PERIYAR UNIVERSITY

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SALEM - 636 011, Tamil Nadu, India.

CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)

BACHELOR OF BUSINESS ADMINISTRATION SEMESTER - II

CORE III – MARKETING MANAGEMENT

(Candidates admitted from 2024 onwards)

PERIYAR UNIVERSITY

CENTRE FOR DISTANCE AND ONLINE EDUCATION (CDOE)

B.B.A 2024 admission onwards

CORE-III

MARKETING MANAGEMENT

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Self-Learning Material Development – STAGE 1

MARKETING MANAGEMENT
Fundamentals of Marketing – Role of Marketing – Relationship of Marketing with Other Functional Areas- Concept of Marketing Mix – Marketing Approaches – Various Environmental Factors Affecting the Marketing Functions.

Unit Module Structure

- ✓ **Fundamentals of Marketing**
- ✓ **Concept of Marketing Mix**
- ✓ **Environmental Factors Affecting Functions**

STAGE-2 Modules sections and Sub-sections structure

Unit Objectives

- ✓ To know about Marketing Management
- ✓ To Understand the role of Marketing
- ✓ To identify the Marketing Approaches

1.1.1 Marketing Management

INTRODUCTION

Marketing helps to maintain and raise the standards of living. Marketing increases employment opportunities. Marketing increases national income. Helps maintain economic stability and development. The link between producer and consumer. Removes imbalance of supply and demand by transferring surplus. Helps create utilities of time, place, and possession

Meaning of Marketing

Marketing refers to the performance, a set of activities essential to direct, regulate and facilitate the flow of goods and services from the manufacturer to the ultimate consumer in the process of distribution. These activities include market analysis, market planning, product planning, product development, pricing of products or services, physical distribution, warehousing, financing, risk bearing, etc.

"As per the American Marketing Association, 'marketing is a process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.'"

Paul Mazur defined marketing as 'the creation and delivery of standard of living to society.'

Nature of Marketing

The following points describe the nature of marketing:

- Marketing is a process of discovering and translating consumer wants into products and services. Marketing is a concept and way of thinking.
- Marketing is a dynamic process.
- Marketing relates to the movement of goods and services from producer to ultimate consumer.
- Marketing creates time, place, and possession utilities through warehousing, transportation, and selling.
- It focuses on product pricing, promotion, physical distribution, and selling.
- Marketing is wider than selling. It not only aims at the physical movement of goods but also focuses on customer satisfaction.
- Marketing involves creative thinking which provides a competitive edge to the organisation.
- Marketing information systems as well as integrated marketing are essential to achieving marketing goals.
- on satisfaction of customer's wants.
- The customer is considered as the 'King' of the market.
- All activities of marketing begin and end with customers.
- Marketing involves various activities such as product planning and development.

Classification of Market

Marketing may be classified into the following headings. They are

Retail market

It is the market where goods are brought and sold in small quantities and are supplied directly to consumers near to homes at retail price.

Wholesale market

In this market, goods are brought and sold in large scale at wholesale price. Generally, wholesalers purchase goods directly from the producer of the goods directly from the producer of the goods and are supplied to retainers. He thus plays the role of middleman between retailers and producers.

Stock exchange market

It is an organized market and these shares, bonds, and debentures of the bonafide trading unit are regularly transacted. Its dealing is carried on within a particular place in which a person can easily convert his securities into cash. There are a large number of buyers and sellers who conduct their activities under strict rules.

Foreign exchange market

It denotes that market where foreign currencies are bought and sold.

Capital market

In this market, loans are given to businessmen, industrialists, and traders to remove financial difficulties and expansion of business.

Money market

This market is the portion of the capital market. It provides financial facilities to various businessmen for a short period only.

Commodity market

It refers to an organized market where raw materials are transacted with manufacturers who offer the goods to consumers in a useful form.

Objective of Marketing

The following aims are sought to be achieved by studying marketing.

- To develop an intelligent appreciation of modern marketing practices.
- To provide guiding policies regarding marketing procedures and their implementation.
- To study marketing problem according to circumstances and to suggest solution.
- To analyze the shortcomings inthe existing pattern of marketing;
- To enable successful distribution of agricultural products, mineral wealth, and manufactured goods;
- Enable managers to asses and decide a particular course of action.

Importance of Marketing

- Marketing helps to achieve maintain and raise the standards of living.
- Marketing increases employment opportunities.
- Marketing increases national income.
- Helps maintain economic stability and development.
- Link between producer and consumer.
- Removes imbalance of supply and demand by transferring surplus.
- Helps create utilities of time, place and possession

Evolution of Marketing

1. Production orientation Era: (1869-1930)

The prevailing attitude and approach of the production orientation era was consumers favour products that are available and highly affordable.

2. Product orientation era:

The attitude changed slowly and approach shifted from production to product and from the quantity to quality.

3. Sales orientation era: (1930-1950)

The increased competition and variety of choices/ option available to customers changed the marketing approach and now the attitude was consumers will buy products only if the company promotes/ sells these products.

4. Marketing orientation era: (1950-1960)

The shift from production to product and from product to customers later manifested in the marketing era which focused on the needs and wants of the customers and the mantra of marketers was the consumer is king.

5. Relationship marketing orientation era: (1960-Present)

The following sentences summarize4 the above evolution of marketing.

- Production era: ‘Cut costs, profit will take care of themselves’.

- Product era: ‘A good product will sell itself’
- Sales era: ‘Selling is laying the bait for the customer’
- Marketing era: ‘The customer is king’
- Relationship marketing area: “Relationship with customers
- determine our firm’s future’.

Fundamentals of Marketing

Product, Price Place, Promotion, People, Process, and Physical evidence are the 7 Ps of the marketing mix. The same mix can also be considered for online marketing mix as well. Below we are discussing each P and how it contributes to effective marketing strategies.

Product

Product refers to the goods or services that a business offers its customers. In other words, the product is the physical or intangible offering that a business sells to its customers. The Product element of the 7Ps covers product design, quality, features, and packaging. To execute successful marketing, businesses must understand their target market and ensure their products align accordingly.

Price

The Price element of the 7Ps covers the cost of goods or services. The price is the amount of money that customers pay for a product. It is important to set a price that is both competitive and profitable.

Place

The Place element of the 7Ps refers to the distribution channels of the business. It can be a physical store, an online store, or a combination of both. The goal of this P is to make the products easily accessible to customers.

Promotion

The Promotion element of the 7Ps pertains to the communication strategies employed to make potential customers aware of and attracted to the product. The various marketing channels used for promotions include advertising, public relations, sales promotion, and other channels through different media. A successful promotion strategy must align with the target audience and ensure the message is simple, and the content is visually appealing.

People

The people are the employees, customers, and other stakeholders who interact with a business. It is important to create a positive and memorable experience for these people.

Process

The Process element of the 7Ps refers to the procedures and steps involved in delivering a product or service to the end user. It is important to streamline the process and make it as efficient as possible.

Physical Evidence

The Physical Evidence element of the 7Ps refers to the tangible aspects of a product, including packaging, branding, and more. Ensuring the tangible aspect of a product aligns with the customer's perception of the brand is essential in setting the business apart from competitors.

1.1.2 Role of marketing

Meets Consumer Needs and Wants

Needs pre-exist in the market. Marketers identify the needs of the consumer and adopt their marketing strategies accordingly. They influence wants, as these are shaped by cultural and individual personalities. Their needs are satisfied through the exchange process.

Ensures the organization's survival, growth, and reputation

A business survives because of customer retention and an increase in the market share. Marketing helps companies achieve their objectives because it is customer-centric. Marketing helps in satisfying customers beyond their expectations.

Widens market

Marketers use mass communication tools such as advertising, sales, promotion, event marketing, and PR to promote their products far and wide. Moreover, PR programs build and protect a company's image and product. Revolutions in media technology have made marketing more interactive.

Adapting the right price

Price is a critical element in the marketing mix of a producer because it generates revenue. Marketing strategies help in setting fair prices, incorporating appropriate changes, and preparing the right approach. The exchange process moves smoothly when prices are fixed in a favorable manner.

Better product offerings

Most companies sell more than one product. Physical products, that is goods have to be well packed and labelled. In contrast, services are characterized by intangibility and inseparability. Thus, marketing plays an active role in designing and managing product offerings.

Creates utility

Much of a product’s utility is created through marketing. Utility is the ability of a product to satisfy wants. Marketing creates form, place, time, information, and possession utility. For example, a car fulfills the need to possess a vehicle and ride it.

1.1.3 Relationship of Marketing with Other Functional Areas

Marketing is deeply interconnected with various functional areas within an organization. Each area plays a critical role in ensuring the success of marketing strategies and overall business objectives. Here’s how marketing relates to other key functional areas:

1. Marketing and Finance

- Marketing requires funding for campaigns, promotions, and market research, which needs approval and allocation from the finance department.
- Finance evaluates the effectiveness of marketing expenditures by analyzing the ROI, ensuring marketing activities contribute to the company's profitability.
- Finance and marketing collaborate to set pricing strategies that balance competitiveness and profitability.

2. Marketing and Operations

- Operations ensure that the products marketed are available in the right quantities and locations, maintaining inventory levels that meet consumer demand.
- Operations maintain product quality, which marketing promotes as part of the brand promise.
- Efficient operational processes help in delivering products and services on time, enhancing customer satisfaction.

3. Marketing and Human Resources (HR)

- Staff Training: HR ensures that marketing staff are well-trained in the latest marketing techniques and tools.
- Talent Acquisition: HR recruits skilled marketing professionals who can drive innovative strategies.
- Employee Engagement: Marketing often works with HR to promote internal branding and employee engagement initiatives.

4. Marketing and Research and Development (R&D)

- Marketing provides consumer insights to R&D for developing new products that meet market needs.
- Marketing gathers customer feedback that can guide R&D in improving existing products or developing new ones.

- Marketing and R&D collaborate on analyzing competitor products and market trends to innovate effectively.

5. Marketing and Information Technology (IT)

- IT supports digital marketing initiatives by managing the company's website, social media platforms, and customer relationship management (CRM) systems.
- IT provides the technological infrastructure for data collection and analysis, helping marketing make data-driven decisions.
- IT ensures that marketing data, especially customer data, is protected against breaches and cyber threats.

6. Marketing and Sales

- Marketing generates leads through campaigns and promotions, which sales teams convert into customers.
- Both departments align on revenue targets and customer acquisition strategies.
- Marketing and sales collaborate on managing customer relationships and ensuring a seamless customer experience.

7. Marketing and Customer Service

- Customer service provides valuable feedback that marketing uses to refine messaging and product offerings.
- Both functions work together to ensure a consistent brand experience across all customer touchpoints.
- Marketing communicates with customer service to resolve issues that may impact brand perception.

8. Marketing and Legal

- Compliance: Marketing campaigns must comply with legal regulations, which the legal department oversees.

- Advertising Laws: Legal ensures that marketing content adheres to advertising standards and consumer protection laws.
- Intellectual Property: Legal protects the company's trademarks, copyrights, and patents, which are critical for marketing.

Summary

Fundamentals of marketing encompass the foundational principles and techniques used to promote products or services effectively. The role of marketing is pivotal in driving business growth by identifying customer preferences, developing products or services that meet those needs, and effectively promoting them to target audiences. Marketing collaborates closely with various functional areas within an organization to ensure cohesive operations and strategic alignment.

Multiple Choice Quiz

1. Which of the following is NOT a core function of marketing?
   a) Product distribution
   b) Financial auditing
   c) Pricing strategy
   d) Market research
2. The main goal of marketing is to:
   a) Create a good product
   b) Satisfy customer needs profitably
   c) Increase production volume
   d) Reduce advertising costs
3. Marketing's primary role within a company is to:
   a) Maximize sales and profits
   b) Minimize production costs
   c) Handle legal compliance
   d) Manage employee relations
4. Which of the following best describes the role of marketing in a customer-centric company?
   a) Focusing solely on product features
   b) Prioritizing customer needs and satisfaction
   c) Increasing production efficiency

   d) Enhancing supply chain logistics

5. How does marketing interact with the finance department?
   a) By designing promotional materials
   b) By setting product prices and forecasting sales
   c) By managing human resources
   d) By overseeing manufacturing processes
6. Which functional area is primarily responsible for product design but must collaborate closely with marketing?
   a) Human resources
   b) Finance
   c) Research and development (R&D)
   d) Logistics
7. The marketing mix is commonly referred to as the:
   a) 3Ps
   b) 4Ps
   c) 5Ps
   d) 6Ps
8. Which of the following is NOT part of the 4Ps of the marketing mix?
   a) Product
   b) Price
   c) Place
   d) People
9. In the marketing mix, 'Place' refers to:
   a) The physical location of the company's headquarters
   b) The distribution channels used to reach customers
   c) The design and packaging of the product
   d) The price at which the product is sold

1.2.1 Concepts of Marketing

Marketing has been defined by different people in different ways. Some important concepts are as follows:

Production Concept

This is one of the oldest concept of Marketing. According to that concept, producer believed that if the product is good and reasonably priced, it will be most popular if no special marketing efforts are made. In other words, customer prefer those products which are low priced and easily available.

According to Philip Kotler, “the production concept hold that consumer will favour those products that are widely available and low in cost management in production oriented organization concentrate on achieving high production efficiency and Distribution coverage.” This concept is very useful in Banks, General Hospitals and Industries which producing convenience products.

Product Concept

According to this concept, producer believed that by making superior products and improving their quality, they will attract more customer. Superior products are always prefer by the customer.

According to Philip kotler, “The product concept holds that consumer will favour those products that offer the most quality performance and features. Management in these product oriented organizations focus their energy on manufacturing good quality products and improving them over time. This concept is useful for specialized nursing homes, bakeries and Industries which are producing electronic products.

Selling Concept

According to that concept, the customer will not normally purchase the product unless they are convinced through proper advertising , sales promotion and salesmanship efforts. It shows that even the best products cannot have assured sales without the help of sales promotion. So, a marketing concept points out that goods are not bought but they sold with the help of salesmanship efforts, aggressive advertising and intensive sales promotion. This concept change the attitude of marketers as sales – oriented. Some important aspects of selling are:

- It provides a human touch to business transactions.
- It enhances the customer‟s confidence in the seller.
- It provides prospective customers of the product.
- This concept is practiced in the NGO‟s, college admissions, offices and political parties.

Marketing Concept

This concepts focus on the determination of the requirements of potential customers and supplying product to satisfy their requirements. This concept highlights that the primary task of every business enterprise is to study the needs, desires and values of potential customers. The market concept focus on the four points :

- Target market
- Customer Needs
- Integrated Marketing
- Profit through Customer Satisfaction.

Distribution of goods and services concept

This is the traditional concept of marketing. According to this concept, marketing starts when the production process is completed and ends when goods are sold. It has no concern with the pre- production activities and after sales activities. Under this concept the firms are more concerned with maximizing their profits by maximizing their sales.

According to American Marketing Association, “Marketing is the performance of business activities that directs the flow of goods and services from producer to consumer or user.”

Creation of Utility Concept

According to this concept marketing is the creation of different types of utilities in goods and make them valuable.

According to Richard Buskirk, “Marketing is an integrated system of action that creates value in goods through the creation of form, place, time and ownership utility.” It means there are four types of utilities: Form Utility, Time utility, Place Utility, Possession Utility.

For Example

- Product Planning and development create form utility.
- Transportation and distribution channels create place.
- Storage and warehousing create time utility.
- Salesmanship and Advertising create possession utility.

Societal Marketing Concept

This is the new and broader concept of marketing. This concept focuses that the organization should first determine the needs, wants and interests of the target markets. It emphasized on producing goods and services which are beneficial for the society.

According to Philip Kotler, "Societal marketing concept is customer- orientated concept backed by integrated marketing aimed at generating customer satisfaction and long – run customer welfare as the key to attaining long – run profitable volume."

- This concept is based on the following assumptions:
- The organization shall offer long – run consumers and public welfare,
- The mission of an organization is to create satisfied customers,
- The organization will offer only those products to the customers which are beneficial both to the consumers and the society.

Elements of Marketing Mix

The term 'marketing mix' was coined by Neil H. Bordan. It means the combination of a firm's inputs which form the core of its marketing system i.e. the product, the price structure, the distribution system, and the promotional activities. The marketing mix comprises important elements that constitute the marketing program of an organization and forces that influence its marketing activities and programs. The marketer adjusts his marketing programs as per the external forces to develop a mix or program that can achieve the marketing objective.

The term marketing mix has been popularized by marketing experts in terms of the four P's and accordingly, the elements of the marketing mix have been classified as follows:-

- Product
- Price
- Place (Distribution)

• Promotion

Product

Product is one of the important components of the marketing mix. It is the starting point of all marketing operations. It is a bundle of satisfaction rather than a physical object only. Product is considered as the sum total of physical and psychological satisfaction it gives to the buyer. Product includes not only tangible attributes like design, package, label, and color but also intangible or psychological attributes such as prestige of manufacturers, warranty, credit, and delivery terms. The term product extends to tangible products like scooters, and toothpaste as well as to intangible products i.e. services such as banking, insurance, repairing, etc.

The term 'product mix' refers to the entire range of products that a company offers for sale. It has three dimensions i.e. (i) width, (ii) depth (iii) consistency which need special attention in effective marketing management.

Price

Price of the product, is the most important constituent of marketing mix. The term price can be defined as the monetary considerations asked for or exchanged for a specific unit of goods or services offering some utility. Pricing decisions are important as the price of the product affects producers, sellers, and consumers. The price mix decisions extend to the following areas:

- Ascertaining appropriate price i.e. right price.
- Pricing methods, policies, and strategies.
- Discounts, margins, rebates.
- Terms of delivery and mode of payment.
- Credit policy.
- Resale price maintenance.

Place (Distribution)

Distribution means using external and/or internal sources for the effective movement of goods and services and performing various activities like transport, warehousing, inventory management, and packaging to achieve the marketing goals of the firm. Effective distribution creates time, place, and possession utilities in products and delivers a high level of customer satisfaction at less cost. It increases sales, provides a smooth flow of goods, and reduces order processing and material handling costs.

The distribution mix involves the following variables:

- Channels of distribution decisions
- Order processing
- Inventory level
- Warehousing decisions
- Product handling decisions
- Transportation decisions

Promotion

Promotion is a process of marketing communication that attempts to inform, persuade, and remind its target markets, through personal and impersonal means, about the company and its brand. Once the product has been decided, its price determined and its distribution structure decided, it becomes necessary to make customers aware of the product. There is a need to promote the product and for this various means are available. The promotion mix consists of a group of communication tools that marketing executives use to communicate with their target audience. The marketer tries to create a most favorable blend of all promotion elements to influence the buyer's behavior and his process of decision-making. Sales can be promoted through an effective promotion mix. There are important elements of the promotion mix.

- Advertising
- sales promotion
- personal selling
- public relations

1.2.2 Marketing Approach

There are four different approaches to the study of marketing. These approaches explain clearly the mechanism and concept of marketing. These approaches are Commodity Approach, Institutional Approach, Functional Approach, and Decision-Making Approach.

Commodity Approach or Product Approach:

This approach refers to the study of a product in detail. The marketing situation of each product chosen for study is examined from such viewpoints as sources and conditions of supply, producer marketing organizations, policies, and different middlemen (wholesaler retailers, etc.) who take part in distributing the product.

Institutional Approach

This approach relates to various marketing institutions viz., wholesalers, retailers, etc., engaged in marketing. In applying this approach, a thorough study of a particular middleman is undertaken. For example, in retailing, the nature and significance of retailing in terms of functions and services performed and rendered by retail institutions like departmental stores, multiple shops, mail order houses, etc.

Functional Approach

As the very name suggests this approach comprises the study of various activities or functions performed in the process of marketing goods and services. It analyses each function about the importance of its performance. Various marketing functions are buying, selling, financing, transportation, banking, risk bearing, market information, etc. By analyzing and studying every function in detail and the problems confronted in the performance of each function, it is possible to understand marketing properly.

The Decision-Making Approach

This approach is of vital importance from the viewpoint of marketing management. Various decisions are taken at every level of management. In successful marketing, decision-making occupies an important place. The marketing manager should be very expert and competent in his job so that he can make proper decisions for marketing the goods and services.

The decision is based on two variables which can be classified as ‘uncontrollable’ and ‘controllable’. Uncontrollable’ variables relate to economic, sociological, psychological, and political forces which are the basic causes of market changes. On the other hand, ‘controllable’ variables are within the control of the organization.

These refer to individual firms’ adjustments in prices, products, advertisement and selling policies, etc. Both these variables have a marked influence on decision-making. These variables should be properly interpreted by the marketing manager before making a decision.

