UNIT -I INTRODUCTION & FUNCTIONS OF MARKETING

IMPORTANCE OF MARKETING

Marketing is important to the business, consumer as well as the society. This is evident from the following points.

(a) Marketing helps business to keep pace with the changing tastes, fashions, preferences of the customers. It works out primarily because ascertaining consumer needs and wants is a regular phenomenon and improvement in existing products and introduction of new product keeps on taking place. Marketing thus, contributes to providing better products and services to the consumers and improve their standard of living.

(b) Marketing helps in making products available at all places and throughout the year. We are able to get Kashmir shawls and Assam Tea all over India and get seasonal fruits like apple and oranges round the year due to proper warehousing or proper packaging. Thus, marketing creates time and place utilities.

(c) Marketing plays an important role in the development of the economy. Various functions and sub-functions of marketing like advertising, personal selling, packaging, transportation, etc. generate employment for a large number of people, and accelerate growth of business.

(d) Marketing helps the business in increasing its sales volume, generating revenue and ensuring its success in the long run.

(e) Marketing also helps the business in meeting competition most effectively.

Objectives of marketing.

(a) Provide satisfaction to customers

All marketing activities are directed towards customer satisfaction. Marketing starts with ascertaining consumer needs and produce goods that satisfy those needs most effectively. Not only that the pricing and distribution functions of marketing are also planned accordingly.

(b) Increase in demand

Through advertising and other sales promotional efforts, marketing aims at creating additional demand for their products. Satisfied customers also help in creating new customers. For example, if you buy a 'gel pen' and feel satisfied, next time also you will buy the same pen and obviously when you tell others about it they will also feel like giving it a try.

(c) Provide better quality product to the customers

This is a basic objective of marketing. The business houses try to update and upgrade their knowledge and technology to continuously provide better products. If they do not do so, they will be phased out through competition.

(d) Create goodwill for the organisation

Another objective of marketing is to build a good public image and create goodwill for the organisation. This helps in maintaining loyalty to the product and accepting new products of the same company.

(e) Generate profitable sales volume

The ultimate objective of all marketing efforts is to generate profitable sales volumes for the business. Taking care of customer needs and wants by providing the required goods and services at prices they can afford, and at places

Functions of Marketing

Firms must spend money to create time, place and ownership utilities as discussed earlier. Several studies have been made to measure marketing costs in relation to overall product costs and service costs and most estimates have ranged between 40-60 percent. These costs are not associated with raw materials or any of the other production functions necessary for creating form utility. What then does the consumer receive in return for this proportion of marketing cost? This question is answered by understanding the functions performed by marketing.

In the following table, marketing is responsible for the performance of 8 universal functions: buying, selling, transporting, storing, standardizing and grading, financing, risk taking and securing marketing information. Some functions are performed by manufacturers, others by marketing intermediaries like wholesalers and retailers.

Buying and selling, the first two functions represent exchange functions. Transporting and storing are physical distribution functions. The final four marketing functions – standardizing and grading, financing, risk taking and securing market information – are often called facilitating functions because they assist the marketer in performing the exchange and physical distribution functions.

Table 1.1.3 Functions of Marketing

Marketing function	Description
A. Exchange functions	
1. Buying	Ensuring that product offerings are available in sufficient quantities to meet customer demands
2. Selling	Using advertising, personal selling and sales promotion to match goods and services to customer needs
B. Physical distribution functions	
3. Transporting	Moving products from their points of production to locations convenient for purchasers
4. Storing	Warehousing products until needed for sale
C. Facilitating functions	
5. Standardizing and grading	Ensuring that product offerings meet established quality and quantity control standards of size, weight and so on
6. Financing	Providing credit for channel members or consumers
7. Risk taking	Dealing with uncertainty about consumer purchases resulting from creation and marketing of goods and services that consumers may purchase in the future
8. Securing marketing information	Collecting information about consumers, competitors and channel members for use in marketing decision making

The terms 'marketing' and 'selling' are related but not synonymous. 'Marketing' as stated earlier, emphasises on earning profits through customer satisfaction. In marketing, the focus is on the consumer's needs and their satisfaction. 'Selling' on the other hand focuses on product and emphasises on selling what has been produced. In fact it is a small part of the wide process of marketing wherein emphasis is initially on promotion of goods and services and eventually on increase in sales volume.

Marketing has long term perspective of winning over consumer loyalty to the product by providing him maximum satisfaction. However, selling has short-term prospective of only increasing the sales volume.

In marketing, the consumer is the on king whose needs must be satisfied. In selling, the product is supreme and the entire focus is its sale. Marketing starts before production and continues even after the exchange of goods and services has taken place. It is so because provision of after sale service is an important component of marketing process. Selling starts after the production and ends as soon as the exchange of goods and services has taken place.

Facilitating Functions Of Marketing

There are other functions to facilitate functions of exchange and physical distribution of marketing. Standardization and grading, finance management and risk taking are the important facilitating functions of marketing:

1. Standardization And Grading

Standardization and grading of products are the other important functions of marketing. Generally, standardization and grading are made with the name of trademark of producer or company. For the goods such as fruits, vegetables, eggs, etc. uniformity in quality and size is not possible. So, standardization of each product should be determined on the basis of the quality, size, type, color etc. After the standard has been determined, they should be sorted out or classified on the basis of the standard. This is called grading. This makes buying and selling easy. In this way, standardization and grading make the buyers and sellers feel easy. Otherwise, the buyers need to inspect all the products intended to buy. This becomes very difficult.

2. Financing

Finance is as necessary in marketing as in production of goods or services. If necessary finance is not managed at cheaper interest rate, functions of marketing cannot be run smoothly. Finance is necessary in the marketing for different reasons. For example, arrangement of adequate finance should be made i\o meet different expenses before selling the products, to meet the changes in fashion and interest, to meet competition in market and changes in demand and meet the ensuing decline in price. Finance is also necessary for storing and transporting goods. Arrangement of adequate finance should be made to face any problem arisen from uncertainty of price, from credit sale, etc.

3. Risk-taking

Risk-taking is the other important facilitating functions of marketing. Business firms or entrepreneurs should take various risks in the course of marketing. Theft, cheating, strike, lock-up, war, over burden of loan, social help, illness, hurt, accident etc. may create personal inability inviting unexpected events in future. Accident may happen while transporting goods from one place to another. Quality of the goods may decline causing decline in price or prices may change. Such events adversely affect the business firms and entrepreneurs. Moreover, the risks related from political reasons etc. make marketing functions and entire business world uncertain.

Meaning of Packing And Packaging

Along with determination of standard, level and branding of products, packaging also has important role in marketing. Products should be well packed to carry them safely to the customers and consumers.

Packaging and packing are the activities related with product plan. Some are found to have used them in separate sense. Mainly packing is wrapping a commodity or binding it in a suitable way from transporting, storing and handling.

The task of keeping, packing, wrapping, or binding commodity in sack, cloth, paper, box, can, bottle etc. according to the nature of product is called packing. But the word packaging does not limit the meaning to only packing, wrapping or binding in any thing, rather it also works for sales promotion. Packaging is also concerned with the matter how to put or keep a commodity in a container, box or can in an attractive, safe and comfortable manner.

The function of packaging is to use attractive container and wrapping material pack a product decoratively as well as attractively and labeling on it. The main objectives of packaging are to keep commodities safe, promote their sales and make them convenient for consumers to use.

The activities such as taking decision on what kind of material, can, box or container becomes suitable for packing a commodity, designing, making ready, decorating etc. include in packaging. So, packaging is very important in marketing for safety of products, sales promotion, consumers' convenience, making flow of information to customers etc.

Physical Distribution Functions Of Marketing

The physical distribution functions of marketing include transportation and storage of goods. Until the goods have been sold out they should be kept safe and after selling they should be transported from one place to another.

For this, arrangement transport becomes necessary. Transportation and storage are included in the physical distribution functions of marketing.

1. Transportation

Transport is the means to carry goods from one place to another. It creates place utility of goods. Transportation in marketing becomes necessary because the goods are not used in the place of production. The goods produced at one place should be carried thousands of miles away for selling. Transport is very important means to expand market and seek seek opportunities of new markets.

In fact, trade and market have been developing at a faster pace with the development in the means of transportation, their speed and increase in security. Because of the transport facility, mass production of goods and wider distribution has become easy. Transportation has played a significant role to increase time utility of goods, to minimize price fluctuation and to provide better services to customers at lower cost.

2. Storage

In marketing process, it becomes necessary to make proper storage of goods and warehouse management. There remains long interval between the time of production of goods and their use. Some goods are produced only in certain season and are use for whole year. After the goods have been produced, they should kept safe in store until consumers make demand. Storage or warehouse management helps to keep the supply of goods stable as well as regular in market. This creates time utility of goods.

Marketing manager properly anticipate business uncertainty and risk and should make efforts to prevent them. Market research should be carried out; information and data should be collected and properly analyzed. Then policy and strategy should be formulated on the basis of the conclusion of the analysis so that risks can be prevented. Insurance can be made against the risk if theft, robbery, fire etc. But some other risks caused by change in demand, fashion etc cannot be avoided or handed over . For this, business firms themselves should take proper care. They should identify the nature, causes of risks and adopt preventive measures accordingly.

Definition of Branding:

“Brand is a name, term, sign, symbol or design, or a combination of these, that is intended to identify the goods and services of one business or group of businesses and to differentiate them from those of competitors”

Brand Equity:

“Brand equity” refers to the value of a brand. Brand equity is based on the extent to which the brand has high brand loyalty, name awareness, perceived quality and strong product associations. Brand equity also includes other “intangible” assets such as patents, trademarks and channel relationships.

Brand Image

“Brand image” refers to the set of beliefs that customers hold about a particular brand. These are important to develop well since a negative brand image can be very difficult to shake off.

Brand Extension:

“Brand extension” refers to the use of a successful brand name to launch a new or modified product in a new market. Virgin is perhaps the best example of how brand extension can be applied into quite diverse and distinct markets.

Trademark:

It is a symbol, character are combination that gives a legal protection when it is registered a trademark is followed by â like T for Tata’s products and M for MacDonald products.

Brands and Products:

Brands are rarely developed in isolation. They normally fall within a business’ product line or product group. Some products are known by their brands like Xerox, Dalda, etc. Managing brands is a key part of the product strategy of any business, particularly those operating in highly competitive consumer markets.

A product line is a group of brands that are closely related in terms of their functions and the benefits they provide. A good example would be the range of desktop and laptop computers manufactured by Hewlett-Packard and electronic appliances by LG.

A product mix relates to the total set of brands marketed by a business. A product mix could, therefore, contain several or many product lines. The width of the product mix can be measured by the number of product lines that a business offers.

Importance of Branding:

(i) It helps in product identification and gives 'distinctiveness' to a product.

(ii) Indirectly it denotes the quality or standard of a product.

(iii) It eliminates imitation of the product.

(iv) It ensures legal rights of the product.

(v) It helps in advertising and packaging activities.

(vi) It helps to create and sustain brand loyalty to a particular product.

(vii) It helps in price differentiation of products.

(viii) It helps the manufacturer for identifying the product.

(ix) It improves the effectiveness of product advertising and promotion. Product identity can be created easily which would help easy 'Repeat Sales'.

(x) It helps to increase and control the share of market. A brand has distinct image and character that may make it more acceptable than a virtually identical competitor.

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

Importance of labeling in marketing

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

Labeling is used for packaging the product. In marketing, a marketer can also use a sticker inedible products to impart knowledge of the ingredients of the food items. This helps to spread awareness among the customers about the item they are consuming and labeling also helps to mention ingredients.

Types of labeling in marketing

There are various types of labeling in marketing. Let us check out:

Branded Product Labels

Products need to be branded to help with identification and play a key role in company brand building programs. Branded Product Labels need to be securely bonded to the product surface in a way that is best suited to that product.

There are two types of branded labels:

- Removable and
- None Removable labels

With permanent labels, the bonding has to be permanent and the label must be difficult to remove and resistant to a number of factors.

Removable product labels, on the other hand, need to adhere to the product only until they need to be removed.

Eco or Information Labels

Information Labels or Eco-Labels are used on consumer products such as foodstuff and fast moving consumer goods. They are used to impart information to the consumer about the product. Often these types are made out of eco-friendly substances so that they do not interfere with the products they are associated with.

Other Product Label Types

There are a number of different label types that are in common usage around the world that are regular mass produced by specialist printing services.

What is product labeling?

Product Labeling is a key feature in marketing. It helps to market the product allowing customers to know about the item and give necessary messages including ingredients, instructions, and uses.

Product labeling can be done in a variety of sizes, materials, and shapes. It plays a key role as a point of sale display in the market shelves. They can also communicate information about how to handle a product or how to dispose of it. You can use the labeling for security reasons so that a product should not be misused. It is for these purposes the labeling having the logo or the trademark of the company. All these are different types of uses of the label for a product in the world of business.

What must you include in your label?

A label needs to comply with the Competition and Consumer Act 2010 (CCA). This Act is required to give information to consumers, such as:

- The mandatory consumer product information standards under the CCA
- Industry specific regulations, such as the Food Standards Code
- Labels required by customs for some imported products under the Commerce (Trade Descriptions) Act.

Importance of labeling and packaging

Another main purpose of the use of labeling and packaging is to exaggerate the product. A marketer needs to grab the attention of a viewer to purchase the product. Labeling and packaging should be able to beautify a product to add to its visual appeal.

This can instantly grab a viewer's attention towards a product. You can arouse interest in the mind of a customer towards a product through an attractively designed label. It is essential to use a good quality material for the sticker.

Importance:

- The role of packaging and labeling has become quite significant as it helps to grab the attention of the audience.
- Labelling and packaging can be used by marketers to encourage potential buyers to purchase the product.
- Packaging is also used for convenience and information transmission. Packages and labels communicate how to use, transport, recycle or dispose of the package or product.

1. Economic risks: Economic factors are responsible for creating the below mentioned risks Introduction and Functions of Marketing

(a) Time risk Today production is in anticipation of demand and hence every producer is undertaking a 'time risk when he undertakes production. The produced goods may not be in demand always. Fashions change and the product may go out of style, Similarly new technologies and substitute products may eat into the market share of your product. Changes in business cycles is another time risk which has to be shouldered by marketers as these changes cannot be predicted with any degree of accuracy. Storage of goods also carries a risk if the stored goods cannot be sold later on at a higher price.

(b) Place risk: It is said that production bears fruit only when it reaches the consumer. Since the place of production and the place of consumption are away from each other, the manufacturer and marketer have to face a 'place risk'. After transporting the goods to the place of sale the trader may realise that the demand is not exactly what he thought it would be. Thus this risk has to be borne.

(c) Competition risk: The business world today works on cut throat competition. In order to survive in this world, businessmen use various strategies. Sometimes the methods accepted by businessmen to counter the competition are not very fair. Price cutting is one of the methods generally adopted to establish a product in the market Providing special guarantees for durable products is another method. To compete successfully in today's world, the manufacturer and marketer needs financial strength as well as an aptitude for foresight.

2. Political risk: These risks are losses arising out of intervention by the government. Imposition of various taxes, restriction on imports etc, are examples of intervention by the government leading to losses for the businessmen.

3. Physical risk: Physical risks are those risks that lead to a physical deterioration or destruction of the product. Examples of such risks are loss in transit, theft, deterioration in the quality of the product, loss due to improper handling, etc:

4. Natural risk: These risks arise out of natural causes which are beyond the control of humaris. Such risks include rains, earthquakes, floods, lightening etc. Due to such calamities the goods are destroyed or their quality is affected. Sometimes these calamities affect the demand for the product thus leading to losses:

5. Human risk: A business organisation may face a risk due to dishonesty, incompetence, carelessness, sickness or death of employees. Due to careless and dishonest employees an organisation may suffer a loss. Sickness or death of good employees also causes a loss to the organisation,

As mentioned earlier, a businessman has to face a variety of risks. Most of these risks arise out of ignorance and can be avoided by understanding the problems properly. Insurance companies shoulder many risks for the business against the payment of a small amount known as PREMIUM However, all the risks cannot be insured. The methods Dealing with the Risk used to avoid or minimize the risks are as fallows:

(a) Avoiding risks: By taking various preventive measures a large number of risks can be avoided, For example, loss by fire can be avoided by installing smoke alarm keeping fire extinguisher devices handy, using fireproof bricks for the construction n godowns. Risks due to changes in prices, Fluctuations in demand, changes in fashions can be avoided by keeping production in tune with demand. Risks can also be minimized by undertaking activities like market research which guide the manufacturers about the trends in market.

(5) Absorption of risk: Risks are inherent in any business. Where there are profits there are bound to be losses too.

The losses can be adjusted with windfall profits. Thus it can be said to be absorbed by the business.

(C) Shifting the risk: Risks can be shifted to professional agencies. One of the major acceptor of risk is the insurance companies: Another way of shifting the risk is by entering into a 'hedging' transaction. commodity exchanges. This type of transaction helps in transferring the risk of changes in price of commodities traded in the commodity exchanges. It involves entering into two transactions of equal and opposite nature, whereby the loss in one is offset by a gain in the other. Risks can also be shifted by 'subcontracting'. That is a part of the activity given to someone else to perform, thus shifting the risks associated with that part of the activity to the sub-contractor, is a transaction undertaken in the Thus risks can be handled in the above different ways.

(g) Advertising The American Marketing Association has defined advertising as "Any paid form of non- persanal presentation and promotion of ideas, goods and services by an identified sponsor". From the above definition the following points are clear:

1. Advertising is paid for and hence is a commercial transaction.

2. Advertising is non-personal. Whatever be the form of advertisement (visual, spoken, written) they are directed at a mass audience, and not directed at the individual as is the case in personal selling.

3. Advertisements are identifiable with the sponsors or originators.

Media of Advertising. Advertising media is a means through which advertisers communicate their message to prospects to influence them to purchase the product or services advertised.

Advertising media may be defined as "The physical means whereby a manufacturer or supplier of goods utilities or services tells the consumer about his products or services.

" Brennan has defined advertising media as "The term media embraces each and every method that the advertiser has at his command to carry his message to the public. There are various media of advertising that can be used like 'Press Media' which includes advertisements in newspapers and magazines, Broadcasting media' which includes television and radio advertising, 'Non Broadcasting media' which includes video, cable and cinema advertisements. You also have media like outdoor media which includes poster advertisements, advertisements on hoardings, neon signs and sky writing Point of purchase media which includes advertisements at the place of final purchase of the product.

This media takes the form of banners, stickers, hangings, packaging and painted displays,

(h) Market Research

While undertaking the various marketing activities, various decisions are to be undertaken, These decisions are taken on the basis of information collected through research. This process of collecting information for the purpose of taking marketing decisions is known as 'marketing research' There are many ways and methods in which information can be collected. These ways and methods are known as the techniques of Marketing Research. The techniques generally used are as follows:

1. Factual Survey: Factual surveys are of three types, (a) House to House Enquiry or Personal Interviews. (b) Investigation through the post or mail survey. (c) Telephone Survey.

2. Observation Method.

3 Experimentation method.

4. The Panel Research.

1. Factual Survey (a) House to House Enquiry or Personal Interview: In this kind of an enquiry, a printed questionnaire is made asking for various details. An interviewer is appointed who will meet the interviewee either at his residence or in his office. Usually an experienced person is appointed to conduct such an interview as he will be able to draw out all the required information. Such a person has to play an active part and many a times getting the right information depends upon the ability of the interviewer.

Merits: This method is superior to the telephone and mail method as data is received together with other observations like facial expressions, body language etc. Further clarifications can also be derived by asking supplementary questions, The interviewer can Principles of Marketing control the direction of the conversation and can guide the interviewee to get the required information.

Demerits: It is an expensive method as first and foremost you require an experienced person and hence the payment made to such a person will also be more. Secondly, this method involves a lot of time. Further the accuracy of the information depends upon the skills of the interviewer. The interviewer may not be very objective all the time and this may result in incorrect or inaccurate information.

Investigation through the mail: As the name suggests, this technique refers to getting information from the respondents through the post. In this method there is no face-to-face contact with the respondent A questionnaire is drafted in such a way that the answers to the questions can be given in a quick yes or no. This questionnaire is then posted to the respondent. A cover letter must be sent with this questionnaire, and this letter has to be so drafted that it motivates and induces the respondent to fill the questionnaire and send it back. Usually gifts and competitions are announced in order to motivate people to send back the questionnaire.

Merits: This method is economically less expensive, and a large number of people Covering a large geographical area can be covered at little cost. The information is collected through standard questionnaires, and as there is no face-to-face contact, complete objectivity can be maintained. Further, as the information is collected from a large number of people accurate data can be collected.

Demerits: The main drawback of this method is that there is no way of ensuring that the respondents will surely fill the form and send it back. Many a times incomplete forms are sent back. It may also happen that no response is given at all. As there is no face-to-face contact there is no scope for the respondent to get any clarifications in case of misunderstanding or non-understanding.

(c) Telephone Interview: In this method, the interviewer contacts the respondents on the telephone. The questionnaire for this method will have to be drafted carefully as it cannot be lengthy and nor can it ask for any confidential information. The main hurdle of this method is building a rapport with the respondent so that he answers the questions completely and satisfactorily.

Merits: This is an economic and speedy method of collecting data. Normally people are more frank on the telephone than they are in person. They can talk freely without being influenced by anyone else. This method is specially suited for the upper classes of the society, as such people are very difficult to contact in person. They respond better to enquiries on the phone rather than to a strange person on their doorstep.

Demerits: This method can be employed only with those people who possess a telephone connection. Further nothing exceptionally complementary can be said about the Indian telecommunication network. Faulty telephone lines, dead phones and wrong numbers are very common. This may cause a breakdown in this method. Also, no information can be collected through personal observation.

2. Observation Method Observation implies viewing or noting the act or occurrence. Under this method the observer silently views the behavior of the respondent in an act. The respondent may or may not be aware that he/she is being observed. Thus instead of asking questions, information is got by making observations. For example, if the researcher wants to know the popularity of a particular brand of shampoo he can get this information by observing the behavior of various customers at the sales counter. Observations undertaken by human beings are more comprehensive though less accurate; less convenient and uneconomical. Recently, many technical methods of observation have been introduced. Various devices for observation are available on a large scale. They include hidden cameras, audiometers, eye cameras etc. Use of machines for observation gives more accurate information. Observation can be done by humans as well as by machines.

3. Experimentation Method Experimental method of research is the procedure of carrying out a small scale trial solution to a problem. The aim is to determine whether the tentative conclusions reached can be proved in actual conditions. The actual conditions are always changing and cannot be controlled by the researcher, However, a number of experiments can be conducted to find out the effect of the various variables. **Prof. Tull D.S. and Hawkins D.I.** have defined this method as "The deliberate manipulation of one ar more variables by the experimenter in such a way that its effect upon one or more variables can be measured," For example, a firm may try to determine whether the change in the design of the package of a particular product has an expected effect on sales. Thus three designs may be made and the different packages of the same product may be sold in three different markets in order to study which particular design is most acceptable.

4. The Panel Research

In this technique of market research the same group of respondents are interviewed on more than one occasion to find out whether there has been any change in their demand, tastes, preferences, likes, dislikes etc. Thus, above are the various functions of marketing and each and every one of them is important and has to be performed in co-ordination with other functions, if the organization as a whole has to be successful.

The Traditional and Modern Concept of marketing Approaches

Marketing philosophy has undergone a gradual but thorough change since the industrial revolution. This change in the philosophy of marketing can be compartmentalizer into four stages or four different concepts of marketing. The first two are the traditional Approaches to the Study of Marketing concepts and the last two are the new concepts of marketing

1. Production Oriented Marketing,

2. Sales Oriented Marketing,

3. Consumer Oriented Marketing,

3. * Socially Oriented Marketing i.e socially responsible marketing approach.

