B.B.A., DGVC

MARKETING

-HAND BOOK

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A Handbook on

Marketing management

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MARKETING CONCEPTS & CHALLENGES

Marketing Management

The idea of Marketing Management Subject is to develop an understanding of the underlying concepts, strategies and issues involved in the marketing of products and services.

Definition

According to **Philip Kotler**, *"**Marketing Management** is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target audiences for the purpose of personal and of mutual gain. It relies heavily on the adoption and coordination of product, price, promotion and place for achieving responses."*.

Nature of Marketing Management

It Combines the Fields of Marketing and Management
Marketing Management is a Business Process
Marketing Management is Both Science and Art

1. Marketing is an Economic Function
Marketing embraces all the business activities involved in getting goods and services , from the hands of producers into the hands of final consumers. The business steps through which goods progress on their way to final consumers is the concern of marketing.

2. Marketing is a Legal Process by which Ownership Transfers
In the process of marketing the ownership of goods transfers from seller to the purchaser or from producer to the end user.

3. Marketing is a System of Interacting Business Activities
Marketing is that process through which a business enterprise, institution, or organisation interacts with the customers and stakeholders with the objective to earn profit, satisfy customers, and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.

4. Marketing is a Managerial function
According to managerial or systems approach - *"Marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/or wants of a selected segment of the market."*

According to this approach the emphasis is on how the individual organisation processes marketing and develops the strategic dimensions of marketing activities.

5. Marketing is a social process
Marketing is the delivery of a standard of living to society. According to **Cunningham and Cunningham (1981)** societal marketing performs three essential functions:-
1. Knowing and understanding the consumer's changing needs and wants;
2. Efficiently and effectively managing the supply and demand of products and services; and
3. Efficient provision of distribution and payment processing systems.

6. Marketing is a philosophy based on consumer orientation and satisfaction

7. Marketing had dual objectives - profit making and consumer satisfaction

Scope of Marketing

1. Study of Consumer Wants and Needs
Goods are produced to satisfy consumer wants. Therefore study is done to identify consumer needs and wants. These needs and wants motivates consumer to purchase.

2. Study of Consumer behaviour
Marketers performs study of consumer behaviour. Analysis of buyer behaviour helps marketer in market segmentation and targeting.

3. Production planning and development
Product planning and development starts with the generation of product idea and ends with the product development and commercialisation. Product planning includes everything from branding and packaging to product line expansion and contraction.

4. Pricing Policies
Marketer has to determine pricing policies for their products. Pricing policies differs form product to product. It depends on the level of competition, product life cycle, marketing goals and objectives, etc

5. Distribution
Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumers at minimum cost.

6. Promotion
Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.

7. Consumer Satisfaction
The product or service offered must satisfy consumer. Consumer satisfaction is the major objective of marketing.

8. Marketing Control
Marketing audit is done to control the marketing activities.

Meaning of Marketing Process

The Marketing Process of a company typically involves identifying the viable and potential marketing opportunities in the environment, developing strategies to effective utilise the opportunities, evolving suitable marketing strategies, and supervising the implementation of these marketing efforts.

Marketing process involves ways that value can be created for the customers to satisfy their needs. Marketing process is a continual series of actions and reactions between the customers and the organisations which are making attempt to create value for and satisfy needs of customers. In marketing process the situation is analysed to identify opportunities, the strategy is formulated for a value proposition, tactical decisions are taken, plan is implemented, and results are monitored

Steps in Marketing Process

Following are the steps involved in the Marketing Process :-
- Situation Analysis
- Marketing Strategy
- Marketing Mix Decision
- Implementation and Control

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1. Situation Analysis

Analysis of situation in which the organisation finds itself serves as the basis for identifying opportunities to satisfy unfulfilled customer needs. Situational and environmental analysis is done to identify the marketing opportunities, to understand firms own capabilities, and to understand the environment in which the firm is operating.

2. Marketing Strategy

After identifying the marketing opportunities a strategic plan is developed to pursue the identified opportunities.

3. Marketing Mix Decisions

At this step detailed tactical decisions are made for the controllable parameters of the marketing mix. It includes - product development decisions, product pricing decisions, product distribution decisions, and product promotional decisions.

4. Implementation and Control

Finally, the marketing plan is implemented and the results of marketing efforts are monitored to adjust the marketing mix according to the market changes.

Marketing Environment

The term Marketing Environment refers to the forces and factors that affects the organisation ability to built and maintain good relationship with its customers. Marketing environment surrounds the organisation and it impacts upon the organisation. Marketers have to interact with internal and external people at micro and macro level and builds internal and external relationships. The key elements of marketing environment are as follows :-

1. Internal Environment,
2. Micro Environment, and
3. Macro Environment.

Marketing Organisation

"Marketing organisation can be defined as a formal or informal group of individuals working together to reach quantitative and qualitative marketing objectives by making decisions on product, price, place, and promotion."

Types of Marketing Organisations

Marketers must have knowledge of what type of marketing organisation they have in place and what type of marketing organisation the company actually needs. Following are the different types of marketing organisation that commonly exists today.

Functional Type of Marketing Organisation;

- Product Oriented Marketing Organisation;
- Market/Territory Oriented Marketing Organisation;
- Customer Oriented Marketing Organisation;

Marketing Challenges

The Business Organisations Face Today

- Rapidly changing customer needs, wants, and expectations;
- Increasing domestic and global competition;
- Heterogeneous and fragmented market
- Increasing popularity of Internet;
- Rapid technological changes;
- Challenge of selecting among too many options; and
- Challenge of generating leads.