Various factors affect marketing function

The environmental factors that are affecting marketing function can be classified into

- **Internal environment**
- **External environment**

1.2.3 Internal Environment of Marketing

This refers to factors existing within a marketing firm. They are also called as controllable factors, because the company has control over these factors, it can alter or modify factors as its personnel, physical facilities, organization and function means, such as marketing mix, to suit the environment. There are many internal factors that influence the marketing function, they are:

Top Management

The organizational structure, Board of Director, professionalization of management, etc. Factors like the amount of support the top management enjoys from different levels of employees, shareholders and Board of Directors has important influence on the marketing decisions and their implementation.

Finance and Accounting

Accounting refers to measure of revenue and costs to help the marketing and to know how well it is achieving its objectives. Finance refers to funding and using funds to carry out the marketing plan. Financial factors are financial policies, financial position and capital structure.

Research and Development

Research and Development refers to designing the product safe and attractive. They are technological capabilities, determine a company ability to innovate and compete.

Manufacturing

It is responsible for producing the desired quality and quantity of products. Factors which influence the competitiveness of a firm are production ca pacitytechnology and efficiency of the productive apparatus, distribution logistics etc.,

Purchasing

Purchasing refers to procurement of goods and services from some external agencies. It is the strategic activity of the business.

Company Image and Brand Equity

The image of the company refers in raising finance, forming joint ventures or other alliances soliciting marketing intermediaries, entering purchase or sales contract, launching new products etc. In organization, the marketing resources like organization for marketing, quality of marketing, brand equity and distribution network have direct bearing on marketing efficiency. They are important for new product introduction and brand extension, etc..

External Environment of Marketing.

External factors are beyond the control of a firm; its success depends to a large extent on it's adaptability to the environment. The external marketing environment consists of Macro environment, and Micro environment.

Micro environment:

The environmental factors that are in its proximity. The factors influence the company's non - capacity to produce and serve the market. The factors are:

Suppliers

The suppliers to a firm can also alter its competitive position and marketing capabilities. These are raw material suppliers, energy suppliers, suppliers of labor and capital. According to Michael Porter, the relationship between suppliers and the firm

Socio-cultural factors

Socio-cultural factors are those that influence the preferences of a company's consumers in relation to their culture, traditions, habits, or values. The socio-cultural environment changes frequently and requires close attention from marketers. Businesses which understand their socio-cultural environment can ensure that their marketing is relevant to their consumers and suit their cultural sensibilities. Elements of gender, social class, and religion all contribute to the socio-cultural environment in which a business operates.

Economic factors

The economic factors of a macroenvironment comprise the forces of the economy which influence a business' operation. These factors can be the revenue, costs, or profits a company makes. For consumers, how willing they are to spend their money on a product or service is an economic factor which affects the businesses they patronize. The rate of inflation, interest rates, and import and export policies can also influence how marketers approach their audience. Governmental fiscal activity often has a profound effect on the economic factors that influence marketers.

Technological factors

Another factor which affects marketers is the technology which the business uses in its production and marketing efforts. Technology integrates with many areas of a business, including communication, manufacturing, transactions, and transportation. Marketers who're aware of changes to the technology available to a business and its consumers can take advantage of the affordability and efficiency that new technological developments can offer.Technology can also determine the access that consumers have for a product or service. For example, online shopping fundamentally changes how consumers interact with retailers. By understanding these changes, marketers can more effectively target consumers through the technology they use to find and purchase products.

International environment

Many industries span across multiple countries and involve the exportation and importation of products, equipment, or materials. Because of the globalization of many industries, the international environment has a profound influence on how marketers source and distribute their products. Marketers who understand international demand and supply may be able to expand business overseas and grow a company to distribute to other countries. Understanding the international environment also includes knowing how international policies affect trade between countries.

Demographic factors

Demographic factors are those that relate to the specific population of consumers, which marketers identify with a range of qualities. Through market segmentation, marketers divide the population into groups of consumers separated by characteristics that define their relationship with a brand's products. One of these market segments represents the primary target market on which a brand focuses its attention. Demographic factors are highly influential on a marketer's activity, as they inform much of their approach to the market and the decisions they make for reaching their most lucrative consumers.

Political and legal factors

Businesses and their marketing efforts have an intrinsic link with the political and legal framework in which they operate. Whether relating to advertising regulations or legal considerations for trade, understanding the legal and political environment of a marketplace is essential for marketing a product or service without issues. Adhering to the regulations that control any industry is key to creating marketing activity that can succeed.

Ecological factors

Many consumers prefer brands and products with less of a negative impact on the environment. Because of this, it has become increasingly important for businesses to be aware of the ecological factors that concern their operation and marketing practices. Brands that are aware of their sustainability or ethics can use this awareness as an attractive feature to consumers and develop processes that affect the environment less. Ecological factors include the sourcing of raw materials and natural resources, production processes, waste disposal, and pollution.

Summary

The marketing mix refers to the set of tools and tactics that a company uses to achieve its marketing objectives in the target market. Marketing approaches vary based on business objectives and market conditions. Environmental factors significantly impact marketing strategies. Economic conditions affect consumer spending and purchasing power.

Multiple Choice Quiz

1. A market-oriented approach focuses on:
   i. Minimizing production costs
   ii. Understanding and meeting customer needs
   iii. Maximizing sales through aggressive advertising
   iv. Expanding the product line
2. A product-oriented approach prioritizes:
   i. Customer satisfaction
   ii. The quality and features of the product
   iii. Competitor actions
   iv. Distribution channels
3. Which of the following is a micro-environmental factor affecting marketing?
   i. Economic conditions
   ii. Technological advancements
   iii. Competitors
   iv. Political stability
4. Demographic factors are part of which environment?
   i. Micro-environment
   ii. Macro-environment
   iii. Technological environment
   iv. Internal environment
5. Technological advancements affect marketing by:
   i. Reducing the need for a marketing strategy
   ii. Creating new opportunities for product innovation
   iii. Decreasing consumer demand
   iv. Limiting distribution options
6. Which of the following is a benefit of market segmentation?
   i. Increased production costs
   ii. Better targeting of marketing efforts
   iii. Reduced need for market research
   iv. Limited product variety
7. Consumer behavior is influenced by:
   i. Marketing efforts only

ii. Psychological, personal, and social factors
iii. Production costs
iv. Competitor pricing alone

8. The SWOT analysis tool helps marketers to:
    i. Set product prices
    ii. Develop promotional materials
    iii. Identify strengths, weaknesses, opportunities, and threats
    iv. Choose distribution channels
9. Which of the following is an example of a psychographic characteristic in market segmentation?
    i. Age
    ii. Income
    iii. Lifestyle
    iv. Geographic location
10. Corporate social responsibility (CSR) in marketing involves:
    i. Maximizing short-term profits
    ii. Focusing solely on product innovation
    iii. Considering the ethical impact of marketing activities on society
    iv. Reducing marketing expenses

1.3 Unit Summary

Marketing concepts emerged in mid 1950s and challenged the proceeding concepts. Marketing as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. The core concepts of Marketing start from needs, wants and demands and ends with market and marketers. Marketing concepts tells us about the philosophy that guides the activities of marketing. These are customer-oriented concepts aimed at generating customer satisfaction.

The starting stage of Marketing concepts is Production Stage then proceeds for sales oriented, customer and finally social- oriented stage. From these stages we know about the development of marketing concepts. The traditional concept of marketing is totally different from the Modern concept of Marketing. The modern concept of marketing focus on customer satisfaction and it is consumer oriented process. It creates and delivers the standard of living to the society and aims at earning profit only by satisfying the consumers. Whereas, the Traditional concept of Marketing focus only on production of commodities. It was based on the idea that a consumer would buy what the seller produces. It is the production Oriented concepts aims at earning maximum profits and does not provide after sale services.

There are also some new concepts of marketing which enhances the new practices and opportunities for today‟s competitive world. At last we can say that Marketing is seen as the task of creating, promoting, and delivering goods services to consumers and businesses. Marketers are skilled in stimulating demand for a company's products, but this is too limited a view of the tasks marketers performs. Just as production and logistics professional are responsible for supply management, marketers are responsible for demand management. Marketing managers seek to influence the level, timing, and composition of demand to meet the organisation's goals. Marketing concepts aims at serving customer demand by offering right product, in right amount at right place and to right customers.

1.4 Glossary

S.No	Glossary	Meaning
1	Competitive World	Cutthroat Competition
2	Commodities	Products
3	Emerge	Materialize
4	Determine	Decide
5	Offering	Merchandise

6	Approach	Technique

1.5 Self-Assessment Questions

Short answer question

1. Define the term "marketing".
2. How does marketing contribute to customer satisfaction?
3. How does marketing influence the product development process?
4. What does the 'Product' component of the marketing mix entail?
5. What is a market-oriented approach?
6. What are micro-environmental factors in marketing?

Essay Type Question

1. What are the core functions of marketing?
2. How does the competitive environment impact marketing?
3. Describe how marketing helps in building brand equity.
4. What is the difference between a product-oriented and a market-oriented approach?
5. Explain how political and legal factors affect marketing decisions
6. Define the societal marketing concept.

1. 6 E-CONTENTS

S. No	Topics	E-Content Link	QR Code
1	Fundamentals of Marketing & Role of Marketing	https://youtu.be/ZaKbhKN93Yw?si=sIbEMnVnaRk_wCPa	
2	Functional Areas	https://youtu.be/yTiKiW9pZzs?si=NOcb_PQT3AVzOlY5	

3	Concept of Marketing Mix	https://youtu.be/U7FvOsWVfc8?si=6RXRf3ZaTsz9ER01	
4	Marketing Approaches	https://youtu.be/OLXbx0Qz2Xw?si=1Gz3ivMrEw064IbB	
5	Environmental Factors Affecting the Marketing Functions	https://youtu.be/RPrtQWGch5o?si=IdXwTeqml99vcNLk	

1.7 Answer Key

Multiple Choice Question

1. b) Financial auditing
2. b) Satisfy customer needs profitably
3. a) Maximize sales and profits
4. Prioritizing customer needs and satisfaction
5. By setting product prices and forecasting sales
6. Research and development (R&D)
7. b) 4Ps
8. People
9. b) The distribution channels used to reach customers

PART B

1. b) Understanding and meeting customer needs
2. b) The quality and features of the product
3. c) Competitors
4. b) Macro-environment
5. b) Creating new opportunities for product innovation
6. b) Better targeting of marketing efforts

7. b) Psychological, personal, and social factors
8. c) Identify strengths, weaknesses, opportunities, and threats
9. c) Lifestyle
10. c) Considering the ethical impact of marketing activities on society

1.8 REFERENCE

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Self-Learning Material Development – STAGE 1

UNIT 2 MARKETING MANAGEMENT

Segmentation – Need And Basis of Segmentation -Targeting – Positioning Product – Characteristics – Benefits – Classifications – Consumer Goods – Industrial Goods. Product Mix-New Product Development Process - Product Life Cycle. Branding – Packaging.

Unit Module Structure

- ✓ **Segmentation**
- ✓ **Targeting**
- ✓ **Consumer Goods**
- ✓ **New Product Development Process**
- ✓ **Branding**

STAGE-2 Modules sections and Sub-sections structure

S. No	Contents	Page No
2.1.1	Segmentation	
2.1.2	Need And Basis of Segmentation	
2.1.3	Targeting	
2.1.4	Positioning Product- Characteristics – Benefits – Classifications	
	Summary	
	Check your progress - quiz	
2.2.1	Consumer Goods	
2.2.2	Industrial Goods	
2.2.3	Product Mix	
	Summary	

Unit Objectives

- ✓ **To Know about Segmentation**
- ✓ **To Identify the Targeting Customers**
- ✓ **To Know about Consumer Goods**
- ✓ **To Discuss New Product Development Process**
- ✓ **To Study about Branding**

2.1.1 Market segmentation

INTRODUCTION

The needs of the customers are the central concern for all the business decision making. Due to changing demand patterns of the customers, there arises a need for the companies to produce its products different from its competitors. Due to this the need of market segmentation was felt. Different customers need distinct versions of the same product. This has also led to greater competition in the market. The process which leads to breaking down of the whole market into different segments or into sub-groups is known as market segmentation. Each segment of market has different tastes, preferences and choices which lead to the rise in demand for the inimitable marketing mix for each segment. The process of manipulating the marketing mix in differentiating products, methods of communication and other marketing variables is known as target marketing.

Market segmentation is one of the most useful tools in marketing management. Fredrick F. Webster in his book, 'Marketing for Managers', explains that, "Market segmentation is a method for achieving maximum market response from limited marketing resources by recognising differences in the response characteristics of various parts of the market. It is a strategy of divide and conquer that adjusts marketing strategy to inherent differences in buyer behaviour."

Meaning for segmentation

Market Segmentation as defined by Philip Kotler,

"Market Segmentation is the process of dividing a market into distinct subgroups of consumers with distinct needs, characteristics, or behaviour, who might require separate products or marketing mixes."

According to American Marketing Association,

"Market segmentation refers to dividing the heterogeneous markets into smaller customer groups having certain homogeneous characteristics that can be satisfied by the firm."

From the above definitions, it is clear that market segmentation is a marketing strategy of dividing the customers into several homogeneous groups on the basis of some common characteristics such as income, age, sex, education, profession, religion, geographical location, etc. The main aim of the marketing segmentation is basically to prepare the distinct marketing programmes for each segment so that the customers could be satisfied.

The marketing personnel have to identify different approaches of dividing the market into a variety of segments and have also to develop the market segment profile. Market segmentation is the process of dividing the market into various segments and is a step of three-phase marketing strategy.

When the market segmentation is done, then the next step for the marketer is the selection of the segments to be kept in a target. Then the second step comes is the target marketing. Target marketing is the process of identifying and evaluating the attractiveness of each market segment and to selecting the segments to enter. For the triumph of this, the marketing mix is decided by the marketer, i.e., the specification of product, price, place, channel and promotional appeal for each market segment.

The third step is positioning of the market which involves arrangement of the product in the minds of the target consumers in such a manner that it provides a clear and distinctive place relative to its competitive products.

Criteria for segmentation

1. Substantial scope
2. Measurable
3. Accessible to the market
4. Representative nature
5. Growth rate
6. Response rate

Types of segmentation

1. Geographical segmentation
2. Demographic segmentation
3. Product segmentation
4. Economic segmentation
5. Benefit segmentation
6. Socio Volume segmentation
7. Life segmentation

Levels of segmentation

1. Mass marketing
2. Segment Marketing
3. Niche marketing
4. Local Marketing
5. Individual marketing

Benefits of segmentation

1. Proper choice of target market
2. Tapping a particular market

3. Efficient and economic marketing efforts
4. Benefits to the customer

2.1.2 Need for Segmentation

Segmentation helps the marketers to devise appropriate marketing strategies and promotional schemes. It understand the needs of the target audience and adopt specific marketing approach gives the customers a clear view of what to buy and what not to buy and it helps the organizations to target the right product. There was need of Market Segmentation to encourage target consumers to buy the product. Earlier when there was no market segmentation, then at that times the companies used to market its products on its own.

It was done by the mass marketing in which the product was marketed for whole consumers in the same manner. The need of market segmentation was felt and it was first summed by Henry Ford, who offered the model T car of Ford Motor Company to the public in any colour as desired by the consumers, which used to come only in one colour i.e., black. In the same manner when the Coca-Cola Company used to sell its product only in one standard size of bottle, then they used to sell its product through mass marketing only.

Bases for Segmentation

The main thing to be done in market segmentation is to develop the base on which the segmentation is done. The marketer has to decide about the structure to be followed in market segmentation in which various market bases or market variables are considered, even a combination of both is followed.

The step towards developing a segmentation strategy is to locate the base or basis for segmenting the market. There are different bases which are used to segment the market. Prof. Cundiff and Still have given a very simple division of product market.

- Consumer Market.
- Industrial Market.

According to Philip Kotler, consumer market can be segmented on the basis of:

- Geographical basis
- Demographic basis

- Psychological basis
- Marketing basis
- Profit basis
- Quantum basis
- Loyalty basis.

The market for industrial products can be segmented on the basis of

- Type of business
- Usual purchasing procedure
- Size of users
- Geographical market segmentation.

The main bases of market segmentation are as follows:

Geographic Segmentation

In geographic segmentation, the market is divided into different geographical units such as nations, regions, states, cities, or neighbourhood. A company has to pay separate attention to different geographical segments differently and it might also decide to operate in one geographical location, in more than one also. This all depends upon the company whether it operates in one location or two. Like woollen cloths are sold more in north India as compared to south India due to geographical segmentation, laptops are more sold in urban areas while fertilisers are more sold in rural areas. All this type segmentation is done on the basis of the geographic segmentation.

Demographic Segmentation

In demographic segmentation, the market is divided into groups based on the variables such as age, gender, family size, family life cycle, income, occupation, education, race, generation, nationality. This is the most common method of market segmentation in which the markets are segmented on the basis of demographic variables. The reason for the adoption of this method is that consumer needs, wants, usage rates vary closely with demographic variables and the other segment is easy measurement of this variable as compared to other variables.

Psychographic Segmentation

In psychographic segmentation, the market is divided into different groups on the basis of social class, lifestyles, personality character. The people in the same demographic group could have different psychographic tastes. In this, the main variables which are considered are lifestyle and attitudes of people as the buyer behaviour predominantly depend upon these in case of some certain products.

Behavioural Segmentation

In behavioural segmentation, the market is divided on the basis of knowledge, attitude, uses or responses to a product.

- **Occasions for Purchase:** Buyers can be divided on the basis of occasions when the users get idea for buying the product; they actually buy and use the product. Like jewellery is mainly purchased on the festivals and wedding occasions.
- Buyer can also be divided on *the basis of benefits* that they seek form the product like the laundry products of Proctor & Gamble are launched with the unique benefits like cleaning, bleaching, economy, fabric softening, and fresh smell, strong and mild smell.
- ***Usage Status*****:** Buyer can be divided on the basis of user status like ex-users, present users, potential users and first time users and regular users.
- Market can also be segmented on *the* basis of degree of consumption like light, medium or heavy user consumers.
- ***Brand Loyalty*****:** Buyer can be divided on the basis of loyalty status of the consumers. Like buyers are loyal to companies, brands, and even to the stores.

Multiple or Hybrid Segmentation

When the marketers use the combinations of segmentation bases to identify better defined target groups. Companies generally start the market segmentation with the single base and reach towards the multiple bases. This type of segmentation is known as multiple segmentation. One of its examples is geo-demographic segmentation which uses both geographical and demographic segmentation.

Segmentation Bases in Organisational Markets

Organisational markets are those in which comprises of industrial, institutional and resale markets.

Industrial Markets: Industrial markets are those markets whose ultimate aim is to satisfy the needs of the customers of the company. The aim of the marketers is to keep the production satisfied in order of meeting the materials and components.

Institutional Markets: Institutional markets are those whose criterion is on spending within the predetermined budgeted limit which has been set for the expenditure. These relate to the purchasing by the public institutions such as police forces, fire services, local and central government establishments and educational establishments.

Resale Markets: This type of markets includes those products which are to be purchased from the manufacturers in bulk and are to be sold to the individual customers.

Geographic Segmentation: It is a country wide split based on the territories of the sales persons, which are generally called areas or regions. In global marketing, the different parts of the world are known as different segments.

Benefits Sought*:* This is the most powerful form of the segmentation in customer market segmentation.

Type of customer: Market segmentation on the basis of the types of customers to be dealt is retail customers, independent customers, multiple group customers, heavy engineering customers and so on.

Customer size and loyalty: This is the key selling where a manager deals directly with the major accounts of the company. For example a customer who purchases the large amount are kept as merit customers and they are dealt in different way as a customer who makes small purchases.

Usage rate: Light users and heavy users are the basic criteria for segmentation of markets on the basis of usage rates.

The basis of segmentation for the organisational markets is similar to the segmentation of the customer markets. Sub-segmentation is also possible for the smaller sub-segments.

Market Positioning

The term positioning implies developing a company offerings with unique characteristics and distinctive orientation as tu customer belief in the product of the company. These may include style, high quality, how price, durability etc. The objective is to create distinctive image and occupy a specific place in the minds of the target consumer groups. The positive perception thus created, directly influences customers attitude and response towards the company products.

Characteristics of Positioning Product

Clarity

Smart marketers must intelligently target the markets that are clearly understood in terms of customer profile with clear-cut Demarcation of the differentiated value proposition.

Consistency

Frequent switchovers in the positioning of a brand may create confusions in the minds of the customers. A company with strong positioning of status and luxury switching over to product performance may fail to align itself with the new positioning. The initial positioning of a company may change to serve the customer demand with differentiated value proposition.