1. Production Oriented Concept 1930, the manufacturers were of a view that if a company manufactured a go product it would sell with little or no promotion effort. This concept of marketing Le product is really good and the price is reasonable, no special efforts are required market the product is known as The Production Oriented Concept of Marketing I based on the following assumptions.

(a) A firm should manufacture only certain basic products.

(b) The most crucial task of management is to keep the cost of production relatively low () Anything that can be produced sells. This concept of marketing can successfully exist only in a sellers market, i.e., a market in which supply is limited and demand exceeds supply. Hence after 1930, when the market changed from a sellers' market to a buyers' market this concept was overthrown to be replaced by a new philosophy known as the "Sales Oriented Concept of Marketing."

2. Sales Oriented Concept After 1930, certain social and economic changes took place which resulted in a shift from agriculture to industry. Transport and communication systems developed and mass production became the order of the day This resulted in an increase in competition. As more and more competitors entered the area of manufacture, the market slowly turned into a buyer's market, i.e, the supply exceeded demand. It was no longer possible to sell everything that was manufactured. The problems of the manufacturer now focused on how to increase sales. This was mainly because for the same number of customers, now there were many sellers. The purchaser had a choice of products and hence the 5eller now had to not only manufacture a good product but also convince the purchaser that his product was better than the competitor's product. For this he had to have an effective sales organization, choose the right channel of distribution, concentrate on advertising. Sales promotion and other demand Increasing activities.

This phase continued till 1950. In fact. it still holds good to a certain extent even today: it is prevalent in the selling of consumer non-durables and consumer durables, especially products which have a status symbol.

3. Consumer Oriented Concept This concept came into existence around the 1950's, when the manufacturers realized that no amount of aggressive selling would force people to buy a product they did not need. This era forced the manufacturers to rethink and realise that the basis of all their marketing efforts should revolve around the need of the customer. It was around this period of time that marketing research became an important function of marketing. This concept concentrates on the consumer rather than the product. It is based on the following assumptions:

(a) The firm should produce only that product which is desired by the customer.

(b) Management should integrate all its activities in order to develop programmes to satisfy consumer wants.

(c) Management should be guided by long term profits rather than quick sales. This philosophy of marketing brought about two major changes: Firstly, it placed the consumer at the crux of all marketing activities, and secondly, it replaced the age old 'caveat emptor, attitude with 'caveat venditor'. This philosophy will continue so long as the customer continues to be the king of the market,

4. Socially-Oriented Marketing Concept The philosophy of marketing was further refined during the 60's and 70's and a new concept of Social Marketing was coined and accepted by manufacturers all over the world. This concept focuses not only on customer satisfaction but also on customer welfare and social welfare as well. By customer and social welfare is meant a pollution free environment and good quality of human life. Thus, an automobile manufacturer must manufacture not only a good vehicle but one which will reduce pollution or a tobacco manufacturer must manufacture not only good quality tobacco but one which will do the least harm to the environment and health of the consumers. In fact, this concept of marketing goes a step further and says that it is the duty of the manufacturer to awaken those needs in the people, the satisfaction of which will lead to social good. Here the marketers concentrate on satisfying the needs of the society as a whole rather than on individual need satisfaction.

Social marketing is often concerned with a major change in 'attitudes' which is an uphill task. In India social marketing is undertaken by a variety of organisations and groups such as units of the UNO like WHO, UNICEF, international organisations like the Red Cross, and the Rotary Club, socially conscious companies, charitable societies and associations of individuals.

Importance of Marketing Advantages / Benefits / Significance / Relevance of Marketing in a Developing Economy

The evolution of marketing has brought about various other benefits along with it. These benefits can be categorized as follows

1.. Benefit accruing to the manufacturer/individual firm.

2. Benefit accruing to the society.

1. Benefit accruing to the Manufacturer / Individual Firm

• **Helpful in earning and increasing profits:** The basic reason for which any business organization comes into existence is to make a profit. Marketing helps in increasing the profits of an organisation by reducing the selling costs on one hand and by increasing the demand for the product through advertising and sales promotion activities.

- **Marketing is helpful in business planning and decision making:** The major problems of every manufacturer are what when, where, how, how much, and at what cost, the goods and services are to be made available to the consumers. The modern system of business has evolved in such a way that a manufacturer cannot answer all these questions by himself. If he wants the right answers he has to depend upon the marketing mechanism to feel the pulse of the market. It is marketing which is the stethoscope to measure these pulse beats. It is, marketing research that solves the consumers' and hence producers' problems in day-to-day operations. Thus, if a business organisatian has to take the right decisions it has to depend upon the modern marketing system.
- **Marketing is a source of new ideas:** A business operates in a very dynamic and ever changing environment. Marketing is just a sub-system in this great environment. Every change in the environment affects marketing and thus a business unit has to keep changing its production, price, competition policies, depending upon the changes in the marketing environment. Thus, it can be said that it is this dynamic marketing environment which is the cause of changes and a source of new ideas to the businesses.
- **Marketing places the goods in the hands of the ultimate consumer:** All business activity would come to a stop if the goods did not reach the consumers. It is marketing that bridges the gap between the producers and consumer and places the products in the hands of the final consumer.

2. Benefits accruing to the Society

Marketing is instrumental in improving the standard of living of the society: Satisfaction of human wants being the main goal of marketing. It is: for the satisfaction of human wants that products and services are created, This is why marketing Guru Paul Mazur said, "Marketing is the delivery of a standard of living to the society." Marketing creates and increases demand of the new and existing products and thus raises the standard of living of the people. It is through marketing that, yesterday's luxuries are converted into today's necessities.

It provides employment: Marketing is a mammoth and complex mechanism involving a number of functions and sub-functions. Each function has countless job openings either direct or derived, In India, nearly 40% of the population is engaged in activities that have a direct or indirect impact on the activity of marketing. Thus, we can safely say that marketing creates employment opportunities for a large portion of the population of any country through its different marketing processes such as market research, wholesale and retail trade, transport, communication, storing, warehousing, publicity, promotion etc

Marketing stabilises the economic conditions: A stable economy is an efficient economy in which the economic activities are consistent and continuous. A stable economy implies the existence of near full employment, flexible prices and perfect balance between production and consumption or demand and supply of goods and services. Though economic stability is desirable it is not always achievable. Today production is one thing and distribution is another. There has to be a balance between the two. More production with less demand or less production with more demand, both situations are harmful for society, What is required is a balance between the two and this balance can be brought about by efficient marketing, as marketing is a vital link between production and distribution. It links production to distribution and solves the problems of imbalance between the two, thus bringing about a stable economy.

Marketing increases "National Income": An efficient marketing system will not only maintain but increase the demand for goods and services. When demand increases, production activity is stimulated, which in turn increases the national income of a country.

Limitations, Disadvantages and Cost of Marketing

Along with benefits, several criticisms have been levelled against marketing. In general, they are related to unethical practices and inefficiencies. Some of them are as fallows:

1. Marketing increases the cost of goods and services: It is said that nearly 50 paise of every rupee spent by a consumer on the purchase of a product is spent for making the product available to the customer at the right time, place and in the required quantities by the marketing system. Thus, marketing definitely adds to the cost of the product

2. Marketing misallocates scarce economic resources: In a developing country like India, this assumes special significance. The manufacture of many luxury cars, T.V. sets, air conditioners and other luxury items and few schools, public hospitals, and roads are definitely a serious misallocation of national resources.

3.Marketing creates needs: The foundation of marketing is the identification of the needs of customers, and then creating products to satisfy these needs. Thus marketing may at times create dissatisfaction amongst people by making they aware of new needs, the fulfilment of which is not available to them for the want of funds.

4.Marketing makes human life very commercial: The core of all businesses e marketing. In today's competitive world, there is cut throat competition and even business unit has to face a number of challenges. Every business concern tries to convert the maximum number of prospects into customers. A new way of doing this 15 relationship marketing. In this concept, a person becomes the distributor of the company by purchasing a product of the company. Thereafter, for every product that he sells he gets a commission. Not only this but he also gets a commission on every sale made by all the people who have become distributors of the company through him. Thus, a person by virtue of buying the product enters into a very viable business transaction through which he can make a lot of money. Thus, marketing makes human life commercial.

5. Marketing involves too much competitive promotion: In today's world of competition, each company has to spend a lat on competitive advertising. This competitive advertising expenditure has to be included by the companies just to maintain the competitive balance. No company gains anything concrete. It just results in increase in the cost of the product.

6. Marketing ignores ethical and moral considerations: Marketing creates materialistic and artificial values only to satisfy physical needs. Advertising and promotion which are a vital part of marketing are often offensive, misleading, and untruthful. Today's advertisements erodes the cultural value of the youth. Much of the advertising is unethical.

7. Marketing adversely influences our environment: Disposable packages have created a major problem in big cities. Paper napkins, plastic cups and glasses, disposable diapers, beverage cans have all polluted our cities and they add to the non-biodegradable garbage endangering our environment. Refineries, power plants, fertilizer factories, chemical factories and paper industries are all not only polluting our environment but also eroding the natural wealth of our Mother Earth. Thus, even though marketing is the basic necessity of human life, it is a rose with thorns, and it is up to man how he handles it. It is mans greed that adds the thorns to the beautiful rose of marketing.

Marketing Manager: Qualities, Duties, Responsibilities, Powers and Functions/Changing Profile and Challenges faced by a Marketing Manager

(A) Qualities of a Marketing Manager A Marketing Manager is a leader of a group of people who performs the various activities of marketing. He thus should have the below mentioned various qualities.

1. Physical Qualities: A Marketing manager should be a physically healthy person capable of putting in lang hours at work He should have an impressive personality that attracts people to follow him. A commanding voice would be an added asset

2. Mental Qualities: The Marketing Manager should be intelligent enough to understand and grasp the entire marketing scenario. He should be able to juggle the various elements of the marketing mix and come up with a winning combination. He should have complete knowledge about all the different aspects of marketing. All this requires brain pawer,

3. Political Qualities: A marketing manager has to operate in an atmosphere of intense competition. He has to come up with winning marketing strategies and implement them in such a way so as to always be above the competition. In order to do this successfully a political bent of the mind together with intelligence would do wonders.

4. Social Qualities: The Marketing manager has to lead a group of people in the right direction. Thus he should have these social qualities that make him likeable and respectable to his subordinates. They should want to emulate him and look upon him as a role model, Thus he should have the ability ta meet and convince various types of people about his paint of views. He should be able to motivate people to give their best for the organisation.

5. Moral Qualities: It would not hurt the marketing manager to possess certain moral values and principles. A person with high moral values and principles is always respected and this would definitely add to his personality Thus the above mentioned are the desired qualities in a Marketing Manager and the possession of the same would go a long way in making him successful.

[B] Powers of a Marketing Manager

The power wielded by a marketing manager will depend on whether this marketing manager is operating in a buyer's market or a seller's market If it is a sellers market the marketing functions to be performed are actually distribution functions and hence the importance of the role of the marketing manager is likely to be negligible. Thus his power will also be limited. But if it is a buyers market as it is today then his functions and consequently his powers will be quite different

Today businessmen have to operate in a very competitive business environment. In this kind of a competitive market situation a lot of emphasis is placed on the marketing operations. As such the role of the marketing manager and consequently his powers are very much magnified, In such a situation the marketing manager will be given wide powers. authority as well as status in the organization structure. He will be given the required necessary power and authority to take decisions without consulting the board in order to avoid delays in taking important decisions: When a company places such a lot of emphasis on its marketing manager they usually designate him as "Marketing Director" In this case. he can discus5 with the other members of the board on an equal footing

[C] Duties and Responsibilities and Role of a Marketing Manager

Whatever be the position of the marketing manager in the hierarchy of the organisation he is basically the leader of a group of people which performs the various functions of marketing. As such he is responsible for carrying out all of the marketing activities within the firm and of coordinating these with other company functions Therefore his major duties and responsibilities are as under.

1. To be on the lookout for marketing opportunities
2. To determine marketing plans, policies and procedures in consultation with the managing director.
3. Evolving a marketing mix for each market segment.
4. Supervision and control over sales manager, advertising manager, product manager, distribution manager. and any other managers who are directly responsible for implementing and expanding the marketing programme of the company
5. Developing arid expanding existing markets.
6. Negotiating transactions with major suppliers and intermediaries
7. Development of new products, new markets, new channels, new innovations etc. in the field of marketing.
8. Making modifications in the marketing plans, policies and procedures.
9. Controlling marketing costs,
10. Selection, management and control of the channels of distribution.

[D] Functions of a Marketing Manager

The following are considered to be the basic functions of a marketing manager. 1. Integrated Marketing: The marketing manager has to take decisions on the various elements of the marketing mix in an integrated way. A customer does not purchase a product just because of its price or utility or appearance. While purchasing, a customer is influenced by all aspects such as the promotional and advertising strategy of the company, its channels of distribution, the actual product, after sale services etc Thus the marketing manager has to integrate all the elements of the M marketing mix in such a way that the consumer finds the final deal very attractive.

While doing this the marketing manager must never lose sight of the company's interests. He should try to reduce the cost of marketing the products and at the same time win the goodwill of the customers. He has to co-ordinate the activities of the various departments cif marketing as well as co-ordinate between the marketing department and all other departments like production department, finance department etc.

2. Determining Objectives: It is the function of the marketing manager to determine the marketing objective of the company. The marketing objective must be fixed keeping in mind the overall objective of the firm. Not only does he have to fix the marketing objective, but he has to crystallize the product objective pricing objectives, promotion objectives and physical distribution objectives. He has to integrate and direct all these objectives towards the over all marketing objective.

3. Product Policy: The marketing manager must be very clear as to the type of customer who will use his product He should be clear on whether his company wants to produce a single product or a line of products. Thus his product policy objective must be consumer oriented and must align with the overall marketing objective.

4. Pricing Policy: It is the duty of the marketing manager to fix the pricing policy in keeping with the marketing and overall company policy. The pricing policy and product policy are interrelated. The marketing executive should fix the price in such a way that it results in maximum profit for the company from the volume of sales secured at that particular price.

5. Distribution Strategy: The Marketing Manager has to decide upon the distribution strategy that he wants to adopt. Whether he wants a limited distribution or a widespread distribution, will have to be decided and then he will have to organise for the channels of distribution and will have to select the channel accordingly.

6. Advertising and Sales Promotion: The Marketing Executive has to decide upon the advertising and sales promotion policy. He will have to decide whether the advertising will be done by a separate department in his organisation or it would be better to entrust the work of advertising to the outside professionals, or to use a combination of both these methods

7. Proper Planning: Planning is the step to decide in advance what is to be done. All companies carry out planning. The marketing manager has to plan as to how the objectives that have been determined will be implemented. For proper planning the marketing manager has to carry out the following functions.

Marketing research, Planning the sales policies, Planning the long-term marketing programme, Planning for product diversification.

8. Selling: The marketing manager has to perform the following functions in regard selling

To direct the sales manager to regulate sales, To select and train personnel for the sales department, To motivate the sales personnel, To organise sales territories and fix sales quotas, To organise and develop the channels of distribution.

9. Service: After sales service is regarded as an integral part of modern marketing management .In fact in today's competitive business world IT a company has survive, it has to be consumer oriented and has to take care to see maximum satisfaction is given to the customers. Thus a Marketing Manager must see to it thar proper alter sales services are given to the customers. Any complaints and problem of the customers are to be dealt with at once.

[E] Challenges Faced by a Marketing Manager According to a survey conducted, creating growth (through the acquisition of new customers) and sustaining growth (through superior loyalty) are some of the challenges marketing managers' face in today's competitive world of marketing. 42% respondents suggested that acquiring new customers and 36% suggested driving loyalty and satisfaction were also some big challenges facing most marketing managers.

1. Generating Awareness and Driving Traffic: Marketing managers have to actually get the attention of their audience and get people interested in their business product, or service, Many marketers face the challenge of not having a large enough volume of interested prospects, while some others just don't know which channels they should focus their efforts on for the highest return.

2. Targeting Effectively: Targeting is a key component of all aspects of marketing. To be more effective at targeting, one of the first things any marketer needs to do is identify their buyer personas to determine who it is they should be marketing to.

3. Using Social Media to Generate Customers and Revenue: The information technology boom and the growth of the social media, telecommunications, have had a major impact on the way marketing managers bring value to their customers Most companies know there is real business value in social media marketing, but they don't know how to convert social engagement into rupees. It isn't enough to simply have a presence on social media, there is a science to targeting, engaging, and nurturing with social networks that will allow the marketing managers to build up a social following that they can use as a quality source of leads.

4. Keeping up with Marketing Trends and Strategies: Marketing has gone through many transformations, especially in the last decade. Marketing focus has shifted from print media to online media, and we have witnessed the decline of direct mail and cold calling.

UNIT – II – CLASSIFICATION AND TYPES OF MARKETS

Traditional Classification of Marketing This topic is covered in Chapter one under the heading, The Traditional and Modem

Service Marketing: 7P's of Services Marketing, Importance and Concept of Services Marketing.

(A) Introduction to Services Marketing

Marketing developed initially in connection with selling physical products such toothpaste, soap, sugar, salt, bicycles, cars and so on. However, one of the major trends recent years has been the phenomenal growth of services. In fact, India in recent years has seen an explosion of service industries like banks, hotels, insurance, tele-communication and many more fields.

The rising affluence of people and more leisure time available has resulted in an increase in the demand for various services right from health to entertainment services. In fact the service sector today is the fastest growing one and service jobs are provided not just in service industries like banks, insurance, airlines and hotels but also within product base many more fields. industries like trainers, consultants, lawyers, advertisers and medical staff. Service industry has gained importance, not only because of rise of affluence general public but also, due to the importance of professionalism.

Although, there is a variety of products to chose from, but what differentiates one supplier of goods f another is the kind of service he provides at the time of delivery and after sales, For example, at the time of purchase of an Active from the B.U Bhandari motors, s keys were handed over to the customer by the salesman of the showroom. No response person from the showroom thought it necessary to be with the customer to explain him the functions, servicing details etc. However, when an Alto car was purchased from a Man dealer, the sales person came for delivery and explained all functions and all details as if he was doing it for the very first customer with all his heart and soul in it! The difference in the 2 situations was not only the product, but the personal touch given by the Maruti sale person.

(B) Meaning, Definition and Nature of Services

The American Marketing Association has defined services as, "(1) activities, benefits or satisfactions which ore offered for sale, or (2) are provided in connection with the sale at goods"

Phillip Kotler has defined services as, "A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. its production may Or may not be tied to a physical product."

Any offer made to a market place can range from bring an offer of a pure good pure service with various combinations of goods plus services in between. Usually, an offer of a pure good also, has a service component. In fact every offer made to the market place has a service component. This service component can be a major or a minor component of the offer.

Phillip Kotler has distinguished the offers made to the market place into the following four categories:

1. A Pure Tangible Good: An offset of a pure tangible good such as toothpaste, soap salt, sugar etc. The only service accompanying the sale of this product is the courtesy of the sales staff.

2. A Tangible good with Accompanying Services: Here the offer consists of a tangible good accompanied by one or more services to enhance its consumer appeal. For e.g. an automobile manufacturer sells an automobile with a warranty. service and maintenance instructions, and so on, In fact, the more technologically sophisticated the generic product, the more the sales are dependent on the quality and availability of its accompanying customer services like repairs, maintenance, installation advice, training etc Maruti is probably as service intensive as manufacturing. Without its various service centers its sales would probably not be what they are.

3. A Major Service with Accompanying Minor Goods and Services: Here the offer consists of a major service along with some additional services and/or supporting goods. For example, airline passengers are buying transportation service. They arrive at their destination without anything tangible to show for their expenditure. However, the trip includes some tangibles such as food and drinks, a ticket stub and an airline magazine. (The service requires a capital-intensive good called an airplane for its realization, but the primary item is a service.)

4. A Pure Service: Here the offer consists primarily of a service. Examples include physiotherapy and massage The physio analysts give a pure service with the only tangible elements as an office and a couch, Similarly the masseuse gives a pure service with the only tangible elements being a room, couch and oil.

Thus a market offer today be it a good or a service has an element of the other. However, when we study services marketing, the reference in which it is meant is no. 3 and 4 above, ie, a major service with accompanying minor goods and services or a pure service.

(C) Features or Characteristics of Services have four major characteristics. These are mentioned below:

1. Intangibility: Services are intangible That is they cannot be seen, tasted, felt or smelt before they are bought, Thus a person on his first flight will have to buy the ticket and sit in the plane, and only then will he experience the "Feel" of flying.

Similarly, a person going to a Psychiatrist's office cannot predict the outcome, unless he takes an appointment and attends a few sittings. This is very unlikely in products, Which you can touch; feel, smell and even taste both before and after you buy, A service by nature is an abstract phenomenon. It is not a physical object, t be mental connotation. of the service: There has to be a provider of service as well as a user o Services are typically produced and consumed at the same time. .

2. Inseparability: Another characteristic of service is the inseparability of the client and products, they cannot be manufactured, stored and then sold as and when there is a demand, Thus, dentists, doctors, dancers and musicians create and offer services at the same time. A person who is the provider of service can sell his service only to a limited number of people in a day However, an organization that is a provider of service can appoint agents to sell the service. Example: insurance agents, travel agents etc)

3. Variability: Another characteristic of services is that they are highly variable, The quality of the service provided will differ, depending upon who provides them and when and where are they provided. Even the same provider will give a different Service from time to time, depending upon the situation. For example, an entertainment program of Lata Mangeshkar would be different from the one given by Sonu Nigam or Asha Bhosale. Similarly, an open-heart surgery done by a heart service specialist will differ from patient to patient depending upon the energy level and mental makeup of the surgeon at the time of each surgery and seriousness of the surgery.

4. Perishability: Services cannot be stored, nor can they be carried forward. If a service is not used today, it is lost forever. They are highly perishable. Unutilized services lead to economic losses. A ship, plane or warehouse loaded to half its capacity, a hotel with rooms vacant, a theatre with empty seats during the airing of a movie, are all examples of services which have been lost forever. Thus services not utilised when they are on the e produced, perish.

However, It must be kept in mind, that many services like financial services, insurance, transportation and communication services are sold to both the markets. As such, they have been included only in the consumer services and have not been repeated in the industrial services

1. Consumer Services: In the modern day world, dominated by effluence and a highly consumerist approach, where material things and comfort are one of the priorities of people, the following are some of the services offered to the consumer market

(a) Food Services: Restaurants, hotels, cafeterias, dhabas, coffee shops, sandwich bars etc offer food services to a consumer base that is growing everyday. All these provide food services. The service experience differs in each of these, depending upon the ambience of each, Today, we also have fast food chains like Pizza Hut, Dominos, Mc Donald's and KFC in India to cater to the growing demand of a different variety of food experience of Indians, We now have restaurants specializing in multi-cuisine to cater to the upper market adventurous consumer.

(b) Hotels and Motels: With growing affluence comes the desire for entertainment and travel. Today, we see a large number of hotels right from the glamorous seven star hotels in the metropolitan cities to the smaller motels in the suburbs. The hotel industry offers not just a stay, but a number of facilities like conference hall, health club, beauty salon, sports club etc. depending upon the level of the hotel.

c) Personal Care Services: These include the services offered by beauty parlours, naturopathy centers, massage parlours, health and fitness centers etc. Due to the increased standard more health, beauty and physique conscious and this has led to an explosion of centres offering Personal Care Services' all over the country.