Green Marketing

The negative impact of human activities over environment is a matter of concern today. Governments all over the world making efforts to minimise human impact on environment. Today our society is more concerned with the natural environment. Understanding the society's new concerns businesses have begun to modify their behaviour and have integrated environmental issues into organisational activities.

According to **Polonsky 1994 b, 2** - *"Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.*

Green Marketing incorporates broad range of activities including product modification, changes to the production process, packaging changes, and modifying advertising. Green marketing focuses on satisfaction of customer needs and wants with no or minimum harm to the natural environment.

Why Green Marketing is Important ?

It is well known that increasing production and business activities are polluting the natural environment. Damages to people, crops, and wildlife is reported in different parts of the world. As resources are limited and human wants are unlimited, it is necessary for marketers to use resources efficiently, so that organisational objectives are achieved without waste of resources. So green marketing is inevitable. There is growing interest among people around the world regarding protection of natural environment. People are getting more concerned for environment and changing their behaviour for the protection of environment. As a result of this, the term "Green Marketing" has emerged. Hence, marketers are feeling their responsibility towards environment and giving importance to green marketing.

Social Marketing

"Social Marketing is a process for influencing human behaviour on a large scale, using marketing principles for the purpose of societal benefit rather than commercial profit."

Social marketing is based on tools and techniques of commercial marketing, it uses principles of commercial marketing for the purpose of societal benefit. In social marketing, advertising campaigns are designed, implemented, and controlled by using the principles of commercial marketing. The key features of social marketing are taken directly from commercial marketing, but the purpose of social marketing differs form the purpose of commercial marketing. The purpose of commercial marketing is to increase sales and revenue, but it is not so in the case of social marketing.

The purpose of social marketing is societal benefit rather than commercial profit. Its purpose is to bring about positive health and social change. Its ultimate outcome is behavioural change rather than increased sales.

Alliance Marketing

Alliance Marketing is marketing activity undertaken by two or more organisations, jointly to promote product, service, or concept with the purpose to provide benefit to all the stakeholders.

Alliance marketing involves pooling resources like - expertise, brand reputation, distribution infrastructure, or money, to produce an effect/result which would be more difficult and costly to achieve independently.

Importance of Alliance Marketing

- **To gain access to a non-competitive businesses' customers** - Businesses not competing with each other can promote one another, they can refer customers back and forth to increase their sales.
- **To pool knowledge, expertise, and resources** - Pooling expertise, resources, and efforts reduce inefficiencies and expenses.
- **To turn competitors into partners**
- **To expand into new markets** - Independent expansion requires heavy investment, resources, and development of new distribution channels. Alliance marketing makes it easy, a firm in one country can offer a product through another firm already established in another country, thus expand into new market immediately.

The Marketing Mix

According to **Philip Kotler** - *"Marketing Mix is the combination of four elements, called the 4P's (product, Price, Promotion, and Place), that every company has the option of adding, subtracting, or modifying in order to create a desired marketing strategy"*

4P's - Producer-oriented Model of Marketing Mix

- **Product** - Products are offerings that a marketer offers to the target audience to satisfy their needs and wants. Product can be tangible good or intangible service. Tangible products are goods like - cellphone, television, or motor car, whereas intangible products are services like - financial service in a bank, health treatment by a doctor, legal advice of a lawyer.
- **Price** - Price is the amount that is charged by marketer of his offerings or the amount that is paid by consumer for the use or consumption of the product. Price is crucial in determining the organisation's profit and survival. Adjustments in price affects the demand and sales of the product. Marketers are required to be aware of the customer perceived value of the product to set the right price.
- **Promotion** - Promotion represents the different methods of communication that are used by marketer to inform target audience about the product. promotion includes - advertising, personal selling, public relation, and sales promotion.
- **Place** - Place or distribution refers to making the product available for customers at convenient and accessible places.

4C's - Consumer-oriented model of marketing Mix

- **Consumer** - In this model the Product is replaced by Consumer. Marketers focuses more on consumer satisfaction. The product is designed and produced keeping in consideration the requirements of consumer.
- **Cost** - Price is replaced by Cost. Here the cost refers to the total cost of owning a product. It includes cost to use the product, cost to change the product, and cost of not choosing the competitor's product.
- **Communication** - Promotion is replaced by Communication. Communication includes advertising, public relation, personal selling, and any method that can be used for proper,timely, and accurate communication between marketer and consumer.
- **Convenience** - Place is replaced by Convenience. it focuses on ease of buying, convenience in reaching to the store/product, and convenience in getting product information.

MARKETING PLANNING & CONTROL

Marketing Planning

"Marketing Planning is the process of developing marketing plan incorporating overall marketing objectives, strategies, and programs of actions designed to achieve these objectives."

Marketing Planning involves setting objectives and targets, and communicating these targets to people responsible to achieve them. It also involves careful examination of all strategic issues, including the business environment, the market itself, the corporate mission statement, competitors, and organisational capabilities.

"Marketing Plan is a comprehensive blue print which outlines an organisation's overall marketing efforts."

Marketing Plan is a written document that describes an organisation's advertising and marketing efforts for a coming period of time. It includes description of target markets, marketing situation, organisation position, competition, and description of marketing mix the organisation intend to use to reach their marketing goals.

"Marketing Competitiveness is the ability of a business to improve continuously marketing process capabilities and deliver better value to customers than competitors."

Customer values are the combination of several benefits offered for a given price, and comprises all aspects of the physical product and the accompanying services.