Honesty and credibility

The ultimate success of positioning lies with clearing the test to win the trust of the target consumers for the claimed differentiated values. The trustworthiness of the promises made in positioning can be built through personal use of the product. Advertising and public relations play an important role but successful positioning depends upon honesty with which a company delivers what it promises.

Competency

Positioning is aimed at offerings with something of unique value to serve the interest of the customers that no other competitor is providing a company must possess all the resources that are essential to create and process its offerings that no other competitor can deliver.

Brief and catchy

The positioning of a brand essentially depends on its clarity and preciseness. The appeal and message to the customers should be brief and catchy. It should create clear image in the minds of the customers with strong reasons why the company's offering is the best to serve their interests.

According to Philip Kotler, consumer market can be segmented on the basis of:

- Geographical basis;
- Demographic basis;

- Psychological basis;
- Marketing basis;
- Profit basis;
- Quantum basis;
- Loyalty basis.

The market for industrial products can be segmented on the basis of:

- Usual purchasing procedure
- Size of users;
- Geographical market segmentation.

The main bases of market segmentation are as follows:

6.1 Geographic Segmentation: In geographic segmentation, the market is divided into different geographical units such as nations, regions, states, cities, or neighbourhood. A company has to pay separate attention to different geographical segments differently and it might also decide to operate in one geographical location, in more than one also. This all depends upon the company whether it operates in one location or two. Like woollen cloths are sold more in north India as compared to south India due to geographical segmentation, laptops are more sold in urban areas while fertilisers are more sold in rural areas. All this type segmentation is done on the basis of the geographic segmentation.

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For example: garments are divided on the basis of age and gender which is the most suitable variable for the segmentation of garments.

 Income: Income is a valid segmentation base but in some countries social class is used as a base for market segmentation. As income disclosure is a privacy matter, so generally marketers divide the market on the basis of social class.

 Sex: Sec in terms of female and male split is also an obvious base for market segmentation as this helps in market segmentation of the personal products very easily.

 Age: market segmentation on the basis of age helps in the proper market segmentation. This is generally done in case of garment sector in which the clothing is divided on the basis of age.

 Social class: it is the highest regarded segmentation variable in United Kingdom. Generally population is divided as upper middle class, middle class, lower middle class, skilled workers, working class and lowest level of subsistence.

 Education: Education is occasionally referred as TEA that is terminal education age. This type of segmentation is linked with the habits of consumers like their reading and listening habits. The specification of these habits of the consumers helps the companies to understand the consumers properly.

 Ethnic background: Ethnic background makes a discrete segment for segmentation and targeting purposes. In this the main categories dealt are clothing and food items

 Family size: Family size is segmentation based which helps the marketer to understand about the amount and size of purchases to be made by the customer.

 Political leaning: This type of segmentation relates to the type of media used by that particular segment. In this the mainly used type is advertisement to make consumers understand what the company wants to sell.

 Family life cycle: family life cycle explains the various stages which are present in a family which are, bachelor stage, newly married stage, and full nest stage having married couple with the dependent children at home, also empty nest stage. Family life cycle gives the idea to the producer regarding various demands to be made by the different series of Phases of family.

 Occupation: occupation groups are basically divided into two parts, white collar and blue collar groups.

6.3 Psychographic Segmentation: In psychographic segmentation, the market is divided into different groups on the basis of social class, lifestyles, personality character. The people in the same demographic group could have different psychographic tastes. In this, the main variables which are considered are lifestyle and attitudes of people as the buyer behaviour predominantly depend upon these in case of some certain products.

For example: Reid & Taylor suiting is suitable for Elite Class.

 Upwardly mobile: Upwardly mobile class of people are those who are ambitious people seeking a better life style which are better paid off and this class of people are generally ready to try new products.

 Traditional and sociable: This group of people are generally those seeking comfortable and compliance with the group norms and they generally seek approval and make traditionalist purchases.

 Security and status seeking: the people of this group normally purchases the well known brands and the people belonging to this group makes purchases which make them confer their status and make their life more predictable.

 Hedonistic preference: this group reflects those people who believe in enjoying life for the present with just a little thinking of the future.

6.4 Behavioural Segmentation: In behavioural segmentation, the market is divided on the basis of knowledge, attitude, uses or responses to a product.

 Occasions for Purchase: Buyers can be divided on the basis of occasions when the users get idea for buying the product; they actually buy and use the product. Like jewellery is mainly purchased on the festivals and wedding occasions.

 Buyer can also be divided on *the basis of benefits* that they seek form the product like the laundry products of Proctor & Gamble are launched with the unique benefits like cleaning, bleaching, economy, fabric softening, and fresh smell, strong and mild smell.

 Usage Status: Buyer can be divided on the basis of user status like ex-users, present users, potential users and first time users and regular users.

 Market can also be segmented on *the basis of degree of consumption* like light, medium or heavy user consumers.

Brand Loyalty: Buyers can be divided based on the loyalty status of the consumers. Buyers are loyal to companies, brands, and even to the stores.

Summary

Segmentation, targeting, and positioning are fundamental concepts in marketing that help businesses effectively reach and satisfy their target customers. segmentation identifies customer groups, targeting selects the most promising segments, and positioning creates a compelling brand perception. Together, these concepts enable businesses to focus their marketing efforts efficiently, deliver tailored solutions, and effectively communicate value to their target audience, ultimately driving competitive advantage and business success.

Multiple Choice Quiz

1. Why is market segmentation important?

   a) To increase competition

   b) To ensure equal distribution of products

   c) To better satisfy customer needs and wants

   d) To reduce marketing costs

2. Which of the following is a common basis for market segmentation?

   a) Geographical

   b) Income

   c) Age

   d) All of the above

3. Demographic segmentation divides the market based on:

   a) Customer location

   b) Customer lifestyle

   c) Customer characteristics such as age, gender, and income

   d) Customer attitudes

4. Psychographic segmentation is based on:

    a) Lifestyle and personality

    b) Geographical areas

    c) Age and gender

    d) Usage rate

5. Behavioral segmentation considers:

    a) Customer education

    b) Customer behavior, such as usage rate and brand loyalty

    c) Customer occupation

    d) Customer income

6. Which targeting strategy focuses on a single market segment?
    - a) Undifferentiated marketing
    - b) Differentiated marketing
    - c) Concentrated marketing
    - d) Micromarketing
7. Which of the following is NOT a criterion for selecting target segments?
    - a) Segment size and growth
    - b) Segment profitability
    - c) Segment loyalty
    - d) Segment accessibility
8. Differentiated marketing strategy involves:
    - a) Targeting all customers with the same offering
    - b) Targeting several market segments with a different offering for each
    - c) Ignoring market segments
    - d) None of the above

9. Positioning refers to:
    - a) The place a product occupies in consumers' minds relative to competing products

- b) The geographical location of a company
- c) The production process of a product
- d) The pricing strategy of a product

10. Which tool is commonly used to visualize a product's positioning?
    - a) SWOT analysis
    - b) Perceptual map
    - c) Product life cycle diagram
    - d) BCG matrix

2.2.1 Consumer Goods

Those goods, that are directly consumed or used by the buyers without any commercial processing, are known as consumer goods. Examples of Consumer Goods Examples for consumer goods are soap, toothpaste, hair-oil, radio, television, fridge, motorcycle, car and so on. Types of Consumer goods Consumer goods may be basically of two types: 1. Single-use goods: non-durable goods or soft goods are those goods that have a short life cycle. They are used up all at once or have a lifespan of fewer than three years. For example light bulbs, paper products, and food products. 2. Durable-use goods: Durable goods are those goods that don't wear out quickly and last over a long period. Examples of durable goods include land, cars, and appliances. Classification of Consumer Goods Consumer goods are classified into three categories: a. Convenience goods. b. Shopping goods, and c. Specialty goods.

Convenience Goods

Goods that are purchased by consumers as a matter of daily routine are called convenience goods. Buying such goods requires minimum or no shopping effort. Examples: Soap, detergent powder, toothpaste, toothbrush, shaving cream, hair oil, etc. Characteristics of Convenience Goods The characteristics of convenience goods may be stated as follows:

- Convenience goods are purchased frequently.
- No special skill is required to buy such goods.
- The unit value of the product is less.
- There are several brands of such goods available in the market.
- The buyers often have a preference for a particular brand.

Shopping Goods

Goods that are not purchased frequently by the buyers are called shopping goods. The unit value of shopping goods is high. The buyer, often, does not have complete knowledge of the product. Examples of Shopping goods are Jewellery, furniture, travel bags, suitcases, leather belts, pouches, shoes, etc. Characteristics of Shopping Goods

- Shopping goods are not parched frequently like convenience goods.
- The buyer does not have perfect knowledge of the goods.
- He shops around to find out the best.
- Brand name may not be an important criterion in buying shopping goods.
- Shopping goods are semi-durable in nature.

Specialty Goods

Goods that have a high commercial as well as utility value are called specialty goods. Such goods possess certain special characteristics that attract the buyers. The purchase of specialty goods calls for special buying efforts. Examples of Specialty goods are certain models of color televisions like the big screen or the home theater model, double-door refrigerators, personal computers, compact disc players, cars, etc. Characteristics of Specialty Goods:

- Specialty goods are very high-value goods.
- Such goods possess certain special features.
- Special buying efforts are necessary.
- Specialty goods are long-lasting.
- Trade name and brand name are important considerations.

Market Segmentation: Consumer goods are often segmented based on demographics (age, gender, income), psychographics (lifestyle, values), and behavior (usage rate, loyalty). Effective segmentation helps marketers tailor products and messages to specific consumer groups, enhancing relevance and appeal.

Consumer Behavior: Understanding consumer behavior is essential in marketing consumer goods. Factors influencing purchase decisions include personal preferences, cultural influences, social norms, economic considerations, and psychological factors like perception and motivation. Marketers use consumer insights to develop strategies that resonate with target audiences.

Product Development: Product development for consumer goods involves identifying consumer needs, creating prototypes, testing, and refining products based on feedback. Marketers collaborate with product developers to ensure new offerings meet market demands, differentiate from competitors, and align with brand positioning.

Branding and Positioning: Branding plays a crucial role in consumer goods marketing. Brands convey quality, reliability, and emotional appeal, influencing consumer perceptions and purchase decisions. Marketers develop brand identities, positioning strategies, and brand equity to build strong connections with consumers and foster loyalty.

Distribution Channels: Consumer goods rely on efficient distribution channels to reach target markets. Channels may include wholesalers, retailers, e-commerce platforms, and direct sales. Marketers strategize channel selection, logistics, and inventory management to ensure products are available when and where consumers want them.

Pricing Strategies: Pricing consumer goods involves balancing competitive positioning, perceived value, and profitability. Marketers consider factors like production costs, competitor pricing, consumer willingness to pay, and price elasticity. Pricing strategies may include penetration pricing, skimming, value-based pricing, or promotional pricing to achieve marketing objectives.

Promotion and Marketing Communications: Promotional strategies for consumer goods aim to create awareness, stimulate interest, and drive purchase. Tactics include advertising (TV, digital, print), sales promotions (coupons, discounts), public relations, social media marketing, influencer collaborations, and experiential marketing. Integrated marketing communications (IMC) ensures a cohesive message across channels to maximize impact.

Consumer goods in marketing management encompass a diverse range of products aimed at satisfying personal needs and desires. Marketers navigate complexities such as consumer behavior, competitive landscapes, distribution challenges, and evolving trends to create successful strategies that resonate with target audiences and drive sales in competitive markets.

2.2.2 Industrial Goods

Industrial goods are materials used in the production of other goods, while consumer goods are finished products that are sold to and used by consumers. Industrial goods are bought and used for industrial and business use. They are made up of machinery, manufacturing plants, raw materials, and any other good or component used by industries or firms. Consumer goods are ready for the consumption and satisfaction of human wants, such as clothing or food.

- Industrial goods are bought and used for industrial and business use.
- Consumer goods are ready for the consumption and satisfaction of human wants.
- While industrial goods are made up of machinery, plants, and raw materials, consumer goods are commodities purchased by a buyer like clothing, food, and drinks.

Industrial goods are based on the demand for the consumer goods they help to produce. Industrial goods are classified as either production goods or support goods. Production goods are used in the production of a final consumer good or product, while support goods help in the production process of consumer goods such as machinery and equipment.

Unlike consumer goods, which are purchased by the general public, there are very specific buyers of industrial goods. They include part buyers such as car manufacturers, those who purchase and install machinery, and distributors or anyone else who buys for resale.

Characteristics of industrial goods include

- **Rational buying power**: The decision and drive to buy industrial goods is rational compared to consumer goods, which are primarily purchased because of an emotional need.
- **Complex product lines**: Industrial goods are usually complex in nature because they can be highly technical. Those who use them must be highly skilled.

- **Higher purchase value**: Industrial goods typically come with a higher price tag because of their complex nature and limited target market.
- **High level of investment**: Those who need to will often invest a lot of money to purchase industrial goods.

Companies involved in the industrial goods sector represent a variety of industries including (but not limited to) machinery, construction, defense, aerospace, and housing.

Buying Behavior: The buying behavior for industrial goods is influenced by different factors:

- Technical specifications: Products must meet precise technical requirements.
- Relationship and trust: Long-term relationships and trust between buyers and suppliers are crucial.
- Negotiation: Price negotiations and contractual agreements are common.
- Evaluation of alternatives: Buyers carefully evaluate alternatives based on performance and cost.

Marketing Strategies: Marketing strategies for industrial goods focus on:

- Relationship marketing: Building strong relationships with key decision-makers.
- Customization: Tailoring products and services to meet specific customer needs.
- Value proposition: Emphasizing value, reliability, and cost-effectiveness.
- Technical support: Providing technical assistance and after-sales support.
- Distribution channels: Ensuring efficient distribution and logistics to meet industrial buyers' needs.

Marketing Mix: The marketing mix for industrial goods includes:

- Product: Offering products that meet technical specifications and industry standards.
- Price: Pricing strategies that reflect value and competitive positioning.
- Place: Distribution channels that ensure availability and timely delivery.
- Promotion: Marketing communications that highlight product features, reliability, and customer support.

Supply Chain Management: Effective supply chain management is critical in marketing industrial goods:

- Supplier relationships: Collaborating closely with suppliers to ensure quality and reliability.
- Inventory management: Optimizing inventory levels to meet fluctuating demand.
- Logistics: Efficient transportation and delivery of goods to industrial customers.

Challenges and Opportunities: Marketing industrial goods presents both challenges and opportunities:

- Global competition: Competing in a global marketplace with diverse competitors.
- Technological advancements: Leveraging innovation to develop competitive advantages.
- Sustainability: Addressing environmental concerns and sustainability requirements.
- Digital transformation: Embracing digital tools for marketing, sales, and customer service.

In conclusion, industrial goods play a crucial role in the economy, and effective marketing management requires a deep understanding of their unique characteristics, buying behavior, and strategic marketing approaches. By focusing on relationship building, customization, and delivering value, marketers can successfully navigate the complexities of industrial markets and achieve long-term success.

2.2.3 Product Mix

The product mix, also known as the product assortment or product portfolio, refers to the complete range of products or services offered by a company. Managing the product mix effectively is crucial for achieving strategic objectives and meeting customer needs. Here's an in-depth look at the concept of product mix in marketing management:

The product mix comprises all the products or services a company sells. It includes different product lines that cater to various market segments or customer groups. For example, a consumer electronics company may have product lines for smartphones, laptops, tablets, and accessories.

Width of Product Mix: The width of the product mix refers to the number of product lines a company offers. A company with a wide product mix serves diverse customer needs and segments. This breadth helps mitigate risks associated with market fluctuations and enhances revenue potential by appealing to a broader customer base.

Depth of Product Mix: The depth of the product mix refers to the variations within each product line. It includes different product models, sizes, colors, and other attributes. For instance, a clothing retailer may offer shirts in various styles, sizes, and colors to cater to different consumer preferences.

Product Mix Strategies: Companies develop product mix strategies to optimize their product offerings. These strategies may include expanding or contracting the product mix, adding new products to capture emerging trends, or discontinuing products that no longer align with strategic objectives. The goal is to maintain a balanced portfolio that maximizes profitability and market share.

Importance of Product Mix Management: Effective management of the product mix is critical for several reasons. It allows companies to differentiate themselves from competitors by offering unique products or features. It also helps in leveraging economies of scale and scope, optimizing resource allocation, and enhancing customer satisfaction by meeting diverse needs.

Product Mix Planning: Planning the product mix involves market research, analyzing customer preferences, and forecasting demand. Companies assess market trends, competitive landscape, and technological advancements to identify opportunities for new product development or improvement of existing offerings.

Product Life Cycle Management: Understanding the product life cycle is integral to product mix management. Products go through stages such as introduction, growth, maturity, and decline. Marketers adjust the product mix strategies accordingly, focusing on innovation during the growth phase and managing decline gracefully through product diversification or phasing out.

Portfolio Analysis: Portfolio analysis techniques, such as the Boston Consulting Group (BCG) matrix or the GE McKinsey matrix, help assess the performance and potential of products within the mix. This analysis categorizes products based on their market growth rate and relative market share, guiding strategic decisions on resource allocation and investment priorities.

The product mix in marketing management is a comprehensive strategy that involves planning, optimizing, and managing the range of products or services offered by a company. It plays a crucial role in achieving competitive advantage, meeting customer needs, and driving business growth in dynamic market environments. Effective product mix management requires continuous evaluation, adaptation to market trends, and alignment with overall business objectives.

Summary

Consumer goods are products purchased by individuals for personal use or consumption. ndustrial goods are products purchased by businesses to be used in production processes or to support operations. Product mix refers to the total assortment of products or services offered by a company.

Multiple Choice Quiz

1. Which of the following is NOT a characteristic of a product?
   a) Quality
   b) Branding
   c) Price
   d) Place
2. What type of product is classified as a convenience good?
   a) Cars
   b) Furniture
   c) Toothpaste
   d) Laptops
3. Industrial goods are primarily purchased for:
   a) Personal consumption
   b) Business purposes
   c) Household use
   d) Entertainment

4. Product mix refers to:
   a) The total number of products a company offers
   b) The variety of goods a single product line offers
   c) The price range of a product
   d) The distribution channels of a product
5. A company's product mix width refers to:
   a) The number of different product lines the company carries
   b) The number of variations within a product line
   c) The total number of items in the product mix
   d) The number of units sold per product

2.3.1 New Product Development

Stages of New Product Development

1. **Idea Generation**:
   - **Internal Sources**: Employees, research and development (R&D) departments, and management.
   - **External Sources**: Customers, competitors, distributors, suppliers, and external research agencies.
   - **Methods**: Brainstorming sessions, market research, and trend analysis.
2. **Idea Screening**:
   - Evaluate ideas to identify those with the most potential.
   - Criteria: Market potential, feasibility, alignment with company strategy, and financial viability.
   - Tools: SWOT analysis, decision matrices, and feasibility studies.
3. **Concept Development and Testing**:
   - Develop detailed product concepts and test them with target audiences.
   - Methods: Focus groups, surveys, and concept testing tools.
   - Goals: Refine product ideas based on consumer feedback and ensure alignment with customer needs.
4. **Business Analysis**:
   - Assess the business viability of the product concept.
   - Considerations: Cost estimates, sales forecasts, profit projections, and break-even analysis.
   - Tools: Financial modeling, market analysis, and competitive analysis.

5. **Product Development**:
    - Design and develop the product.
    - Activities: Prototype development, technical development, and engineering design.
    - Collaboration: Involves R&D, engineering, and manufacturing departments.
6. **Market Testing**:
    - Test the product in a real market setting.
    - Methods: Test marketing, controlled test markets, and beta testing.
    - Goals: Gather real-world data on product performance, consumer acceptance, and marketing strategies.
7. **Commercialization**:
    - Launch the product into the market.
    - Activities: Production ramp-up, marketing campaigns, distribution channel setup, and sales force training.
    - Considerations: Market timing, market entry strategy, and scale of launch.
8. **Post-Launch Evaluation**:
    - Monitor the product's performance and gather feedback.
    - Metrics: Sales performance, customer satisfaction, market share, and profitability.
    - Adjustments: Make necessary modifications to the product or marketing strategy based on feedback and performance data.

Relevance in Marketing Management

- **Customer-Centric Approach**: NPD ensures that products are developed with a clear understanding of customer needs and preferences, enhancing customer satisfaction and loyalty.
- **Competitive Advantage**: Continuous development of new products helps companies stay ahead of competitors and respond to market changes and trends.
- **Revenue Growth**: Successful new products can open up new revenue streams and contribute significantly to the company's bottom line.
- **Brand Strengthening**: Introducing innovative products can strengthen a brand's market position and reputation.
- **Risk Management**: A structured NPD process helps in identifying potential risks early and mitigates them through thorough testing and analysis.