(d) Medical and Surgical Services: As with all other professions, the medical profession too has seen a massive development in recent times. Many state of art medical centres that provide all kinds of services, right from consultation to diagnosis, operation to post operative care and rehabilitation have mushroomed. Specialization is on the rise and we have specialists today on every small anatomical aspect of the human body. living and a growing self-awareness, people have become

(e) Educational Services: Gone are the days when a 'Student' was merely someone who came to acquire knowledge, Today he is a customer to be satisfied by the education and educational facilities offered by the educational institution. With the growing number of foreign and private educational institutions, getting admission to an Institution of your choice is merely a matter of paying the right amount of money.

(f) Household Services: With the increasing standard of living and affluence of people, we have an increasing number of household service providers. Organizations today provide maids, baby sitters, gardeners etc. for households.

(g) Automobile Services (Garages): Today we have a number of two-wheeler and four wheeler vehicle service centres, These centres today not only provide the service of repair and maintenance of the vehicle but also provide the service of pick and drop of the vehicle from the residence of the owner. They also remind the owner about Principles of Marketing

(h) Entertainment Services: Rise in the purchasing power and more leisure time are responsible for the growing entertainment needs of the society. Today we have many amusement parks, water parks, theatres and multiplexes. Theme parties fashion shows, dances and Gazal nights are also on a rise. Virtually every five star when the next servicing is due. hotel today has a disco, Sports entertainment and gaming parks too are on the The number of entertainment options available is increasing day-by-day and s the number of services being offered by them. (1) Transport Service 2. Communication Services (3) Insurance Services (4) Financial Services

(m) Personal Security Services: Today in India even though affluence and standard of Having is increasing there is still a very strong divide between the haves and the have-nots. This has resulted in an increasing demand for personal security of the lives and possessions of the haves and as such has led to the establishment and growth or personal security services providers. This not only includes the providers of security guards and watchmen but also the providers of home security alarm systems.

2. Industrial Services: In the industrial market a number of services are offered that facilitate the production, finance, distribution and marketing of goods, Some of these are as under:

(a) Engineering Services: Engineering firms undertake a variety of essential industrial services. These are specialized concerns that help businesses in the formulation and planining of new projects, designing and construction of plant and buildings. installation of special equipment's and its maintenance.

(b) Warehousing services: Warehousing services are essential to hold stocks from the time that they are manufactured to the time that they are consumed. Manufacturers and marketers should have their own warehousing facilities. However, there are various government and private warehouses that hire out their services to manufacturers and marketers requiring the same.

(c) Advertising and Promotion Services: Advertising is a highly creative and capital intense line. Most manufacturers and marketers depend upon advertising agencies to promote their products. Advertising agencies are specialist institutions that plan, design and place advertisements in various media at the least cost with a professional touch. In other words they help marketers in the preparation of the promotion mix and the campaign for advertising and sales promotion. They also perform various other related services and act as market research agents for their principals.

(d) Office Services: Every business today requires an office and office related services. There are many firms today that supply office related services like cyclostyling and duplicating services, supply of temporary office staff, cleaning services and security services

(e) Management Consultancy Services: Management consultancy services offer numerous services to business organizations. Such firms offer advice to organizations right from the stage of conception to inception of the firm. Such organizations further advice the top. Management on the handling of problem areas in all functional areas like production, marketing, finance, personnel, office administration etc. Management consultancy services are a boon to the small and medium firms as, due to the existence of these firms, specialized and professional advice is available to these firms, at a reasonable cost.

Rural Marketing: Meaning, Features and Importance of Rural and Marketing, Difficulties in Rural Marketing Suggestions for Improvement of Rural Marketing

Rural Marketing Meaning In order to understand the term "Rural Marketing" we have to first understand the term "Rural'. There is much confusion associated with the word rural as there is no accepted definition of the term. However there are different perceptions of the term and some of them are: To some, rural means a place with less than one lakh population; others consider the income level of the population to determine the rural segment.

If the income levels are less than 11,000/- per annum then the segment is a rural segment. Yet to some others the term rural means smaller towns and mofussil areas having population of less than 10,000 persons. Even the corporate sector faces this confusion about the term rural. In the absence of any clear concept of the rural area, there will not be a proper understanding of the rural problems and hence the marketing considerations and strategies might tend to go wrong. In the absence of any standard definition of the term rural, let us understand it by studying the definition of the term 'Urban'. The Census Department of India defines the term.

urban as (a) Al places with Municipality. Corporation, Cantonment Board or Notified town area committee, (b) All the places with a minimum population of 5,000 persons, With at 75% of the male working population engaged in non agricultural activity and with a population of at least 400 persons per square kilometer or 1000 persons per square mile. If we exclude the areas that come under the above definition, the remaining areas can be considered to be the rural areas.

When marketing activities are carried, put in the rural markets it is known as Rural Marketing'.

Importance of Rural Marketing

Today, rural marketing is gaining importance especially in a country like India basically because 75 per cent of Indian populatio lives in the rural areas and 50 per cent % of the

National Income is generated from these areas It was all right for the marketers and manufacturers to ignore the rural markets in the 1960s However in recent years, the Indian Market scene has undergone such a drastic change that the rural markets are outstripping the urban markets. Keeping this changing marketing environment in mind rural marketing can no longer be ignored. In fact it is growing in importance day after day. The reasons for the growth of the rural market and hence the increasing importance of rural marketing are as under:

1. Increase in prosperity and purchasing power: The rural market has achieved a rapid pače of material prosperity during the last decade due to the improvement in the productivity and output of agriculture. This has increased the purchasing power in the hands of the rural population.

2. Flow of investment for rural development programs: Apart from the increase in agricultural productivity, prosperity has come to the rural areas through a flow of investments through many programs such as Jawahar Rojgar Yojana, 20 point programs, under IRDP, etc. Due to the inflow of this investment a large portion of the rural population has achieved agrarian prosperity levels.

3. Shift of a segment of the Urban Population to the Rural areas: The much improved transportation and communication facilities during the recent years on the one hand and the rapid rise in the cost of living in urban areas on the other hand has lead to the reverse flow of middle income classes of employees to move from urban to semi-urban and rural areas for residential purposes. As a result of this, products like washing and cleaning material, food and beverages, cosmetics, toiletries, televisions, refrigerators, fans and other appliances, ready-made garments etc. could penetrate into the rural market and gain substantial market acceptance.

Today each rural household is prosperous enough to acquire consumer durables such as TV sets, mopeds and pressure cookers. Thus it is a market growing at a very fast pace and no company can afford to neglect it.

4. Awareness of modern technology due to penetration of media: Due penetration of popular media like Television, rural population has become aware the modern lifestyle. Also, due to higher disposable income and increased awareness, scope for rural marketing has increased.

Features of Rural Market

There are certain unique features of rural markets and consumers in India. They are:

1. It is a vast and scattered market: India's rural market is vast comprising of 75% of India's huge population of around 1000 million. In terms of value it crosses more than 40,000 crores of which nearly 22,000 crores is for non-food and 18,000 crore for food items. The rural market is scattered and widespread over 76,500 villages unlike urban market confined to a handful of metros, cosmos and towns.

2. The demand is seasonal: Nearly 60% of the rural income comes from agricultural and related activities. Thus, the demand for goods and services in the rural areas depends heavily on agriculture. Hence like agriculture the rural demand is also seasonal.

3. Low standard of living: The rural consumers have a low purchasing power, low per capita income, low literacy rate and therefore low standard of living. Added to that, Is social backwardness, traditions and religious pressures, cultural values and deep-rooted superstitions which force them to have a simple living and high thinking and refrains them from climbing the ladder for leading a better life style.

4. Unity in diversity: The rural population of India is marked by diverse cultures and languages. There is a great degree of diversity in the religions, lang and sub-cultures, social customs and traditions, even though they all together represent the rural population.

5. The rural market is a steadily growing market: The rural market of India today is a fast growing and expanding one. There is a huge rural demand today, not only for agricultural inputs, but for consumer goods both durable and non durable. Not only is there a demand in the rural market, but it is fast outstripping the urban market of India. This development of the rural market has been possible because of new employment income through rural development planning and implementation, green and white revolutions and the revolution of rising expectation' of the rural masses.

Rural Marketing Mix - Importance, Elements and Scope Meaning, Elements and Scope of Marketing Mix.

The basic task of Marketing involves the identification of the needs of the customer and then the manufacturing and marketing of a product or service that satisfies this need In order to do this, a marketing organization has to concentrate on four important aspects known as the 4P's of marketing.

The marketing manager has to combine these 4p's in such a way that the combination provides satisfaction to the customer and a profit to the manufacturer. When these elements (4P's) are combined together they are called as Marketing Mix".

Philip Kotler – Marketing mix is a set of controllable variables and their levels that firms uses to influence the target market.

Prof. Keeley and Prof Lazor – Marketing Mix is composed of a large battery of devices which might be employed to induce consumers to buy a particular Product.

Product Mix. Price Mix, Place Mix, Promotion Mix Included

IMPORATNCE or UTILITY of RURAL MARKETING MIX

The Marketing mix, whether for the rural or urban consumer can be used by marketers as a tool to assist in defining the marketing strategy. Marketing Managers use this method attempting to generate the optimal response in the target market by blending a number o marketing mix elements in an optimum way It is important to note that all the elements of the marketing mix are controllable variables.

These elements can be adjusted on a frequent basis to meet the needs of the target market and the environment. Hence, the Marketing mix is a very useful tool for targeting the market correctly and for achieving success with the target market,

The importance of marketing mix can be Further understood as under.

1. Attracting customers: The 4P's are the tools of the marketing manager and he h to use these tools for attracting customers, for facing marketing competition and promoting sales With the help of the marketing mix, the marketing manager is ab to best please the customer and this enables him to achieve his marketing objectives.

2. Better use of resources: Marketing mix promotes better utilization of limited resources as it helps the marketing manager to understand his customer and invers in the areas in which the consumer is interested. It helps the marketing manager in focusing attention on: the needs of the consumer. With limited components at te disposal, it attempts to gain the best possible results.

3. Precision: Marketing mix provides precision to the study of marketing. It helps in understanding the important tasks. Neil H. Borden has stated that "A chart which shows the elements of the mix and the forces that bear on the mix helps to bring understanding of what marketing is".

4. Balanced Approch : Marketing mix is an effective tool for solving the problems, It helps the marketing manager to stay on the right track. It reminds him that, on one hand, he should be careful to consider the market forces and on the other hand think of a total marketing programme instead of relying on any one particular aspect.

5. The significance of marketing mix lies in the mix or blend: The components of marketing mix are individually important but their significance lies in the mix or blend. It is necessary to combine them properly so as to make them collectively effective in a dynamic marketing environment.

6. Applicable to, business as well as non-business organisation: The concept of marketing mix is applicable to business, as well as non-business organisations, such as clubs, colleges, associations etc.

Present Scenario of Rural Market - Problem and Challenges of Rural Market Rural Marketing System, Problems and Solutions

Prima facie the rural markets appear to be virgin lands just waitering for the marketers to move in and cash on them. However getting Into the rural market and capturing a sizeable share is not an easy task. It is indeed a lot of hard work. A lot many problems are encountered. These problems of rural marketing can be basically grouped under six different heads.

They are: 1. Problems connected with 'Physical Distribution.

2 Problems related to Channel of Distribution.

3 Problems associated with the Sales Force.

4. Problems of Marketing Communication.

5. Problems of Market Segmentation

. 6. Problems related to Product Management.

1. Problems Connected with 'Physical Distribution': While undertaking rural marketing a marketer faces three different problems connected with the Physical Distribution of goods. They are:

(a) Problems of Transportation: Not all villages in India are connected by railways and waterways. The only reliable means for transportation of goods are the road ways and they too are not all-weather The transportation infrastructure of rural India is poor and inadequate to transport people and goods effectively.

(b) Problems of Warehousing: The facilities for storage in the rural areas, is even worse than the transportation facilities. Neither the Central nor the State Warehousing Corporation has been able to extend storage facilities to the rural areas. Though there are private warehouses in rural areas, they are meant for their exclusive use.

(c) Problems of Communication: The rural areas either do not have the basic minimum postal services like telephone and telegraphs, or if they are available they are very inadequate and not very effective. Communication is the basic requirement for marketing activities. Due to lack of these infrastructural facilities, a marketer entering the rural market has to incur additional expenditure or compromise on the quality in either case it is the rural customer who suffers, in the form of higher prices and poor quality.

Solution: The solution to the problems of physical distribution lies in the fact that the government needs to set up Rural Warehousing Corporations exclusively to meet the need of the rural market. Further, the responsibility for physical distribution can be shared with the Stuckists and Stuckists come forwarding agents. A group of companies can come together to undertake common rural distribution.

2. Problems related to Channel of Distribution It is very obvious that the channel of distribution for rural marketing will be longer than the channel for urban marketing. This increased channel props up problems as mentioned below.

(a) Costly channel of Distribution: A long channel automatically means a costly channel as a large number of middlemen are ta be given their commission, furthermore, larger the channel, larger the number of administrative problems.

(b) Heavy dependence on intermediaries: As far as rural marketing is concerned, there IS very little or no scope for the manufacturers to approach the customers directly. Thus, they have no option, but to depend upon the intermediaries.

(c) Feeble viability of retail outlets: Rural markets are scattered, as such, a large number of retail outlets are required to cover these markets: Moreover, the rural:

areas are much more thinly populated as compared to urban areas. Thus, these retail outlets are not commercially viable. Add to this a large number of intermediaries, the picture then is anything but rosy.

(d) Non-availability of dealers: One of the major problems faced is the non availability of dealers in the rural market. The manufacturers have no choice, but to deal with the available dealers.

(**e) Non availability of banking and Credit facilities:** Retailers require credit facilities if they are to extend credit to their customers. If this facility is not available, it will result in limited stock carrying and limited business. This basic facility is also not available in the rural areas.

Solution: The solution to the above mentioned problems lies in understanding the distribution system existing at the local village level. At this level there are the following available channels. They are private shops, cooperatives, fair price shops and village weekly markets popularly known as "village mandis". From all these, the manufacturer of consumer products has to rely on the private village shops, as the co-operatives are known for distribution of agricultural inputs, and the weekly mandis are meant for disposing off locally produced products. The fair price shops deal in items like wheat, sugar, atta, edible oil and sometimes cheap cloth. The village private shops are the most convenient and cheapest channel. Here the "Satellite distribution" system works well. Under this system the manufacturer appoints stockists at fewer towns who bridge the gap between the manufacturers and the retail outlets in the villages.

3. A Problems associated with the Sales Force

Rural marketing demands heavy doses of personal selling efforts. In this area too, quite a number of problems are faced

(a) Getting salesmen to work in rural areas: Only those salesmen will be successful in the rural areas: who will blend and mix with the rural population Not only is this a very difficult task for the urban salesmen but few urban salesmen are willing to move to the rural areas.

(b) Matching with cultural differences: The rural market itself is a diverse fold of different cultures. It is very difficult for any salesmen to master the different cultural heritages existing in the different rural areas.

(c) Command over local languages: In the vast rural areas of India, a number of different languages are spoken. This also creates a problem for the salesman.

(d) Greater creativity: The job of a rural salesman becomes more difficult because many a times the products that he has to sell are totally new to the rural customer. Hence it requires a greater creativity on his part if he is to perform his function of creating needs, wants and desires.

Solution: The main solution to all these problems lies in proper recruitment, selection and training. Agreed, it is a herculean task but nothing is impossible. What can be done is that qualified people from the rural areas itself can be selected and proper training can be given to them in order to increase their efficiency

4. Problems of Marketing Communication

Problems of marketing communication or sales promotion, in the rural areas also deserve attention. These problems arise out of the barriers in market communication. These barriers can be divided into two:

(a) Barriers arising out of rural market structure: The rural market structure is such that it is very diverse, scattered and full of people with different languages and cultures. Thus, no advertising or promotional literature can be made available in any one language for the entire rural market. A number of local languages have to be used. Further, the rate of illiteracy in the rural market is very high and thus the printed communication has little or no impact on the rural markets.

(b) Barriers arising out of available media: Even though media such as radio, TV, cinema, print and outdoor advertising are available in the rural areas, none of these has a total coverage of the entire rural area, Even though, radio covers 90% of the rural areas its actual listenership is quite lower. TV covers 27%, cinema too has its share but not more than 35%, where as print media covers 20% of the rural population. Outdoor advertising has its potentialities. Thus the real problem here is that of selecting the right media mix.

Solution: The solution lies in combining media like radio, television, cinema, outdoor advertising and point of purchase. In addition to these formal media vehicles other non formal ones can also be used like musical shows, puppet shows, street plays, door to door campaigning etc. The advertising theme should be simple and straight forward stressing more on the product and its usage.

5. Problems of Market Segmentation Market segmentation in rural marketing is more important than perhaps even in urban marketing. This is because there is a great amount of diversity in the various rural markets. They are by no means homogeneous. Further, identifying and cultivating rural markets requires a huge amount of investment and hence, due importance should be given to this aspect. There are various bases on which a rural market can be segmented. Market segmentation can be done either on a primary basis like geographic and demographic, or on a secondary basis. The secondary basis for geographic segmentation would be level of irrigation, vicinity to fewer towns etc. The secondary basis for demographic segmentation would be age, sex, literacy levels. The major problem as far as market segmentation is concerned would be a choice of the basis of segmentation. However, much would depend upon the attitude and philosophy of the company on one hand and the resources available on the other hand.

REATIL MARKETING'

The distribution of finished products begins with the producer and ends at the ultimate consumer. Between the two of them, there is a middle person—the retailer. Retailing is defined as a set of activities or steps used to sell a product or a service to consumers for their personal or family use. It is responsible for matching individual demands of the consumer with supplies of all the manufacturers. The word 'retail' is derived from the French word retailer, meaning 'to cut a piece of' or 'to break bulk'.

Retailing is a set of activities performed in selling the goods and services directly to the end users. The goods and services sold to the consumers are meant for their personal use and not for resale or business activity. Retailing is the last activity conducted in the chain of product distribu-tion down to the consumers.

Retailing includes all the activities involved in selling goods or services to the final consumer for personal, non-business use." – Philip Kotler.

Retailing – 6 Main Features

1. Sale to the final consumer – The most important characteristic of retailing is that it involves the sale of the product or service to the final consumer.

2. Various channels – In retailing the goods and services can be sold either in person, through mail, through telephone, through vending machines or the internet.

3. Small order size – The order size handled by a retailer is much smaller as compared to the wholesaler.

4. Large number of orders – The retailer handles a large number of orders.

5. Wide variety of customers – The retailer handles a wide variety of customers.

6. Keeps a large assortment of goods – The retailer keeps a wide variety of goods.

Functions of retailers

Generally, retailers are involved in the following functions:

1. Function of breaking bulk

Retailers break up large quantities into smaller units such as individual canes, bottles, packets, appropriate for consumer use.

2. Function of creating place utility

Retailers create place utility by transporting goods to the point of consumption.

3. Stocking Varieties of goods

Retailers buy varieties of goods from various manufacturers or wholesalers. Thus, a retailer provides a wide range of choice enabling the consumers to select the products of their choice.

4. Providing credit facilities to customers

Retailers grant credit facilities to consumers and thus increase their short-term purchasing power.

5. Providing information to customers and wholesalers

Retailers act as a link between the buyers and wholesalers / manufacturers. In the distribution channel, retailers are in direct contact with customers. Retailers supply market information to manufacturers either directly or through wholesalers.

6. Estimating the demand and arranging the purchase of the product

Retailers create demand for products by communicating with their customers. This demand creation is quite helpful for manufacturers and wholesalers.

7. Acting as consumer's agent

The retailers anticipate the wants of the consumers and then supply them the right kind of goods at a reasonable price. Their job is to make the consumer's buying as easy and convenient as possible.

8. Marketing functions

Retailers perform several marketing functions such as sales promotion, advertising and point of purchase display. They induce customers to buy products of reputed companies.

9. Connecting link

The retailers are the connecting link between the wholesaler and the ultimate consumer.

Retailing is basically classified into:

A. Store, and

B. Non-Store based retailing.

In case of store-based retailing, the retailer operates from the store. This is a more common form of retailing.

In case of non-store retailing, the retailer does not operate from a store. This format, though known, is still an emerging format in many countries.

A. Store-Based Retailing:

Store-based retailing is further classified on the basis of – Forms of ownership, and Merchandise offered.

Classification on the basis of Form of Ownership:

i. Independent Retailer:

An independent retailer is one who owns and operates only one retail outlet. Stores like the local baniya or kirana fall under this category (In the west, they are known as mom-n-pop stores). These have the owner or the proprietor with a few family members working as assistants.

ii. A Chain Retailer:

A chain retailer is also known as a corporate retail chain. When two or more outlets are under a common ownership, it is called as a retail chain. These stores are characterized by similarity in merchandise offered, ambience, advertising, and promotion.

iii. Franchising:

A franchise is a contractual agreement between the franchiser and the franchisee, which allows the franchisee to conduct business under an established name based on a particular business format for which the franchisee is compensated.

Franchising may be for –

a. A product or a trademark or

b. A business format franchising

iv. Leased Department:

These are also termed as shop-in-shops. When a section of a department in a retail store is leased/rented to an outside party, it is termed as a leased department.

v. Consumer Co-operatives:

A consumer co-operative is a retail institution that is owned by its member customers.

B. Non-Store Retailing:

This is further classified into:

1. Direct Selling, and

2. Direct Response Marketing.

1. Direct Selling:

It involves the making of a personal contact with the end consumer at his home or place of work. Products such as – cosmetics, food, nutritional products, etc., are often sold in this manner.

2. Direct Response Marketing:

This involves various non-personal methods of communicating with the customer.

These include: **i. Mail Order/Catalogue Retailing** – Mailers, along with an order form, are sent to customers, giving information about the product. The customer needs to fill out the form marking the products he would like to purchase and sends it back to initiate delivery.

ii. Television Shopping – Details and usage of the product are demonstrated on the television; the customer has to call a toll free number to place an order.

iii. Electronic Retailing – This is done through information kiosks. These kiosks comprise computer terminals housed inside, and a touch-screen on the outside provides customers with product and company information and aids in purchases.

TELEMARKETING

Telemarketing is a method of selling products and services over the telephone. It has both advantages and disadvantages. The advantages are it is easy to reach out to customers and it is cost effective if done successfully. The disadvantages are that it has a bad reputation and some of the startup costs are expensive.

Advantages of telemarketing

Telemarketing is mostly used by companies that are engaged in direct selling. It is also used by non-profit organisations and political parties to achieve a number of objectives such as raising awareness of certain issues and keeping in touch with their support base.

Telemarketing used to make use of devices such as telephone and mobile phone in the past. However, with the development of technology, it is now using online software such as Zoom, and Microsoft Teams. Therefore, it has now become lot easier for salespeople to organise meetings with prospective clients and even close a deal without needing to visit their places.

Telemarketing is a reasonably affordable choice for organisations. Instead of sending their salespeople to the location of the clients, then can ask them to meet the prospective clients via online or via phone calls. This reduces their overhead costs.

Some customers may simply like tele salespeople. For instance, busy or lonely individuals may welcome a friendly and useful voice that solves their problems and provides them with respite they perhaps desperately need.

Telemarketing allows companies to contact a lot of potential customers at a distance. It is also one of the best ways of acquiring new prospects. It is also a very effective tool to follow up with existing customers, particularly during global lockdowns.