Customer values —
Identify and Promote USP (Unique Selling Proposition) ---
Cost efficient operations ---
Customer delight ---

Marketing Planning Process- Marketing planning process involves both the development of objectives and specifications for how to achieve the objectives. Following are the steps involved in a marketing plan.

1) Mission

Mission is the reason for which an organisation exists. Mission statement is a straightforward statement that shows why an organisation is in business, provides basic guidelines for further planning, and establishes broad parameters for the future. Many of the useful mission statements motivates staff and customers.

2) Corporate Objectives

Objectives are the set of goals to be achieved within a specified period of time, Corporate objectives are most important goals the organisation as a whole wishes to achieve within a specified period of time,

3) Marketing Audit

Marketing audit helps in analysing and evaluating the marketing strategies, activities, problems, goals, and results. Marketing audit is done to check all the aspects of business directly related to marketing department.

4) SWOT Analysis

- **Strengths and Weaknesses** are factors inside the organisation that can be controlled by the organisation. USP of a product can be the example of strength, whereas lack of innovation can be the example of weakness.
- **Opportunities and Threats** are factors outside the organisation which are beyond the direct control of an organisation. Festive season can be an example of opportunity to make maximum sales, whereas increasing FDI in a nation can be the example of threat to domestic players of that nation.

5) Marketing Assumptions

A good marketing plan is based on deep customer understanding and knowledge, but it is not possible to know everything about the customer, so lot of different things are assumed about customer.

6) Marketing Objectives and Strategies

After identification of opportunities and challenges, the next step is to develop marketing objectives that indicate the end state to achieve.

7) Forecast the Expected Results

Marketing managers have to forecast the expected results. They have to project the future numbers, characteristics, and trends in the target market. Without proper forecasting, the marketing plan could have unrealistic goals or fall short on what is promised to deliver.

8) Create Alternative Plan

An alternate marketing plan is created and kept ready to be implement at the place of primary marketing plan if the whole or some part of the primary marketing plan is dropped.

9) Marketing Budget

The marketing budget is the process of documenting the expected costs of the proposed marketing plan. One common method to allocate marketing budgeting is based on a percentage of revenue. Other methods are - comparative, all you can afford, and task method.

10) Implementation and Evaluation

At this stage the marketing team is ready to actually start putting their plans into action. This may involve spending money on advertising, launching new products, interacting with potential new customers, opening new retail outlets etc.

Marketing Control

Developing and implementing marketing plan is not enough to reach marketing objectives; marketing plans and strategies are required to be monitored, evaluated, and adapted to meet the changing market environment, needs, and opportunities. Marketing control ensures performance improvement by minimising gap between desired results and actual results. If the actual results are found deviated from the expected results, plans and strategies are adapted to bring the results back to the desired level.

Marketing Control Process

Marketing control is a four step process :-

1. Define Marketing Objectives
2. Set Performance Standards
3. Compare Results Against Standards
4. Corrections and Alterations

Resources are scarce and costly so it is important to control marketing plans. Controlling marketing plan is not an one time activity, it is a series of actions, and it is required to be done regularly. Marketing control process starts with the review of the marketing objectives.

After defining/redefining marketing objectives, performance standards are set. Performance standards provide benchmarks to enable managers and employees to decide how they are progressing towards achieving objectives.

Actual results are compared against standards. If the actual results are in direction to the expected results, their is no problem in marketing plan and its execution.

If actual results are deviated from the expected results, their is requirement to correct and alter marketing plan to bring the results back to the desired level.

PRODUCT DEVELOPMENT

In this fast-changing world we are experiencing change in our daily life and at marketplace too. Customer needs, wants, and expectations are changing more rapidly. Customers are increasingly demanding advance features, appealing designs, better quality, and reliability in products. To meet the changing demands of customer, business organisations are investing heavily in research and development (R&D). Business organisations are updating existing products and developing new products to satisfy changing customer needs, wants, and expectations.

Meaning of Product Development

Product means a good, service, idea or object created as a result of a process and offered to serve a need or satisfy a want. Development means the act or process of growing, progressing, or developing

Product Development is a process of improving the existing product or to introduce a new product in the market. It is also referred as New Product Development. The functions of product development are as follows :-

1. Creation of an entirely new product or upgrading an existing product,
2. Innovation of a new or an existing product to deliver better and enhanced services,
3. Enhancing the utility and improving the features of an existing product,
4. Continuous improvement of a product to satisfy rapidly changing customer needs and wants.

Product Development Process

The product development process starts from idea generation and ends with product development and commercialisation. Following are the steps in the process of product development.

1. **Idea Generation** - The first step of product development is Idea Generation that is identification of new products required to be developed considering consumer needs and demands. Idea generation is done through research of market sources like consumer liking, disliking, and competitor policies. Various methods are available for idea generation like - Brain Storming, Delphi Method, or Focus Group.

2. **Idea Screening** - The second step in the process of product development is Idea Screening that is selecting the best idea among the ideas generated at the first step. As the resources are limited, so all the ideas are not converted to products. Most promising idea is kept for the next stage.

3. **Concept Development** - At this step the selected idea is moved into development process. For the selected idea different product concepts are developed. Out of several product concepts the most suitable concept is selected and introduced to a focus group of customers to understand their reaction. For **example** - in auto expos different concept cars are presented, these models are not the actual product, they are just to describe the concept say electric, hybrid, sport, fuel efficient, environment friendly, etc.

4. **Market Strategy Development** - At this step the market strategies are developed to evaluate market size, product demand, growth potential, and profit estimation for initial years. Further it includes launch of product, selection of distribution channel, budgetary requirements, etc.