- **Market Responsiveness**: Agile NPD processes allow companies to quickly respond to new opportunities and threats in the market.

2.3.2 Product Life Cycle

The product life cycle involves the stages through which a product goes from the time it is introduced in the market till it leaves the market. A product life cycle consists of four stages:

- Introduction
- Growth
- Maturity and
- Decline

Introduction Stage

This stage involves introducing a new and previously unknown product to buyers. Sales are small, the production process is new, and cost reductions through economies of size or the experience curve have not been realized. The promotion plan is geared to acquainting buyers with the product. The pricing plan is focused on first-time buyers and enticing them to try the product.

Growth Stage

In this stage, sales grow rapidly. Buyers have become acquainted with the product and are willing to buy it. New buyers enter the market and previous buyers come back as repeat buyers. Production may need to be ramped up quickly and may require a large infusion of capital and expertise into the business. Cost reductions occur as the business moves down the experience curve and economies of size are realized. Profit margins are often large. Competitors may enter the market but little rivalry exists because the market is growing rapidly. Promotion and pricing strategies are revised to take advantage of the growing industry.

Mature Stage

In this stage, the market becomes saturated. Production has caught up with demand and demand growth slows precipitously. There are few first-time buyers. Most buyers are repeat buyers. Competition becomes intense, leading to aggressive promotional and pricing programs to capture market share from competitors or just to maintain market share. Although experience curves and size economies are achieved, intense pricing programs often lead to smaller profit margins. Although companies try to differentiate their products, the products actually become more standardized.

Decline Stage

In this stage, buyers move on to other products, and sales drop. Intense rivalry exists among competitors. Profits dry up because of narrow profit margins and declining sales. Some businesses leave the industry. The remaining businesses try to revive interest in the product. If they are successful, sales may begin to grow. If not, sales will stabilize or continue to decline.

Branding

Branding is the exercise of giving a specified name to a product or group of products of one seller. The process of finding and fixing the means of identification is called Branding. In a nutshell, naming the product, like naming a baby, is known as branding. Thus branding is the management process by which a product is named; i.e. branded. A few of the experts explained a Brand as: “A brand is a name, term, sign, symbol, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.” There are a few features of the brand:

- Brand is a Massive asset.
- Brand is a Promotional Tool.
- Brand is a tool to Protect the Market.
- Brand is a Means of Identification for Customers.

The Function of Branding

- It helps to identify a product.
- It helps to identify the manufacturer also.
- It helps to distinguish between competing products in the markets.
- It enables the buyers to buy quality goods.
- It gives legal protection to the manufacturers.
- It helps in packing, labeling, advertisement, and in all sales promotional activities.

Advantages of Branding

- It gives the item legal protection.
- It helps to secure goodwill for their business.
- Can easily find out the fast-moving brands.
- The buyer can buy with confidence.
- The buyer can buy a brand's product from any shop.

Characteristics of a good brand

- It should be just appropriate for the product (for example – All out).
- It should be easy to remember.
- It should be suggestive. (For example- Fair and lovely face cream)
- It must be easy to pronounce. (Illiterate person).
- It should be registered and protected legally.

Packaging

Packaging is generally done by the factory owners as a final process where packed goods are further packaged into bigger boxes, cartons, or whatever. Packaging is all of the materials used to brace, contain, and protect a shipment. Packaging can also be used to protect products as they are being transported and packaging will take place before packing the items into containers for shipping. Packaging is used to present goods in an appealing way to attract customers. Goods that are in eye-catching packaging often sell better than goods that are not in beautiful packaging. Packaging can have specific purposes like sealing goods with other forms of protection.

Characteristics of a good package

- Attract attention
- Clean and sanitary
- Establish identity
- Develop and sustain interest
- Convenient to handle
- Enhance the image of the product

Kinds of package

Consumer package

It refers to the package that holds the required volume of product for house hold consumption for example; toothpaste

Family package

The different products of a particular company are packed in a uniform way. Application of the same materials and method of packaging for all products is called Family packaging for example ; Tata oil, shampoo.

Dual use package

It is also known as a reuse package. It refers to a package that could be reused after its contents are fully consumed. For example; glass jars, plastic containers, and cotton bags.

Multiple packages

The method of placing several units in one container is known as multiple packaging. For example; baby's care set, cosmetics, and perfumes set.

Bulk package

A bulk package is useful for supplying the product to industrial consumers in large quantities, similarly, the bulk package is used for loose dispending by dealers.

Importance of packaging

- To protect the product during transportation from the producer to the final customer.
- To prevent persons from tampering with the products.
- To ensure that the packaged goods are convenient in handling.
- To differentiate the product from that of competitors.
- To appeal to the buying motives of the purchases.

Summary

The new product development process involves conceiving, designing, and introducing new products or services to the market. It typically includes idea generation, screening, concept development and testing, marketing strategy development, product development, market testing, commercialization, and launch. The product life cycle describes the stages a product goes through from introduction to eventual decline. Branding is the process of creating a unique name, design, symbol, or perception in consumers' minds that distinguishes a product or service from competitors. Packaging involves designing and producing the container or wrapping for a product.

Multiple Choice Quiz

1. The first stage of the new product development process is:

    a) Idea generation
    b) Concept testing
    c) Product development
    d) Commercialization

2. Which stage involves screening and evaluating new product ideas to eliminate those that are not feasible?

    a) Idea generation
    b) Concept testing
    c) Idea screening
    d) Business analysis

3. Which stage of the product life cycle is characterized by rapid market acceptance and increasing profits?

    a) Introduction
    b) Growth
    c) Maturity
    d) Decline

4. During which stage of the product life cycle do sales peak and profit margins begin to narrow?

    a) Introduction
    b) Growth
    c) Maturity
    d) Decline

5. A brand is best defined as:

    a) A logo or symbol
    b) A name, term, design, or other feature that distinguishes a product

c) The packaging of a product

d) The warranty provided

6. Which of the following is a key benefit of branding for companies?

a) Lower production costs

b) Customer loyalty

c) Increased employee retention

d) Better legal protection

7. Packaging is important because it:

a) Provides product protection

b) Aids in product identification

c) Facilitates product handling

d) All of the above

8. Which of the following is NOT a function of packaging?

a) Protecting the product

b) Promoting the product

c) Determining the product price

d) Providing information

9. Innovative packaging can contribute to a product's:

a) Higher production costs

b) Brand differentiation

c) Reduced shelf life

a. d) Increased advertising expenses

10. Eco-friendly packaging is becoming important due to:

a) Government regulations

b) Increasing consumer awareness about environmental issues

c) Corporate social responsibility initiatives

d) All of the above

2.4 Unit Summary

Market segmentation is based on the sentiments that the customers have different and diversified needs and this segmentation is also the first step of the target marketing which involves identification of the different needs. Market differentiation is also a segmentation strategy. Market segmentation is the starting step in applying the marketing strategy. Once segmentation takes place, the marketer targets the identified consumer group with a proper marketing mix to position the product as perceived by the target segments.

The important objective of market segmentation is to know about the varying buying behavior of the consumers so that target consumers can be reached easily by framing various marketing programs based on such differences of the consumers. It enables even the small manufacturers to compete in the national level markets. Market segmentation has its benefits and costs. In modern times, no firm can cover the entire market successfully. Thus, market segmentation helps the manufacturers and marketers to match their products with the real needs of the consumers groups. It also benefits the consumer, he may get the best-suited products at the proper price and quantity.

In marketing, the process of segmentation, targeting, and positioning (STP) forms a fundamental framework for understanding and reaching specific customer groups effectively. Segmentation involves dividing a broad market into distinct subsets based on similar characteristics, needs, or behaviors. This segmentation enables marketers to better understand and cater to the diverse preferences and demands of various consumer groups. Targeting then focuses on selecting the most suitable segments to pursue based on factors such as segment size, growth potential, competition, and compatibility with the company's objectives and resources. Finally, positioning involves creating a distinct image and perception of the product or brand in the minds of the target customers relative to competitors, emphasizing unique benefits and value propositions.

Product characteristics and benefits play a crucial role in consumer decision-making processes. Characteristics encompass tangible features such as quality, design, and functionality, as well as intangible aspects like brand reputation and customer service. Benefits refer to the value and advantages that consumers derive from using a product, which may include convenience, status enhancement, cost savings, or emotional satisfaction.

Products can be classified into categories such as consumer goods (purchased by individuals for personal use) and industrial goods (used in the production of other goods or services).

The product mix represents the total range of products or services offered by a company, encompassing different product lines that cater to diverse market segments or consumer needs. Managing a balanced product mix involves strategic decisions related to product development, diversification, and portfolio management. The new product development process involves several stages from idea generation and screening to market testing and commercialization, aiming to introduce innovative offerings that meet evolving consumer needs and market trends.

Understanding the product life cycle (PLC) is essential for marketers to effectively manage product strategies over time. The PLC consists of four stages: introduction, growth, maturity, and decline. Each stage presents unique challenges and opportunities, requiring appropriate marketing strategies to maximize profitability and maintain market relevance. Marketers must continuously monitor market dynamics and consumer preferences to adapt strategies accordingly throughout the product's lifecycle.

Branding and packaging are critical elements of product differentiation and consumer perception. Branding involves creating a unique identity and association for a product or service in the minds of consumers, fostering loyalty and trust. Effective packaging not only protects and promotes the product but also communicates its features, benefits, and brand positioning. Packaging design and materials can influence purchasing decisions by enhancing product visibility, convenience, and perceived value.

Mastering the concepts of segmentation, targeting, and positioning facilitates precise market understanding and effective customer engagement. Understanding product characteristics, benefits, classifications, and life cycle stages enables strategic product management and adaptation to market dynamics. Additionally, branding and packaging play pivotal roles in shaping consumer perceptions and competitive advantage, highlighting their importance in achieving marketing objectives and sustaining business growth in competitive markets.

2.5 Glossary

S.No	Words	Meaning
1.	Characteristics	Features
2.	Strategic	Planned
3.	Sustain	Maintain
4.	Engagement	Involvement

2.6 Self-Assessment Questions

Short Answer Question

1. Why is market segmentation important in marketing strategy?
2. What are the main bases of market segmentation?
3. List and explain the three levels of a product.
4. What is branding?
5. Explain the concept of brand equity.
6. Why is packaging important in marketing?

Essay Type Question

7. Describe the differences between undifferentiated, differentiated, and concentrated targeting strategies.
8. Why is it important for marketers to select appropriate target segments?
9. Explain the concept of competitive positioning.
10. How does the marketing strategy change during each stage of the product life cycle?
11. How does effective branding contribute to customer loyalty?
12. What are the emerging trends in packaging that cater to environmental concerns?

2.7 Answer Key

Multiple Choice Question

1. c) To better satisfy customer needs and wants

2. d) All of the above
3. c) Customer characteristics such as age, gender, and income
4. a) Lifestyle and personality
5. b) Customer behavior, such as usage rate and brand loyalty
6. c) Concentrated marketing
7. d) Segment accessibility
8. b) Targeting several market segments with a different offering for each
9. a) The place a product occupies in consumers' minds relative to competing products
10. b) Perceptual map

PART B

1. d) Place
2. c) Toothpaste
3. b) Business purposes
4. a) The total number of products a company offers
5. The number of different product lines the company carries

PART C

6. Idea generation
7. Idea screening
8. Growth
9. Maturity
10. A name, term, design, or other feature that distinguishes a product
11. Customer loyalty
12. All of the above
13. Determining the product price
14. Brand differentiation
15. All of the above

2.8 E-Contents

S. No	Topics	E-Content Link	QR Code

1	Segmentation	https://youtu.be/eUkTuDLf3os?si=bjQbUGOItv_0Cq-8	
2	Need And Basis of Segmentation	https://youtu.be/IrJ1cNIfmsk?si=x5LkfVJJFSXdIM3Z	
3	targeting	https://youtu.be/rdnJhxt-h6g?si=K79m4Bc3JHxtTDba	
4	Positioning Product	https://youtu.be/jBGytj510ow?si=btq6PKnPboQnMXII	
5	Consumer Goods	https://youtu.be/9WM4yjCBl4s?si=SF5IKaEUQIlMVY6-	
6	Industrial Goods	https://youtu.be/LrG63GTXq4M?si=KgVj-_0_AtvAzwPh	
7	Product Mix	https://youtu.be/6K-MVmCUB7Q?si=0_NRMxVS4AC_Tepn	

8	New Product Development Process	https://youtu.be/oE6VD23Kr0I?si=7sNBNGNBNaYxt1na	
9	Product Life Cycle	https://youtu.be/Vp_Ndyq_p2g?si=US5aprrId9GLaW5_	

2.9 REFERENCE

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Self-Learning Material Development – STAGE 1

UNIT 3 MARKETING MANAGEMENT

Pricing – Factors Influencing Pricing Decisions – Pricing Objectives. Market Physical Distribution: Importance – Various Kinds of Marketing Channels – Distribution Problems.

Unit Module Structure

- ✓ **Pricing**
- ✓ **Market Physical Distribution**
- ✓ **Marketing Channels**

STAGE-2 Modules sections and Sub-sections structure

Unit Objectives

- ✓ To Know about Pricing
- ✓ To Understand the Market Physical Distribution
- ✓ To Study Marketing Channels

3.1.1 Overview of Pricing

Price can be defined as the monetary considerations asked for or exchanged for a specific unit of goods or services offering some utility. For consumers or buyers, the price is a package of expectations and satisfaction. According to some authors, for consumers, price means a sacrifice of purchasing power as the amount spent on purchasing one product will not be available for something else.

The role of price is important in production, exchange, consumption, and distribution. Price is the base for consumer decision-making. Consumers compare the prices (among other things like product features) of alternative items and make a final choice.

Pricing is the act of determining product value in monetary terms before it is offered for sale. Prof. K C Kite defined pricing as a managerial task involving pricing objectives, identifying the factors influencing price, asserting their relevance, determining product value in monetary terms, and formulating pricing policies and strategies.

Pricing decisions are important as the price of the product affects producers, sellers, and consumers. Price is an important variable as it determines a firm's sales volume, sales revenue, profitability, and return on investment.

3.1.2 Factors Influencing Pricing Decisions in Marketing Management

Pricing decisions in marketing management are influenced by a variety of factors that impact how businesses set prices for their products or services. Here's an exploration of the key factors:

1. Cost Considerations: Cost is a fundamental factor in pricing decisions. Businesses need to cover production costs, including raw materials, labor, and overhead expenses, to ensure profitability. Cost-based pricing methods, such as cost-plus pricing, calculate a markup on the cost to determine the selling price.

2. Market Demand: Customer demand plays a crucial role in pricing decisions. Prices can be adjusted based on the level of demand in the market. Higher demand may allow for premium pricing strategies, while lower demand might require competitive pricing to stimulate sales.

3. Competitive Pricing: Competitor pricing directly influences a company's pricing strategy. Businesses monitor competitors' prices and may choose to price their products similarly (competitive pricing) or differentiate based on unique value propositions (price differentiation).

4. Pricing Objectives: Business objectives guide pricing decisions. Companies may aim to maximize profit margins, increase market share, achieve a specific sales target, or position the product in a certain market segment. Each objective requires a tailored pricing strategy.

5. Perceived Value: Perceived value reflects customers' subjective assessment of a product's benefits relative to its price. Businesses often use value-based pricing, setting prices based on the perceived value rather than solely on costs. Effective branding and marketing can enhance perceived value and support premium pricing.

6. Legal and Ethical Considerations: Legal factors, such as price-fixing laws and regulations against price discrimination, constrain pricing decisions. Businesses must ensure compliance with antitrust laws and consumer protection regulations. Ethical considerations also influence pricing, as fair and transparent pricing practices are essential for maintaining customer trust.

7. Economic Factors: Economic conditions, such as inflation, interest rates, and economic cycles, impact pricing decisions. Inflationary pressures may necessitate price adjustments to maintain profit margins. Economic downturns may require pricing strategies that stimulate demand and maintain competitiveness.

8. Product Life Cycle Stage: The stage of the product life cycle influences pricing decisions. Prices may be higher during the introduction and growth stages to recover development costs and capitalize on novelty. Prices may stabilize or decrease during maturity and decline stages to defend market share or manage decline.

Effective pricing decisions in marketing management require a comprehensive understanding of these factors and their interplay. Businesses must analyze market dynamics, competitive landscape, customer behavior, and internal capabilities to formulate pricing strategies that achieve strategic objectives while responding to external influences. Continuous evaluation and adjustment of pricing strategies are essential to adapt to changing market conditions and optimize financial performance.

3.1.3 Pricing Objectives

Pricing of products cannot be done unless pricing objectives are set. These objectives act as benchmarks for fixing prices, framing policies, and formulating strategies. These objectives also act as standards for measuring managerial performance in crucial areas. The pricing objectives should be consistent with the overall organizational objective and compatible with the prevailing external environment. The firms can have a variety of pricing objectives. However, some of the common pricing objectives are described below:

Profit Maximisation: This is the most common objective of every firm. Firms want to maximize profit through price under a given set of marketing conditions. However, it can be a long-term objective as in the short run and in the initial stages of the product life cycle, profit maximization objectives cannot be achieved.

In the short run, some tactics including cuts in prices may be required to increase sales or capture more market which will help in maximizing profits in the long run. In the initial stages of the product life cycle, market penetration is necessary which is possible only with low prices. Further, the profit maximization objective is not set in relation to a single product only but to the whole product line.

Market Share: A firm may aim to achieve a particular market share called as target market share by using price as an input. Target market share, usually expressed as a percentage, implies the portion of industry sales that a firm wishes to attain. Market share as a pricing objective is important for firms in developing countries as in such countries market share acts as a barometer for measuring economic development. Price is an important variable to increase or maintain market share but sometimes it is used to reduce market share to restrain a firm from becoming a 'dominant undertaking' under the MRTP Act 1969. Thus, market share as a pricing objective is important for firms desiring to attain a target market share.

Target return on investment: The pricing objective of the firm may be to achieve a certain rate of return on capital employed over some time. For this, prices are so fixed that overall sales revenue generated during the financial year will become sufficient enough to cover the total cost and provide the desired return on investment. This objective is relevant for firms that are selling in markets where currently there is little or no competition.

Meeting or Preventing Competition: The firm may aim at meeting competition or preventing competition through the instrument of price. The objective of meeting competition is set by a firm that is not a price leader. Such a firm will set prices at par or a little less than the competitors to neutralize the competitive impact. On the contrary, the objective of preventing competition is set by the firm that has substantial control in the market and wants to restrict the entry of competitors by making drastic price changes. However, such practice is restrictive trade practice.

Resource mobilization: Generating funds for expansion or development purposes can be another pricing objective. In such cases, prices will be fixed in such a manner that sufficient resources are made available for the desired purpose. Prices will be deliberately set high. Public sector undertakings usually have this pricing objective.

Maintaining the loyalty of middlemen: The pricing objective may be to maintain the loyalty of middlemen in the chain of distribution. This is done by fixing the price in a way that it will leave sufficient margin for middlemen. The price structure which will allow huge trade discounts will boost the morale of middlemen and they will be motivated to sell more of the firm's brand.

Enhance the image of the firm: The firm may aim to maintain or enhance its image through correct pricing. A firm with a reputation may sell high-quality products at high prices due to customer's perception of reliability, better quality, and better service. Thus, prices are set high for standardized and branded products ensuring the same or higher level of customer satisfaction every time. This enhances the reputation of the firm.

Pricing Procedure

After laying down the objectives, the price of the product is determined. It is the base price which is set initially and quoted to buyers. This price is subject to changes as per policies and strategies of firm to meet specific market situation. The pricing procedure consists of the following steps:

(i) Collecting the necessary information: First of all, a strong and upto date information base is developed to take an effective decision regarding price. Information about cost of production, government regulations, collaboration arrangements and industry practices is collected. The cost of production indicates the expenses incurred to make the product. Obviously the price should not be fixed below cost. It will lead to losses to firm.

The price control measures of government should be studied. Upto date information about various laws affecting price or seller's pricing policies is of utmost importance and needs to be collected. Restrictions imposed by foreign collaborators of the firm are required to be thoroughly studied. Sometimes agreements with suppliers also affect pricing decisions. So these should be considered to create a sound information base. Further, it is equally important to have knowledge about practices and methods of pricing adopted by other members of the industry.

(ii) Selecting the target market: It is important to select the market where the marketing manager wants to sell the product. The paying capacity, willingness to pay, buying pattern, buying motives, price sensitivity and attitude about firm of customers/consumers in the target market affect the pricing decision.