Disadvantages of telemarketing

Not everyone can entertain telemarketing. Some customers may not be interested in a product/service a telemarketer is talking about what they have not even heard before. Likewise, it can ruin the image of a business if the calls are carried out poorly, and unprofessionally.

Telemarketing is often perceived as nuisance by many people. They may drop the phone as quickly as they understand that it is a sales call. Likewise, they may discontinue the conversation if they realise that the salespeople lack product knowledge.

Many scammers have been using telemarketing techniques to deceive people. They are becoming more sophisticated and more threatening, and vulnerable people are paying the price (Wakefield, 2021). These scammers have given telemarketing a very bad name, and many victims have developed a very negative perception about it.

Telemarketing can sometimes be very challenging. Obtaining customer lists can be very costly, and sometimes these databases are outdated as well. Likewise, calling individuals who have opted out of receiving live marketing calls may result in big penalties. For instance, Schofield (2018) reports that AMS Marketing Ltd, a telemarketing company in the UK, was fined £100,000 fine for making more than 75,000 nuisance calls about compensation for road traffic accidents.

Features of E-Marketing

Big or small, many businesses are using e-marketing because of various features and multiple advantages. Some of the important features are as follows;

Ad by Value impression

E-marketing is Cheaper than Traditional Marketing

If you compare its cost with traditional marketing media such as newspaper ads and billboards, then it's much cheaper and efficient. You can reach a wide range of audience with very limited resources.

Tangible ROI

Small business owners can now check the turnover rate or ''action taken'' with the help of Infusionsoft. It analyzes multiple things like views of videos, number of emails opened, and per click on the link. Most importantly, it tells us how much sales the business has been made as a result of e-marketing.

24/7/365 Approach

It works 24 hours a day, 7 days a week and 365 days of the year. It doesn't matter whether you're homesick, sleeping, or attending a casual meetings; but e-marketing is always hard at work.

Eliminate Follow-up Failure

Elimination of follow-up-failure is the main secrete behind the success of small business. It is done by entering your business figures into the Infusionsoft, and then its automated marketing system will provide you the custom-tailored information about your business, which areas to improve and what product to discontinue.

E-Marketing Advantages

Some of the important advantages of e-marketing are given below;

Instant Response. The response rate of internet marketing is instantaneous; for instance, you upload something and it goes viral. Then it'd reach millions of people overnight.

Cost-Efficient. Compared to the other media of advertising, it's much cheaper. If you're using the unpaid methods, then there's almost zero cost.

Less Risky. When your cost is zero and the instant rate is high; then what one has to loos. No risk at all.

Greater Data Collection. In this way, you have a great ability to collect a wide range of data about your customers. This customer data can be used later.

Interactive. One of the important aspects of digital marketing is that it's very interactive. People can leave their comments, and you'll get feedback from your target market.

Way to Personalized Marketing. Online marketing opens the door to personalized marketing with the right planning and marketing strategy, customers can be made to feel that this ad is directly talking to him/her.

Greater Exposure of your Product. Going viral with one post can deliver greater exposure to your product or service.

Accessibility. The beauty of the online world and e-marketing is that it's accessible from everywhere across the globe.

Disadvantages of E-Marketing

E-Marketing is not without disadvantages, some of them are as follows;

Technology Dependent. E-Marketing is completely dependent on technology and the internet; a slight disconnection can jeopardize your whole business.

Worldwide Competition. When you launch your product online, then you face a global competition because it's accessible from everywhere.

Privacy & Security Issues. Privacy and security issues are very high because your data is accessible to everyone; therefore, one has to be very cautious about what goes online.

Higher Transparency & Price Competition. When privacy and security issues are high, then you have to spend a lot to be transparent. Price competition also increases with higher transparency.

Maintenance Cost. With the fast-changing technological environment, you have to be consistently evolved with the pace of technology and the maintenance cost is very high.

DIGITAL MARKETING

A senior associate dean of business programs, Dr. Mark Hobson, said although digital marketing seems like a new world, in fact it is based in many of the principles familiar to traditional marketers and requires both foundational marketing knowledge and technical know-how.

Dr. Jessica Rogers, associate dean of marketing programs, said the two disciplines serve to connect with distinct groups of consumers. "… Traditional media is a great way to reach a broad consumer base, whereas digital media has the ability to reach very specific audiences," she said "A key point is that depending on the target audience, some channels are more effective than others."

Types of Digital Marketing

Rogers talked about some of the most popular types of digital marketing, providing a brief overview of each:

Search Engine Optimization (SEO)

The goal of SEO is to get a business to rank higher in Google search results, ultimately increasing search engine traffic to the business's website. To accomplish this, SEO marketers research words and phrases consumers are using to search for information online, and use those terms in their own content. According to leading SEO software company Moz's "Beginners Guide to SEO," SEO encompasses many elements, from the words on your web pages to the way other sites link to you on the web to how your website is structured. An SEO specialist can make around $59,000, according to Salary.com.

Content indexing – It is important to allow search engines to clearly "read" what your site content is, by doing things like adding alt text for images and text transcripts for video and audio content.

Good link structure – It is important that search engines can "crawl" your site structure to easily find all the content on your site. There are many things that an SEO specialist can do to properly format links, URLs, and sitemaps to make them most accessible to site crawlers.

Keywords and keyword targeting – Properly deploying your keywords – i.e. the search terms you want your site to be found for—in your content and headers is one of the fundamental building blocks of SEO. It is no longer good practice to "stuff" your content with as many keywords and keyword variations as possible. Writing high-quality content that uses keywords in the headers and a few times in the crawl-able page content is now considered better practice, and will make pages rank better in search results.

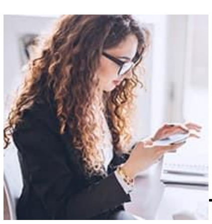
Pay-per-Click (PPC)

Pay-per-click refers to paid advertisements and promoted search engine results. This is a short-term form of digital marketing, meaning that once you are no longer paying, the ad no longer exists. Like SEO, PPC is a way to increase search traffic to a business online.

Pay-per-click can refer to the advertisements you see at the top and sides of a page of search results, the ads you see while browsing the web, ads before YouTube videos and in ads in mobile apps.

Social Media Marketing

This includes everything a business does via social media channels. Just about everyone is familiar with social media, but marketers must approach social with an integrated and strategic approach. Social media marketing goes far beyond simply creating posts for social channels and responding to comments.



To be effective, efforts must be coordinated and consistent rather than an afterthought. To help keep posts consistent, there are many online tools available to automate and schedule social media posts, although marketers only should use automation as a tool, not a "set it and forget it" solution. Users will figure it out quickly if there is no real person behind the posts.

Social media marketers should not be in a silo separate from other marketing functions. Social marketers need to work with the company's wider marketing team to coordinate their message across all platforms, online and off, so that every part of the brand is telling the same story.

Content Marketing

Content marketing uses storytelling and information sharing to increase brand awareness. Ultimately, the goal is to have the reader take an action towards becoming a customer, such as requesting more information, signing up for an email list, or making a purchase. "Content" can mean blog posts, resources like white papers and e-books, digital video, podcasts, and much more. In general, it should first and foremost provide value to the consumer, not just advertise the brand or try to make a sale. Content marketing is about building a sustainable, trusting relationship with your customers that can potentially lead to many sales over time, not just making a single transaction

Email Marketing

Even with the emergence of social media, mobile applications and other channels, email is still one of the most effective marketing techniques, Rogers said. It can be part of a content marketing strategy, providing value to consumers and over time convert an audience into customers. Email marketing pros not only know how to create compelling campaigns, they also understand optimal audience outreach and are skilled at analyzing customer interactions and data, and making strategic decisions based on that data, according to the American Marketing Association.

Create a Sense of Urgency – Writing email copy that lets your recipients know that time is running out to get a special deal or that there are only a limited number of the offer available, can increase the number of people clicking through to your website.

Personalize Your Email – Setting your emails and subject lines up to incorporate the recipient's name is a proven way to increase open and click through rates. (A sample subject line: "Katie, a special offer just for you.")

Let Recipients Set Their Preferences – Allowing users to specify how often they want to hear from you can help keep some of your email subscribers subscribed to your list and clicking on your emails.

Mobile Marketing

This digital marketing type is this focused on reaching your target audience on their smart phone or tablet. Mobile marketing reaches people through text messages, social media, websites, email and mobile applications. Marketers can tailor offers or special content to a geographic location or time, such as when a customer walks into a store or enters an event.

Marketing Analytics

One of the major advantages of digital marketing is that it is highly trackable and measurable. Once, the only trackable marketing pieces were coupons and similar direct mail offers. If a customer used the coupon, you knew the message resonated. Today, analytics allow marketers to track user behavior at a highly detailed level: how many times they click on a link, how much time they spend on a web page, how often they open emails, and much more. But the vast amount of information available about digital marketing performance can feel like drinking from a fire hose, and marketers must be able to truly understand what the data mean and how they should inform strategy.

Green Marketing – Introduction to Green Marketing

According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including-

1. Product modification,

2. Changes to the production process,

3. Packaging changes, as well as

4. Modifying advertising.

The term green marketing came into prominence in the late 1980s and early 1990s. The American Marketing Association (AMA) held the first workshop on “Ecological Marketing” in 1975. The proceedings of this workshop resulted in one of the first books on green marketing entitled “Ecological Marketing”.

Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

In simple terms green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way.

The obvious assumption of green marketing is that potential consumers will view a product or service’s “greenness” as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product an assumption that has not been proven conclusively, specially the mild effect which it had had on consumers has washed away by the present recession (2008-09) only.

UNIT III- Marketing Environment: Meaning, Features Types and Importance

1. Meaning of Marketing Environment:

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

Marketers try to predict the changes, which might take place in future, by monitoring the marketing environment. These changes may create threats and opportunities for the business. With these changes, marketers continue to modify their strategies and plans.

2. Features of Marketing Environment:

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

2.1. Specific and General Forces:

It refers to different forces that affect the marketing environment. Specific forces include those forces, which directly affect the activities of the organization. Examples of specific forces are customers and investors. General forces are those forces, which indirectly affect the organization. Examples of general forces are social, political, legal, and technological factors.

2.2 Complexity:

It implies that a marketing environment include number of factors, conditions, and influences. The interaction among all these elements makes the marketing environment complex in nature.

2.3. Vibrancy:

Vibrancy implies the dynamic nature of the marketing environment. A large number of forces outline the marketing environment, which does not remain stable and changes over time. Marketers may have the ability to control some of the forces; however, they fail to control all the forces. However, understanding the vibrant nature of marketing environment may give an opportunity to marketers to gain edge over competitors.

2.4. Uncertainty:

It implies that market forces are unpredictable in nature. Every marketer tries to predict market forces to make strategies and update their plans. It may be difficult to predict some of the changes, which occurs frequently. For example, customer tastes for clothes change frequently. Thus, fashion industry suffers a great uncertainty. The fashion may live for few days or may be years.

2.5. Relativity:

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

3. Types of Marketing Environment:

The sale of an organization depends on its marketing activities, which in turn depends on the marketing environment. The marketing environment consists of forces that are beyond the control of an organization but influences its marketing activities. The marketing environment is dynamic in nature.

Therefore, an organization needs to keep itself updated to modify its marketing activities as per the requirement of the marketing environment. Any change in marketing environment brings threats and opportunities for the organization. An analysis of these changes is essential for the survival of the organization in the long run.

A marketing environment mostly comprises of the following types of environment:

1. Micro Environment
2. Macro Environment

The discussion of these environments are given below:

1. Micro Environment:

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

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

i. Suppliers:

It provides raw material to produce goods and services. Suppliers can influence the profit of an organization because the price of raw material determines the final price of the product. Organizations need to monitor suppliers on a regular basis to know the supply shortages and change in the price of inputs.

ii. Marketing Intermediaries:

It helps organizations in establishing a link with customers. They help in promoting, selling, and distributing products.

Marketing intermediaries include the following:

a. Resellers:

It purchases the products from the organizations and sell to the customers. Examples of resellers are wholesalers and retailers.

b. Distribution Centers:

It helps organizations to store the goods. A warehouse is an example of distribution center.

c. Marketing Agencies:

It promotes the organization's products by making the customers aware about benefits of products. An advertising agency is an example of marketing agency.

d. Financial Intermediaries:

It provides finance for the business transactions. Examples of financial intermediaries are banks, credit organizations, and insurance organizations.

iii. Customers:

Customers buy the product of the organization for final consumption. The main goal of an organization is customer satisfaction. The organization undertakes the research and development activities to analyze the needs of customers and manufacture products according to those needs.

iv. Competitors:

It helps an organization to differentiate its product to maintain position in the market. Competition refers to a situation where various organizations offer similar products and try to gain market share by adopting different marketing strategies.

2. Macro Environment:

Macro environment involves a set of environmental factors that is beyond the control of an organization. These factors influence the organizational activities to a significant extent. Macro environment is subject to constant change. The changes in macro environment bring opportunities and threats in an organization.

Let us discuss these factors in details:

i. Demographic Environment:

Demographic environment is the scientific study of human population in terms of elements, such as age, gender, education, occupation, income, and location. It also includes the increasing role of women and technology. These elements are also called as demographic variables. Before marketing a product, a marketer collects the information to find the suitable market for the product.

Demographic environment is responsible for the variation in the tastes and preferences and buying patterns of individuals. The changes in demographic

environment persuade an organization to modify marketing strategies to address the altering needs of customers.

ii. Economic Environment:

Economic environment affects the organization's costs structure and customers' purchasing power. The purchasing power of a customer depends on the current income, prices of the product, savings, and credit availability.

The factors economic environment is as follows:

a. Inflation:

It influences the customers' demand for different products. For example, higher petrol prices lead to a fall in demand for cars.

b. Interest Rates:

It determines the borrowing activities of the organization. For example, increase in interest rates for loan may lead organizations to cut their important activities.

c. Unemployment:

It leads to a no income state, which affects the purchasing power of an individual.

d. Customer Income:

It regulates the buying behavior of a customer. The change in the customer's income leads to changed spending patterns for the products, such as food and clothing.

e. Monetary and Fiscal Policy:

It affects all the organizations. The monetary policy stabilizes the economy by controlling the interest rates and money supply in an economy; whereas, fiscal policy regulates the government spending in various areas by collecting the revenue from the citizens by taxing their income.

iii. Natural Environment:

Natural environment consists of natural resources, which are needed as raw materials to manufacture products by the organization. The marketing activities affect these natural resources, such as depletion of ozone layer due to the use of chemicals. The corrosion of the natural environment is increasing day-by-day and is becoming a global problem.

Following natural factors affect the marketing activities of an organization in a great way:

a. Natural Resources:

It serves as raw material for manufacturing various products. Every organization consumes natural resources for the production of its products. Organizations are realizing the problem of depletion of resources and trying best to use these resources judiciously. Thus, some organizations have indulged in de-marketing their products.

For example, Indian Oil Corporation (IOC) tries to reduce the demand for its products by promoting advertisements, such as Save Oil, Save India.

b. Weather:

It leads to opportunities or threats for the organizations. For example, in summer, demand for water coolers, air conditioners, cotton clothes, and water increases while in winter, the demand for woolen clothes and room heaters rises. The marketing environment is greatly influenced by the weather conditions of a country.

c. Pollution:

It includes air, water, and noise pollution, which lead to environmental degradation. Now-a-days, organizations tend to promote environment friendly products through its marketing activities. For example, the organizations promote the usage of jute and paper bags instead of plastic bags.

iv. Socio-Cultural Environment:

Socio-cultural environment comprises forces, such as society's basic values, attitudes, perception, and behavior. These forces help in determining that what type of products customers prefer, what influences the purchase attitude or decision, which brand they prefer, and at what time they buy the products. The socio-cultural environment explains the characteristics of the society in which the organization exists. The analysis of socio-cultural environment helps an organization in identifying the threats and opportunities in an organization.

For example, the lifestyles of people are changing day-by-day. Now, the women are perceived as an active earning member of the family. If all the members of a family are working then the family has less time to spend for shopping. This has led to the development of shopping malls and super markets, where individuals could get everything under one roof to save their time.

v. Technological Environment:

Technology contributes to the economic growth of a country. It has become an indispensible part of our lives. Organizations that fail to track ongoing technological changes find it difficult to survive in today's competitive environment.

Technology acts as a rapidly changing force, which creates new opportunities for the marketers to acquire the market share. Marketers with the help of technology can create and deliver products matching the life style of customers. Thus, marketers should observe the changing trends in technology.

Following points explain the technological trends that affect the marketing environment:

a. Pace of Technological Change:

It leads to product obsolescence at a rapid pace. If the pace of technological change is very rapid then organizations need to modify their products as and when required.

On the other hand, if the technology is not changing at a rapid pace then there is no need for the organization to bring constant changes in the product.

b. Research and Development:

It helps in increasing growth opportunities for an organization. Many organizations have developed a separate team for R&D to bring innovation in its products. Pharmaceutical organizations, such as Ranbaxy and Cipla, have started putting greater force in R&D and these efforts have led to great opportunities in global market.

c. Increased Regulation:

It refers to government guidelines to ban unsafe products. Marketers should be aware of these regulations to prevent their violation. Every pharmaceutical organization takes the approval of the Drugs Controller of India, which lays down the standards for drugs manufacturing.

vi. Political and Legal Environment:

Political and legal environment consists of legal bodies and government agencies that influence and limit the organizations and individuals. Every organization should take care of the fact that marketing activities should not harm the political and legal environment prevailing in a country. The political and legal environment has a serious impact on the economic environment of a country. For example, in some regions of Uttar Pradesh, Reliance Fresh had to shut down its stores because of the lack of political support.

Various legislations affecting the marketing activities are as follows:

a. Anti-pollution laws, which affect the production or manufacturing of various products.

b. Customer legislation, which tries to protect the customer's interest.

The important acts set by the Indian government, which effect the marketing environment of an organization:

i. Prevention of Food and Adulteration – 1954

ii. Drugs Control Act – 1954

iii. Company Act – 1956

iv. Standard Weights and Measurement Act – 1956

4. Need for Analyzing the Marketing Environment:

The business environment is not static. It is continuously changing with fast speed.

The marketing environmental analysis will help the marketer to:

i. Become well acquainted with the changes in the environment.

ii. Gain qualitative information about the business environment; which will help him to develop strategies in order to cope with ever changing environment.

iii. Conduct marketing analysis in order to understand the markets needs and wants so as to modify its products to satisfy these market requirements.

iv. Decide on matters related to Government-legal-regulatory policies in a particular country so as to formulate its strategies successfully amidst these policies.

v. Allocate its resources effectively and diversify either into a new market segment or totally into a new business which is outside the scope of its existing business.

vi. Identify the threats from the environment in terms of new competitors, price wars, competitor's new products or services, etc.; and prepare its strategies on the basis of that.

vii. Identify the opportunities in the environment and exploit these opportunities to firm's advantage. These opportunities can be in terms of emergence of new markets; mergers, joint ventures, or alliances; market vacuum occurred due to exit of a competitor, etc.

viii.Identify its weaknesses such as lower quality of goods or services; lack of marketing expertise; or lack of unique products and services; and prepare strategies to convert its weaknesses into strengths.

ix. Identify its strengths and fully exploit them in firm's advantage. These strengths can be in terms of marketing expertise, superior product quality or services, or giving unique innovative products or services.

5. Importance of Marketing Environment:

The study of marketing environment is essential for the success of an organization.

The discussion of importance of marketing environment is as follows:

1. Identification of Opportunities:

It helps an organization in exploiting the chances or prospects for its own benefit. For example, if an organization finds out that customers appreciate its products as compared to competitors' products then it might encash this opportunity by giving discounts on its products to boost sale.

2. Identification of Threats:

It gives warning signals to organizations to take the required steps before it is too late. For example, if an organization comes to know that a foreign multinational is entering into the industry then it can overcome this threat by adopting strategies, such as reducing the product's prices or carrying out aggressive promotional strategies.

3. Managing Changes:

It helps in coping with the dynamic marketing environment. If an organization wishes to survive in the long run then it has to adapt to the changes occurring in the marketing environment.

Market segmentation

Market segmentation is one of the most efficient tools for marketers to cater to their target group. It makes it easier for them to personalise their campaigns, focus on what's necessary, and group similar consumers to target them in an effective manner.

The process is being practised by marketers since the late 1900s. Simple though it may be, it is of vital use to forming any marketing plan.

What Is Market Segmentation?

Market segmentation is a process of dividing the market of potential customers into smaller and more defined segments on the basis of certain shared characteristics like demographics, interests, needs, or location.

The member of these groups share similar characteristics and usually have one or more than one aspect common among them which makes it easier for the marketer to craft marketing communication messages for the entire group.

There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create a custom marketing

mix for each segment and cater them accordingly.

Importance Of Market Segmentation

Companies often deal with customers who belong to different age groups, have varied interests, and are motivated by different triggers.

Segmenting these potential customers into different groups –

- Makes it easier for the marketer to develop a different marketing mix for each customer segment which is more likely to bring results.
- Increases the results of the marketing efforts as each of the groups witness personalised marketing messages according to what stimulates them to do the task.

For example, a chips brand can launch a party pack for $15 in cities where teens are more likely to buy them for parties. Whereas, the same brand may launch small packs in the country-side where people don't spend a lot on chips.

Bases Of Market Segmentation

Segmenting is dividing a group into subgroups according to some set bases. These bases range from age, gender, etc. to psychographic factors like attitude, interest, values, etc.

Gender

Gender is one of the most simple yet important bases of market segmentation. The interests, needs and wants of males and females differ at many levels. Thus, marketers focus on different marketing and communication strategies for both. This type of segmentation is usually seen in the case of cosmetics, clothing, and jewellery industry, etc.

Age Group

Segmenting market according to the age group of the audience is a great strategy for personalized marketing. Most of the products in the market are not universal to be used by all the age groups. Hence, by segmenting the market according to the target age group, marketers create better marketing and communication strategies and get better conversion rates.

Income

Income decides the purchasing power of the target audience. It is also one of the key factors to decide whether to market the product as a need, want or a luxury. Marketers usually segment the market into three different groups considering their income. These are

- High Income Group
- Mid Income Group
- Low Income Group

This division also varies according to the product, its use, and the area the business is operating in.

Place

The place where the target audience lives affect the buying decision the most. A person living in the mountains will have less or no demand for ice cream than the person living in a desert.

Occupation

Occupation, just like income, influences the purchase decision of the audience. A need for an entrepreneur might be a luxury for a government sector employee. There are even many products which cater to an audience engaged in a specific occupation.

Usage

Product usage also acts as a segmenting basis. A user can be labelled as heavy, medium or light user of a product. The audience can also be segmented on the basis of their awareness of the product.

Lifestyle

Other than physical factors, marketers also segment the market on the basis of lifestyle. Lifestyle includes subsets like marital status, interests, hobbies, religion, values, and other psychographic factors which affect the decision making of an individual.

Types Of Market Segmentation

Geographic Segmentation

Geographic segmentation divides the market on the basis of geography. This type of market segmentation is important for marketers as people belonging to different regions may have different requirements. For example, water might be scarce in some regions which inflates the demand for bottled water but, at the same time, it might be in abundance in other regions where the demand for the same is very less. People belonging to different regions may have different reasons to use the same product as well. Geographic segmentation helps marketer draft personalized marketing campaigns for everyone.

Demographic Segmentation

Demographic segmentation divides the market on the basis of demographic variables like age, gender, marital status, family size, income, religion, race, occupation, nationality, etc. This is one of the most common segmentation practice among marketers. Demographic segmentation is seen almost in every industry like automobiles, beauty products, mobile phones, apparels, etc and is set on a premise that the customers' buying behaviour is hugely influenced by their demographics.