5. **Business Analysis** - At this step business analysis for the new product is done. Business analysis includes - estimation of sales, frequency of purchases, nature of business, production and distribution related costs and expenses, and estimation of profit.

6. **Product Development** - At this step the concept moves to production of finalised product. Decisions are taken from operational point of view whether the product is technically and commercially feasible to produce. Here the research and development department develop a physical product.

7. **Test Marketing** - Now the product is ready to be launched in market with brand name, packaging, and pricing. Initially the product is launched in a test market. Before full scale launching the product is exposed to a carefully chosen sample of the population, called test market. If the product is found acceptable in test market the product is ready to be launched in target market.

8. **Commertiallsation** - Here the product is launched across target market with a proper market strategy and plan. This is called commercialisation phase of product development.

Product Life Cycle Concept

We have a life cycle, we are born, we grow, we mature, and finally we pass away. Similarly, products also have life cycle, from their introduction to decline they progresses through a sequence of stages. The major stages of the product life cycle are - introduction, growth, maturity, and decline. Product life cycle describes transition of a product from its development to decline

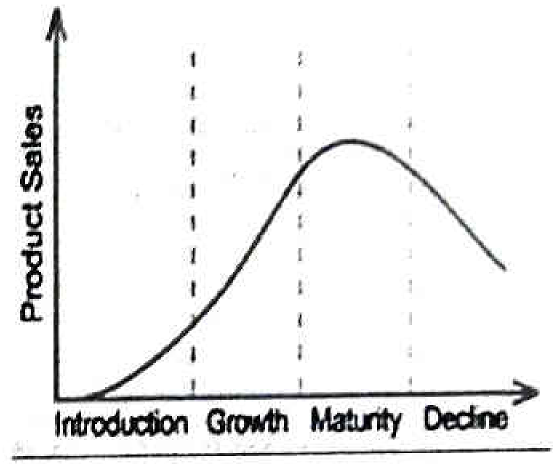
The time period of product life cycle and the length of each stage varies from product to product. Life cycle of one

product can be over in few months, and of another product may last for many years. One product reach to maturity in years and another can reach it in few months. One product stay at the maturity for years and another just for few months. Hence, it is true to say that length of each stage varies from product to product.

Product life cycle is associated with variation in the marketing situation, level of competition, product demand, consumer understanding, etc., thus marketing managers have to change the marketing strategy and the marketing mix accordingly.

Product life cycle can be defined as *"the change in sales volume of a specific product offered by an organisation, over the expected life of the product."*

Stages of the Product Life Cycle



The four major stages of the product life cycle are as follows :-
1. Introduction,
2. Growth,
3. Maturity, and
4. Decline.

Introduction Stage

At this stage the product is new to the market and few potential customers are aware with the existence of product. The price is generally high. The sales of the product is low or may be restricted to early adopters. Profits are often low or losses are being made, this is because of the high advertising cost and repayment of developmental cost. At the introductory stage :-
- The product is unknown,
- The price is generally high,
- The placement is selective, and
- The promotion is informative and personalised.

Growth Stage

At this stage the product is becoming more widely known and acceptable in the market. Marketing is done to strengthen brand and develop an image for the product. Prices may start to fall as competitors enters the market. With the increase in sales, profit may start to be earned, but advertising cost remains high. At the growth stage :-

- The product is more widely known and consumed,
- The sales volume increases,
- The price begin to decline with the entry of new players,
- The placement becomes more widely spread, and
- The promotion is focused on brand development and product image formation.

Maturity Stage

At this stage the product is competing with alternatives. Sales and profits are at their peak. Product range may be extended, by adding both withe and depth. With the increases in competition the price reaches to its lowest point. Advertising is done to reinforce the product image in the consumer's minds to increase repeat purchases. At maturity stage :-

- The product is competing with alternatives,
- The sales are at their peak,
- The prices reaches to its lowest point,
- The placement is intense, and
- The promotion is focused on repeat purchasing.

Decline Stage

At this stage sales start to fall fast as a result product range is reduced. The product faces reduced competition as many players have left the market and it is expected that no new competitor will enter the market. Advertising cost is also reduced. Concentration is on remaining market niches as some price stability is expected there. Each product sold could be profitable as developmental costs have been paid at earlier stage. With the reduction in sales volume overall profit will also reduce. At decline stage :-

- The product faces reduced competition,
- The sales volume reduces,
- The price is likely to fall,
- The placement is selective, and
- The promotion is focused on reminding.

Product Mix

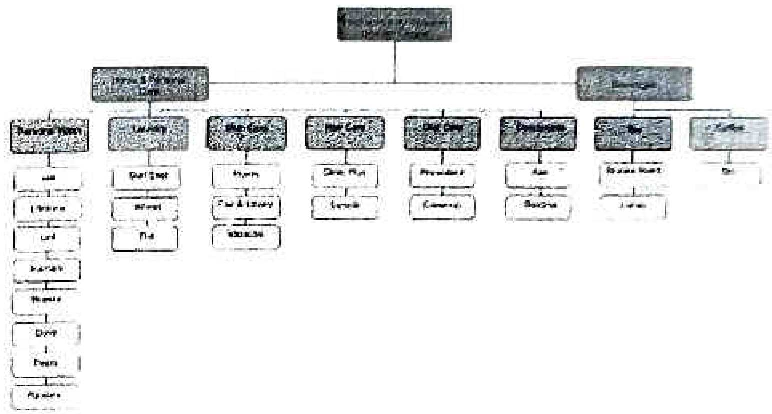
Product mix or product assortment refers to the number of product lines that an organisation offers to its customers. **Product line** is a group of related products manufactured or marketed by a single company. Such products function in similar manner, sold to the same customer group, sold through the same type of outlets, and fall within a same price range.

