are two benefits of online advertising?

14. Define the concept of influencer marketing.

15. What is the importance of public relations in marketing?

Answer any five questions in two or three sentences each.

Each question carries two marks.

(5×2 =10 Marks)

16. Differentiate between product and service marketing.
17. Explain the role of branding in marketing.
18. What are the benefits of customer loyalty programs?
19. How does packaging influence consumer decisions?
20. Explain any two distribution strategies.
21. Discuss the importance of digital marketing in today's business environment.
22. What is the role of public relations in marketing?
23. Explain how customer feedback affects product development.
24. What is cause-related marketing?
25. Mention two benefits of database marketing.

SECTION C

Answer any four questions. Each question carries five marks.

(4×5 = 20 Marks)

26. Explain the different stages of consumer decision-making.
27. What are the key elements of integrated marketing communications (IMC)?
28. Describe the significance of pricing strategies in competitive markets.
29. Explain how social media has transformed marketing strategies.
30. What are the different approaches to market positioning?
31. Discuss the importance of sustainable marketing.
32. Explain the key functions of a marketing information system.
33. What is the impact of global marketing on domestic businesses?

SECTION D

Answer any two questions. Each question carries fifteen marks.

(2×15 =30 Marks)

34. Discuss the evolution of marketing concepts and their relevance today.
35. Explain in detail the different types of advertising and their impact.
36. Describe how customer relationship management (CRM) helps in business growth.
37. What are the emerging trends in digital marketing?
38. Explain the role of data analytics in marketing decision-making.
39. How does consumer psychology influence marketing strategies?

SREENARAYANAGURU OPEN UNIVERSITY

THIRD SEMESTER BBA (Honours) EXAMINATION

DISCIPLINE CORE - SGB24BB201MC- MARKETING MANAGEMENT

(FYUGP - BBA)

MODEL QUESTION PAPER- SET- B

2023-24 - Admission Onwards

Time: 3 Hours   **Max Marks: 70**

SECTION A

Answer any ten questions in a word or sentence. Each question carries one mark

(10×1 = 10 Marks)

1. Define the term "Marketing Management."

2. What is customer value?

3. List any two elements of the marketing mix.

4. What is meant by niche marketing?

5. Define green marketing.

6. What is personal selling?

7. What is the primary objective of market segmentation?

8. What do you mean by consumer behavior?

9. Mention two types of pricing strategies.

10. What is the role of packaging in marketing?

11. What is relationship marketing?

12. Define direct marketing.

13. What is brand equity?

14. What are the four major types of market structures?

15. What do you mean by sales forecasting?

SECTION B

Answer any five questions in two or three sentences each.

Each question carries two marks.

(5×2 =10 Marks)

16. Explain the importance of market research.
17. Differentiate between direct and indirect marketing.
18. What is brand positioning?
19. Explain any two types of advertising.
20. What are the key functions of distribution channels?
21. Describe the significance of customer relationship management in marketing.
22. What is the role of digital marketing in modern businesses?
23. Explain the importance of service marketing.
24. Discuss the factors affecting pricing decisions.
25. What are the advantages of using social media marketing?

SECTION C

Answer any four questions. Each question carries five marks.

(4×5 = 20 Marks)

26. Discuss the major factors influencing consumer behavior.
27. Explain the concept of service marketing with examples.
28. What are the benefits and challenges of digital marketing?
29. Describe the role of ethics in marketing and provide examples.
30. How can a company create a strong brand identity?
31. Explain the concept of sustainable marketing.
32. What is the impact of artificial intelligence in marketing?
33. How does market segmentation help businesses grow?

SECTION D

Answer any two questions. Each question carries fifteen marks.

(2×15 =30 Marks)

34. Discuss various market segmentation strategies with examples.
35. Explain the stages in the product life cycle and the strategies used in each stage.
36. What are the key elements of an effective marketing plan? Discuss in detail with examples.
37. Explain the various pricing strategies used in marketing.
38. How does marketing research contribute to business success?
39. Discuss the role of technology in transforming marketing strategies.

സർവ്വകലാശാലാഗീതം

വിദ്യയാൽ സ്വതന്ത്രരാകണം
വിശ്വപൗരരായി മാറണം
ഗ്രഹപ്രസാദമായ് വിളങ്ങണം
ഗുരുപ്രകാശമേ നയിക്കണേ

കൂരിരുട്ടിൽ നിന്നു ഞങ്ങളെ
സൂര്യവീഥിയിൽ തെളിക്കണം
സ്നേഹദീപ്തിയായ് വിളങ്ങണം
നീതിവൈജയന്തി പാറണം

ശാസ്ത്രവ്യാപ്തിയെന്നുമേകണം
ജാതിഭേദമാകെ മാറണം
ബോധരശ്മിയിൽ തിളങ്ങുവാൻ
ജ്ഞാനകേന്ദ്രമേ ജ്വലിക്കണേ

കുരീപ്പുഴ ശ്രീകുമാർ

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NO TO DRUGS

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