Behavioral Segmentation

The market is also segmented based on audience's behaviour, usage, preference, choices and decision making. The segments are usually divided based on their knowledge of the product and usage of the product. It is believed that the knowledge of the product and its use affect the buying decision of an individual. The audience can be segmented into –

- Those who know about the product,
- Those who don't know about the product,
- Ex-users,
- Potential users,
- Current Users,
- First time users, etc.

People can be labelled as brand loyal, brand-neutral, or competitor loyal. They can also be labelled according to their usage. For example, a sports person may prefer an energy drink as elementary (heavy user) and a not so sporty person may buy it just because he likes the taste (light/medium user).

Psychographic Segmentation

Psychographic Segmentation divides the audience on the basis of their personality, lifestyle and attitude. This segmentation process works on a premise that consumer

buying behaviour can be influenced by his personality and lifestyle. Personality is the combination of characteristics that form an individual's distinctive character and includes habits, traits, attitude, temperament, etc. Lifestyle is how a person lives his life.

Personality and lifestyle influence the buying decision and habits of a person to a great extent. A person having a lavish lifestyle may consider having an air conditioner in every room as a need, whereas a person living in the same city but having a conservative lifestyle may consider it as a luxury.

Nature of A Market Segment

A market segment needs to be homogeneous. There should be something common among the individuals in the segment that the marketer can capitalise on. Marketers also need to check that different segments have different distinguishing features which make them unique. But segmenting requires more than just similar features. Marketers must also ensure that the individuals of the segment respond in a similar way to the stimulus. That is, the segment must have a similar type of reaction to the marketing activities being pitched.

A good market segment is always externally heterogeneous and internally homogeneous.

Examples Of Market Segmentation

Market segmentation is a common practice among all the industries. It is not possible for a marketer to address the mass with same marketing strategy. Here are some examples of market segmentation to prove this point.

Beauty Products

While marketing beauty products, marketers often segment the target market according to the age of the users, the skin type, and also the occasion. A perfect example of this is Olay.

The company developed its 'Age Defying' product range to cater to mature adults and 'Clearly Clean' range to cater to young adults and teens.

Fast Food

Fast food chains like McDonald's often segment their target audience into kids and working adults and develop different marketing plans for both. Marketing efforts like distributing a toy with every meal works well for kids and providing the food within 10 minutes, free WiFi, and unlimited refills work well for working adults.

Sports

Sports brands like Nike, Adidas, Reebok, etc. often segment the market based on the sports they play which help them market the sports-specific products to the right audience.

Benefits Of Market Segmentation

Segmenting the market offers the following benefits to the businesses –

 Better Matching Of Customer Needs: Different customers have different needs. By segmenting the target market and developing homogeneous groups, it becomes easier for the marketer to cater to the customer needs better.

 Identification Of Gaps In The Market: Market segmentation also results in the identification of target groups that are not targeted well in the market. This opens up opportunities for the business to exploit and make profits from.

 Increased ROI: Since market segmentation helps serve the customer needs better, it not only decreases spending unnecessarily but it increases repeated sales, and

customers also return the favour in the form of referrals, word of mouth, etc.

 Customer Retention: Customers retain with a business which understands their needs and fulfils them as they require. Segmentation helps in this.

 Increased Market Share: Through market segmentation and targeted communication, a competitive advantage can be built which results in increased market share.

Disadvantages Of Market Segmentation

Even though there are many advantages of market segmentations, there are some disadvantages and limitations as well.

 Extensive Research And Development: The process of market segmentation requires the business to do extensive research which is not feasible for some of the businesses.

 Expensive Process: Segmentation is an expensive process, both in terms of time and money. It requires the business to spend a lot to identify different groups and market to them differently according to their needs.

Marketing mix

The marketing mix definition is simple. It is about putting the right product or a combination thereof in the place, at the right time, and at the right price.

The difficult part is doing this well, as you need to know every aspect of your business plan.

As we noted before, the marketing mix is predominately associated with the 4P's of marketing, the 7P's of service marketing, and the 4 Cs theories developed in the 1990s.

Here are the principles used in the application of the right marketing mix starting with the 4P's:

Marketing Mix 4P's

A marketing expert named E. Jerome McCarthy created the Marketing 4Ps in the 1960s. The marketing mix definition is simple. It is about putting the right product or a combination thereof in the place, at the right time, and at the right price.

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As we noted before, the marketing mix is predominately associated with the 4P's of marketing, the 7P's of service marketing, and the 4 Cs theories developed in the 1990The marketing 4Ps are also the foundation of the idea of marketing mix.

PRODUCT

A marketing mix always begins with a product to sell. In the early development phase of your product, it is extremely important to carry out extensive research on the life cycle of the product you are creating. All products have their own life cycle including the growth phase, the maturity phase, and the sales decline phase. Once a product reaches the sales decline phase, marketers need to find new ways to increase sales again.

When developing the right product, it's important to ask yourself a series of questions to make sure your product is better than your competitors, i.e. what does the client want from the product? Or, how, where and why the client uses the product?

PLACE

In a marketing mix, place refers to the position and distribution of the product you are selling in a place that is accessible to your target audience, this could be a high street shop, an online store, or mail order. Examples of distribution strategies include: intensive, exclusive, selective and franchising.

To make sure you position your product in the best possible place, it's vital to understand your customer and what their shopping habits may be. Therefore, to develop a distribution strategy, you need to ask yourself the following questions:

- Where do clients look for my product?
- Where do clients usually shop for products?
- Should I sell the product online?

PRICE

Pricing is an extremely important component to your marketing mix as it determines your profit and costing of your product. Altering the price of a product can affect the entire marketing strategy, whilst also affecting the sales and demand of your product.

As a newcomer to the market, it's tempting to set your prices high, especially if you know your product is worth the price you are asking for. However, it's unlikely that your target audience will be willing to pay the price, simply because your brand is only starting out so you're not as recognizable or trustworthy – this comes with time.

Pricing also helps consumers to determine the perception of your product. For example, a lower priced product is deemed less inferior in terms of quality and ability, as opposed to a highly priced product.

PROMOTION

In a marketing mix, promotion is an element that can boost sales and brand recognition through advertising, sales promotion, sales organisation, and public relations.

When promoting a product, you may decide on all of the promotion elements above, or simply choose the techniques that will target your audience more effectively. However, in order to create a successful product promotion strategy, here are a number of questions to ask yourself first:

- When is the best time to promote my product?
- What is the strategy my competitors are using?
- Should I use social media to promote the product?
- How can I send marketing messages to my target audience?
- What marketing channel is the best to promote my product for my audience?

The promotional strategy you use is also dependent on your budget, your communication and how you want to get your message across, and your target market.

PEOPLE

Another important element in the marketing mix is people. This includes whether or not your target audience is large enough, and if there is a large enough demand for your product or not.

Consumers aren't the only important people to consider in your marketing strategy, you also have to take into the account the people who will be delivering the marketing and sales of your product. To make sure you deliver excellent service and marketing, you'll need people who are fully trained for the job, whether this is customer service assistants, copywriters, designers or a sales representative for example.

PROCESS

As for processes in the marketing mix, the process of your organisation can affect the performance of the service you provide, involving the delivery of your product to consumers. As a business, it's crucial to make sure you're easy to do business with, meaning you're efficient, helpful and timely.

By making sure your business has a good process in place, you will also save time and money due to greater efficiency, and your standard of service to customers will remain consistent, which is excellent for developing a brand reputation and customer loyalty.

PHYSICAL EVIDENCE

The final P in a marketing mix stands for physical evidence and it refers to everything your customers sees or hears when interacting with your business. This includes your branding, your product packaging, a physical space such as a shop, and even the way your staff and sales representatives act and dress – it's not all about the product! The way that you portray your brand physically has a great impact on consumers and can either lead or an increase, or decrease, in sales.

USING THE MARKETING MIX

Each of the 7Ps found in a marketing mix work together to ensure your business is a success. The 7Ps also have an impact on your positioning, targeting, and segmentation decisions, so it's crucial to understand their benefits to create your own marketing mix.

Marketing Environment

Definition: The Marketing Environment includes the Internal factors (employees, customers, shareholders, retailers & distributors, etc.) and the External factors(political, legal, social, technological, economic) that surround the business and influence its marketing operations.

Some of these factors are controllable while some are uncontrollable and require business operations to change accordingly. Firms must be well aware of its marketing environment in which it is operating to overcome the negative impact the environment factors are imposing on firm's marketing activities.

The marketing environment can be broadly classified into three parts:

Marketing environment

Internal Environment – The Internal Marketing Environment includes all the factors that are within the organization and affects the overall business operations. These factors include labor, inventory, company policy, logistics, budget, capital assets, etc. which are a part of the organization and affects the marketing decision and its relationship with the customers. These factors can be controlled by the firm.

Microenvironment- The Micro Marketing Environment includes all those factors that are closely associated with the operations of the business and influences its functioning. The microenvironment factors include customers, employees, suppliers, retailers & distributors, shareholders, Competitors, Government and General Public. These factors are controllable to some extent.

micro environment These factors are further elaborated:

Customers– Every business revolves around fulfilling the customer's needs and wants. Thus, each marketing strategy is customer oriented that focuses on understanding the need of the customers and offering the best product that fulfills their needs.

Employees– Employees are the main component of a business who contributes significantly to its success. The quality of employees depends on the training and motivation sessions given to them. Thus, Training & Development is crucial to impart marketing skills in an individual.

Suppliers– Suppliers are the persons from whom the material is purchased to make a finished good and hence are very important for the organization. It is crucial to identify the suppliers existing in the market and choose the best that fulfills the firm's requirement.

Retailers & Distributors– The channel partners play an imperative role in determining the success of marketing operations. Being in direct touch with customers they can give suggestions about customer's desires regarding a product and its services.

Competitors– Keeping a close watch on competitors enables a company to design its marketing strategy according to the trend prevailing in the market.

Shareholders– Shareholders are the owners of the company, and every firm has an objective of maximizing its shareholder's wealth. Thus, marketing activities should be undertaken keeping in mind the returns to shareholders.

Government– The Government departments make several policies viz. Pricing policy, credit policy, education policy, housing policy, etc. that do have an influence on the marketing strategies. A company has to keep track on these policies and make the marketing programs accordingly.

General public– The business has some social responsibility towards the society in which it is operating. Thus, all the marketing activities should be designed that result in increased welfare of the society as a whole.3. Macro Environment-The Macro Marketing Environment includes all those factors that exist outside the organization and can not be controlled. These factors majorly include Social, Economic, Technological Forces, Political and Legal Influences. These are also called as PESTLE framework.

macro environment The detailed description of Macro factors is given below:

Political & Legal Factors– With the change in political parties, several changes are seen in the market in terms of trade, taxes, and duties, codes and practices, market regulations, etc. So the firm has to comply with all these changes and the violation of which could penalize its business operations.

Economic Factors– Every business operates in the economy and is affected by the different phases it is undergoing. In the case of recession, the marketing practices should be different as what are followed during the inflation period.

Social Factors– since business operates in a society and has some responsibility towards it must follow the marketing practices that do not harm the sentiments of people. Also, the companies are required to invest in the welfare of general people by constructing public conveniences, parks, sponsoring education, etc.

Technological Factors– As technology is advancing day by day, the firms have to keep themselves updated so that customers needs can be met with more precision.

Therefore, marketing environment plays a crucial role in the operations of a business and must be reviewed on a regular basis to avoid any difficulty.

Micro Environment

Definition: Micro Environment, refers to the environment comprising of all the actors of an organization's immediate environment which influences the performance of the company, as they have a direct bearing on the firm's regular business operations.

The micro environment is popularly referred to as task environment or operating environment.

Elements of Micro Environment

The elements of the micro environment are closely associated with the company and they do not affect all the companies operating in the industry, in a similar manner, as some factors are specific to the firm.

So we can say that the micro environment is one which the firm addresses in its specific arena, such as the industry or the strategic group.

Given below are some important elements of micro environment: micro environment

Competitors

Competition is what keeps the firm thriving. Competitors are the rival sellers operating in the same industry. It must be noted that the nature and intensity of competition highly influence the firm's products and services. Product Differentiation is something that helps the firm to beat the cut-throat competition in the market.

For a firm to survive competition it is required to keep a close watch on the competitors (both existing and potential) future moves and actions, so as to prepare in advance, as well as to predict the response of competitors to company's moves. Moreover, competitor analysis also helps in maintaining or improving market share and position.

Suppliers

Suppliers are the one who provides inputs such as material, components, labour and other stock of goods to the firm, which is required to undertake manufacturing activities. when there is uncertainty as to the supply constraints, it usually builds pressure on the firms and they are required to maintain high inventories, which leads to cost increases.

Suppliers have the power to change the firm's position in the market and its capabilities.

The relationship amidst the firm and its suppliers represents a power equation, based on the industry conditions and their dependence on each other.

Customers

The success of the organization greatly depends on how effectively the firm fulfils the needs and wants of the customers, which is profitable to the firm and also provides value to the customer. The firm needs to analyze what the customers expect from their products and services so that the firm can satisfy them.

It must be noted that without customers no business can survive for a long time. So, the primary objective of the firm is to create and retain customers, to keep itself going.

Intermediaries

Intermediaries refer to marketing intermediaries which cover agents, merchants, distributors, dealers, wholesalers, etc. that participate in the company's supply chain, in stocking and transporting the goods from their source location to their destination.

It acts as a link between the business organization and the ultimate consumer.

Shareholders

Shareholders are the real owners of the company who invest their money in the company's business, by purchasing the shares, for which they are paid a dividend every year as a return. Shareholders have the right to vote in the company's general meeting.

Employees

Placing the right person at the right job and retaining them for the long term by keeping the staff motivated is very important for the strategic planning process. Training and development act as a guide to the firm's employees which ensures an up-to-date workforce.

A qualified and competent workforce can help the firm to achieve success with little efforts.

Media

We all know the power of media these days, it can make or break an organization or its products/services overnight.

Management of media whether electronic media, press media or social media is really important not just to create a positive and clean image of the company and its products in front of the audience but also to support the firm in building a good reputation in the market. The right use of media can do wonders for the company and boost its sales.

When the firm competes with the firm operating in the same industry, with the same micro environmental factors, the relative success of the company is based on the relative effectiveness of the company in dealing with these factors.

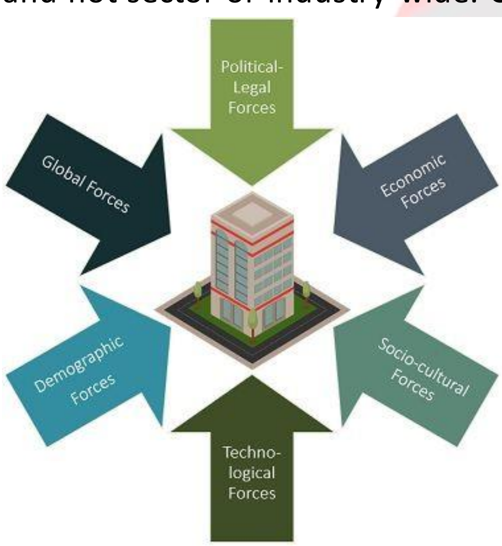
Macro Environment

Definition: Macro Environment can be described as the collection of those factors and conditions, which has the capability of influencing the business positively or negatively.

Macro Environment is the type of external business environment in which the firm and its micro-environmental forces exist which gives opportunities or pose threats to the firm. It comprises of the elements which are uncontrollable, dynamic and unpredictable.

Elements of Macro Environment

It must be noted that the macro-environmental factors affect the working of every firm operating in the economy because the changes in the conditions are economy-wide and not sector or industry-wide. Come, let's discuss these elements: macro environ



Political-Legal Environment

Political Environment covers the actions of the government, that have a bearing on the company's operations. Further, the span of implementation of these actions i.e. local level, state-level or national level, is significant in this regard. The top management of the company has to keep a close watch on the actions of the government to take decisions accordingly.

It can be influenced by bureaucracy, tariffs, trade control, corruption level, tax policy, competition regulation and changes in different laws.

Moreover, legal environment covers the laws of the country, the changes in which might affect the functioning of the business, as every organization works within the framework of law and adhere to these laws strictly. These laws may include minimum wage laws, worker safety laws, company law, union law, etc.

Economic Environment

The economic environment encompasses a number of factors such as nature and structure of the economy, availability of resources, level of income, GDP, rate of inflation, degree of economic development, distribution of income, factors of production, economic policies, economic conditions, monetary policy, fiscal policy, licensing policy, etc. which influences the business of a firm.

Further, the lending rates of the bank determines the investment level in any country, such the higher the rate of interest the lower will be the investment made by people.

Socio-Cultural Environment

Society and Culture are an important part of the business environment. It won't be wrong to say that society shapes the norms beliefs, values, attitude, and principles in the people, in which they are raised.

When we are talking about culture, we are stressing on the dance, drama, music, food, lifestyle and festivals. It also includes arts, law, morals, customs, traditions and habits. Goods and services bought and sold, highly depends on the culture prevalent in the region. Moreover, it also describes the attitude of people towards work.

For instance, there is a boom in the demand for clothes, electronic items, flowers, fruits, sweets, vehicles, etc at the time of festivals or new year. Further, it must be noted that the consumption, lifestyle and dressing style of people vary in different societies and cultures.

Technological Environment

Technology is updating every second and to keep the business going in the long run, the firm has to put efforts to go side by side with the changing technology. How much firm is focusing on innovation and research and development plays a great role in its success, because it can make the firm first and fast mover, in that technology.

The factors included are a type of technology presently in use, technological development level, technology policy, suitable technologies, the rate at which new technologies are adopted and diffused.

Demographic Environment

Demographic Environment covers the type, size and growth rate of population in the area in which the business operates. It discusses the education level, household patterns, age distribution, regional characteristics, level of income, level of consumption of the population.

Here, it must be noted that the marketing mix and the product type the organization introduces, largely depends on the demographic environment. The pricing, distribution and promotional strategies are also based on the demography itself.

Global Environment

After globalization, the companies see the whole world as a market where they can introduce and sell their product and service. However, companies need to adhere to the laws of the countries in which they are operating their businesses, as well as global laws.

Along with that, they need to conduct market research before setting up a company in another country. Further, they have to be familiar with the local language, so as to run the business effectively.

The global environment covers all the factors that have an impact on the businesses operating at the transnational, cross-cultural level and across the border.

The success of a company greatly relies on the fact that how the firm is able to adapt itself and reacts to the changing business environment. The elements of the macro environment strongly influence the strategies and decisions of the firm.

Further, if there are any changes in the macro-environmental conditions, then it may have a far-reaching impact on the company's business operations, performance and profitability.

UNIT – IV MARKETING MIX

Definition: The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

Description: What are the 4Ps of marketing?

Price: refers to the value that is put for a product. It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors. There can be several types of pricing strategies, each tied in with an overall business plan. Pricing can also be used a demarcation, to differentiate and enhance the image of a product.

Product: refers to the item actually being sold. The product must deliver a minimum level of performance; otherwise even the best work on the other elements of the marketing mix won't do any good.

Place: refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. In fact, the mantra of a successful retail business is 'location, location, location'.

Promotion: this refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.

Importance of the marketing mix

All the elements of the marketing mix influence each other. They make up the business plan for a company and handled right, can give it great success. But handled wrong and the business could take years to recover. The marketing mix needs a lot of understanding, market research and consultation with several people, from users to trade to manufacturing and several oA product mix is the combination of all product lines and items that a particular seller offers for sale. For example, toiletries break down into shampoo, soap, and so on. Each line and subline has many individual Principles of Marketing items. ... You should realize that not all products can be marketed in the same way.

PRODUCT MIX

1. Philip Kotler:

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

2. William Stanton:

"Product is complex of tangible and intangible attributes, including packaging, colour, price, prestige, and services, that satisfy needs and wants of people."

Product Characteristics:

Anything to be called as a product has certain characteristics both explicit and implicit. To have clear-cut understanding of the product concept, it is but essential to note these characteristics. These have been very nicely presented by Professor Sturtevant and his associates in their title Managerial Analysis in Marketing.

Following the brief outline of these features:

A. Explicit Characteristics:

Explicit product characteristics are those the perception of which is reasonably uniform among the observers. That is, there is a common agreement as to both the existence and the nature of these attributes.

There are five such attributes:

1. Physical configuration:

Most obviously, product is a bundle of physical stuff. It is made up of certain materials wood, plastic, glass, stone, metal, etc., related in a particular way. Every product has its own shape, size, density, odour, taste, texture, colour, weight and host of other such physical attributes.

On the basis of its physical attributes, it has an apparent function or set of functions to perform. Thus, a claw-hammer is a proficient instrument for driving and pulling nails. It may also function as a widow's defence against prowlers.

2. Associated services:

Products are sold with the common understanding that the seller will render associated services in case of each product. These are before and after-sale services. 'Before-sale' services are its demonstration, credit-facilities available and the 'after-sale' services are its delivery, installation, making available spare-parts, repair services to maintain the operating condition of the product and warrantees expressed or implied.

3. Package and brand name:

It is useful to consider package as the part of product, because, it is sometimes difficult to separate a product into 'contents' and 'package'. For instance, aerosol shaving creams, deodorants, cleansers, photograph records because, the jacket depicted the artist and his friend (female) in the nude, may enjoy a remarkable demand.

Further, brand or brand name is the intrinsic to product. A brand stands for a product. You need not name the product name it by brand. When we say, 'Dun-Hill' it does not stand for any eatable or a drink but a smoking stuff-'. 'Colgate' for paste; 'Ceat' for tyres; 'Savlon' for after-shave lotion and so on.

4. Product mix:

These points out the relationship to other products sold by the firm or made and sold by the firm. That is, a given product is the part of a set of products offered for sale by a particular seller bears and how both the seller and the buyer consider it.

A seller considers the width, depth and consistency of products offered. 'Width' refers to how many different product-lines; 'depth' stands for the average number of items within each product-line and the 'consistency' means the similarity among the product lines.

Similarly, consumer does not think of a single product in isolation as he knows that the producer makes other products too.

5. Product-life-cycle:

At any point time, a product can be located in some stage of its existence. Through time, the industry sales of a given product follow a characteristic pattern of increasing at first slowly, then at increasing rate, then at decreasing rate and finally absolute sales begin to decline.

The time required for each of these stages varies widely among the products. The product life-cycle made up of introduction growth maturity and decline has its own implications for the producers and the consumers.

B. Implicit Characteristics:

The explicit product characteristics are seller oriented as they define the parameters. When one considers the product from the view point of consumer, these are not explicit. \Each person sees the product in somewhat different and, therefore, unique way. What is the perception of one man is not the same in case of another.

His disagreement is the point. These disagreeing points can be called as implicit product characteristics.

There are four such features:

1. Product symbolism:

Product is the cluster of symbols. Among other things, a product is a symbol by virtue of its form size colour and functions. It is and it has significance which varies according to how much it is associated with individual needs and social interaction.

A product is the sum total of meanings it communicates when others look at it or use it. It may be status symbol of economy of performance of achievement and so on.

2. Communication media:

Because a product is the cluster of symbols, it is a bundle of communication also. Of course, what this information is, determined by the consumer's personal interpretation of the symbols, and mediated by his culture groups and group influences and personality.

Every product says something about it, itself. Product is a story teller of what it is? Why for it is used? At what rate? Made by whom? Where it is available? And so on. A piece of information is there with a product given or hidden.

3. Product perception:

How products are perceived by consumers is not easy itself. Perception is really critical to a product's market viability and perceptual process is central to the meanings consumers attach to a given product.