An organisation's product mix has following four dimensions :-

1. Width,
2. Length,
3. Depth, and
4. Consistency.

Width

The width of an organisation's product mix pertains to the number of product lines that the organisation is offering. For *example*, Hindustan Uni Lever offers wide width of its home care, personal care and beverage products. Width of HUL product mix includes Personal wash, Laundry, Skin care, Hair care, Oral care, Deodorants, Tea, and Coffee.



Length

The length of an organisation's product mix pertains to the total number of products or items in the product mix. As in the given diagram of Hindustan Uni Lever product mix, there are 23 products, hence, the length of product mix is 23.

Depth

The depth of an organisation's product mix pertains to the total number of variants of each product offered in the line. Variants includes size, colour, flavors, and other distinguishing characteristics. For *example*, Close-up, brand of HUL is available in three formations and in three sizes. Hence, the depth of Close-up brand is 3*3 = 9.

Consistency

The consistency of an organisation's product mix refers to how closely related the various product lines are in use, production, distribution, or in any other manner.

Product Mix Decision

Product mix decision refers to the decisions regarding adding a new or eliminating any existing product from the product mix, adding a new product line, lengthening any existing line, or bringing new variants of a brand to expand the business and to increase the profitability.

- **Product Line Decision** - Product line managers takes product line decisions considering the sales and profit of each items in the line and comparing their product line with the competitors' product lines in the same markets. Marketing managers have to decide the optimal length of the product line by adding new items or dropping existing items from the line.

- **Line Stretching Decision** - Line stretching means lengthening a product line beyond its current range. An organisation can stretch its product line downward, upward, or both way.

1. *Downward Stretching* means adding low-end items in the product line, for *example* in Indian car market, watching the success of Maruti-Suzuki in small car segment, Toyota and Honda also entered the segment.
2. *Upward Stretching* means adding high-end items in the product line, for *example* Maruti-Suzuki initially entered small car segment, but later entered higher end segment.
3. *Two-way Stretching* means stretching the line in both directions if an organisation is in the middle range of the market.

- **Line Filling Decision** - It means adding more items within the present range of the product line. Line filling can be done to reach for incremental profits, or to utilise excess capacity.

Branding

According to Philip Kotler - *"Brand is a name, term, sign, symbol, design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"*

Branding is *"a seller's promise to deliver a specific set of features, benefits and services consistent to the buyers."*

Meaning of Branding

Branding is a process of creating a unique name and image for a product in the mind of consumer, mainly through advertising campaigns. A brand is a name, term, symbol, design or combination of these elements, used to identify a product, a family of products, or all products of an organisation.

Branding is an important component of product planning process and an important and powerful tool for marketing and selling products

Elements of Branding

Brand includes various elements like - brand names, trade names, brand marks, trade marks, and trade characters. The combination of these elements form a firm's corporate symbol or name.

- **Brand Name** - It is also called Product Brand. It can be a word, a group of words, letters, or numbers to represent a product or service. For example - Pepsi, iPhone 5, and etc.

- **Trade Name** - It is also called Corporate Brand. It identifies and promotes a company or a division of a particular corporation. For example - Dell, Nike, Google, and etc.

- **Brand Mark** - It is a unique symbol, colouring, lettering, or other design element. It is visually recognisable, not necessary to be pronounced. For example - Apple's apple, or Coca-cola's cursive typeface.

NBC

- **Trade Mark** - It is a word, name, symbol, or combination of these elements. Trade mark is legally protected by government. For example - NBC colourful peacock, or McDonald's golden arches. No other organisation can use these symbols.

- **Trade Characters** - Animal, people, animated characters, objects, and the like that are used to advertise a product or service, that come to be associated with that product or service. For example - Keebler Elves for Keebler cookies

Branding Strategies

There are various branding strategies on which marketing organisations rely to meet sales and marketing objectives. Some of these strategies are as following :-

- **Brand Extension** - According to this strategy, an existing brand name is used to promote a new or an improved product in an organisation's product line. Marketing organisations uses this strategy to minimise the cost of launching a new product and the risk of failure of new product. There is risk of brand diluting if a product line is over extended.

- **Brand Licensing** - According to this strategy, some organisations allow other organisations to use their brand name, trade name, or trade character. Such authorisation is a legal licensing agreement for which the licensing organisation receives royalty in return for the authorisation. Organisations follow this strategy to increase revenue sources, enhance organisation image, and sell more of their core products.

- **Mixed Branding** - This strategy is used by some manufacturers and retailers to sell products. A manufacturer of a national brand can make a product for sale under another company's brand. Like this a business can maintain brand loyalty through its national brand and increase its product mix through private brands. It can increase its profits by selling private brands without affecting the reputation and sales of its national brand.

- **Co-Branding** - According to this strategy one or more brands are combined in the manufacture of a product or in the delivery of a service to capitalise on other companies' products and services to reach new customers and increase sales for both companies' brands.

Role of Advertising in Marketing

Marketing communications are the means by which organisations attempt to inform, persuade, and remind consumers about products, services, or brands. Marketing communications inform and make consumers aware about the availability of the product or service, about its usage, price and special offers. Marketing Communications attempt to persuade potential consumers to purchase and try the product. Marketing communications can also be used to reinforce experiences, or to remind consumers about their needs and their past experiences related to the product with a view to convince them for repurchases. Marketing communication also differentiate products in markets where there is little to separate competing products and brands.