(iii) Estimating demand: Next step, is to estimate the demand of the product. For this, there is a need to know the expected prices for which survey may be conducted of competitors' price, potential buyers or even test marketing can be initiated. Then, there is need to determine the sales volume at different prices. So demand schedule is developed which indicates demand as reflected in sales volume at different prices. Thus, sales forecasts, intermediaries' opinion and degree of market competition will help in determining total demand.

(iv) Anticipating competitive reaction : It is essential to anticipate the reaction of competitors at present and in future as it has great impact on pricing decision of the firm. The firm may face competition from similar products like car manufacturer faces competition from other car manufacturer; from close substitutes like motorcycle manufacturer face competition from scooter manufacturer; or even from unrelated product seeking same consumer's disposable income.

(v) Understanding the internal environment: The next step is to study and understand the internal environment of the firm in terms of labor relations, production capacity, contracting facilities, ease of expansion, and supply of inputs. Sometimes, inefficiencies in the internal environment lead to more wastages or increased overheads due to idle plants, idle labor or penalties, etc. These inefficiencies result in an increased cost of production per unit. So prices are to be fixed higher in such circumstances to cover the cost.

(vi) Considering components of marketing mix: In this stage, there is a need to consider the other components of the marketing mix such as product, distribution channels, and promotion for determining price. The price of the product is influenced by the degree of perishability of the product. The faster the perishability of the product, the lower the price. Thus, price is affected by the nature of the product i.e. whether the product is durable or perishable, old or new, consumer product or industrial product. Apart from this, the strength, composition, and quality of the product do affect its price. The length of the distribution channel affects the pricing decision. Longer channels would require higher list prices to provide a sufficient margin for middlemen. Likewise, more promotional efforts would require a higher price to cover promotional expenses.

(vii) Selection of pricing policies and strategies : Pricing policies and strategies provide guidelines for setting as well as varying the prices as per specific market need. There are number of pricing policies available and a firm can choose suitable policies. Keeping in mind the pricing objectives, a suitable pricing strategy should be selected. Skimming pricing strategy is characterized by high prices. It can be used if the new product is distinctive and consumers are not price sensitive. Penetrating pricing strategy is characterized by low initial prices. It can be used if consumers are price sensitive or there is possibility of high competition.

(viii) Price determination : For determining the price, the management should use all decision inputs and determine a suitable price. The price may be determined on the basis of cost of production, competitive prices or forces of demand and supply. It is necessary that the price should be checked against pricing objectives to determine the consistency of price with pricing objectives and narrow down their difference. It is also desirable to test market validity of price through test marketing for its wider acceptance in actual market. Before quoting the price as list price to consumer, a feedback of consumers' reaction (in test market) and intermediaries' reaction should be taken and accordingly a realistic price should be fixed and quoted.

5. Factor Affecting Pricing Decisions

Pricing decisions play a significant role in designing marketing mix. These decisions interconnect marketing actions with financial objectives of the company. Marketing manager decides the price of the product keeping in mind the impact of various internal and external factors. Internal factors are within the control of marketing manager, however, he has no control over external factors. Various internal and external factors which impinge on the pricing decisions of a company/firm have been described as follows :

Internal factors : Internal factors affecting pricing decisions include cost of production, pricing objectives, product life cycle, marketing mix, pricing policies and product differentiation. A brief explanation of these factors is given as follows:

Pricing Objectives : A company lays down objectives which act as benchmarks against which the prices are fixed. These act as standards. So every pricing decision should consider various pricing objectives of the company which may be price stability, sales maximization, profit maximization, increased market share, meeting competition or earning a target rate of return. Prices should be fixed in such a way that pricing objectives are achieved as far as possible.

Cost of Production : Cost is an important consideration while fixing the price of product. Both cost and price have a close relationship. Many companies use cost plus method. While some companies use demand or competition based method for price fixation. Whatever may be the method of pricing, the aim should be to cover the cost of production and make some surplus. Therefore, product cost should be given due consideration at the time of determining its price.

Product life cycle: Every product passes through different stages i.e. introduction, growth, maturity and decline. Each stage of product life cycle has a great influence on pricing decisions. Prices should be consciously decided during each stage to achieve marketing objectives.

In the introductory stage, the prices are fixed low so that product can easily enter the market. During growth stage, the prices can be raised to some extent.

As the product reaches maturity stage, attempt is made to keep the same prices or lower down the prices to meet competition. In the declining stage, there is cut in prices to maintain demand. However, in case of innovative products, high price can be fixed at the introductory stage which will be lowered down in subsequent stages of product life cycle.

External Factors : These are the factors which are beyond the control of company but have significant influence on its pricing decisions. These factors need careful analysis and interpretation. Some of the important external factors are described below :

Competition : No organisation can remain unaffected by its competitors. It has to plan its move and counter moves as per the level of competition prevailing in the market unless it has monopoly.

Competition affects the pricing decisions of management. Management has to consider the pricing policies, objectives, strategies, strengths and weakness of competitors while determining price of the product. The level of competitors' reaction to particular price is also assessed while fixing price. Thus, prices are fixed high, low or same as that of competitors' price depending upon the nature and intensity of competition. In monopolistic conditions, prices are determined by keeping in mind the competition with that of substitute products.

Economic conditions : Inflationary or deflationary conditions prevailing in the economy affect the pricing decisions. During inflation, high prices are fixed to meet the rising costs. In boom period, the prices are increased to cover increasing distribution and promotion cost and to earn sizable profit. However, during recession period, prices are reduced to a considerable extent.

Government regulations : Government regulations influence the pricing decisions of a firm. The firm has to set prices within the framework of government regulations. In case prices are fixed by government, it has no choice than to accept it. The Government has framed laws to restrict monopoly and unnecessary price hikes. Thus a firm cannot fix higher prices at its own.

Distribution Channel : The use of intermediaries (wholesalers, retailers, distributor, sole agent) for distribution of goods is an important factor that influences pricing decisions. Intermediaries facilitate the flow of goods from manufacturer to final consumer. They are rewarded with commission or trade discounts. To cover this commission or trade discounts, high prices are fixed. Thus, pricing decisions are affected due to channel structure. Longer the channel of distribution (distributor, wholesaler, retailer), higher will be the price and vice-versa. But it does not mean that shorter distribution channel should be used so as to fix low price of product. Rather a sound channel management is required.

Image of the company : Market image of an organisation in terms of reliability, quality, durability, after sale services, product mix and technology affects its pricing decisions. An organisation enjoying better image among customers can fix higher price as the customers will be willing to pay higher price for perceived better quality or better services of the organisation.

Consumer behaviour : Buying pattern of consumer has impact on pricing decision of an organisation. If consumers buy the product frequently, lower price may be fixed. It will result in more sales and high overall profit.

Composition and strength of buyers : Organised buyers have influence on the pricing decisions of an organisation. If the buyers are large in number but unorganized, they will do little to influence price. However, few buyers who place large orders or are large users will have impact on the pricing decisions.

The pricing decisions are also affected by the composition or class of consumers i.e. industrial users or house hold users. The price will be different for both classes of consumers.

Suppliers : The price of product is directly affected by cost of raw materials or various fabricated parts. Obviously, the suppliers of these inputs will influence the pricing decisions. If suppliers raise the price, the manufacturers are forced to raise the price of final product.

Elasticity of demand : Price elasticity of demand has considerable influence on pricing decision. Price elasticity of demand implies a relative change in demand due to change in price. If the demand of product is elastic, then a firm has to fix lower price. On the contrary, if demand is inelastic, higher price may be fixed as customers are not sensitive to price.

3.1.2 Role of Pricing

Pricing is important marketing function and it affects consumers, middlemen and manufacturers. Proper pricing contributes to the success of marketing strategy. Pricing helps in number of ways as discussed below:

Regulating demand: Price is used as an instrument to influence and regulate demand. In case of surplus production, price may be reduced to create more demand. Similarly, when there is insufficient production, price may be increased to discourage demand. In developing countries, price plays a special role in regulating demand.

Facing competition: Each firm in the market is affected by moves or actions of its rival firms. When rival firms use tactics such as price reduction to capture more market share, the firm has to react to such situation to stay in market. Price reduction or adjustments in price structure are made to meet competitive manoeuvres.

Increase in profitability: Price affects the profitability of a firm through sales revenue. It is used as a weapon to increase profitability. In case of competition, a small change in price may result into increased profitability provided other things remain constant.

Types of Prices

Administered Price: It is the price set by the marketing manager or authorized company official after considering various factors such as cost, demand, competition, customer expectation, the value of products, the image of the company, etc. It is the result of conscious and deliberate managerial action. The administered price does not change frequently and is fixed for several sales transactions or for a certain period. Different price structures may be developed to meet market requirements or consumer needs. The administered prices of homogenous products in the market are more or less similar. In such cases, companies resort to non-price competition such as after-sale services, free home delivery, liberal credit, sales promotion, money back guarantee, advertising, product improvements, personal salesmanship and product innovations, branding or packaging. Thus, it is the administered price in which the firms or marketers are more interested to achieve pricing as well as marketing objectives.

Regulated Price: The administered price may lead to consumer exploitation and harm national interests. That is why these prices are usually subject to government regulations. Thus, regulated price is the price set as per government regulations. It may take any of the two forms. First, setting the price as per the formula or method laid down by the state as applicable in the cotton textile industry. Second, setting the prices as stated by government agencies. In India, for example, it is applicable in steel and aluminum industries.

In real life situation, the administered price is set within the framework of government regulations and its determination is the major concern for marketing managers. For this, they can opt for any method as described in further discussion.

Summary

Price can be defined as the monetary considerations asked for or exchanged for a specific unit of goods or services offering some utility. Pricing objectives guide the strategic direction of pricing decisions. These objectives can include maximizing profits by setting prices that optimize revenue and minimize costs.

Multiple Choice Quiz

1. Which of the following is the best definition of "pricing"?
    - A) The amount of money charged for a product or service.
    - B) The process of determining what a company will receive in exchange for its products.
    - C) The act of setting a value on a product based on market conditions.
    - D) All of the above.
2. Which of the following factors is considered an internal factor influencing pricing decisions?
    - A) Competitor prices
    - B) Cost of production
    - C) Consumer demand
    - D) Legal regulations
3. What is a key external factor that influences pricing decisions?
    - A) Company objectives
    - B) Production costs
    - C) Market demand
    - D) Employee salaries
4. Which of the following is NOT an external factor affecting pricing decisions?
    - A) Economic conditions
    - B) Competition
    - C) Marketing strategy

- D) Consumer trends

5. Which of the following is an example of a pricing objective aimed at maximizing profit?
   - A) Market penetration pricing
   - B) Cost-plus pricing
   - C) Skimming pricing
   - D) Survival pricing
6. Which pricing objective is focused on achieving a high market share?
   - A) Profit maximization
   - B) Revenue maximization
   - C) Market penetration
   - D) Status quo
7. A company aims to maintain stable prices and avoid price wars. What is its likely pricing objective?
   - A) Profit maximization
   - B) Market skimming
   - C) Market penetration
   - D) Status quo pricing
8. When a firm uses pricing to discourage new competitors from entering the market, it is using:
   - A) Skimming pricing
   - B) Penetration pricing
   - C) Competitive pricing
   - D) Psychological pricing

3.2.1 Market Physical Distribution

Market physical distribution, often referred to as logistics, involves the planning, implementing, and controlling of the physical flow of goods from points of origin to points of consumption. This process is essential for ensuring that products are delivered to customers efficiently and cost-effectively, meeting their needs and expectations. Physical distribution encompasses several key components, including transportation, warehousing, inventory management, order processing, and packaging. Each of these elements plays a critical role in the overall effectiveness of a company's supply chain.

Transportation is a fundamental aspect of physical distribution, as it involves moving products from manufacturers to end-users. Various modes of transportation—such as trucks, trains, ships, and airplanes—are used depending on the nature of the goods, delivery speed requirements, and cost considerations. Efficient transportation management helps reduce delivery times and costs, enhances customer satisfaction, and provides a competitive advantage in the marketplace. Companies must carefully choose and manage their transportation networks to optimize these benefits.

Warehousing is another crucial component, providing a place to store goods until they are needed. Effective warehousing strategies ensure that products are stored in a manner that maximizes space utilization and minimizes handling costs. Modern warehouses often incorporate advanced technologies, such as automated storage and retrieval systems, to enhance efficiency. Proper warehousing management not only protects products from damage and spoilage but also facilitates quick and accurate order fulfillment, contributing to customer satisfaction.

Inventory management is vital for balancing supply and demand, ensuring that the right products are available at the right time without overstocking or stockouts. Techniques such as just-in-time (JIT) inventory, economic order quantity (EOQ), and safety stock levels are employed to optimize inventory levels. Effective inventory management reduces holding costs, improves cash flow, and minimizes the risk of obsolescence. It also plays a key role in maintaining service levels, which is critical for customer satisfaction and retention.

Order processing involves the systems and procedures used to receive, process, and fulfill customer orders. Efficient order processing systems integrate with other supply chain components to ensure orders are accurately and promptly filled. This includes everything from order entry and picking to packing and shipping. Streamlined order processing helps reduce errors, lower costs, and improve lead times. Advances in technology, such as electronic data interchange (EDI) and order management software, have significantly enhanced the speed and accuracy of order processing.

Packaging is also an integral part of physical distribution, protecting products during transit and storage while also serving marketing and informational purposes. Good packaging design minimizes damage, reduces shipping costs, and meets regulatory requirements. It also plays a role in customer satisfaction by ensuring products arrive in good condition and are easy to handle and use. Sustainable packaging solutions are increasingly important, as they can reduce environmental impact and appeal to eco-conscious consumers.

Market physical distribution is a complex, multifaceted process essential to the success of any business. By effectively managing transportation, warehousing, inventory, order processing, and packaging, companies can ensure their products are delivered efficiently, cost-effectively, and to the satisfaction of their customers. Advances in technology continue to transform physical distribution, offering new opportunities for efficiency and improvement. Companies that excel in physical distribution can gain a significant competitive edge, enhancing their ability to meet market demands and drive growth.

3.2.2 Importance of Market Physical Distribution

Market physical distribution, or logistics, is a critical component of marketing management. It plays a significant role in ensuring that products are available to consumers in the right place, at the right time, and in the right condition. Several key points highlighting the importance of market physical distribution in marketing management:

Enhances Customer Satisfaction

Effective physical distribution ensures that products are delivered promptly and in good condition, directly impacting customer satisfaction. When customers receive their orders quickly and without damage, their overall experience with the brand improves, leading to higher levels of customer loyalty and repeat business. Timely and reliable delivery is a major differentiator in competitive markets where customer expectations are continually rising.

Reduces Costs

Optimizing physical distribution can significantly reduce costs associated with transportation, warehousing, and inventory management. By streamlining logistics operations, companies can minimize waste, reduce excess inventory, and lower storage costs. These savings can be passed on to customers in the form of lower prices, enhancing the company's competitive position.

Supports Marketing Strategies

Physical distribution supports various marketing strategies, such as market penetration and product positioning. For instance, a company aiming for rapid market penetration must have an efficient distribution network to ensure widespread product availability. Similarly, premium brands rely on superior logistics to deliver high-quality products that meet customer expectations. An effective distribution strategy aligns with overall marketing objectives to drive growth and market share.

Improves Supply Chain Efficiency

A well-managed physical distribution system enhances the overall efficiency of the supply chain. Efficient logistics ensure that raw materials and finished products move seamlessly from suppliers to manufacturers to end consumers. This reduces lead times, improves production scheduling, and enhances the ability to respond to market changes quickly. An agile supply chain can adapt to demand fluctuations, reducing the risk of stockouts or overstocking.

Enhances Market Coverage

Effective physical distribution enables companies to expand their market reach. By establishing robust logistics networks, businesses can enter new geographic markets and serve a broader customer base. This is particularly important for companies looking to scale operations and grow their presence in domestic and international markets. Enhanced market coverage also provides opportunities to explore and capitalize on emerging market trends.

Builds Competitive Advantage

Companies with superior physical distribution systems can gain a competitive edge over rivals. Efficient logistics allow for faster delivery times, better product availability, and lower costs, all of which contribute to a stronger value proposition for customers. Additionally, advanced distribution capabilities can support innovations such as just-in-time delivery, customization, and enhanced service levels, further differentiating the company in the marketplace.

Facilitates Effective Inventory Management

Physical distribution plays a crucial role in inventory management by ensuring that the right amount of product is available when needed. This balance helps avoid the pitfalls of overstocking and stockouts, maintaining optimal inventory levels. Effective inventory management improves cash flow, reduces holding costs, and ensures that capital is not tied up in unsold inventory. This, in turn, supports better financial health and operational efficiency.

Enhances Data and Analytics Capabilities

Modern physical distribution systems leverage data and analytics to optimize logistics operations. Advanced technologies such as GPS tracking, RFID, and inventory management software provide real-time visibility into the movement and status of goods. This data can be analyzed to identify inefficiencies, forecast demand, and make informed decisions that improve distribution performance. Enhanced data capabilities enable proactive management of the supply chain, leading to continuous improvement and innovation.

Summary

Market physical distribution, also known as logistics or supply chain management, involves the efficient movement and storage of products from production to consumption. It encompasses several key activities essential for ensuring products reach customers in a timely and cost-effective manner.

Multiple Choice Quiz

1. Which of the following best describes the primary goal of market physical distribution?
   A) Increasing production capacity
   B) Enhancing customer satisfaction by ensuring timely delivery of products
   C) Reducing marketing expenses
   D) Expanding product lines
2. Efficient market physical distribution helps reduce costs in which of the following areas?
   A) Advertising and promotions
   B) Employee training programs
   C) Transportation and warehousing
   D) Product development
3. How does effective physical distribution support marketing strategies?
   A) By decreasing the need for customer feedback
   B) By ensuring products are available where and when customers need them
   C) By increasing the price of products
   D) By focusing solely on product innovation

4. Which of the following is a benefit of having a well-managed physical distribution system?
   A) Longer product development cycles
   B) Increased risk of stockouts
   C) Enhanced supply chain efficiency
   D) Higher marketing costs
5. Effective market physical distribution can help a company gain a competitive advantage by:
   A) Reducing production costs
   B) Increasing advertising expenditure
   C) Delivering products faster and more reliably than competitors
   D) Limiting market expansion
6. How does physical distribution contribute to improving inventory management?
   A) By increasing the amount of safety stock required
   B) By ensuring optimal inventory levels and reducing overstock and stockouts
   C) By minimizing the use of inventory management software
   D) By increasing the costs of warehousing
7. Which technology is commonly used in physical distribution to enhance data and analytics capabilities?
   A) Virtual reality
   B) Blockchain
   C) RFID and GPS tracking
   D) Social media analytics
8. Effective physical distribution can support market expansion by:
   A) Increasing product prices in existing markets
   B) Reducing the number of distribution channels
   C) Establishing robust logistics networks to serve new geographic areas
   D) Focusing only on local markets
9. In the context of physical distribution, customer satisfaction is most directly influenced by:
   A) The variety of products available
   B) The speed and reliability of product delivery
   C) The amount spent on marketing campaigns
   D) The number of employees in the logistics department

3.3.1 Distribution Channels

Marketing channels, also known as distribution channels, are the pathways through which goods and services flow from the producer to the consumer. These channels are integral to marketing management as they facilitate the transfer of ownership and delivery of products, providing time, place, and possession utility to consumers. Effective management of marketing channels ensures that products are available to consumers when and where they need them, which directly impacts a company's success in the marketplace.

Types of Marketing Channels

Marketing channels can be categorized into direct and indirect channels. Direct channels involve a direct relationship between the producer and the consumer, without intermediaries. This approach is often used by companies selling directly online or through their own retail stores. Indirect channels, on the other hand, involve intermediaries such as wholesalers, distributors, and retailers. These intermediaries help in reaching a broader market by leveraging their own networks and expertise in handling the distribution of products.

Functions of Marketing Channels

Marketing channels perform several key functions that add value to the product and facilitate its journey from producer to consumer. These functions include transactional functions (buying, selling, and risk-taking), logistical functions (assorting, storing, sorting, and transporting), and facilitating functions (financing, grading, marketing information, and research). Each of these functions helps to streamline the distribution process, ensuring that products are delivered efficiently and effectively.

Channel Levels

The structure of marketing channels can vary based on the number of intermediary levels. Zero-level channels, or direct marketing channels, involve no intermediaries. One-level channels include one intermediary, such as a retailer. Two-level channels involve two intermediaries, typically a wholesaler and a retailer, and so on. The choice of channel level depends on various factors, including the nature of the product, market characteristics, and the company's overall distribution strategy.