Perception is the physio-psychological process. Composing of a sequence of becoming aware of some cue in the environment, sending sensed message to brain that does the work of comparing cue with stored meanings. For instance, when a cup of tea is placed before you, you have a cue say of taste odour-colour or texture.

The senses send message to your brain to compare the sensed cue with stored ones; comparison gives you an answer say, it is 'Brook Bond 'or 'Lipton' or 'Tata' and so on. This perception of consumer will help the producer to develop the relevant product.

Relevant product is a product that is perceived and perceived as intended by its sellers because, it is relevant to the realized or aspired to the behavioural pattern of those people comprising of market.

4. Product evaluation:

Truly speaking, it is impossible to separate the perception of product from its evaluation, both conceptually and operationally. Though, theoretically separable, they occur simultaneously.

Along with the perception, evaluation implies the invocation of a set of criteria to determine expected satisfaction. It is comprising the 'efforts' involved and 'rewards' received by the consumer.

Thus, efforts may be necessary search for the product and price as they affect his pocket; the evaluation may be of rewards functional, psychological that he gets in return. Here, evaluation differs from individual to individual and time to time in case of same individual.

Thus, every product has both explicit and implicit characteristics. The marketing manager is to be clearer about implicit characteristics than those of explicit because, one does not have a uniformity in reactions and answers.

Further, the aim is to have 'relevant' product which is possible to identify and make only if the marketing manager and his team succeed in catching perfectly as to what is 'relevant'.

8 Step Process Perfects New Product Development

airplaneEvery entrepreneur knows that productivity is one of the key ingredients for successful product development. One of the two key processes in Robert's Rules of Innovation is the NEW PRODUCT DEVELOPMENT PROCESS. A formalized, NPD process – also referred to and best practice: the Stage Gate® Process – is a must, from simple to sophisticated.

The New Product Development process is often referred to as The Stage-Gate innovation process, developed by Dr. Robert G. Cooper as a result of comprehensive research on reasons why products succeed and why they fail.

When teams collaborate in developing new innovations, having the following eight ingredients mixed into your team's new product developmental repertoire will ensure that it's overall marketability will happen relatively quick, and accurately – making everyone productive across the board.

Step 1: Generating

Utilizing basic internal and external SWOT analyses, as well as current marketing trends, one can distance themselves from the competition by generating ideologies which take affordability, ROI, and widespread distribution costs into account.

Lean, mean and scalable are the key points to keep in mind. During the NPD process, keep the system nimble and use flexible discretion over which activities are executed. You may want to develop multiple versions of your road map scaled to suit different types and risk levels of projects.

Step 2: Screening The Idea

Wichita, possessing more aviation industry than most other states, is seeing many new innovations stop with Step 2 – screening. Do you go/no go? Set specific criteria for ideas that should be continued or dropped. Stick to the agreed upon criteria so poor projects can be sent back to the idea-hopper early on.

Because product development costs are being cut in areas like Wichita, "prescreening product ideas," means taking your Top 3 competitors' new innovations into account, how much market share they're chomping up, what benefits end consumers could expect etc. An interesting industry fact: Aviation industrialists will often compare growth with metals markets; therefore, when Boeing is idle, never assume that all airplanes are grounded, per se.

Step 3: Testing The Concept

As Gaurav Akrani has said, "Concept testing is done after idea screening." And it is important to note, it is different from test marketing.

Aside from patent research, design due diligence, and other legalities involved with new product development; knowing where the marketing messages will work best is often the biggest part of testing the concept. Does the consumer understand, need, or want the product or service?

Step 4: Business Analytics

During the New Product Development process, build a system of metrics to monitor progress. Include input metrics, such as average time in each stage, as well as output metrics that measure the value of launched products, percentage of new product sales and other figures that provide valuable feedback. It is important for an organization to be in agreement for these criteria and metrics.

Even if an idea doesn't turn into product, keep it in the hopper because it can prove to be a valuable asset for future products and a basis for learning and growth.

Step 5: Beta / Marketability Tests

Arranging private tests groups, launching beta versions, and then forming test panels after the product or products have been tested will provide you with valuable information allowing last minute improvements and tweaks. Not to mention helping to generate a small amount of buzz. WordPress is becoming synonymous with beta testing, and it's effective; Thousands of programmers contribute code, millions test it, and finally even more download the completed end-product.

Step 6: Technicalities + Product Development

Provided the technical aspects can be perfected without alterations to post-beta products, heading towards a smooth step 7 is imminent. According to Akrani, in this step, "The production department will make plans to produce the product. The marketing department will make plans to distribute the product. The finance department will provide the finance for introducing the new product".

As an example; In manufacturing, the process before sending technical specs to machinery involves printing MSDS sheets, a requirement for retaining an ISO 9001 certification (the organizational structure, procedures, processes and resources needed to implement quality management.)

In internet jargon, honing the technicalities after beta testing involves final database preparations, estimation of server resources, and planning automated logistics. Be sure to have your technicalities in line when moving forward.

Step 7: Commercialize

At this stage, your new product developments have gone mainstream, consumers are purchasing your good or service, and technical support is consistently monitoring progress. Keeping your distribution pipelines loaded with products is an integral part of this process too, as one prefers not to give physical (or perpetual) shelf space to competition. Refreshing advertisements during this stage will keep your product's name firmly supplanted into the minds of those in the contemplation stages of purchase.

Step 8: Post Launch Review and Perfect Pricing

Review the NPD process efficiency and look for continues improvements. Most new products are introduced with introductory pricing, in which final prices are nailed down after consumers have 'gotten in'. In this final stage, you'll gauge overall value relevant to COGS (cost of goods sold), making sure internal costs aren't overshadowing new product profits. You continuously differentiate consumer needs as your products age, forecast profits and improve delivery process whether physical, or digital, products are being perpetuated.

Remember: The Process Is Loose

The entire new product development process is an ever evolving testing platform where errors will be made, designs will get trashed, and loss could be recorded. Having your entire team working in tight synchronicity will ensure the successful launch of goods or services, even if reinventing your own wheel. Productivity during product development can be achieved if, and only if, goals are clearly defined along the way and each process has contingencies clearly outlined on paper.

Product Life Cycle

What you'll learn to do: discuss the product life cycle and its implications for marketing

We just considered the case of Apple launching a new product (the Apple Watch). A particular set of marketing strategies and tactics was needed to define a product that did not exist, to create it, and introduce it to the world. If we were instead focused on marketing the iPhone, which was introduced in 2007, would the strategies and tactics be different? The answer is yes.

In this section we will look at how marketing approaches for a product change over time. Nabisco introduced Wheat Thins crackers in 1947, yet the brand continues to be strong (it generated $344.8 million in revenue in 2015). The cracker even has more than 250,000 Twitter followers. In contrast, other products like children's toys and trendy clothing are designed for a single sales season and have to be quickly replaced with the next model, in order to draw sales. While the length of time is different, there are common patterns across the product life cycle that we will discuss in this section.

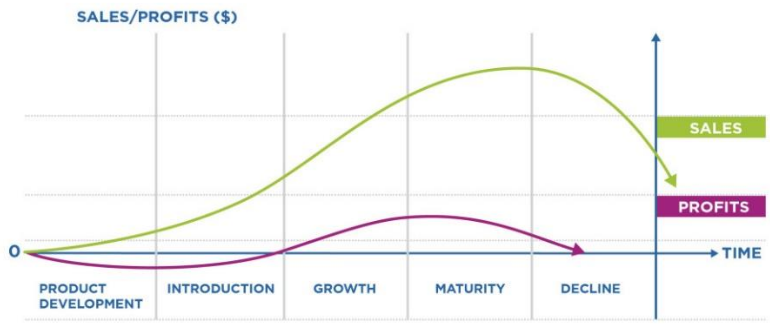
The specific things you'll learn in this section include:

- Identify the stages of the product life cycle
- Explain the unique marketing requirements of each stage
- Identify challenges with using product lifecycle in marketing

Stages of the Product Life Cycle

A company has to be good at both developing new products and managing them in the face of changing tastes, technologies, and competition. Products generally go through a life cycle with predictable sales and profits. Marketers use the product life cycle to follow this progression and identify strategies to influence it. The product life cycle

(PLC) starts with the product's development and introduction, then moves toward withdrawal or eventual demise. This progression is shown in the graph, below.



PRODUCT LIFE CYCLE

The five stages of the PLC are:

1. Product development
2. Market introduction
3. Growth
4. Maturity
5. Decline

The table below shows common characteristics of each stage.

	Common Characteristics
0. **Product development stage**	1. investment is made 2. sales have not begun

	3. new product ideas are generated, operationalized, and tested
1. **Market introduction stage**	1. costs are very high 2. slow sales volumes to start 3. little or no competition 4. demand has to be created 5. customers have to be prompted to try the product 6. makes little money at this stage
2. **Growth stage**	1. costs reduced due to economies of scale 2. sales volume increases significantly 3. profitability begins to rise 4. public awareness increases 5. competition begins to increase with a few new players in establishing market 6. increased competition leads to price decreases
3. **Maturity stage**	1. costs are lowered as a result of increasing production volumes and experience curve effects

	2. sales volume peaks and market saturation is reached 3. new competitors enter the market 4. prices tend to drop due to the proliferation of competing products 5. brand differentiation and feature diversification is emphasized to maintain or increase market share 6. profits decline
4. **Decline stage**	1. costs increase due to some loss of economies of scale 2. sales volume declines 3. prices and profitability diminish 4. profit becomes more a challenge of production/ distribution efficiency than increased sales

Using the Product Life Cycle

The product life cycle can be a useful tool in planning for the life of the product, but it has a number of limitations.

Not all products follow a smooth and predictable growth path. Some products are tied to specific business cycles or have seasonal factors that impact growth. For example, enrollment in higher education tracks closely with economic trends. When there is an economic downturn, more people lose jobs and enroll in college to improve their job prospects. When the economy improves and more people are fully employed, college enrollments drop. This does not necessarily mean that education is in decline, only that it is in a down cycle.

Furthermore, evidence suggests that the PLC framework holds true for industry segments but not necessarily for individual brands or projects, which are likely to experience greater variability.[1]

Of course, changes in other elements of the marketing mix can also affect the performance of the product during its life cycle. Change in the competitive situation during each of these stages may have a much greater impact on the marketing approach than the PLC itself. An effective promotional program or a dramatic lowering of price may improve the sales picture in the decline period, at least temporarily. Usually the improvements brought about by non-product tactics are relatively short-lived, and basic alterations to product offerings provide longer benefits.

Whether one accepts the S-shaped curve as a valid sales pattern or as a pattern that holds only for some products (but not for others), the PLC concept can still be very useful. It offers a framework for dealing systematically with product marketing issues and activities. The marketer needs to be aware of the generalizations that apply to a given product as it moves through the various stages.

Marketing through the Product Cycle

There are some common marketing considerations associated with each stage of the PLC. How marketers think about the marketing mix and the blend of promotional activities–also known as the promotion mix–should reflect a product's life-cycle stage and progress toward market adoption. These considerations cannot be used as a formula to guarantee success, but they can function as guidelines for thinking about budget, objectives, strategies, tactics, and potential opportunities and threats.

Keep in mind that we will discuss the new-product development process later in this module, so it is not covered here.

Market Introduction Stage

Think of the market introduction stage as the product launch. This phase of the PLC requires a significant marketing budget. The market is not yet aware of the product or its benefits. Introducing a product involves convincing consumers that they have a problem or need which the new offering can uniquely address. At its core, messaging should convey, "This product is a great idea! You want this!" Usually a promotional budget is needed to create broad awareness and educate the market about the new product. To achieve these goals, often a product launch includes promotional elements such as a new Web site (or significant update to the existing site), a press release and press campaign, and a social media campaign.

There is also a need to invest in the development of the distribution channels and related marketing support. For a B2B product, this often requires training the sales force and developing sales tools and materials for direct and personal selling. In a B2C market, it might include training and incentivizing retail partners to stock and promote the product.

Pricing strategies in the introduction phase are generally set fairly high, as there are fewer competitors in the market. This is often offset by early discounts and promotional pricing.

It is worth noting that the launch will look different depending on how new the product is. If the product is a completely new innovation that the market has not seen before, then there is a need to both educate the market about the new offering and build awareness of it.

While we often think of an introduction or launch as a single event, this phase can last several years. Generally a product moves out of the introduction stage when it begins to see rapid growth, though what counts as "rapid growth" varies significantly based on the product and the market.

Growth Stage

Once rapid growth begins, the product or industry has entered the growth stage. When a product category begins to demonstrate significant growth, the market usually responds: new competitors enter the market, and larger companies acquire high-growth companies and products.

These emerging competitive threats drive new marketing tactics. Marketers who have been seeking to build broad market awareness through the introduction phase must now differentiate their products from competitors, emphasizing unique features that appeal to target customers. The central thrust of market messaging and promotion during this stage is “This brand is the best!” Pricing also becomes more competitive and must be adjusted to align with the differentiation strategy.

Often in the growth phase the marketer must pay significant attention to distribution. With a growing number of customers seeking the product, more distribution channels are needed. Mass marketing and other promotional strategies to reach more customers and segments start to make sense for consumer-focused markets during the growth stage. In business-to-business markets, personal selling and sales promotions often help open doors to broader growth. Marketers often must develop and support new distribution channels to meet demand. Through the growth phase, distribution partners will become more experienced selling the product and may require less support over time.

The primary challenges during the growth phase are to identify a differentiated position in the market that allows the product to capture a significant portion of the demand and to manage distribution to meet the demand.

Maturity Stage

When growth begins to plateau, the product has reached the maturity phase. In order to achieve strong business results through the maturity stage, the company must take advantage of economies of scale. This is usually a period in which marketers manage budget carefully, often redirecting resources toward products that are earlier in their life cycle and have higher revenue potential.

At this stage, organizations are trying to extract as much value from an established product as they can, typically in a very competitive field. Marketing messages and promotions seek to remind customers about a great product, differentiate from competitors, and reinforce brand loyalty: "Remember why this brand is the best." As mentioned in the previous section, this late in the life cycle, promotional tactics and pricing discounts are likely to provide only short-term benefits. Changes to product have a better chance of yielding more sustained results.

In the maturity stage, marketers often focus on niche markets, using promotional strategies, messaging, and tactics designed to capture new share in these markets. Since there is no new growth, the emphasis shifts from drawing new customers to the market to winning more of the existing market. The company may extend a product line, adding new models that have greater appeal to a smaller segment of the market.

Often, distribution partners will reduce their emphasis on mature products. A sales force will shift its focus to new products with more growth potential. A retailer will reallocate shelf space. When this happens the manufacturer may need to take on a stronger role in driving demand.

We have repeatedly seen this tactic in the soft drink industry. As the market has matured, the number of different flavors of large brands like Coke and Pepsi has grown significantly. We will look at other product tactics to extend the growth phase and manage the maturity phase in the next section.

Decline Stage

Once a product or industry has entered decline, the focus shifts almost entirely to eliminating costs. Little if any marketing spending goes into products in this life stage, because the marketing investment is better spent on other priorities. For goods, distributors will seek to eliminate inventory by cutting prices. For services, companies will reallocate staff to ensure that delivery costs are in check. Where possible, companies may initiate a planned obsolescence process. Commonly technology companies will announce to customers that they will not continue to support a product after a set obsolescence date.

Often a primary focus for marketers during this stage is to transition customers to newer products that are earlier in the product life cycle and have more favorable economics. Promotional activities and marketing communications, if any, typically focus on making this transition successful among brand-loyal segments who still want the old product. A typical theme of marketing activity is “This familiar brand is still here, but now there’s something even better.”

Challenges in the Product Life Cycle

In theory, the product life cycle follows a predictable path that is easy to understand. This might suggest that the marketer just needs to gear up for the ride and be ready to adjust tactics as the product moves through its life cycle. To the contrary, a marketer’s job is much less passive—instead, the marketer’s goal is to *influence* the life cycle. An effective marketer tries to extend the growth stage in order to maximize revenue and profits and to extend the maturity stage in order to fund the development and introduction of new products.

2. Price Mix:

Price mix is another important element of marketing mix. It is considered as very critical element. Price can be defined as the economic value of product normally expressed in form of money.

The price of product should be set in such a way that buyers can pay and company can earn adequate profits. In case of price-sensitive customers on one hand and the prestige-sensitive customers on the other hand, the pricing decisions become vital in marketing.

Normally, pricing decisions involves:

1. Determining product development costs

2. Determining manufacturing (variable and fixed) costs the product

3. Studying pricing policies and strategies of the close competitors

4. Formulating appropriate pricing policies for the products

5. Deciding on level or margin of profits

6. Deciding on variable v/s fixed pricing, price discrimination, discounts, allowances, and seasonal effect

7. Identifying and analyzing of various relevant factors influencing pricing decisions

8. Pricing policies/strategies in different stages of product life cycle

9. Deciding on price-setting methods

10. Pricing decisions for direct and indirect distribution of products

An organization has various options for selecting a pricing method. Prices are based on three dimensions that are cost, demand, and competition.

The organization can use any of the dimensions or combination of dimensions to set the price of a product.

Pricing Methods

Figure-4 shows different pricing methods:

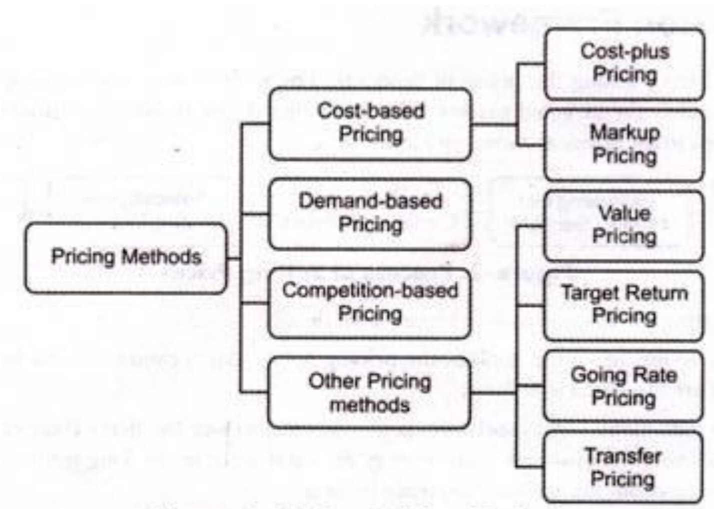


Figure-4: Various Pricing Methods

The different pricing methods (Figure-4) are discussed below;

Cost-based Pricing:

Cost-based pricing refers to a pricing method in which some percentage of desired profit margins is added to the cost of the product to obtain the final price. In other words, cost-based pricing can be defined as a pricing method in which a certain percentage of the total cost of production is added to the cost of the product to determine its selling price. Cost-based pricing can be of two types, namely, cost-plus pricing and markup pricing.

These two types of cost-based pricing are as follows:

i. Cost-plus Pricing:

Refers to the simplest method of determining the price of a product. In cost-plus pricing method, a fixed percentage, also called mark-up percentage, of the total cost (as a profit) is added to the total cost to set the price. For example, XYZ organization bears the total cost of Rs. 100 per unit for producing a product. It adds Rs. 50 per unit to the price of product as' profit. In such a case, the final price of a product of the organization would be Rs. 150.

Cost-plus pricing is also known as average cost pricing. This is the most commonly used method in manufacturing organizations.

In economics, the general formula given for setting price in case of cost-plus pricing is as follows:

P = AVC + AVC (M)

AVC= Average Variable Cost

M = Mark-up percentage

AVC (m) = Gross profit margin

Mark-up percentage (M) is fixed in which AFC and net profit margin (NPM) are covered.

AVC (m) = AFC+ NPM

ii. For determining average variable cost, the first step is to fix prices. This is done by estimating the volume of the output for a given period of time. The planned output or normal level of production is taken into account to estimate the output.

The second step is to calculate Total Variable Cost (TVC) of the output. TVC includes direct costs, such as cost incurred in labor, electricity, and transportation. Once TVC is calculated, AVC is obtained by dividing TVC by output, Q. [AVC= TVC/Q]. The price is then fixed by adding the mark-up of some percentage of AVC to the profit [P = AVC + AVC (m)].

iii. The advantages of cost-plus pricing method are as follows:

a. Requires minimum information

b. Involves simplicity of calculation

c. Insures sellers against the unexpected changes in costs

The disadvantages of cost-plus pricing method are as follows:

a. Ignores price strategies of competitors

b. Ignores the role of customers

iv. Markup Pricing:

Refers to a pricing method in which the fixed amount or the percentage of cost of the product is added to product's price to get the selling price of the product. Markup pricing is more common in retailing in which a retailer sells the product to earn profit. For example, if a retailer has taken a product from the wholesaler for Rs. 100, then he/she might add up a markup of Rs. 20 to gain profit.

It is mostly expressed by the following formulae:

a. Markup as the percentage of cost= (Markup/Cost) *100

b. Markup as the percentage of selling price= (Markup/ Selling Price)*100

c. For example, the product is sold for Rs. 500 whose cost was Rs. 400. The mark up as a percentage to cost is equal to (100/400)*100 =25. The mark up as a percentage of the selling price equals (100/500)*100= 20.

Demand-based Pricing:

Demand-based pricing refers to a pricing method in which the price of a product is finalized according to its demand. If the demand of a product is more, an organization prefers to set high prices for products to gain profit; whereas, if the demand of a product is less, the low prices are charged to attract the customers.

The success of demand-based pricing depends on the ability of marketers to analyze the demand. This type of pricing can be seen in the hospitality and travel industries. For instance, airlines during the period of low demand charge less rates as compared to the period of high demand. Demand-based pricing helps the organization to earn more profit if the customers accept the product at the price more than its cost.

Competition-based Pricing:

Competition-based pricing refers to a method in which an organization considers the prices of competitors' products to set the prices of its own products. The organization may charge higher, lower, or equal prices as compared to the prices of its competitors.

The aviation industry is the best example of competition-based pricing where airlines charge the same or fewer prices for same routes as charged by their competitors. In addition, the introductory prices charged by publishing organizations for textbooks are determined according to the competitors' prices.

Other Pricing Methods:

In addition to the pricing methods, there are other methods that are discussed as follows:

i. Value Pricing:

Implies a method in which an organization tries to win loyal customers by charging low prices for their high- quality products. The organization aims to become a low cost producer without sacrificing the quality. It can deliver high- quality products at low prices by improving its research and development process. Value pricing is also called value-optimized pricing.

ii. Target Return Pricing:

Helps in achieving the required rate of return on investment done for a product. In other words, the price of a product is fixed on the basis of expected profit.

iii. Going Rate Pricing:

Implies a method in which an organization sets the price of a product according to the prevailing price trends in the market. Thus, the pricing strategy adopted by the organization can be same or similar to other organizations. However, in this type of pricing, the prices set by the market leaders are followed by all the organizations in the industry.

iv. Transfer Pricing:

Involves selling of goods and services within the departments of the organization. It is done to manage the profit and loss ratios of different departments within the organization. One department of an organization can sell its products to other departments at low prices. Sometimes, transfer pricing is used to show higher profits in the organization by showing fake sales of products within departments.

SUPPLY CHAIN MANAGEMENT

Supply Chain Management includes, planning, design, control and implementation of all business processes related to procurement, manufacturing, distribution and sales order fulfilment functions of a business.

Thus Supply Chain Management includes managing supply and demand, sourcing raw materials and parts, manufacturing and assembly, warehousing and inventory tracking, order entry and order management, distribution across all channels, and delivery to the customer.

"Supply chain management is the integration of businesses from end user through original suppliers that provides products, services, and information that add value for customers."