Advertising is a paid form of a non-personal message communicated through the various media by industry, business firms, nonprofit organisations, or individuals. Advertising is persuasive and informational and is designed to influence the purchasing behavior and/or thought patterns of the audience.

The advertising message has to reach a billion people, speaking different languages, practicing many religions. Advertisers can reach their audiences through television, radio, cinema, print medium, outdoor advertising, sales promotion and the Internet. Hence, advertising is a form of mass communication.

Process of Advertising

Following are the steps that are required to be followed for development and execution of advertising :-

1. **Briefing** - Advertising process starts with briefing - a document confirming understanding between client and advertising agency on - what product to advertise, objective of advertising, time-frame of ad campaign, strategies to reach the audience, and total estimated cost.
2. **Market Research** - After briefing market research will done. Research include - comparison of advertiser's product or service with competitor's product or service, consumers' perception of their brand in comparison to their competitors, study of competitors' advertising, and response of consumers to competitors' advertising.
3. **Identify Target Audience** - Next step is to identify target audience. Using the market research, the advertising agency will identify the target audience.
4. **Media Selection** - Using the research, the advertising agency or the media agency will select the media that should be used to reach the target audience in the most cost effective way.
5. **Ad Designing & Ad Creation** - At this step the creative people of advertising agency will convert the advertising communication into words and pictures. The copywriter will write the copy of advertising and the art director will visually implement the copywriter's message.The advertising agency may get the filming or taping done by outside production companies.
6. **Decide Place & Time** - This step is to decide where and when the advertisement will be shown. Traffic department within the advertising agency will ensure that the commercials are ready on time and all required legal approvals have been granted.
7. **Execution** - Finally the advertisement will be executed.
8. **Performance Check** - Once the advertisement is executed, the media agency will check its performance.

Following the above steps the client or marketer can effectively communicate its marketing messages with its target audience.

CONSUMER AND CONSUMER BEHAVIOUR

General classification of consumers

1. Personal Consumers
2. Organisational Consumers
3. Impulse Consumers
4. Need-based Consumers
5. Discount Driven Consumers
6. Habitual Consumers

Personal Consumers

This type of consumer is an individual consumer who buy products or services for own use, or for family, or for household use. Finished products are purchased by personal consumer and the purchases are done in small quantities.

Organisational Consumers

This type of consumer can be a business, government, profit or non-profit organisation, or agency who purchases goods or services for organisation to function or for resale purpose. Purchases are done in the form of raw-materials that are processed to finished goods and offered for sale to other consumers.

Impulse Consumers

This type of consumer do unplanned purchases. Purchasing a particular product was not a priority, but when the consumer encounter that product, he makes swift buying decision. Impulse consumer purchase what seems good at the time.

Need Based Consumer

This type of consumer has a specific intention to purchase a particular type of product. Need-based Consumer is driven by a specific need. He makes buying decision when he actually need that product and not any other time

Discount Driven Consumers

This type of consumers do purchases when they get some lucrative offer or discount. Their buying decision is highly based on offers or discounts.

Habitual Consumers

Person who is habitual to the usage or consumption of a kind of product is called habitual consumer. For example - person who smoke.

Consumer Behaviour

According to **Hawkins, Best, and Coney,** 2001, p7, Consumer behaviour can be defined as *"the study of individuals, groups or organisations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society."*

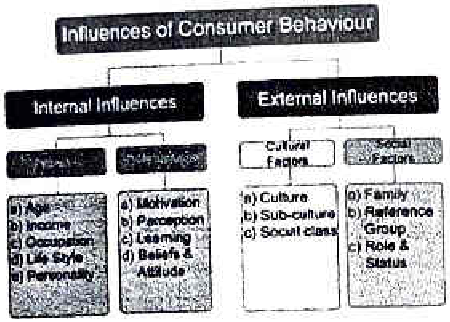
Meaning of Consumer Behaviour

Consumer behaviour is the complex and dynamic processes of deciding what product to buy, when to buy, how to buy, from where to buy, how to secure, how to use, or how to dispose to satisfy individuals, groups, or organisations' needs. Consumer behaviour is a decision process and physical activity individuals, groups, or organisations engage in when evaluating, acquiring, using, or disposing of goods and services.

Consumer behaviour has two aspects - final purchase behaviour and decision making process. Purchase behaviour is visible to us, but the decision making process involves number of complex variables which are not visible to us. Purchase behaviour is the end result of long decision making process. Study of consumer behaviour attempt to understand the decision making processes of buyers.

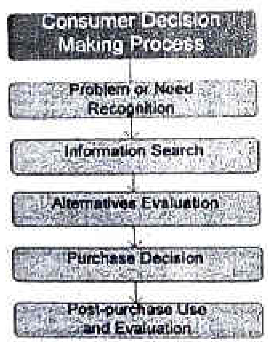
Factors Influencing Consumer Behaviour

Behaviour of an individual consumer is not only influenced by his internal factors, but also by factors external to him and beyond his control. There are various internal and external factors that have influences on consumer behaviour. These factors are also called determinants of consumer behaviour

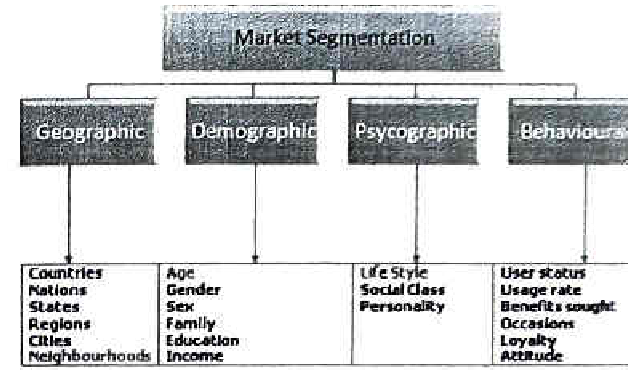


Consumer Decision Making Process

Consumer decision making process consists of a series of steps which a consumer undergoes. Consumer decision making process generally involves five steps – Problem recognition, information search, evaluation of alternatives, purchase, and post purchase evaluation.