Channel Design Decisions

Designing an effective marketing channel involves several important decisions. Companies must decide on the type and number of intermediaries, the level of distribution intensity (intensive, selective, or exclusive), and the specific channel members to partner with. Intensive distribution seeks to place products in as many outlets as possible, selective distribution involves a limited number of outlets, and exclusive distribution restricts the product to a few chosen outlets. Each approach has its own advantages and trade-offs.

Channel Management

Managing marketing channels requires maintaining good relationships with channel partners and ensuring that they perform their roles effectively. This includes setting performance standards, providing training and support, and regularly evaluating channel performance. Effective channel management helps to resolve conflicts, ensure cooperation, and align the interests of all channel members towards common goals. Building strong partnerships with channel members can enhance the overall efficiency and effectiveness of the distribution network.

Channel Conflict

Channel conflict can arise when there are disagreements among channel members. This can occur at various levels, such as between manufacturers and wholesalers, or among retailers. Conflict may result from issues like pricing disputes, territory overlap, or competition among intermediaries. Managing channel conflict involves identifying the sources of conflict, fostering open communication, and finding mutually beneficial solutions. Proper conflict management ensures smoother operations and better relationships within the channel.

Technology and Marketing Channels

Advancements in technology have significantly impacted marketing channels. E-commerce and digital platforms have transformed how products are distributed, allowing for direct-to-consumer sales and new forms of intermediary roles, such as online marketplaces. Technologies like inventory management systems, customer relationship management (CRM) software, and logistics automation have improved the efficiency of channel operations.

Companies that leverage technology effectively can gain a competitive edge in their distribution strategies.

Global Marketing Channels

Operating in international markets adds complexity to marketing channels due to different regulatory environments, cultural differences, and logistical challenges. Companies must adapt their channel strategies to fit local market conditions. This may involve partnering with local distributors, understanding regional consumer behavior, and navigating international trade regulations. Effective global channel management ensures that products reach international consumers while maintaining consistency and efficiency.

Importance of Marketing Channels

Marketing channels are a vital component of marketing management, directly affecting a company's ability to reach and serve its customers. Well-designed and effectively managed channels facilitate the efficient flow of goods, enhance customer satisfaction, and provide a competitive advantage. By understanding and optimizing marketing channels, companies can ensure that their products are available to the right customers at the right time and place, ultimately driving business success and growth.

3.3.2 Kinds of Distribution Channels

In marketing management, distribution channels refer to the pathways through which goods and services travel from producers to consumers. These channels can vary in complexity and are designed based on factors such as product type, target market, and strategic objectives. Here are the main kinds of distribution channels:

Direct Distribution:

- **Manufacturer Direct to Consumer:** The manufacturer sells directly to consumers without intermediaries. This approach is common in online sales, where manufacturers operate their own e-commerce platforms.

Indirect Distribution:

- **Retailer:** Products are sold to consumers through brick-and-mortar retail stores. Retailers purchase goods from wholesalers or directly from manufacturers.

- **Wholesaler:** Wholesalers purchase products in bulk from manufacturers and sell them to retailers or other businesses. They act as intermediaries between manufacturers and retailers.
- **Distributor:** Distributors are intermediaries who specialize in specific product categories or industries. They buy from manufacturers in large quantities and sell to retailers or industrial consumers.

Dual Distribution:

- **Multiple Channels:** Companies use multiple distribution channels simultaneously to reach different market segments or geographic regions. For example, a company may sell products through retail stores and also directly through its website.

Reverse Distribution:

- **Returns and Recycling:** Involves the movement of goods from consumers back to producers. This occurs in scenarios like product returns, recycling programs, or remanufacturing processes.

Online Distribution:

- **E-commerce Platforms:** Companies sell products directly to consumers through online platforms and marketplaces, bypassing traditional retail channels.

Franchising:

- **Franchise System:** Franchisors grant franchisees the right to sell their products or services using an established brand and business model. Franchisees operate independently but adhere to the franchisor's guidelines and standards.

Agent or Broker:

- **Sales Agents or Brokers:** Independent individuals or firms represent manufacturers and negotiate sales with customers on their behalf. They earn commissions based on sales volume.

Each type of distribution channel offers unique advantages and challenges. The choice of distribution strategy depends on factors such as market reach, product characteristics, customer preferences, and business objectives. Effective management of distribution channels is essential for ensuring products reach the right customers at the right time while optimizing operational efficiency and customer satisfaction.

3.3.3 Distribution Problems

Distribution problems in marketing management can significantly impact a company's ability to deliver products to customers efficiently and effectively. These issues can arise from various sources, including logistical challenges, channel conflicts, technological disruptions, and changing market dynamics. Here are some of the common distribution problems faced in marketing management:

Logistical Challenges

One of the primary distribution problems is managing logistics efficiently. This includes transportation issues, warehousing difficulties, and inventory management challenges. Delays in transportation due to traffic congestion, accidents, or logistical inefficiencies can lead to late deliveries, affecting customer satisfaction. Additionally, inadequate warehousing facilities can lead to stockouts or overstocking, which increases costs and affects the supply chain's smooth operation.

Channel Conflict

Channel conflict occurs when there are disagreements or competition among channel members, such as manufacturers, wholesalers, and retailers. This can be horizontal conflict (between intermediaries at the same level, e.g., two retailers) or vertical conflict (between different levels, e.g., a manufacturer and a retailer). Causes of channel conflict include pricing disputes, territory overlaps, and competition for market share. Such conflicts can disrupt the flow of goods and lead to inefficiencies and reduced sales.

Inadequate Distribution Coverage

Inadequate distribution coverage can result in products not being available in key markets or geographic areas. This problem can stem from a lack of reliable distribution partners, poor network design, or an insufficient number of intermediaries. Without proper coverage, companies may miss out on potential sales opportunities and lose market share to competitors with better distribution networks.

Technological Disruptions

Technological disruptions can affect various aspects of the distribution process. Issues such as system failures, cyberattacks, and inadequate technology infrastructure can disrupt order processing, inventory management, and communication with channel partners. Dependence on outdated technology can also lead to inefficiencies and slow response times, hampering the overall distribution performance.

Cost Management

Managing distribution costs is a critical challenge in marketing management. High transportation costs, rising fuel prices, warehousing expenses, and handling charges can significantly impact profitability. Companies must balance cost efficiency with service quality to maintain competitive pricing while ensuring timely delivery. Inefficient cost management can erode profit margins and reduce competitiveness.

Inventory Management Issues

Effective inventory management is crucial for smooth distribution. Problems such as overstocking, stockouts, and inaccurate inventory records can disrupt the supply chain. Overstocking leads to higher holding costs and potential obsolescence, while stockouts result in missed sales and dissatisfied customers. Accurate forecasting and real-time inventory tracking are essential to mitigate these issues.

Regulatory and Compliance Issues

Compliance with regulatory requirements can pose significant distribution challenges, especially for companies operating in multiple regions or countries. Regulations related to product safety, labeling, transportation, and environmental standards vary by location. Non-compliance can result in legal penalties, product recalls, and damage to the company's reputation. Keeping up-to-date with regulatory changes and ensuring compliance is essential for smooth distribution operations.

Seasonal Demand Fluctuations

Seasonal demand fluctuations can create distribution problems, particularly in industries with high seasonality. Managing inventory and distribution capacity to match seasonal peaks and troughs is challenging. Overestimating demand can lead to excess inventory and higher costs, while underestimating it can result in stockouts and lost sales. Effective demand forecasting and flexible distribution strategies are necessary to address these fluctuations.

Global Distribution Challenges

Expanding distribution networks globally introduces additional complexities. Issues such as longer lead times, cultural differences, varying consumer preferences, and geopolitical risks can affect distribution efficiency. Companies must navigate different legal environments, trade policies, and logistical challenges to ensure effective global distribution. Partnering with reliable local distributors and adapting strategies to local conditions can help mitigate these challenges.

Sustainability Concerns

Increasing emphasis on sustainability adds another layer of complexity to distribution management. Companies are under pressure to reduce their carbon footprint, use eco-friendly packaging, and implement sustainable logistics practices. Balancing sustainability initiatives with cost and efficiency goals can be challenging but is essential for meeting regulatory requirements and consumer expectations.

Summary

Marketing channels are pathways through which goods and services move from producers to consumers. Common distribution problems include logistical challenges (like transportation delays), channel conflicts (such as horizontal conflicts between retailers), inventory management issues (such as overstocking), and adapting to global complexities (like cultural differences). Effective management of these challenges ensures smooth product flow and enhances customer satisfaction, critical for business success.

Multiple Choice Question

1. What are marketing channels also known as?

- A) Distribution networks
- B) Sales channels
- C) Supply chains
- D) Logistics systems

2. Which of the following is an example of a direct marketing channel?
   - A) Manufacturer → Wholesaler → Retailer → Consumer
   - B) Manufacturer → Consumer
   - C) Manufacturer → Distributor → Retailer → Consumer
   - D) Manufacturer → Agent → Consumer
3. What type of channel conflict occurs between two retailers selling the same brand in overlapping territories?
   - A) Vertical conflict
   - B) Horizontal conflict
   - C) Marketing conflict
   - D) Supplier conflict
4. Which of the following is a common logistical challenge in distribution management?
   - A) Price wars
   - B) Channel conflict
   - C) Regulatory compliance
   - D) Transportation delays
5. What does overstocking in inventory management often lead to?
   - A) Higher holding costs
   - B) Stockouts
   - C) Decreased lead times
   - D) Increased customer satisfaction
6. Which global distribution challenge relates to adapting strategies to fit local market conditions?
   - A) Cultural differences
   - B) Regulatory compliance
   - C) Technological disruptions
   - D) Inventory management
7. What is a key challenge associated with seasonal demand fluctuations in distribution?
   - A) Overstocking
   - B) Longer lead times
   - C) Decreased consumer interest

   - D) Inaccurate demand forecasting
8. Which distribution problem is exacerbated by outdated technology and system failures?
   - A) Channel conflict
   - B) Cost management
   - C) Technological disruptions
   - D) Sustainability concerns
9. What type of distribution network involves no intermediaries between the manufacturer and the consumer?
   - A) One-level channel
   - B) Indirect channel
   - C) Zero-level channel
   - D) Two-level channel
10. Which function of marketing channels involves assorting, storing, sorting, and transporting goods?
    - A) Transactional functions
    - B) Logistical functions
    - C) Facilitating functions
    - D) Financial functions

3.4 Unit Summary

Pricing in marketing management involves determining the monetary value of products or services, influenced by a variety of factors and guided by specific objectives. Factors influencing pricing decisions include cost considerations, market demand, competitive pricing, legal and ethical constraints, economic conditions, and perceived value. These factors collectively shape pricing strategies aimed at achieving objectives such as maximizing profits, increasing market share, achieving sales targets, or positioning products strategically in the market.

Market physical distribution, encompassing logistics and supply chain management, plays a pivotal role in ensuring products reach consumers efficiently. It involves activities such as warehousing, inventory management, transportation, order processing, distribution network design, supply chain integration, and technology implementation. Effective distribution is critical for customer satisfaction, reducing time-to-market, improving responsiveness, lowering costs, and supporting business growth.

Various kinds of marketing channels facilitate the movement of goods and services from producers to consumers. Direct distribution involves selling directly to consumers or through online platforms, while indirect distribution utilizes intermediaries like retailers, wholesalers, distributors, and agents. Dual distribution combines multiple channels, and online distribution leverages e-commerce platforms. Franchising offers another channel through which franchisees sell products under a franchisor's brand and guidelines.

Despite their benefits, distribution channels face challenges. Distribution problems may include managing global logistics, optimizing transport routes, minimizing environmental impact, adapting to regulatory changes, and meeting diverse customer expectations. Overcoming these challenges requires continuous improvement, innovation in logistics strategies, and collaboration across the supply chain to ensure efficient and effective product delivery.

Pricing decisions in marketing management are influenced by a complex interplay of factors and guided by specific objectives aimed at achieving strategic goals. Market physical distribution is integral to ensuring products reach customers promptly and cost-effectively, utilizing various channels to optimize reach and operational efficiency. Addressing distribution problems through proactive management and technological advancements is crucial for maintaining competitive advantage and meeting customer demands in dynamic market environments.

3.5 Glossary

S.No	Words	Meaning

1.	Channels	Methods
2.	Proactive Management	Forward-Looking Management
3.	Dynamic Market	Vibrant Market
4.	Distribution	Allocation
5.	Integration	Incorporation

3.6 Self-Assessment Questions

Short answer question

1. What are the primary factors influencing pricing decisions?
2. Name one internal factor that influences pricing decisions.
3. What is cost-plus pricing?
4. Define skimming pricing strategy.
5. What is channel conflict in distribution?
6. Name one challenge companies face in managing global distribution channels.
7. How does inventory management impact distribution efficiency?

Essay Type Question

1. What are the different types of marketing channels?
2. What are common challenges or problems associated with distribution channels?
3. Why is it important for companies to establish clear pricing objectives?
4. What role does competition play in pricing strategy?

3.7 Answer Key

Multiple Choice Question

1. b) Sales maximization
2. c) Adding a markup to the cost of production
3. d) Employee salaries
4. c) Capture market share by offering lower prices initially
5. b) Adjusting prices based on customer demand and other factors in real-time
6. c) To ensure products reach customers efficiently

7. b) Indirect marketing channel
8. a) Limited number of intermediaries authorized to sell a product
9. c) Overlapping territories
10. b) Language barriers
11. c) Inventory management
12. b) To reach different customer segments more effectively
13. c) Limiting distribution to specific outlets in each geographic area
14. b) Skimming pricing
15. b) Setting prices based on the customer's location
16. c) Product quality
17. b) Offering multiple products together at a reduced price
18. b) Gain market share by offering products below cost
19. c) Perceived manipulation by customers
20. b) Capturing the value perceived by customers
21. b) Customer demand
22. b) Skimming pricing
23. d) Legal restrictions
24. c) Price stability
25. c) Adding a markup to the cost of production

3.8 E-CONTENTS

S. No	Topics	E-Content Link	QR Code
1	Pricing	https://youtu.be/sF6AMj3H0jg?si=8FjjcOtx34m2cPzp	
2	Factors Influencing Pricing Decisions	https://youtu.be/w4nD5qodKyw?si=g6jbqbsRBqjSc8sR	

3	Pricing Objectives	https://youtu.be/UA7VRWpcE2I?si=Kq1tgSBf6WAi2Brr	
4	Market Physical Distribution	https://youtu.be/KtbrE8yvyDM?si=RPau-HvV7o3PEfFH	
5	Various Kinds of Marketing Channels	https://youtu.be/DY09-nZX1gg?si=2GoI_kPqVwYTzFls	
6	Distribution Problems	https://youtu.be/sz58Y_BLH5Q?si=_DqGF3qT0rUhC7U4	

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UNIT 5 MARKETING MANAGEMENT

A Brief Overview of Communication Mix Types of Media & its Characteristics- Print - Electronic - Outdoor – Internet- A tool for customer loyalty. Sales Promotion tools- IMC (Integrated marketing communication) - Definition, Process, Need & Significance - CRM – Importance.

Self-Learning Material Development – STAGE 1

Unit Module Structure

- ✓ **Communication Mix**
- ✓ **Electronic & Internet**
- ✓ **Integrated marketing communication**

STAGE-2 Modules sections and Sub-sections structure

2.9	Open Source E-Content Links	
2.11	References	

Unit Objectives

- ✓ To know about communication mix
- ✓ To Understand electronic and internet
- ✓ To study Integrated marketing communication & CRM

4.1 Overview Of Communication Mix

Introduction

The communication mix, also known as the promotional mix, is a crucial component of marketing management. It encompasses the various tools and strategies a company uses to communicate with its target market. The primary aim of the communication mix is to promote the brand, inform potential customers, and persuade them to purchase the company's products or services. Effective management of the communication mix is essential for creating a cohesive and compelling brand message.

Advertising

Advertising is one of the most prominent elements of the communication mix. It involves paying for space or time to promote a product, service, or brand through various media channels such as television, radio, print, online platforms, and outdoor billboards. Advertising aims to reach a broad audience, build brand awareness, and drive consumer interest and sales. Companies often allocate substantial budgets to advertising to achieve wide reach and repetition of their message.

Sales Promotion

Sales promotion encompasses short-term incentives designed to stimulate immediate sales or encourage the trial of a product or service. Examples include discounts, coupons, contests, and buy-one-get-one-free offers. Sales promotions are particularly effective for generating quick spikes in sales and attracting price-sensitive customers. They can also be used to clear out inventory, introduce new products, or respond to competitive pressures.

Public Relations

Public relations (PR) involves managing the company's reputation and building positive relationships with the public, media, and other stakeholders. PR activities include press releases, events, sponsorships, and crisis management. Unlike advertising, PR focuses on earning media coverage rather than paying for it, which can lend more credibility to the message. Effective PR can enhance brand image, foster goodwill, and mitigate negative publicity.

Personal Selling

Personal selling is a direct, face-to-face interaction between a sales representative and a potential customer. It is highly personalized and allows for immediate feedback and relationship-building. Personal selling is particularly effective in business-to-business (B2B) markets and for complex or high-value products that require detailed explanation and negotiation. Skilled salespeople can tailor their pitch to the specific needs and concerns of the customer, enhancing the likelihood of closing a sale.

Direct Marketing

Direct marketing involves communicating directly with consumers to generate a response or transaction. Channels for direct marketing include mail, email, telemarketing, and digital methods such as social media and SMS. The key advantage of direct marketing is its ability to target specific segments with personalized messages. This approach can be highly measurable, allowing marketers to track response rates and ROI accurately.

Digital and Social Media Marketing

In the digital age, digital and social media marketing have become integral parts of the communication mix. This includes tactics such as search engine optimization (SEO), pay-per-click (PPC) advertising, content marketing, and social media engagement. Digital marketing offers precise targeting, real-time analytics, and the ability to engage with consumers interactively. Social media platforms like Facebook, Instagram, Twitter, and LinkedIn provide opportunities for brands to build communities, foster engagement, and drive conversions.

Integration and Synergy

For the communication mix to be most effective, all elements must work together in an integrated and synergistic manner. This means ensuring consistency in messaging, tone, and branding across all channels and touchpoints. An integrated communication strategy leverages the strengths of each component to create a unified and compelling brand narrative. By coordinating efforts across advertising, sales promotion, PR, personal selling, direct marketing, and digital channels, companies can maximize their reach, reinforce their message, and achieve their marketing objectives more efficiently.

Types of Media

Traditional Media

Traditional media encompasses established channels such as television, radio, newspapers, and magazines. These mediums have been the cornerstone of marketing strategies for decades. Television and radio advertisements can reach a broad audience and are particularly effective for creating brand awareness and emotional connections through audio-visual storytelling. Print media, such as newspapers and magazines, offer targeted advertising opportunities, reaching specific demographics through specialized publications. Traditional media's broad reach and established credibility make it a valuable component of the communication mix, despite the rise of digital channels.

Digital Media

Digital media includes online platforms such as websites, search engines, and digital ads. This type of media is characterized by its ability to target specific audiences with precision. Search engine optimization (SEO) and search engine marketing (SEM) allow businesses to reach potential customers actively searching for related products or services. Display ads and banner ads on websites, along with video ads on platforms like YouTube, provide opportunities for dynamic and engaging content. The interactive nature of digital media also facilitates direct engagement with consumers, enhancing the overall customer experience.

Social Media

Social media platforms like Facebook, Instagram, Twitter, LinkedIn, and TikTok have transformed the way brands communicate with their audiences. These platforms enable two-way communication, allowing companies to engage directly with consumers through posts, comments, and messages. Social media marketing strategies include organic content creation, influencer partnerships, and paid advertising. The viral nature of social media can amplify brand messages rapidly, making it a powerful tool for increasing brand visibility and fostering community engagement. Additionally, social media analytics provide valuable insights into consumer behavior and campaign performance.

Out-of-Home (OOH) Media

Out-of-home media refers to advertising that reaches consumers while they are outside their homes. This includes billboards, transit ads, posters, and digital screens in high-traffic locations such as airports, malls, and stadiums. OOH media is effective for reinforcing brand messages and capturing the attention of a broad audience. It is particularly useful for targeting commuters and urban populations. Advances in digital technology have enhanced OOH advertising, allowing for more interactive and engaging content through digital billboards and location-based targeting.

Direct Mail

Direct mail involves sending physical promotional materials such as postcards, brochures, catalogs, and letters directly to consumers' mailboxes. This form of media allows for highly personalized communication, making it effective for targeted marketing campaigns. Direct mail can stand out in a digital world where consumers are inundated with emails and online ads. Its tangible nature can leave a lasting impression, particularly when combined with creative design and compelling messaging. Additionally, direct mail campaigns can be tracked through response rates and redemption codes, providing measurable results.