Feature # 1. Single Entry:

For various planning and control functions across the supply chain, the responsibility will lie with single entity. For example, a group consisting of representatives from purchase, manufacturing, distribution and sales could be the entity for finalising the marketing plan, the despatch plan, the production plan and procurement plan. This will reduce administrative delays and improve empathy across the supply chain.

Feature # 2. Inventory Perspective:

The traditional concept of inventories is to serve as a buffer to reduce coordination requirements across activities. The current concept is that inventory is a buffer to be used as a last resort after ensuring proper information sharing and coordination. For example rather than quantify the appropriate inventory to protect oneself against uncertain process yields, working with lower inventories will highlight the top problem areas where efforts for improving process yields need to be focussed.

This results in a leaner and cleaner system, which is more responsive in the long-run. Some of the key measures that would enable this perspective of inventory in supply chain management are – (i) improving flexibility; (ii) reducing lead times; (iii) reducing uncertainties, and (iv) improving quality. These are the reasons why inventories are held.

Feature # 3. Strategic Decision-Making:

The decisions in the supply chain are viewed as having strategic implications rather than just operational. For example, rather than being concerned with just sourcing trucks from the market, one could consider long-term contracts with transporters.

Feature # 4. Systems Approach:

The supply chain from vendor to customer is looked upon as a single integrated system rather than as many subsystems interfacing with each other.

Feature # 5. Doing what One can do Best:

In the various activities of the supply chain, it is important to focus on what one can do best. This has implications on outsourcing or even insourcing and building effective partnerships. The more extensive the logistics requirements and the more uncertainty due to logistics supply, insourcing would be a right direction; otherwise the general norm in this business today is outsourcing, usually in the case of consumer goods.

Effective supply chain bridges the following gaps that exist between the producer and the consumer:

(a) Space Gap:

This is the gap caused by the manufacturers and consumers being situated physically away from each other. Here supply chain moves the goods physically from the point of production to the point of distribution and fills the space gap. It is a supply chain management system that ensures that goods produced in one particular place are available for consumption to consumers at their right place.

(b) Time Gaps:

This is the gap that results because the manufacture of a product takes place at one point in time however it is required by the consumer at another point in time. Example – sugar is manufactured just after the harvest of sugarcane and beetroot. However sugar is demanded throughout the year. Thus the supply chain ensures that excess manufactured product is properly stored when not required and makes it available when required. It thus fulfills the time gap.

(c) Quantity Gap:

Quantity gap is the difference between the quantities produced and demanded. Certain products, in order to be profitable have to be manufactured in large quantities. However the demand is limited and spread over a period of time. For example a publisher cannot publish a small quantity of books.

For the cost of production to be feasible, a particular number of copies of a particular book need to be published. However the sale is only of a copy per consumer. Thus this quantity gap too is taken care of by an effective supply chain management system.

(d) Variety Gap:

Customers usually want a variety of products. The more the customer for a product the more variety is demanded. It is an effective supply chain management system that fills this variety gap and ensures a wide variety of goods for the customers. For example a stockiest of consumer products or a retailer will keep soaps of various brands and manufacturers, thus ensuring a wide range of soaps for the consumer to choose from.

(e) Information Gap:

It is the supply chain that bridges this gap. An information gap exists when either the supplier or the consumer does not have information about the other. That is the supplier lacks information about who or where is his consumer and the consumer lacks information about the various available options that are available to fulfil his product need. Here supply chain supplies the information and bridges this gap.

Basic Components of Supply Chain Management

1. Demand planning and forecasting

2. Demand collaboration, i.e., collaborative resolution process to determine consensus forecasts.

3. Order promising, i.e., when can one promise a product to a customer taking account lead times and constraints.

4. Strategic network optimization, i.e., what plants and distribution channels should serve, what markets for what products whether monthly — yearly.

5. Production and distribution planning, i.e., coordinate the actual production and distribution plans for a whole enterprise may be on a daily basis.

6. Production scheduling.

7. Plan of reduction of costs and management of the performance, i.e., diagnosis of the potential and the indicators, the organization, evaluation and accounting reporting, evaluation and reporting quality, etc.

SCM works on the five basic components:

Plan – Source – Make – Deliver – Return

Functions of Intermediaries

Intermediaries make it possible for a company to deliver its products to the end user without needing to own the whole supply chain.

Intermediaries

Intermediaries, also known as distribution intermediaries, marketing intermediaries, or middlemen, are an extremely crucial element of a company's product distribution channel. Without intermediaries, it would be close to impossible for the business to function at all. This is because intermediares are external groups, individuals, or businesses that make it possible for the company to deliver their products to the end user. For example, merchants are intermediaries that buy and resell products.

There are four generally recognized broad groups of intermediaries: agents, wholesalers, distributors, and retailers.

Agents/Brokers

Agents or brokers are individuals or companies that act as an extension of the manufacturing company. Their main job is to represent the producer to the final user in selling a product. Thus, while they do not own the product directly, they take possession of the product in the distribution process. They make their profits through fees or commissions.

Wholesalers

Unlike agents, wholesalers take title to the goods and services that they are intermediaries for. They are independently owned, and they own the products that they sell. Wholesalers do not work with small numbers of product: they buy in bulk, and store the products in their own warehouses and storage places until it is time to resell them. Wholesalers rarely sell to the final user; rather, they sell the products to other intermediaries such as retailers, for a higher price than they paid. Thus, they do not operate on a commission system, as agents do.

Intermediaries: Retailers sell products to end users. They can be small “mom and pop” stores or huge chains such as Wal-Mart.

Distributors

Distributors function similarly to wholesalers in that they take ownership of the product, store it, and sell it off at a profit to retailers or other intermediaries. However, the key difference is that distributors ally themselves to complementary products. For example, distributors of Coca Cola will not distribute Pepsi products, and vice versa. In this way, they can maintain a closer relationship with their suppliers than wholesalers do.

Retailers

Retailers come in a variety of shapes and sizes: from the corner grocery store, to large chains like Wal-Mart and Target. Whatever their size, retailers purchase products from market intermediaries and sell them directly to the end user for a profit.

Channel Design

A firm can have any number of intermediaries in its channels. A "level zero" channel has no intermediaries at all, which is typical of direct marketing. A "level one" channel has a single intermediary, usually from the manufacturer to the retailer to the consumer.

Streamlining Distribution

Streamlining distribution involves the planning and efficient use of supply chain resources and may involve working with intermediaries.

Type # 1. Itinerant or Mobile Retailers:

They keep moving from place to place to sell their goods. They do not have any fixed place of business.

Features of Itinerant Retailers:

(a) They move from street to street to contact the customers.

(b) They sell low value goods of daily use like toys, fruits, vegetables, etc.

(c) They mostly sell non-branded and local items.

(d) They do not sell at fixed prices.

Types of Itinerant Retailers:

(i) Hawkers and Peddlers:

They carry goods themselves in basket or on shoulder bags or on push carts. They move about in residential areas and call out names of articles which they are selling. They are hawkers, they don't have enough capital and cannot store goods in bulk. Their main advantage is that they provide convenient service to the consumers and the limitation is that they deal in such products which are unreliable in terms of quality, price and durability.

(ii) Market Traders:

They sell their goods at different places on fixed market days, e.g., Mondays, Wednesdays. They mainly cater to lower income group of customers and deal in low priced and cheap consumer items of daily use.

(iii) Street Traders:

They spread their goods on pavements at busy street corners or near railway stations or bus terminals. They deal in newspapers, magazines, eatables, stationery items etc. They do not move from place to place with their goods.

(iv) Cheap Jacks:

They have temporary shop structures. They change their place of business after some time. They remain in one locality for a temporary period only, depending upon the prospects of their business. They deal in consumer goods of daily use as well as services such as repairs of watches, shoes etc.

Type # 2. Fixed-Shop Retailers:

They have permanent establishments to sell their goods either in local markets or in malls.

Features:

(i) They have greater resources than these of itinerant retailers.

(ii) They deal in variety of products.

(iii) They provide better services as compared with those provided by the itinerant to the customers such as providing guarantees, credit facilities and home delivery etc.

(iv) They have greater credibility and goodwill in the minds of customers.

Fixed Retailers are of Two Types:

i. Fixed-Shop Small Retailers, and

ii. Fixed-Shop Large Retailers.

i. Fixed-Shop Small Retailers:

(1) General Stores:

(a) These are set up in residential areas.

(b) They stock all kinds of products needed by local residents for their daily use.

(c) They remain open for long hours at convenient timings.

(d) They provide credit facilities to regular customers if required.

(2) Specialty Stores:

They are located in central place in each locality. They generally specialise in a single type of product instead of dealing in different lines of products.

A few examples of them are:

(a) Stores dealing in children's garments only.

(b) Stores dealing in educational books only.

(3) Street Stall Holders:

(a) They are located at the street crossings or on the main roads.

(b) They setup their stalls by fixing shelves on a wall or placing a table or making a platform to sell and display goods.

(c) They sell low priced goods such as pens, magazines, cheap hosiery items etc.

(4) Second-Hand Goods Shops:

(a) They deal in used goods like clothes, books, furniture etc.

(b) Persons with modest means purchase goods from such stores.

(c) They store rare articles such as old postage stamps and antique items and sell them at higher prices.

(5) Seconds Stores:

These shops sell goods which are not according to standards specification. These are sold as seconds. They have some minor defects in them and these defects are not visible. These are sold at a heavy discount. These shops are situated at market places. Even the manufacturers also open retail outlets to dispose of such goods. Readymade garments, sports goods, shoes etc. are sold in these shops. Sometimes these stores are set up temporarily by taking premises, hall or banquets on hire.

(6) Single Line Stores:

These stores sell only one line of products. They provide different designs, styles, and sizes of quality of the same product. For example stores selling shoes will have all varieties and sizes of footwear meant for kids, gents and ladies.

ii. Fixed-Shop Large Retailers:

These retailers deal in large stock of goods.

The characteristics of such stores are:

(1) They require huge amount of investment.

(2) They are generally located at a central place or in shopping malls.

(3) The footfall of customers is very high in such stores.

The most common type of large scale retailers are as follows:

(a) Departmental stores

(b) Multiple shops chains stores

(c) Mail order retailing

(d) Consumer Co-operative store

(e) Super markets

(a) Departmental Stores:

It is a large retail store in which a wide variety of products are sold through separate departments under one roof. 'Banmarche' was the first such retail store opened in France in 1852. There are stores like this in India which include 'Akberally' in Mumbai and 'Spencers' in Chennai.

Features of Departmental Stores:

(1) Central location in a big local market.

(2) Many units or departments in the same shop under one roof.

(3) Centralised ownership, management and control.

(4) Different varieties of goods stored and sold. Therefore, customers get a better choice.

(5) Personal services like telephone booth, restrooms, restaurant etc. are provided.

Advantages:

(i) Centralised Location – People living in different areas of the city can easily reach there for shopping.

(ii) Convenience in Buying – All goods are available in different sections under one roof.

(iii) Attractive Services – Services like reading room, free home delivery, restaurant, library, saloons etc. are available.

(iv) Economies of Large Scale – Benefits of large scale operations in respect of purchase of goods are available to them.

(v) Heavy Expenditure on Sales Promotion – Due to sound financial position, they can afford to spend liberally on promotion.

Limitations:

(i) Lack of Personal Attention – Employees are appointed on fixed salary. This leads to lack of initiative and personal touch on the part of employees.

(ii) High Operating Cost – Due to expenses on advertising, window display and showroom, it makes the goods highly expensive.

(iii) Inconvenient Location – They are situated far away from residential areas. These lose demand of articles required at short notice by customers.

(iv) High Possibility of Loss – Due to heavy operating costs and large scale operations, there is a possibility of loss.

(b) Multiple Shops / Chain Stores:

These are retail shops owned and controlled by a single big organisation. Most of them are also the manufacturers. They are located in different parts of the cities throughout the country. They deal in similar products at uniform prices.

Examples– (i) Bata, (ii) McDonald, (iii) Big Apple, (iv) Reebok, (v) Reliance Fresh, and (vi) Adidas.

Features of Chain Stores/Multiple Shops:

(i) These are located in fairly populous localities, where sufficient number of customers can be approached.

(ii) All the branches are controlled by the head office which is concerned with formulating the policies and getting them implemented.

(iii) Manufacturing and procurement of goods is centralised at the head office.

(iv) Sales are decentralised.

(v) All sales are strictly made on cash basis.

(vi) Multiple shops have identical display, decoration, layout plans etc.

Advantages:

(i) Economies of Large Scale – They enjoy the advantages of large scale operations specially in purchase and production of goods since a large volume of goods are bought and sold on multiple shops.

(ii) Standardised Products – The goods are of high quality. The buyers are assured of its quality.

(iii) No Bad Debts – Goods are sold on cash basis only, so there is no risk of bad debts.

(iv) Transfer of Goods and Spreading of Risk – Products, which are not in demand in a particular shop, can be shifted to another shop. Thus, risk of staleness is minimised. Total business risk is diffused. The profits at one store can provide a cover to the loss at another store at a different location.

(v) Elimination of Middlemen – By selling goods directly to the customers, the multiple shops are able to eliminate middlemen.

(vi) Lower Cost – It is because of centralised manufacturing and purchasing, elimination of middlemen, centralised advertising etc., that shops have low cost of business operation.

(vii) Flexibility – The management has an option to close down loss making stores and shift them to another place.

Limitations:

(i) Limited Variety of Goods – The range of variety is limited and each store keeps stocks of goods manufactured and distributed by its owners only.

(ii) Lack of Services – Free home delivery and credit facility is not available to customers.

(iii) Lack of Initiative – The managers have no freedom of making purchases and fixing prices of the goods. Thus, there is lack of initiative on their part to use their creative skills to satisfy customers.

(iv) Large Capital Investment and Heavy Overheads – These shops require huge capital investment. They spend heavily on shop rent, decoration, administration and supervision.

(v) Chances of Fraud – Strict supervision and control is not possible because there are many branches; so there are chances of fraud.

Mail Order Houses:

These are retail outlets that sell their goods through mail. There is generally no direct contact between the buyers and the sellers in this type of trading.

Trading Procedure:

Step 1 – Advertisements to provide information about the products:

Potential customers are approached through advertisements in newspapers or magazines for obtaining orders. Circulars, catalogues etc. are sent to them by post. All the relevant information about the products such as price, features, delivery terms etc. are provided in these advertisements.

Step 2 – Order receiving and processing of goods:

On receiving the orders, goods are carefully scrutinised with respect to special captions asked by the customers. Then the goods are sent to the customers through - (a) the post office by VPP, or (b) the banks

Step 3 – Receiving payments:

There are different alternatives for receiving payments from the customers.

(a) The customers are asked to make full payment in advance before goods are sent by post.

(b) The customers may be asked to deposit the full payment in a bank and collect the goods from the bank. There is no risk of bad debt.

(c) Goods are sent by V.P.P. On receiving the parcel the customer has to pay the amount to the postman.

Suitability:

This trading is suitable when:

(a) Goods are well identified and well known by brand name and are of standardised quality.

(b) There is a popular demand by the customers scattered over wide areas.

(c) Products do not require any demonstrations.

(d) Goods are durable and do not get spoiled in transit.

For example — stationery items, small appliances, medicines, books, cosmetics, toilet goods, readymade jewellery, footwear, watches and other branded products.

Unsuitability:

This trading is not suitable if-

(a) Goods are perishable, e.g., – milk, fruits etc.

(b) Goods are bulky, e.g., – televisions, refrigerators etc.

(c) Customers are illiterate.

Advantages:

(i) Small Investment – Mail order house trading does not require infrastructural facilities like big showrooms.

(ii) No Bad Debts – Mail order business trading does not extend credit facilities to the customers. Thus, there is no chance of bad debts.

(iii) Wide Reach – This type of trading business is very much suitable where prospective customers are scattered over a wide area and goods can be sent to all places where postal services exist.

(iv) Direct Contact – Unnecessary middlemen between the buyers and sellers are eliminated. This helps in lots of savings.

(v) Convenience – Goods are delivered at the doorstep of the customers. Much time and effort of customers is saved by this method. It is very convenient.

Limitations:

(i) Lack of Personal Touch – The buyer does not get an opportunity to inspect and try the goods before purchasing them. Sellers cannot pay personal attention to the likes and dislikes of the customers.

(ii) High Promotional Cost – Traders have to spend a lot of money on advertisement to inform the potential buyers about the product.

(iii) No after Sales Services – There is absence of after sale service which is important for customer satisfaction.

(iv) No Credit Facilities – The customer has to pay the price at the time of delivery of goods. Sometimes it is to be paid in advance. So credit facilities are not available.

(v) Delayed Delivery – There may be a delay in delivery because of the time taken in correspondence, in procuring of goods and in sending them by post to the customers.

(vi) Possibility of Abuse – Dishonest traders may cheat the customers by making false claims about quality of the products and not honouring the commitments made through advertisements.

Automatic Vending Machine:

An automatic vending machine sells merchandise when a customer deposits sufficient money into its slot or vent to purchase the desired items. It contains products like beverages, snacks, candies, chocolates, platform tickets etc.

Examples:

(a) Mother Dairy sells milk through vending machines.

(b) ATM (Automated Teller Machine) can be used to withdraw money at any time without visiting any branch of a bank.

(c) Metro token can be purchased through these machines at Metro stations.

Advantages:

(i) It is useful for selling pre-packed brands of low value products having high turnover, e.g., hot beverages, soft drinks etc.

(ii) These can sell the goods round the clock.

(iii) These provide quick service to the customers.

(iv) These encourage the habit of 'self-help' in the customers.

Limitations:

(i) Customers cannot inspect the goods before buying.

(ii) Initial installation costs, repair and maintenance is quite high.

(iii)Special packs are to be developed suitably for the machines.

(iv) Care has to be taken for regular restocking, replacing the stock of the machine regularly.

PROMOTION MIX

Elements of promotional mix are also called as tools, means, or components. Basically, there are five elements involved in promotional mix. Some authors have considered more elements, too. However, we will consider five elements as shown in Figure 1.

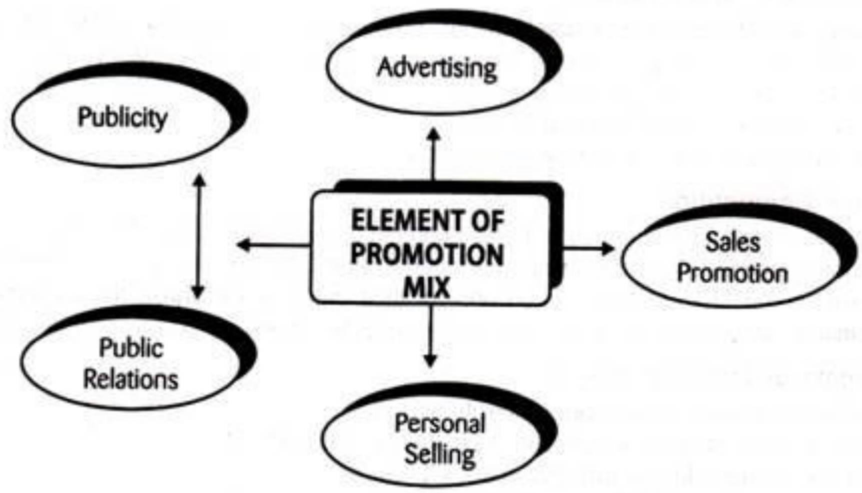


Figure 1: Elements of Market Promotion Mix

1. Advertising:

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor. It is a way of mass communication. It is the most popular and widely practiced tool of market promotion. Major part of promotional budget is consumed for advertising alone. Various advertising media – television, radio, newspapers, magazines, outdoor means and so forth – are used for advertising the product.

Characteristics of advertising are as follow:

i. Adverting is non-personal or mass communication. Personal contact is not possible.

ii. It is a paid form of communication.

iii. It is a one-way communication.

iv. Identifiable entity/sponsor-company or person gives advertising.

v. It is costly option to promote the sales.

vi. It can be reproduced frequently as per need.

vii. Per contact cost is the lowest.

viii. Various audio-visual, print, and outdoor media can be used for advertising purpose.

ix. It is a widely used and highly popular tool of market promotion.

2. Sales Promotion:

Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers. The popular methods used for sales promotion are demonstration, trade show, exhibition, exchange offer, seasonal discount, free service, gifts, contests, etc.

Characteristics of sales promotion are as follows:

i. The primary purpose of sales promotion is to induce customers for immediate buying or dealer effectiveness or both.

ii. Excessive use of sale promotion may affect sales and reputation of a company adversely.

iii. It is taken as supplementary to advertising and personal selling efforts.

iv. It involves all the promotional efforts other than advertising, personal selling, and publicity.

v. It consists of short-term incentives, schemes, or plans offered to buyers, salesmen, and/ or dealers.

vi. It involves non-routine selling efforts.

3. Personal Selling:

Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

Characteristics of personal have been listed below:

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

ii. Basic purpose is to promote products or increase sales.

iii. It involves two-way communication.

iv. Immediate feedback can be measured.

v. It is an ability of salesmen to persuade or influence buyers.

vi. It is more flexible way of market communication.

vii. Per contact cost is higher than advertising.

viii. It involves teaching, educating, and assisting people to buy.

4. Publicity:

Publicity is also a way of mass communication. It is not a paid form of mass communication that involves getting favourable response of buyers by placing commercially significant news in mass media. William J. Stanton defines: “Publicity is any promotional communication regarding an organisation and/or its products where the message is not paid for by the organisation benefiting from it.”

It is the traditional form of public relations. Publicity is not paid for by the organisation. Publicity comes from reporters, columnists, and journalists. It can be considered as a part of public relations. Publicity involves giving public speeches, giving interviews, conducting seminars, charitable donations, inauguration by film actor, cricketer, politician or popular personalities, stage show, etc., that attract mass media to publish the news about them.

Main characteristic of publicity include:

i. Publicity involves obtaining favourable presentation about company or company's offers upon radio, television, or stage that is not paid for by the sponsor.

ii. It is a non-paid form of market promotion. However, several indirect costs are involved in publicity.

iii. It may include promotion of new product, pollution control efforts, special achievements of employees, publicizing new policies, etc., for increasing sales. It is primarily concerns with publishing or highlighting company's activities and products. It is targeted to build company's image.

iv. Mostly, publicity can be carried via newspapers, magazines, radio or television.

v. Company has no control over publicity in terms of message, time, frequency, information, and medium.

vi. It has a high degree of credibility. Publicity message is more likely to be read and reacted by audience.

vii. Publicity can be done at a much lower cost than advertising. Company needs to spend a little amount to get the event or activity publicized.

viii. Frequency or repetition of publicity in mass media depends upon its social significance or the values for news. Mostly, it appears only once.

5. Public Relations:

The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Note that public relations include publicity, i.e., publicity is the part of public relations.

William Stanton defines:

"Public relations activities typically are designed to build or maintain a favourable image for an organisation and a favourable relationship with the organization's various publics. These publics may be customers, stockholders, employees, unions, environmentalists, the government, and people in local community, or some other groups in society." Thus, public relations include organization's broad and overall communication efforts intended to influence various groups' attitudes toward the organisation. Some experts have stated that the public relations are an extension of publicity.

Main characteristic of publicity are as under:

i. Public relations is a paid form of market promotion. Company has to incur expenses.

ii. Public relations activities are designed to build and maintain a favourable image for an organisation and a favourable relationship with the organization's various publics.

iii. It is an integral part of managerial function. Many companies operate a special department for the purpose, known as the public relations department.

iv. It involves a number of interactions, such as contacting, inviting, informing, clarifying, responding, interpreting, dealing, transacting, and so forth.

v. Public relations covers a number of publics – formal and informal groups. These publics may be customers, stockholders, employees, unions, environmentalists, the government, people of local community, or some other groups in society.

vi. Public relations activities are undertaken continuously. It is a part of routine activities.