MARKET SEGMENTATION



What Is Segmentation ?

Segmentation refers to a process of bifurcating or dividing a large unit into various small units which have more or less similar or related characteristics.

Market Segmentation

- Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference.
- A market segment is a small unit within a large market comprising of like minded individuals.
- One market segment is totally distinct from the other segment.
- A market segment comprises of individuals who think on the same lines and have similar interests.
- The individuals from the same segment respond in a similar way to the fluctuations in the market.

Basis of Market Segmentation

- **Gender**

  The marketers divide the market into smaller segments based on gender. Both men and women have different interests and preferences, and thus the need for segmentation.

  Organizations need to have different marketing strategies for men which would obviously not work in case of females.

  A woman would not purchase a product meant for males and vice a versa.

  The segmentation of the market as per the gender is important in many industries like cosmetics, footwear, jewellery and apparel industries.

- **Age Group**

  Division on the basis of age group of the target audience is also one of the ways of market segmentation.

  The products and marketing strategies for teenagers would obviously be different than kids.

  Age group (0 - 10 years) - Toys, Nappies, Baby Food, Prams

  Age Group (10 - 20 years) - Toys, Apparels, Books, School Bags

  Age group (20 years and above) - Cosmetics, Anti-Ageing Products, Magazines, apparels and so on

Income

Marketers divide the consumers into small segments as per their income. Individuals are classified into segments according to their monthly earnings.

The three categories are:

High income Group
Mid Income Group
Low Income Group

Stores catering to the higher income group would have different range of products and strategies as compared to stores which target the lower income group.

Pantaloon, Carrefour, Shopper's stop target the high income group as compared to Vishal Retail, Reliance Retail or Big bazaar who cater to the individuals belonging to the lower income segment.

- **Marital Status**

  Market segmentation can also be as per the marital status of the individuals. Travel agencies would not have similar holiday packages for bachelors and married couples.

- **Occupation**

  Office goers would have different needs as compared to school / college students.

  A beach house shirt or a funky T Shirt would have no takers in a Zodiac Store as it caters specifically to the professionals.

Types of Market Segmentation

- **Psychographic segmentation**

  The basis of such segmentation is the lifestyle of the individuals. The individual's attitude, interest, value help the marketers to classify them into small groups.

- **Behaviouralistic Segmentation**

  The loyalties of the customers towards a particular brand help the marketers to classify them into smaller groups, each group comprising of individuals loyal towards a particular brand.

- **Geographic Segmentation**

  Geographic segmentation refers to the classification of market into various geographical areas. A marketer can't have similar strategies for individuals living at different places.

  Nestle promotes Nescafe all through the year in cold states of the country as compared to places which have well defined summer and winter season.

  McDonald's in India does not sell beef products as it is strictly against the religious beliefs of the countrymen, whereas McDonald's in US freely sells and promotes beef products.

Need for Market Segmentation (Why Market Segmentation?)

Not all individuals have similar needs. A male and a female would have varied interests and liking towards different products. A kid would not require something which an adult needs. A school kid would have a different requirement

than an office goer. Market Segmentation helps the marketers to bring together individuals with similar choices and interests on a common platform.

- Market Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes according to the tastes of the individuals of a particular market segment.
- Market segmentation helps the marketers to understand the needs of the target audience and adopt specific marketing plans accordingly. Organizations can adopt a more focussed approach as a result of market segmentation.
- Market segmentation also gives the customers a clear view of what to buy and what not to buy. An individual with low income would obviously prefer a Nano or Alto instead of Mercedes or BMW.
- Market segmentation helps the organizations to target the right product to the right customers at the right time. Geographical segmentation classifies consumers according to their locations.
- Segmentation helps the organizations to know and understand their customers better. Organizations can now reach a wider audience and promote their products more effectively. It helps the organizations to concentrate their hard work on the target audience and get suitable results.

PRICING STRATEGY

Pricing is one of the four elements of the marketing mix, along with product, place and promotion. Pricing strategy is important for companies who wish to achieve success by finding the price point where they can maximize sales and profits. Companies may use a variety of pricing strategies, depending on their own unique marketing goals and objectives.

The Firm's Pricing Objectives

Different firms want to accomplish different things with their pricing strategies. For example, one firm may want to capture market share, another may be solely focused on maximizing its profits, and another may want to be perceived as having products with prestige. Some examples of different pricing objectives companies may set include profit-oriented objectives, sales-oriented objectives, and status quo objectives. Theobjectives are listed below.

- Earning a Targeted Return on Investment (ROI)
- Maximizing Profits
- Maximizing Sales
- Maximizing Market Share
- Maintaining the Status Quo

Factors That Affect Pricing Decisions

Having a pricing objective isn't enough. A firm also has to look at a myriad of other factors before setting its prices. Those factors include the offering's costs, the demand, the customers whose needs it is designed to meet, the external environment—such as the competition, the economy, and government regulations—and other aspects of the marketing mix, such as the nature of the offering, the current stage of its product life cycle, and its promotion and distribution. If a company plans to sell its products or services in international markets, research on the factors for each market must be analyzed before setting prices. Organizations must understand buyers, competitors, the economic conditions, and political regulations in other markets before they can compete successfully.