Email Marketing

Email marketing is a cost-effective and efficient way to reach customers directly. It involves sending promotional messages, newsletters, and personalized offers to a targeted list of subscribers. Email marketing allows for segmentation and customization, enabling marketers to tailor their messages based on customer preferences, behavior, and purchase history. Automation tools can further enhance email marketing efforts by triggering personalized emails based on specific actions or events, such as abandoned cart reminders or birthday promotions. The effectiveness of email campaigns can be measured through metrics like open rates, click-through rates, and conversion rates.

Experiential and Event Marketing

Experiential and event marketing focuses on creating memorable experiences that engage consumers on a personal level. This type of media includes brand-sponsored events, trade shows, product launches, and pop-up stores. Experiential marketing allows consumers to interact with the brand in a tangible and immersive way, fostering emotional connections and brand loyalty. Events provide opportunities for live demonstrations, product sampling, and direct feedback from attendees. By creating unique and engaging experiences, brands can differentiate themselves from competitors and leave a lasting impression on their target audience.

Characteristics of Media

Reach

Reach refers to the total number of different people or households exposed to a particular media channel over a specific period. Media with high reach, such as television and major social media platforms, are advantageous for creating widespread brand awareness. The broad reach of these mediums allows marketers to communicate their message to a large and diverse audience, increasing the potential impact of their campaigns. However, a high reach often comes with higher costs, necessitating a careful balance between reach and budget.

Frequency

Frequency is the number of times a target audience is exposed to a media message within a specific timeframe. High-frequency media, such as radio ads and online banners, can reinforce the brand message through repeated exposure. This repetition helps in embedding the brand in consumers' minds, enhancing recall and recognition. However, too much frequency can lead to ad fatigue, where the audience becomes desensitized to the message. Effective media planning involves finding the optimal frequency to maximize impact without causing annoyance.

Targetability

Targetability refers to the ability of a media channel to precisely target specific segments of the audience. Digital media, especially social media and search engine marketing, excels in targetability due to advanced data analytics and user profiling. Marketers can tailor their messages based on demographics, interests, behaviors, and geographic locations. This precision ensures that marketing efforts are directed toward the most relevant audiences, improving the efficiency and effectiveness of campaigns. Targetability reduces wastage by focusing resources on high-potential prospects.

Engagement

Engagement measures the degree to which the audience interacts with the media content. High-engagement media, such as social media platforms, experiential marketing, and interactive digital ads, encourage active participation from consumers. Engagement can include likes, shares, comments, clicks, and other forms of interaction that demonstrate consumer interest and involvement. Engaged audiences are more likely to develop a positive attitude towards the brand, leading to increased loyalty and advocacy. Engagement metrics provide valuable insights into consumer preferences and the effectiveness of the media.

Credibility

Credibility is the perceived trustworthiness and reliability of the media channel. Traditional media like newspapers, magazines, and network television generally enjoy high credibility due to their established reputation and editorial standards. Public relations efforts that result in earned media coverage also benefit from high credibility. Consumers are more likely to trust and respond to messages delivered through credible channels. Credibility enhances the persuasive power of marketing communications and can significantly influence consumer perceptions and behavior.

Cost

Cost is a critical factor in media selection and refers to the expense associated with purchasing media space or time. Traditional media, such as TV commercials and print ads, can be costly, especially for prime time slots and prominent placements. Digital media often offers more cost-effective options with flexible pricing models like pay-per-click (PPC) and cost-per-impression (CPM). The cost must be weighed against the potential reach, frequency, and effectiveness of the media to ensure a good return on investment (ROI). Budget constraints necessitate strategic media planning to maximize impact within financial limits.

Flexibility

Flexibility in media refers to the ease and speed with which a marketing message can be created, modified, and distributed. Digital media platforms are highly flexible, allowing for real-time updates, adjustments, and customization of content. This agility is particularly useful in responding to market changes, consumer feedback, and competitive actions. Traditional media, such as print and broadcast, often have longer lead times and less flexibility, making them less adaptable to rapid changes. Flexibility enables marketers to remain relevant and responsive in a dynamic market environment.

Measurability

Measurability is the ability to track and assess the performance of a media channel. Digital media excels in measurability, offering detailed analytics on various metrics such as impressions, clicks, conversions, and engagement rates. Tools like Google Analytics and social media insights provide real-time data that can be used to optimize campaigns. Traditional media is generally harder to measure, relying on estimates and surveys to gauge effectiveness. Accurate measurability helps in evaluating ROI and making data-driven decisions to improve marketing strategies.

Intrusiveness

Intrusiveness refers to the degree to which a media message disrupts the consumer’s experience. High-intrusiveness media, such as pop-up ads and telemarketing calls, can capture attention but often at the cost of annoying the audience. Low-intrusiveness media, such as content marketing and native ads, integrate more seamlessly into the consumer's environment, providing value without significant disruption. Balancing intrusiveness is essential to maintain consumer goodwill and avoid negative brand associations. Marketers need to consider the context and delivery of their messages to minimize intrusiveness while maximizing impact.

Print

Role of Print Media in the Communication Mix

Print media has been a cornerstone of marketing communication for centuries. Despite the rise of digital media, print remains a vital component of the communication mix. It encompasses newspapers, magazines, brochures, flyers, direct mail, and other printed materials. Print media excels in delivering detailed information and creating a tangible connection with the audience. It is particularly effective in targeting specific demographics and enhancing brand credibility.

Newspapers and Magazines

Newspapers and magazines are traditional print media channels that offer significant reach and credibility. Newspapers are ideal for time-sensitive promotions and local advertising, allowing businesses to target geographic regions effectively. Magazines, on the other hand, cater to niche audiences with specific interests, making them suitable for targeted advertising. High-quality visuals and long shelf-life of magazines enhance brand image and recall. Advertisements in reputable publications benefit from the editorial context, adding to their trustworthiness.

Direct Mail

Direct mail is a highly targeted form of print media where promotional materials are sent directly to the consumer's mailbox. It includes catalogs, postcards, brochures, and personalized letters. Direct mail allows for precise segmentation based on demographics, purchasing behavior, and geographic location. Personalization enhances the relevance of the message, increasing the likelihood of response. The tactile nature of direct mail provides a memorable experience, distinguishing it from digital communications that are often quickly dismissed.

Brochures and Flyers

Brochures and flyers are versatile print media tools used for detailed product information, event promotion, and brand storytelling. They are distributed through various channels such as retail stores, trade shows, direct mail, and handouts. Brochures and flyers allow businesses to convey complex information in a visually appealing and easily digestible format. High-quality design and print can create a strong impression, reinforcing brand identity and professionalism.

Catalogs

Catalogs are comprehensive collections of a company’s products or services, often used by retailers and direct marketers. They provide detailed descriptions, pricing, and ordering information, making them effective for driving sales. Catalogs are particularly useful for businesses with a wide range of offerings, allowing customers to browse and make informed purchasing decisions at their convenience. The physical presence of catalogs in consumers' homes can lead to multiple interactions over time, increasing the likelihood of conversion.

Print Media Advertising Advantages

Print media offers several advantages, including credibility, longevity, and high-quality reproduction of images and text. The tactile experience of handling print materials can create a lasting impression and foster emotional connections with the brand. Print advertisements are less intrusive compared to some digital ads, as they do not interrupt the reader’s experience. The targeted nature of many print publications ensures that the advertisement reaches a relevant audience, enhancing the effectiveness of the message.

Challenges and Limitations

Despite its strengths, print media faces challenges such as declining readership, particularly among younger demographics who prefer digital consumption. Print advertising can also be expensive, with costs for design, printing, and distribution adding up. Measuring the effectiveness of print campaigns is more challenging compared to digital media, which offers detailed analytics and real-time tracking. The longer lead times required for print production can limit flexibility and responsiveness to market changes.

Integration with Digital Media

To maximize impact, print media should be integrated with digital marketing efforts. Cross-promotion strategies can include QR codes, personalized URLs, and social media links in print materials, driving readers to online platforms for further engagement. Combining print with digital elements can enhance reach, trackability, and interactivity. For example, a direct mail piece might direct recipients to a landing page with exclusive online content or offers, bridging the gap between offline and online experiences.

Print media remains a valuable element of the communication mix in marketing management. Its ability to convey detailed information, target specific audiences, and create tangible connections makes it an essential tool for many businesses. While digital media offers significant advantages in terms of reach and measurability, print media's credibility and tactile nature provide unique benefits that can complement digital strategies. An integrated approach that leverages the strengths of both print and digital media can enhance overall marketing effectiveness and achieve comprehensive brand communication.

summary

Print media, a key component of the communication mix, includes newspapers, magazines, brochures, flyers, and direct mail. It excels in delivering detailed information and creating tangible connections with specific audiences, enhancing brand credibility and recall.

MCQ

 Which of the following is a primary advantage of print media in the communication mix?

- A. High flexibility and real-time updates
- B. Tactile experience and credibility
- C. Low production cost
- D. Unlimited reach across all demographics

 Which print media is most effective for delivering detailed product catalogs directly to consumers?

- A. Brochures
- B. Flyers
- C. Newspapers
- D. Direct Mail

 What is a significant challenge faced by print media in the modern communication mix?

- A. High engagement rates
- B. Declining readership
- C. Easy measurability
- D. Low production costs

- **How can print media be effectively integrated with digital media strategies?**
  - A. By avoiding the use of URLs and QR codes
  - B. By limiting the print materials to high-cost items only
  - C. By incorporating QR codes and personalized URLs in print ads
  - D. By ensuring print materials are completely independent of digital efforts

Electronic Media

Introduction to Electronic Media Electronic media encompasses various digital and electronic channels used for marketing communication. This includes television, radio, internet-based platforms, email, and mobile applications. As a key component of the communication mix, electronic media enables marketers to reach and engage with their target audience through dynamic, interactive, and often real-time content. The evolution of technology has greatly expanded the capabilities and reach of electronic media, making it an indispensable tool in modern marketing strategies.

2. Television Television remains a powerful medium for advertising due to its broad reach and ability to deliver impactful audio-visual messages. TV ads can create strong emotional connections with viewers through storytelling, visuals, and sound. Despite the rise of digital media, television continues to attract large audiences, especially for live events and popular programs. The advent of smart TVs and streaming services has also introduced new opportunities for targeted advertising and on-demand content delivery, enhancing the effectiveness of TV as an advertising platform.

3. Radio Radio is another traditional electronic medium that has adapted well to the digital age. It offers wide reach, particularly in local markets, and is an effective tool for delivering timely information and promotions. Radio ads can be targeted based on geographic location, time of day, and listener demographics. The rise of internet radio and podcasts has further extended the reach of radio advertising, allowing for more precise targeting and on-demand listening. This makes radio a versatile medium for both broad and niche marketing efforts.

4. Internet-Based Platforms The internet is arguably the most versatile and expansive medium within the electronic communication mix. It includes websites, social media, search engines, and online advertising networks. The internet allows for highly targeted marketing campaigns using data analytics and user profiling. Techniques such as search engine optimization (SEO), pay-per-click (PPC) advertising, content marketing, and social media advertising enable businesses to reach specific audiences with tailored messages. The interactive nature of the internet also facilitates direct engagement with consumers, enhancing brand loyalty and conversion rates.

5. Email Marketing Email marketing is a cost-effective and direct form of electronic media that allows businesses to communicate with their audience through personalized messages. Emails can be used for various purposes, including promotional offers, newsletters, product updates, and customer service. The ability to segment email lists and customize content based on recipient behavior and preferences enhances the relevance and effectiveness of email campaigns. Automation tools further optimize email marketing by enabling timely and consistent communication with minimal manual effort.

6. Mobile Applications With the proliferation of smartphones, mobile applications have become a significant channel for marketing communication. Apps provide a platform for businesses to offer personalized experiences, push notifications, in-app advertisements, and loyalty programs. Mobile apps can enhance customer engagement by offering convenience, exclusive content, and direct access to services. Location-based marketing through mobile apps allows businesses to target users with relevant offers and information based on their geographic location, further personalizing the user experience.

7. Advantages of Electronic Media Electronic media offers several advantages, including real-time communication, interactive capabilities, and precise targeting. The ability to track and measure campaign performance through analytics is one of the most significant benefits, allowing marketers to adjust strategies based on data-driven insights. Electronic media also supports multimedia content, combining text, images, audio, and video to create engaging and compelling messages. Additionally, the scalability and flexibility of electronic media enable businesses to reach both local and global audiences effectively.

8. Challenges and Future Trends Despite its advantages, electronic media also presents challenges such as information overload, ad-blocking technologies, and privacy concerns. Marketers must navigate these issues by creating high-quality, relevant content that resonates with their audience and complies with data protection regulations. Looking ahead, emerging technologies such as artificial intelligence (AI), virtual reality (VR), and augmented reality (AR) are set to further transform electronic media, offering new ways to engage with consumers and deliver immersive brand experiences. Staying abreast of these trends and adapting strategies accordingly will be crucial for leveraging the full potential of electronic media in the communication mix.

Internet

Introduction to the Internet in the Communication Mix

The internet is a pivotal element in the communication mix, revolutionizing how businesses interact with consumers. Its integration into marketing management has transformed traditional practices, offering vast opportunities for reach, engagement, and personalization. The internet encompasses a variety of channels, including websites, social media, email, search engines, and digital advertising platforms, each contributing uniquely to marketing strategies.

Websites

A company's website serves as its digital headquarters, providing comprehensive information about products, services, and brand values. It is often the first point of contact between the business and potential customers. Effective website design includes user-friendly navigation, engaging content, and strong calls-to-action (CTAs) to guide visitors toward desired outcomes, such as making a purchase or signing up for a newsletter. Websites also support various marketing tactics, including content marketing, e-commerce, and customer service portals.

Search Engine Optimization (SEO)

SEO is the practice of optimizing a website to rank higher in search engine results pages (SERPs). Higher rankings increase visibility and drive organic traffic to the website. SEO involves keyword research, on-page optimization (e.g., content quality, meta tags), and off-page strategies (e.g., backlinks). Effective SEO ensures that potential customers find the business when searching for relevant information or products, making it a critical element of the internet communication mix.

Search Engine Marketing (SEM)

SEM, including pay-per-click (PPC) advertising, involves paying for ads to appear in search engine results. Platforms like Google Ads allow businesses to bid on keywords relevant to their products or services, displaying their ads to users searching for those terms. SEM provides immediate visibility and is highly measurable, enabling marketers to track impressions, clicks, and conversions. This form of advertising complements SEO efforts by ensuring visibility in competitive markets.

Email Marketing

Email marketing is a direct and cost-effective method of communication, allowing businesses to send personalized messages to their audience. Campaigns can include newsletters, promotional offers, product updates, and event invitations. Email segmentation and automation tools enhance the effectiveness of email marketing by delivering relevant content based on user behavior and preferences. Metrics such as open rates, click-through rates, and conversion rates help marketers refine their strategies for better results.

Digital Advertising

Digital advertising spans various formats, including display ads, video ads, social media ads, and native ads. These ads can be targeted based on demographic information, online behavior, and geographic location. Platforms like Google Display Network and social media sites offer sophisticated targeting options and detailed analytics. Digital advertising supports brand awareness, lead generation, and sales, and its flexibility allows for real-time adjustments based on performance data.

Content Marketing

Content marketing involves creating and distributing valuable, relevant content to attract and engage a target audience. This includes blog posts, articles, videos, infographics, and e-books. Effective content marketing establishes the business as an authority in its industry, builds trust with the audience, and supports SEO efforts. Sharing content across various internet channels increases its reach and impact, driving traffic and generating leads.

Analytics and Measurement

The internet offers unparalleled opportunities for data collection and analysis. Tools like Google Analytics, social media insights, and email marketing platforms provide detailed metrics on user behavior, campaign performance, and ROI. This data-driven approach allows marketers to make informed decisions, optimize strategies, and demonstrate the effectiveness of their marketing efforts. Continuous monitoring and analysis are essential for adapting to changing market conditions and consumer preferences.

The internet is a dynamic and multifaceted component of the communication mix in marketing management. Its diverse channels and advanced technologies provide opportunities for targeted, interactive, and measurable marketing efforts. Integrating the internet into the communication mix enhances the ability of businesses to connect with their audience, build strong relationships, and achieve their marketing objectives. By leveraging the strengths of various internet channels and continually analyzing performance data, marketers can create effective and adaptive marketing strategies.

Sales Promotion Tools

Coupons and Discounts

Coupons and discounts are among the most commonly used sales promotion tools. They offer consumers immediate price reductions, encouraging them to purchase products or services. Coupons can be distributed through various channels, including print media, online platforms, and mobile apps. Discounts, whether in the form of percentage off, buy-one-get-one-free (BOGO), or fixed-amount reductions, create a sense of urgency and can drive quick sales boosts, clear out inventory, and attract price-sensitive customers.

Rebates

Rebates provide a delayed incentive by offering consumers a partial refund after the purchase. This tool can attract customers who are motivated by savings but are willing to go through the rebate process. Rebates help in collecting customer data, as consumers typically need to provide contact information to receive their refunds. This data can be valuable for future marketing efforts. Rebates also benefit businesses by temporarily boosting sales without immediately affecting cash flow, as rebates are redeemed after the purchase.

Contests and Sweepstakes

Contests and sweepstakes engage consumers by offering the chance to win prizes. Contests usually require participants to perform some activity or submit entries based on skills or creativity, while sweepstakes involve random draws. These promotions can generate excitement, increase brand awareness, and encourage consumer interaction. Contests and sweepstakes are effective for collecting consumer data and can lead to viral marketing as participants share the promotion with their networks to increase their chances of winning.

Samples and Trial Offers

Samples and trial offers allow consumers to experience a product or service before making a purchase. This tool is particularly effective for new product launches or when introducing products to new markets. Free samples can be distributed in-store, through direct mail, or at events, while trial offers might include limited-time access to a service. Providing samples or trials can reduce the perceived risk for consumers, build trust, and increase the likelihood of conversion.

Loyalty Programs

Loyalty programs reward repeat customers with points, discounts, or other incentives. These programs aim to increase customer retention and encourage frequent purchases. Loyalty programs can be structured in various ways, such as point-based systems where customers earn points for each purchase, which can be redeemed for rewards. By fostering a sense of appreciation and offering tangible benefits, loyalty programs can enhance customer loyalty and lifetime value.

Point-of-Purchase (POP) Displays

Point-of-Purchase displays are promotional materials placed near the checkout area or where purchase decisions are made. These can include stand-alone displays, end caps, posters, and digital screens showcasing products or promotions. POP displays attract attention and can influence impulse buying decisions. They are particularly effective in retail environments, where they can highlight special offers, new products, or limited-time deals, encouraging last-minute purchases.

Bundling and Value Packs

Bundling involves selling multiple products together at a discounted price, while value packs offer larger quantities of a product for a reduced per-unit cost. These promotions provide consumers with perceived value and savings, encouraging them to purchase more than they originally intended. Bundling can also help move less popular products by pairing them with best-sellers, while value packs can increase overall sales volume and enhance customer satisfaction by offering more value.

Event Sponsorship and Promotions

Sponsoring events or creating branded experiences can be a powerful sales promotion tool. Events such as sports games, concerts, festivals, and trade shows provide opportunities for brands to engage with their target audience memorably and interactively. Sponsorship can increase brand visibility, associate the brand with positive experiences, and generate goodwill. On-site promotions, giveaways, and exclusive event-related offers can further enhance consumer engagement and drive sales.

Limited-Time Offers and Flash Sales

Limited-time offers and flash sales create a sense of urgency by offering significant discounts or exclusive deals for a short period. This promotion tool leverages the fear of missing out (FOMO) to prompt immediate action from consumers. Flash sales can be promoted through various channels, including email marketing, social media, and mobile apps, to quickly reach a wide audience. These promotions can generate a rapid increase in sales, clear out inventory, and attract new customers.

These sales promotion tools, when strategically integrated into the communication mix, can effectively boost short-term sales, enhance brand awareness, and build long-term customer relationships.