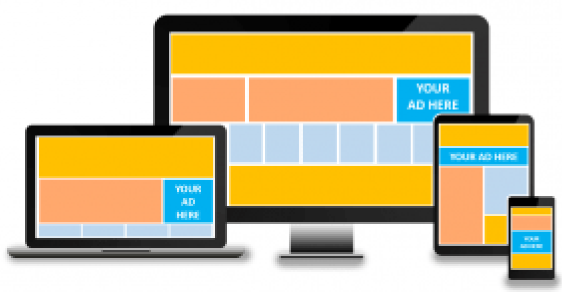
vii. All the officials, from top level to supervisory level, perform public relations activities.

viii. In relation to modern management practices, the public relations is treated as the profession.

Thus, there are five major elements or promotion mix. Each tool/element has its advantages, limitations, and applicability. Depending upon company's internal and external situations, one or more tools are used. Mostly, company's promotional programme involves more elements, each element supplements others.

ONLIENE ADVERTISMENT & ITS TYPES

Online advertising has evolved since its humble beginnings as a static image that pops up at the top of a website. Now, there are a wide variety of advertising types you could use – we've listed the seven top types here (and tried to give you the quick definition for it).



1. Display Ads

The original form of online advertising, these are visual ads that appear on third party websites (usually ones that are related to your content or service in some way).

Display ads have evolved from the basic form of banner ads. Nowadays, display ads come as:

- **Static images** – these are your basic banner or square ads that appear around the content.
- **Text** – these are text ads that are created by algorithms to make text ads relevant to the surrounding content.
- **Floating banners** – these move across the screen or float above the regular website's content.
- **Wallpaper** – these appear and change the background of a website, filling the whole page.
- **Popup ads** – these are new windows that appear in front of the website content; newly opened window displays the full ad so visitors can see.
- **Flash** – these are moving ads that "flash" different content at the viewer.
- **Video** – these are small video ads that autoplay or wait for the video to be played by the visitor.

Display ads are usually very affordable. If you contact the third party site directly, their rates will vary from site to site. If you go through a marketing site, they will charge you a base rate.

Some third party sites, like the Google Display Network, allow for demographic, geographic, contextual and/or behavioral targeting – all of which help you target the audience that would be most likely to be interested in your product or service.

2. Social Media Ads

In 2015, Social Media commerce totaled $30 billion in the US. It's a marketing arena that is not only efficient but effective. Very similar to Display Ads, Social Media ads can be anything from a simple banner or image to an auto-play video.

Social Media advertising is great because you can target your audience perfectly. For example, Facebook's targeting options include age, region, interests, educational background and more.

Social Media advertising is great because you can target your audience perfectly. In Facebook, it has targeting options like age, region, interests, educational background and more.

Click to Tweet

Here are two types of Social Media

- **Organic** – creates loyalty and gives you feedback from your target audience; new form of Word-of-Mouth
- **Paid** – leverage promoted posts and reach specific people

The best platforms to target are:

- LinkedIn for B2B sales
- Facebook for display and top of funnel marketing
- StumbleUpon for amazing, attention-grabbing content

Other platforms to hit up if you have the budget for it:

- Twitter
- Google+
- Pinterest
- Instagram
- Tumblr
- Reddit

You can prepare your Social Media campaigns yourself or you can work with a marketing agency to prepare your campaign.

3. Search Engine Marketing (SEM)

The most dependable form of online paid advertising (and also the most common). SEM works based on keywords – you and other businesses like yours bid on keywords through search engines in an effort to get your website up higher on the Search Engine Results Page (SERP).

All SEM ads that appear in Google, Bing and other search engines are text ads. They're listed at the top or sides of the SERP.

Paid ads can either be Pay Per Click (PPC) or Cost Per Thousand (CPM).

- **PPC**
- You bid on keywords and your results appear at the top of the SERP based on bid value.
- This is the best value package because you're only charged when people click on the ad.
- Also, it's the easiest to track during the campaign.
- **CPM**
- You're billed a flat rate for 1,000 impressions.
    - This makes it easy to apply a budget and you're guaranteed a number of "shows" on the SERP.
    - However, you risk overspending – if no one clicks through you're paying for wasted results.
    - Also, you can't assess or track the campaign until it's over.

You can also use SEM in the unpaid form by optimizing your website for keywords (also known as SEO). Search engines list the unpaid results based on relevance so improving the SEO of your site means you'll be able to get more hits for free if you improve your site's SEO.

The best platforms for SEM are Google AdWords, which allow you to create highly targeted campaigns; to make the most of your Google AdWords campaigns. Another platform that's great for SEM is Bing, which has less competition than AdWords.

4. Native Advertising

Native advertising is those sponsored listings at the end of blog posts, appearing on your Facebook feeds and posted to other Social Media.

These pieces of content are integrated and camouflaged into the platform on which they appear. You can promote and post your Native Advertising through networks like Adblade, Adsonar, Outbrain and Taboola.

There are several forms of Native Advertising:

- In-feed
- Search ads
- Recommendation widgets
- Promoted listings

5. Remarketing/Retargeting

The best way to market to people who already know about your product and service is to remarket to them. Or retarget. Depends on who you're talking to.

When people visit your site, you drop a cookie on them so that, as they travel around the web, your ads will appear over and over to remind them about your product or service.

This form of advertising is inexpensive and, if done right, can be more effective than PPC. It increases conversions because it reminds people of you who already know who you are.

You can try to set this up yourself on Facebook Remarketing, Google Remarketing and more. Or, you can use a third-party platform or provider to set up your remarketing campaigns – read our Retargeting Cagematch for the 4-1-1 on all of the available platforms you could use… and which are best.

6. Video Ads

While YouTube ads are the most popular and well known of video ads, there are actually several different formats, types and content options.

You can go the route of educational/informative. Or maybe you want to post a how-to. Try to pull on the emotional strings of your viewers by creating a visual story. Ideal for branding, especially if you have a product or service that is best demonstrated visually.

Whatever you choose, Video Ads are gaining in popularity because they avoid blatant advertising while also attracting the limited attention span of many YouTubers.

Once you've created your video, you can post to:

- YouTube/Google
- Facebook
- Twitter
- Vimeo
- Brightroll
- YuMe
- Hulu

- Live Rail
- Adap.tv
- Specific Media
- Tube Mogul
- Tremor Video
- AOL
- Auditude

YouTube also have the fun little Pre-Roll ads (those short… sometimes long… ads that appear before the video you actually want to watch starts).

7. Email Marketing

Hanging out with Display Ads back near the start of online advertising, Email Marketing is a cheaper, faster and effective form of advertising.

It's a great way to build customer loyalty and boost sales; when you use an email campaign manager (see the list below) to prepare and send your emails, you can easily track how well they do and monitor your ROI.

Email Campaign Managers:

- MailChimp
- Constant Contact
- AWeber
- ConvertKit
- GetResponse

- Campaign Monitor
- Active Campaign

In order to succeed at email marketing, you first need to build a list of email addresses. You can do so by using quizzes, or you can put a simple Newsletter sign-up on your site.

Then, you can send email campaigns that focus on promotions, discounts, features or content you've posted to your blog. Most emails are short, sweet and to the point. A concise message makes it easy to get your point across and increase conversions.

Just don't forget to check your region/country's spam rules.

UNIT-V MARKETING PALNNING, MARKETING INFORMANTION SYSYTEM, MARKETING RESEARCH

Everything you need to know about marketing planning. Planning is the first and the foremost function of management.

Planning precedes all the functions. Marketing planning is the starting point of all marketing and business activities of an enterprise. Because of the dynamism of the environment, the role of marketing planning has increased a lot.

Marketing planning is the process – Marketing planning is a process that consists of analyzing current situation and information about marketing opportunities, forecasting and establishing planning premises, selecting target market(s), determining marketing objectives, designing and developing marketing strategy or courses of action for achieving these objectives and allocating resources to the ingredients of marketing effort i.e. marketing mix and developing procedure and policies.

In designing the internal marketing programme the following factors have to be considered:

i. Internal Marketing Objectives and Strategy:

The purpose of the internal marketing programme is to achieve goals & objectives of external marketing that will have a suitable strategy. Some research may be needed to assess the implication of the external marketing programme for the internal customers or employees.

ii. Segmenting the Internal Market:

By identifying, supporters of a proposed strategy, influential opponents and how the business can win them over, non-involved supporters and as to how their support can be increased and how non-involved opponents can be convinced, a valuable segmentation could be made.

iii. Develop an Internal Marketing Mix Product:

It could be a plan or change the business wants to implement. Price – the plan may have costs and benefits to staff. Shifting an office may result in an undesirable longer journey to some. Increased sales quotas may affect the Sales personnel's commission earnings. Place— distribution of the plan or the process of bringing the plan and the internal customer together where timing must be addressed carefully. Promotion — effective communication with the internal market must be ensured so that the message is clear and well understood and support extended.

iv. Important Skills Needed in Implementing the Internal Marketing Plan:

It is the marketing department that must communicate with the others inside who control other key functions and resources such as – production, finance, research & development and those who are concerned with other stakeholders. Nike, the world leader in sports shoes, sometime back did not have a manufacturing facility but outsourced its products. They outsourced a large volume of its requirements from a town called Pusan in Korea.

To the Koreans, Nike was a very large customer and dependent on them so the Koreans decided to ask for a higher price from Nike. To Nike, Koreans were important stakeholders but the request for a higher price had an unpleasant impact in the relationship and eventually Nike had pulled out of Korea and set up elsewhere. Pusan thus became a ghost town overnight. To the Koreans, Nike was an internal customer and perhaps a good internal marketing plan with the following skills which would have averted such action and saved a number of people from being unemployed.

v. Negotiation:

A negotiation takes place when two parties with different objectives agree on a mutually agreeable outcome. Negotiations are the nucleus of a relationship with those outside, like outsourcers for example, on price and delivery but is also relevant to those inside. Negotiations with labour unions, other units etc., is an important aspect of internal marketing. Had the Koreans done it right they would not have been in that precarious predicament.

vi. Persuasion:

Marketers must be committed to persuade all other units, heads of departments, and all concerned about its external plan and get their support and concurrence.

vii. Co-Operation:

People in organisations have their own goals and ambitions, competition among departments and internal people. The success of any plan is to get the cooperation of all of them to implement it. A motivated internal people are a result of effective internal marketing, which is absolutely necessary for the implementation of the Marketing Plan.

3. Project Management:

Implementation of a marketing plan must take the route of project management to achieve success lest even the best of all plans will remain as plans. A project can be defined as an undertaking that has a beginning and an end and is carried out to meet established goals within cost, schedules and quality objectives.

4. Examples of Projects:

i. Management – Holding of an important national conference, conducting a major trade exhibition etc.

ii. Marketing – Setting up a new distribution network, implementing a promotional campaign etc.

Process of Marketing Planning:

Philip Kotler, has pointed out that while preparing marketing plan the following situation should be considered:

(i) Diagnosis:

The planning process begins with an attempt by the organization to size up the present market situation and the factors responsible for it. In simple words, diagnosis consists of where the company stands and why. The size up requires developing data on absolute levels of company's sales; market share and their recent trends, by-products etc. Certain supplement data like – marketing cost, plant utilization; profit level etc. are also required for diagnosis.

(ii) Prognosis:

Only diagnosis of present position is not sufficient for good marketing planning. The company must also estimate where it likely to go if present market trend continues. What sales and profit it makes in long- run. Prognosis helps in indicating future of the company i.e. bright or dark. If it seems to be bright, the present policy should be continued, but if future is dark, the planning needs modification so as to achieve objectives set.

(iii) Objectives:

If the prognoses indicate that there is no possibility of future sales and profit for company, then the company should decide upon fresh objectives so as to maintain sales and profit in future.

(iv) Strategy:

Strategy lays down the broad principle by which company secures an advantage over its rivals or attracts buyers and fully exploits its resources.

The marketing strategy may be:

(a) To develop highest quality product.

(b) To charge a premium price.

(c) To advertise more than competitor etc.

There may be several alternative strategies available to the company. The company must carefully analyse these strategies and choose the best one under the circumstances.

(v) Tactics:

How to use the company's strategies to achieve the objectives is done by tactics. In other words, tactics are the methods for carrying out the strategies.

(vi) Control:

Control is the essential part of the marketing planning. Without control it is not possible to know whether objectives are going to be achieved or not. Often new events occurs that challenge some of the basic assumptions in plan. The control helps in countering these challenges. Through control variations are discovered and new changes are made in plan to remedy the shortfall if any.

Importance of Marketing Planning:

1. To Offset Future Uncertainties:

Future is always uncertain. It may impose Marketing Planning challenges for the organization. An organization can face these challenges effectively and uncertainties efficiently by use of marketing planning. A careful analysis of present situation and trend helps the organization to set future objectives and goal more correctly. Thus, by means of Helpful in preparing strategies and programme for future, marketing planning helps in offering future control uncertainties.

2. Economy in Operation:

Marketing planning also helps in achieving maximum results with minimum efforts and with maximum utilization of human and physical utilization of organization resources. Thus, it brings economy in various functional areas of organization like production, sales, purchase, financing etc.

3. Helps in Co-Ordination:

Marketing planning helps in coordinating different activities of different departments. Planning co-ordinates activities of different departments in such a way that overall objectives and goal of the organization are achieved.

4. Helps in Control:

Planning and controlling are two sides of a coin. They cannot be used separately. The standards are set and then actual performance is measured to find out whether the standards are achieved or not. Any unfavourable variation is removed in next plan. Hence, planning is very useful for control.

5. Consumer's Satisfaction:

Every organization wants to achieve its objective by satisfying its customers. Under marketing planning, actual needs and wants of customer are studied properly and then after the products are developed. Thus, it helps in satisfaction of consumers by channelizing marketing activities in proper way.

6. Helps in Achieving Organizational Objectives:

Marketing planning by means of setting standards and evaluating performance increases organizational efficiency, which in turn helps an organization to achieve its objectives.

What is Marketing Information Systems

All businesses are operating under conditions of risk and uncertainty. The success or failure of any firm or company depends on many factors like economic situation, the changing tastes of customers, the extent and nature of competition and competitive activities and more. Business decisions and especially marketing decisions, are actually the decisions about the future of a company. The management of successful companies always focuses on each of the aspects of their business in order to make achievable decision. Marketing is usually that area of a company which requires lots of attention. Company sales depend on marketing so company must use adequate solutions for the more effective promotion of their products. For this purpose companies rely on marketing information system. Marketing information system allows a company to use all relevant information for developing its marketing strategies more effectively.

Steps of Marketing Information System

In order to use marketing information, companies have to focus on three main steps of marketing information systems.

- Assessing Information Needs
- Developing Information
- Distributing Information

Assessing Information Needs

First of all marketer should know why the marketing information is necessary? MIS system primary serves the management and company's employees. However it may also provide information to external partners, such as suppliers, retailers and other marketing agencies. For example Wal-Mart gives their key suppliers access to their information system. Dell creates premium pages for their customers, giving them access to product design and other services information. Company's managers must know about a new product that competitors plans to introduce. By all this it is clearly disclosed that marketing information system plays a vital role for a company to make on time decision making and effective business strategy.

Markers can get information from:

1. **Internal Records** can be found in company's marketing, sale, accounting departments.
2. **Marketing Intelligence** collect and analyzed publically available data of competitors and other developments in the marketplace.
3. **Marketing Research** analyzed the collected data for report generation.
4. **Marketing Decision Support Systems** are tools help in marketing decision process.

Developing Information

The second and most important step in marketing information system is to develop or collect information. There are various techniques adopted by different companies for collecting data and information. The techniques of collecting data may vary from company to company according to their specific needs. The common methods of data collection are as under:

Observational research

Survey research

Focus group interview

Personal contact method

Sampling research plan and

Questionnaires

Distributing & Using Marketing Information

The gathered information has no value until it is used to make better marketing decision making. So the information should be timely available to managers and other top level management who make marketing decisions and deal with customers. This can only be happen by regular performance reports, intelligence updates and other information collected by research studies.

MARKETING RESEARCH

Successful marketers will always try to seek information and identify newer ways to create, communicate and deliver value to their target markets. Good information can be obtained through marketing research. A brief history on marketing research will throw light on how marketing research has evolved overtime.

Marketing research is relatively new field of exertion and a new social science. Research in medicine, physics, and chemistry has been carried on for many centuries, but in the application of research to marketing problems on any extensive scale is largely a development of the last fifty years. In comparison to the physical or natural sciences, marketing research should be considered new as still its frontier days.

The prominent features marketing research are as follows:

Feature # 1. Function of Marketing Management:

The information generated through marketing research can be used to determine most appropriate marketing mix. Marketing research operations helps the marketing executives to keep abreast with the environmental changes by providing right information on dynamic environments to facilitate decision-making.

The marketing environment consists of customers, competitors, suppliers, distributors, etc. Therefore, marketing research is a well recognised and very important function of marketing management.

Feature # 2. Integrated Effort:

For carrying out marketing research activities in any organisation, a group effort is needed. Research objectives are organized by planning executives and data requirement for the accomplishment of these objectives are determined by the data analyst. The data processor should be familiar with the nature and location of available data to retrieve and process it at the desired time. Therefore, marketing research is an integrated effort.

Feature # 3. Systems Approach:

A number of activities viz., collection, recording, tabulating, evaluating, analysing and interpretation of information are included in marketing research. Each of these activities is performed by some experts who are supervised by marketing management executives. Therefore, marketing research constitutes a systems approach from start to finish.

Feature # 4. Inter-Disciplinary Process:

Marketing research involves collection of data and information from various fields such as psychology, sociology, economics etc. Similarly, study of consumer behaviour involves psychological and sociological study. Furthermore, various statistical and mathematical techniques are used to process the information. Therefore, it is regarded as inter-disciplinary process.

Feature # 5. Imperfect Science:

A group of prescribed procedures for establishing and connecting general laws to enhance knowledge by developing concepts, collecting and analysing meaningful data and the critical study of concepts and premises is termed as scientific method and hence marketing research is a science. But the studies in marketing research are never exact as it deals with unpredictable and dynamic human behaviour.

The results are always uncertain with certain amount of risk. Therefore, marketing research is based on scientific method and can be termed as science but it cannot be designated as perfect like other Social Science, i.e., it is an imperfect science.

Feature # 6. Indispensable for the New Product Introduction:

The market research is used to find out: suitable avenues and place of the new products, before introducing a new product. It reveals the various opportunities of new markets and reveals the methods to reach the markets.

Feature # 7. Market-Orientation:

Marketing research aims at enabling the firms to produce that kind of goods and services which is acceptable to the customers. It sees that the goods and services must reach the market easily, quickly, cheaply and profitably. The right course of action to approach and sustain the market is possible with suitable marketing research.

What is Marketing Research – 10 Important Objectives: To Discover the News Markets, To Hold the Greater Market Share, To Minimise the Cost of Marketing and a Few Others

Objective # 1. To Discover the New Markets:

The most important objective of marketing research is to discover the new market for the product. These can be discovered by advertising, market survey, effective salesmanship, etc.

Objective # 2. To Hold the Greater Market Share:

An important objective of marketing research is to enable the organisation to capture greater market share. Market share refers to that region of a particular industry's total sale which a firm aims to achieve.

Objective # 3. To Evaluate Tastes and Preferences of Customers:

Marketing research analyses tastes and preferences of customers. Helps in analysing the likings and disliking of the consumers. The marketing department should make an analysis of the demand and preference of product from time-to-time.

Objective # 4. To Anticipate the Future Sales Volume:

Marketing research is targeted at studying and understanding the consumer behaviour. It smooth the way in determining the probable future sales volume that can be achieved either by creating new markets or by adding new lines of production.

Objective # 5. To Minimise the Cost of Marketing:

Reducing the cost of marketing is an important objective of marketing research. The cost of marketing is inclusive of selling, advertising, promotion and distribution of products. Marketing research here assists in determining the methods by which excessive (unnecessary) sales and advertisement expenditure can be reduced to minimum possible extent.

Objective # 6. To Improve the Quality of Product:

Improving the quality of the product is another objective of marketing research. The main objective of marketing research is to identify the needs, wants and demands of the target customer, so that the firm can introduce changes in the product according to the important requirements. It is this quality of product that helps to create brand loyalty of the customer toward the firm's product.

Objective # 7. To Assist in Formulation of Suitable Price Policy:

Marketing research renders valuable information to the management about competitive prices. Price is the amount of money charged for a product or services that consumers exchange for the benefits of product or service. This information also shows the packaging, quality and discounts of competitive products.

Objective # 8. To Effectively Face Cut Throat Competition:

Facing cut throat competition is also an important objective of marketing research. In modern time, no firm can survive without facing competition in the market. Since any reaction of the competitors firm can affect the demand of the firm, hence, the firm should also take proper action in response to the strategy of competitor.

Objective # 9. To Make Liaison with Ultimate Consumers:

Consumer is a human being and his behaviour is never static. Consumers are neither so simple that they do not require to be studied, nor so complex that their study is not possible. Marketing research helps the firm to be in touch with the consumers, behaviour and as a result, the management may take appropriate decisions in relation to production policies, pricing policies, channels of distribution, sales promotion activities and finally to face the competition.

Objective # 10. To Analyse the External Environment:

External environment refers to the present government policies and regulations. An important objective of marketing research is to study the effect of external environment on decision-making by the firm. It also provides information regarding the probable development in the foreign markets, new products and substitutes, emergence of new competitors and their future impact on firm's output.

What is Marketing Research – Importance: Reduction of Risk, Identifying Target Markets, New Product Ideas, Facing the Competition, Planned Production and a Few Others

1. Reduction of Risk:

Marketing research reduces the risks involved in marketing decisions. The findings of marketing research can be used to aid in planning, selling, sales promotion, advertising, etc.

Marketing research helps in reducing the risks involved in marketing decisions by providing:

(i) Current information required by the marketing manager to take decisions.

(ii) Generalized knowledge or theory about the marketing process.

2. Identifying Target Markets:

Marketing research helps the organization to identify those markets or territories where their products are likely to sell. Customer surveys give an idea about those areas where the demand for a particular product is comparatively higher. The organization can target such markets.

3. Helps to Carve a Niche Market:

Niche markets are highly specialised markets where specific products are aimed at serving specific customer needs. Marketing research provides such information to the company which enables it to identify the market segments which have not been targeted so far by competitors and thus carve a niche for itself.

4. New Product Ideas:

The company can obtain fresh ideas for new and innovative products through marketing research information. Facts and figures regarding customer buying habits and preferences are provided by such research which makes it possible to come up with ideas for new product development.

5. Discovering New Uses of Existing Product:

Marketing research provides information regarding various uses of the product. If a company's products are being used for purposes other than the one originally intended, then the company can leverage this fact to its advantage by promoting newer uses for the same product.

6. Facing the Competition:

When an organization studies the marketing policies, practices and strategies of its competitors through marketing research, it is better equipped to design its own policies and plans to effectively challenge the competitors in the market.

7. Planned Production:

As marketing research helps in estimating the demand of the product, it facilitates the production of the product in a planned way so that equilibrium is maintained in demand and supply position in the market.

8. Understanding Customer Needs:

Marketing research involves analysing consumer behaviour and preferences in order to identify their unfulfilled needs. Efforts are made to understand the requirements and wants of the customers so that new products can be planned accordingly to cater to their needs.