- Desired image for the product – if intermediaries are to be used, then it is essential that those chosen are suitable and relevant for the product.

The market

- Is it geographically spread?
- Does it involve selling overseas (see further below)
- The extent and nature of the competition – which distribution channels and intermediaries do competitors use?

The business

- Its size and scope – e.g. can it afford an in-house sales force?
- Its marketing objectives – revenue or profit maximisation?
- Does it have established distribution network or does it need to extend its distribution option
- How much control does it want over distribution? The longer the channel, the less control is available

Legal issues

- Are there limitations on sale?
- What are the risks if an intermediary sells the product to an inappropriate customer?

A **Department store** is a retail establishment offering a wide range of consumer goods in different product categories known as "departments". In modern major cities, the department store made a dramatic appearance in the middle of the 19th century, and permanently reshaped shopping habits, and the definition of service and luxury. Department stores today have sections that sell the following: clothing, furniture, home appliances, toys, cosmetics, houseware, gardening, toiletries, sporting goods, do it yourself, paint, and hardware and additionally select other lines of products such as food, books, jewelry, electronics, stationery, photographic equipment, baby products, and products for pets. Customers check out near the front of the store or, alternatively, at sales counters within each department. Some are part of a retail chain of many stores, while others may be independent retailers.

Chain store(s) or retail chain is retail outlets that share a brand and central management, and usually have standardized business methods and practices. In retail, dining, and many service categories, chain businesses have come to dominate the market in many parts of the world. A franchise retail establishment is one form of chain store. In 2004, the world's largest retail chain, Wal-Mart, became the world's largest corporation based on gross sales.

A **Supermarket**, a large form of the traditional grocery store, is a self-service shop offering a wide variety of food and household products, organized into aisles. It is larger and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket or big-box market.

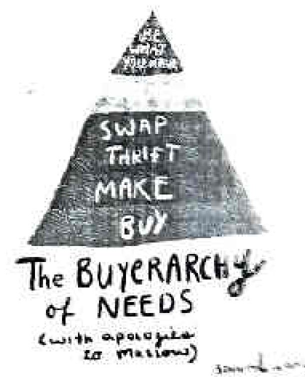
A **shopping mall** is a modern, chiefly North American, term for a form of shopping precinct or shopping center, in which one or more buildings form a complex of shops representing merchandisers with interconnecting walkways that enable customers to walk from unit to unit. A shopping arcade is a specific form serving the same purpose.

Franchising is the practice of the right to use a firm's business model and brand for a prescribed period of time. The word "franchise" is of Anglo-French derivation—from *franc*, meaning free—and is used both as a noun and as a (transitive) verb.[1] For the franchisor, the franchise is an alternative to building "chain stores" to distribute goods that avoids the investments and liability of a chain. The franchisor's success depends on the success of the franchisees. The franchisee is said to have a greater incentive than a direct employee because they have a direct stake in the business.

RECENTS TRENDS IN MARKETING

E Marketing– **Online advertising**, also called **online marketing** or **Internet advertising** or web advertising, is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. Consumers view online advertising as an unwanted distraction with few benefits and have increasingly turned to ad blocking for a variety of reasons.

Consumerism –

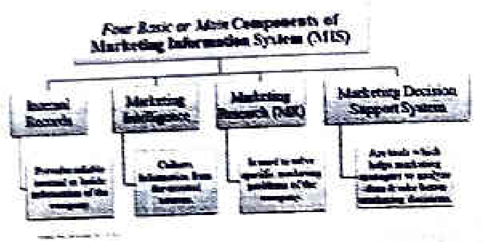


Consumerism is a social and economic order and ideology that encourages the acquisition of goods and services in ever-increasing amounts. Early criticism of consumerism was in the works of Thorstein Veblen in 1899, which examined the middle class emerging at the turn of the 20th century, which came to fruition by the end of the 20th century through the process of globalization.

In politics, the term "consumerism" has also been used to refer to the consumerists' movement, consumer protection or consumer activism, which seeks to protect and inform consumers by requiring such practices as honest packaging and advertising, product guarantees, and improved safety standards. In this sense it is a political movement or a set of policies aimed at regulating the products, services, methods, and standards of manufacturers, sellers, and advertisers in the interests of the consumer.

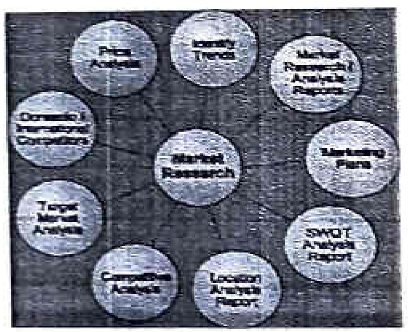
MIS- Market Information System—

Components of MIS



Market information systems (otherwise known as market intelligence systems, market information services, or MIS, and not to be confused with management information systems) are information systems used in gathering, analyzing and disseminating information about prices and other information relevant to farmers, animal rearers, traders, processors and others involved in handling agricultural products. Market information systems play an important role in agro-industrialisation and food supply chains. With the advance of Information and communication technologies for development (ICTs) in developing countries, the income- generation opportunities offered by market information systems have been sought by international development organizations, non-governmental organizations (NGOs) and businesses alike.

Marketing research—



Marketing research is "the process or set of processes that links the producers, customers, and end users to the marketer through information — information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts customer behavior. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned specifically with markets, while marketing research is concerned specifically about marketing processes.