Summary

Electronic and internet-based sales promotion tools leverage digital platforms to enhance customer loyalty. Mobile apps offer personalized rewards and exclusive offers, fostering

engagement through targeted notifications. These tools complement outdoor advertising strategies, creating cohesive campaigns that drive customer loyalty through interactive and personalized experiences.

mcq

1. Which type of media typically involves newspapers, magazines, and brochures?
   - a) Electronic media
   - b) Outdoor media
   - c) Print media
   - d) Internet media
2. Electronic media includes which of the following?
   - a) Billboards
   - b) Radio and television
   - c) Newspapers
   - d) Magazines
3. Outdoor media is best described as:
   - a) Digital advertising on websites
   - b) Print media used outdoors
   - c) Visual and audio media
   - d) Advertising in public spaces
4. Internet media is characterized by:
   - a) Static visuals and text
   - b) Interactive content and multimedia
   - c) Printed materials distributed electronically
   - d) Traditional broadcast media
5. What tool or strategy is effective in building customer loyalty through personalized communication?
   - a) Public relations
   - b) Sales promotion
   - c) Integrated marketing communication (IMC)
   - d) Customer relationship management (CRM)
6. Which sales promotion tool offers customers a price reduction at the point of purchase?
   - a) Coupons
   - b) Advertising
   - c) Public relations
   - d) Direct marketing

7. Which sales promotion tool encourages immediate purchase through limited-time offers?
   - a) Sampling
   - b) Contests
   - c) Rebates
   - d) Flash sales
8. Point-of-sale displays are an example of:
   - a) Public relations
   - b) Personal selling
   - c) Advertising
   - d) Sales promotion

IMC (Integrated Marketing Communications)

It is important that customers have to know if you have a great product to offer to the market. This is where one of the P's of the Marketing mix i.e. Promotion comes into play. All marketing communication (MC) tools of the Promotion mix have to connect to your target audience to communicate what you can offer. In today's marketing environment integrated marketing communications. (IMC) is involved. In brief, IMC involves bringing together a variety of tools to deliver a common marketing message and make desired impact on customer's perceptions and behavior. In English-speaking media, you have participated in someone's IMC effort (when you have either liked a TV show, article or meme on Facebook).

Integrated Marketing Communication is primarily a marketing concept of the 1990's. It has evolved with the passage of time to emerge as an indispensable concept in centuries to come for its survival. The beginning of integration is causing marketers to take a fresh look at all the components of marketing, specifically all the elements of promotion mix and the unique dimension that public relations bring to the marketing function.

It is the process of integrating of all these activities across different communication methods. The central theme of definition is persuasion i.e. persuading people to believe in something, to desire something, or to do something. Effective MC is goal directed, and it is aligned with organization's marketing strategy. MC aims to deliver a particular message to a specific audience with a targeted purpose of altering perceptions and /or behavior. Integrated Marketing Communications (IMC) makes marketing activities more efficient, and effective since it relies on multiple method of communication and customer touch points to deliver customer messages in more (compelling) ways.

It is a management concept that is designed so that all the marketing communication which consists of advertising, sales promotion, public relations, and direct marketing work together as a unified force rather than each of those marketing communication work in isolation. Besides, it acts as an aggressive marketing plan because it sets and tracks a marketing strategy that captures and uses an extensive amount of customer information. It also ensures that all forms of communication and messages are carefully linked together to achieve specific objectives.

The definition according to Kotler and Armstrong, Integrated Marketing Communications (IMC) is a concept in which a “company carefully integrates and coordinates its many communication channels–mass media advertising, personal selling, sales promotion, public relations, direct marketing, packaging, and others–to deliver a clear, consistent, and compelling message about the organization and its products.”

IMC Process

Identification of Target Market Segments

Planning for promotional activities must start by way of identifying the well-defined target audience by using the segmentation as a key tool. Try and ascertain the buying preferences and characteristics of buyers and dividing them into segments. The goal of identifying target audiences is to design promotional strategies that can meet customer expectations more accurately. Thus, IMC which integrates and coordinates of all types of marketing promotional tools that maximize the satisfaction of buyers will be very useful to the firm’s promotional strategies. This is because IMC can help the company by providing customer databases to sellers and marketers to identify information about the buyers precisely and accurately.

Ascertain Communication Objectives

Sequentially this is considered as the second stage, the firm needs to develop a clear set of objective and the goals of promotional strategies. The objectives of promotional strategies include creating products and services awareness in the buyers’ mind, developing competitive advantages against competitors, creating brand equity of buyers, retaining current buyers and changing buyers’ behaviors.

Plan and Design Communication Messages

An effective message will get the attention from buyers and maintain their interest toward the messages about their brand of products. Therefore, communication team of the firm should design the messages by using all the relevant promotional tools of IMC in a way that they are in line with the needs of
each segment enabling the messages to be delivered effectively. This is because each of the promotional tools used should achieve the same communication objectives and goals within the firm.

Implementation of Promotional Strategy

Marketers do have two categories of communication channels to employ namely personal as well as non-personal communication channels to select accordingly based the need and relevance for each of the segments. No single channel can dominates in all aspects, which means that the channels need to be
adjusted based of the markets needs and changes from time to time. This has proven that IMC which integrating and coordinating of all types of marketing promotional channels can be very useful when it comes to the implementation of promotional strategy process.

Collecting Feedback

It's essential for firms to carry out some survey for the purpose of feedback from the target audience as the final step in the IMC process. For instance , the firm can seek the effectiveness of the message delivered to the target audience, such as how many times the audience saw the advertisement or can the audience remember what the message marketers are going to inform and etc. Based on feedback the firm can determine and capture in the form of a report about the behavior resulting from the message, such as how many of the target audiences buy the product or visit the store after they saw the advertisement.

Integrated Marketing Communication (IMC): Need and Significance

Consistency in Messaging

The primary need for Integrated Marketing Communication (IMC) is to ensure consistency in messaging across all channels. In a market where consumers are bombarded with messages from multiple brands, a consistent message helps in creating a unified brand image. This consistency reinforces the brand's core values and promises, making it easier for consumers to recognize and remember the brand. By coordinating messages across various platforms, IMC helps in avoiding conflicting communications that can confuse and alienate customers.

Enhanced Brand Recognition and Loyalty

IMC significantly enhances brand recognition and loyalty. When customers encounter a consistent message across different channels, their trust in the brand increases. This trust translates into customer loyalty as they perceive the brand to be reliable and coherent. Enhanced brand recognition occurs when customers see a uniform brand message, logo, and style across various platforms, making the brand more memorable and top-of-mind during purchase decisions.

Effective Resource Utilization

Another critical need for IMC is the efficient utilization of marketing resources. By integrating various communication tools and strategies, companies can avoid duplication of efforts and ensure that all marketing activities are aligned towards common goals. This integration allows for more strategic allocation of the marketing budget, ensuring that every dollar spent contributes to a cohesive and comprehensive marketing effort. It also enables marketers to track the effectiveness of their campaigns more accurately, leading to better ROI.

Synergy Among Different Marketing Channels

IMC creates synergy among different marketing channels, amplifying the impact of marketing campaigns. When various communication tools like advertising, public relations, direct marketing, and sales promotions work together, they reinforce each other's messages. This synergy means that the collective impact of integrated messages is greater than the sum of individual messages delivered through isolated channels. Such an approach ensures that each touchpoint with the consumer builds upon the previous one, creating a more compelling narrative.

Improved Customer Experience

IMC enhances the overall customer experience by providing a seamless and cohesive interaction with the brand. Consumers today expect a consistent experience across all touchpoints, whether they are interacting with a brand online, in-store, or through customer service. Integrated marketing communication ensures that all these touchpoints are aligned, delivering a uniform and satisfying experience. This alignment helps in meeting customer expectations, which is crucial for customer satisfaction and retention.

Adaptation to Market Changes

The dynamic nature of the market requires businesses to be agile and responsive. IMC enables brands to adapt quickly to market changes and consumer preferences. By having a coordinated communication strategy, businesses can respond uniformly to emerging trends, competitive actions, and market opportunities. This adaptability ensures that the brand remains relevant and can swiftly pivot its strategies to maintain a competitive edge.

Building a Stronger Brand Identity

IMC plays a vital role in building a strong brand identity. A well-integrated marketing communication strategy ensures that the brand's values, mission, and unique selling propositions are consistently communicated across all channels. This consistent representation helps in forming a strong, distinct, and recognizable brand identity. Over time, a strong brand identity contributes to brand equity, which is crucial for long-term success and profitability.

Measurement and Accountability

IMC facilitates better measurement and accountability of marketing efforts. Integrated campaigns are easier to track and analyze as they follow a cohesive strategy and clear objectives. This alignment makes it possible to measure the impact of different marketing activities accurately. Marketers can analyze data from various channels to understand how well the integrated strategy is performing, which aspects are most effective, and where adjustments are needed. This continuous measurement and improvement cycle enhances the overall effectiveness of marketing efforts.

Competitive Advantage

Finally, IMC provides a competitive advantage in a crowded marketplace. Brands that successfully implement IMC can stand out by delivering consistent, engaging, and relevant messages across all channels. This coherence not only attracts new customers but also helps in retaining existing ones. As consumers become more loyal to brands that provide consistent and valuable experiences, companies with effective IMC strategies can achieve a stronger market position and long-term success.

CRM

Introduction

Customer Relationship Management (CRM) is a strategic approach that integrates processes, technology, and all customer-facing functions to manage interactions with current and potential customers. The goal is to improve customer satisfaction, loyalty, and retention by understanding and anticipating their needs. CRM systems gather, store, and analyze customer information, providing valuable insights that help businesses develop stronger relationships with their customers.

Enhancing Customer Knowledge

CRM systems collect detailed information about customers, including their preferences, purchase history, and feedback. This comprehensive customer profile allows businesses to tailor their products, services, and communications to meet the specific needs of each customer. By understanding customer behaviors and preferences, companies can deliver more personalized experiences, which are critical in building long-term relationships and customer satisfaction.

Improving Customer Service

Effective customer service is a cornerstone of good CRM. With access to detailed customer information, service representatives can provide quicker, more accurate, and personalized support. CRM systems enable businesses to track customer interactions and inquiries, ensuring that issues are resolved promptly and efficiently. This level of service enhances customer satisfaction and loyalty, as customers appreciate when their needs are met with care and efficiency.

Boosting Sales and Revenue

CRM systems streamline the sales process by providing sales teams with the tools they need to manage leads, track customer interactions, and automate follow-up tasks. This leads to more efficient sales processes and higher conversion rates. Additionally, CRM helps identify opportunities for up-selling and cross-selling by analyzing customer data and purchasing patterns. These insights enable sales teams to offer relevant products and services, thereby increasing revenue.

Enhancing Marketing Efforts

CRM plays a crucial role in enhancing marketing strategies. By segmenting customers based on various criteria such as demographics, buying behavior, and preferences, marketers can create targeted campaigns that resonate more effectively with specific customer groups. CRM also allows for tracking the effectiveness of marketing campaigns, providing data on customer responses and campaign ROI. This helps in refining marketing strategies to better meet customer needs and improve overall campaign success.

Facilitating Customer Retention

Retaining existing customers is more cost-effective than acquiring new ones. CRM systems help businesses identify at-risk customers and implement retention strategies such as personalized offers, loyalty programs, and proactive customer service. By addressing issues before they escalate and showing appreciation for loyal customers, businesses can reduce churn rates and increase customer lifetime value.

Supporting Data-Driven Decisions

CRM systems provide businesses with robust data analytics and reporting tools. These tools help in making informed decisions based on real-time data and trends. By analyzing customer data, businesses can identify patterns, predict future behaviors, and make strategic decisions that align with customer needs and market trends. This data-driven approach ensures that business strategies are grounded in reality and tailored for success.

Streamlining Business Processes

CRM systems automate and streamline various business processes, from sales and marketing to customer service and support. Automation reduces manual tasks, minimizes errors, and increases efficiency, allowing employees to focus on more strategic activities. Streamlined processes also lead to better coordination and communication across different departments, ensuring that everyone is aligned and working towards common goals.

Enhancing Customer Loyalty Programs

CRM systems are essential for managing customer loyalty programs. By tracking customer interactions and purchases, businesses can design effective loyalty programs that reward customers for their continued patronage. CRM enables personalized rewards and incentives based on individual customer preferences and behaviors, making loyalty programs more attractive and engaging for customers.

Integrating with Other Business Systems

CRM systems can be integrated with other business systems such as ERP (Enterprise Resource Planning), marketing automation, and customer service platforms. This integration ensures that all customer-related information is consolidated in one place, providing a 360-degree view of the customer. It also facilitates seamless data flow between different systems, improving overall operational efficiency and customer experience.

Long-Term Strategic Advantage

Investing in CRM provides a long-term strategic advantage for businesses. By continuously gathering and analyzing customer data, companies can stay ahead of market trends and adapt to changing customer needs. CRM helps in building strong, lasting relationships with customers, which is essential for long-term business success. Companies that effectively leverage CRM are better positioned to foster customer loyalty, drive sustainable growth, and maintain a competitive edge in the market.

Customer Relationship Management (CRM) is a vital component of modern marketing management. It enhances customer knowledge, improves service, boosts sales, supports marketing efforts, facilitates retention, enables data-driven decisions, streamlines processes, enhances loyalty programs, integrates with other systems, and provides a long-term strategic advantage. By adopting a robust CRM strategy, businesses can build stronger customer relationships, improve satisfaction, and achieve sustainable growth.

Summary

Integrated Marketing Communication (IMC) ensures consistency and synergy across all marketing channels, enhancing brand recognition and customer engagement. Customer Relationship Management (CRM) focuses on gathering and analyzing customer data to improve customer service, personalize marketing efforts, and boost loyalty. Together, IMC and CRM create a cohesive strategy that strengthens customer relationships and drives long-term business success. By integrating these approaches, businesses can deliver a seamless, personalized customer experience across all touchpoints.

Multiple Choice Quiz

1. Integrated Marketing Communication (IMC) aims to:
   a) Isolate marketing efforts to specific channels
   b) Coordinate and integrate various marketing communication tools
   c) Focus solely on advertising
   d) Limit customer interaction
2. Which phase of the IMC process involves developing a clear and consistent message?
   a) Analysis
   b) Planning
   c) Execution
   d) Evaluation
3. Why is IMC important for businesses?
   a) It reduces marketing costs
   b) It ensures consistent messaging across all channels
   c) It eliminates the need for market research
   d) It simplifies customer segmentation
4. Customer Relationship Management (CRM) primarily focuses on:
   a) Increasing production efficiency
   b) Building strong relationships with customers
   c) Improving financial forecasting
   d) Enhancing product development
5. What is a key benefit of effective CRM implementation?
   a) Decreased customer satisfaction
   b) Increased customer loyalty and retention
   c) Reduced need for marketing communication
   d) Limited customer engagement
6. CRM systems help businesses by:
   a) Reducing customer data security
   b) Enhancing customer experience through personalized interactions
   c) Limiting customer feedback
   d) Increasing advertising costs
7. Which aspect of CRM is crucial for predicting customer behavior and preferences?

a) Data analysis

b) Customer segmentation

c) Sales promotion

d) Print media advertising

Unit Summary

Communication mix refers to the strategic combination of communication channels and tools used by organizations to convey messages to target audiences effectively. It encompasses various types of media, each with distinct characteristics and strengths. Print media, including newspapers, magazines, and brochures, offers tangible content with lasting impact and detailed information. Electronic media, such as television and radio, reaches wide audiences with visual and auditory appeal, allowing for dynamic storytelling and broad market coverage. Outdoor media, like billboards and signage, provides high visibility and continuous exposure in public spaces, making it effective for local targeting and brand reinforcement. The internet, including websites, social media platforms, and email, offers interactive engagement, global reach, and precise audience targeting through personalized content and real-time communication.

Customer loyalty is a crucial outcome of effective communication and marketing efforts. By using communication tools strategically to build relationships, address customer needs, and reinforce brand value, organizations can cultivate loyalty. This loyalty is nurtured through consistent messaging, personalized interactions, and customer-centric communication practices that enhance trust and satisfaction.

Sales promotion tools complement communication efforts by stimulating immediate purchasing decisions and enhancing brand visibility. These tools include discounts, coupons, contests, product samples, and point-of-sale displays, aimed at incentivizing consumer action and driving short-term sales. Integrated Marketing Communication (IMC) integrates all communication channels and tools into a cohesive strategy to deliver consistent, clear, and compelling messages to target audiences. It aligns marketing efforts across various platforms and functions to maximize impact and effectiveness.

IMC encompasses a defined process that starts with strategic planning and market analysis to identify target audiences, communication objectives, and key messages. It involves message development and creative execution tailored to different media and communication channels. IMC emphasizes the need for seamless coordination among marketing disciplines, ensuring a unified brand voice and optimized resource allocation. Its significance lies in fostering brand consistency, enhancing communication efficiency, and maximizing return on investment by leveraging synergies across marketing activities.

Customer Relationship Management (CRM) plays a pivotal role in modern marketing strategies by focusing on maintaining and enhancing relationships with customers. It involves capturing, analyzing, and utilizing customer data to personalize interactions, anticipate needs, and deliver tailored solutions. CRM is essential for understanding customer behavior, improving customer satisfaction, and fostering loyalty through targeted marketing campaigns and enhanced service delivery. By prioritizing customer relationships and leveraging technology-driven insights, organizations can build long-term profitability and sustainable competitive advantage in today's dynamic marketplace.

Glossary

S. No	Words	Meaning
1	Influencer Partnerships	Long-Term Exclusive Partnership
2	Anticipate Needs	Await
3	Interactive Engagement	Joint Action
4	Up-Selling	Advertise
5	Cross- Selling	Make Popular

Self-Assessment Questions

Short answer question

1. Name two common sales promotion tools used to stimulate immediate sales.

2. Define Integrated Marketing Communication (IMC).
3. Why is effective CRM crucial for businesses?
4. What are the main types of media used in marketing communication?
5. Describe the characteristics of print media.
6. How does electronic media differ from print media?
7. Explain the advantages of using outdoor media in advertising.
8. What are the key features of internet media in marketing?

Essay Type Question

9. Which tool or strategy is crucial for building and maintaining customer loyalty?
10. How do sales promotion tools differ from advertising in their objectives?
11. Why is IMC important for maintaining brand consistency across various channels?
12. What does CRM (Customer Relationship Management) focus on in marketing?

E-Contents

S. No	Topics	E-Content Link	QR Code
1	Communication MixTypes of Media & its Characteristics	https://youtu.be/IRqYeHxVILQ?si=8M37YdLIXOIEoXuW	
2	Sales Promotion tools	https://youtu.be/AjxVqbyUDo8?si=JREq0nXUAOBdJy67	
3	IMC (Integrated marketing communication)	https://youtu.be/iOFIrrr6YPY?si=S44IMIFzBFPxfYDR	

4	CRM	https://youtu.be/H6htt_I2Ddk?si=CbnoQ07FFR3_GsS-	

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unit 5

Self-Learning Material Development – STAGE 1

UNIT 5 MARKETING MANAGEMENT

Sales Force Management: Personal Selling Process- Motivation, Compensation and Control of Sales Force– Digital Marketing: Introduction- Applications & Benefits

Unit Module Structure

- ✓ **Sales Force Management**
- ✓ **Control of Sales Force**
- ✓ **Digital Marketing**

STAGE-2 Modules sections and Sub-sections structure

Section5.1	**Meaning and Definition**	**Page No**
5.1.1	Sales Force Management	
5.1.2	Personal Selling Process	
5.1.3	Motivation	
5.1.4	Compensation	
	Summary	

Unit Objectives

- ✓ To Know Sales Force Management
- ✓ To Discuss Personal Selling Process
- ✓ To Identify the Motivation
- ✓ To Study Digital Marketing

5.1.1 Sales Force Management

Sales force management is a critical component of marketing management, focusing on the strategic and tactical aspects of managing a company's sales team. This function encompasses a wide array of activities aimed at optimizing the performance of the sales force, which is crucial for driving revenue and achieving the company's marketing objectives.

Effective sales force management involves recruitment, training, motivation, compensation, and performance evaluation, among other tasks.

Recruitment and Selection

The first step in sales force management is the recruitment and selection of sales personnel. This involves identifying the skills and attributes necessary for success in sales roles within the organization. Effective recruitment strategies include creating detailed job descriptions, using various channels to attract candidates, and employing rigorous selection processes such as interviews, psychometric testing, and assessment centers. The goal is to ensure that the company hires individuals who not only fit the organizational culture but also possess the potential to excel in their roles.

Training and Development

Once the right candidates are on board, training and development become paramount. Sales training programs should be comprehensive, covering product knowledge, sales techniques, customer relationship management, and company policies. Continuous development is also essential to keep the sales force updated with the latest market trends, new product developments, and advanced selling techniques. Effective training equips sales personnel with the skills and confidence needed to meet their sales targets and build strong customer relationships.

Motivation and Incentives

Motivating the sales team is a key aspect of sales force management. Sales jobs can be challenging and often involve dealing with rejection and high-pressure situations. Therefore, it is crucial to maintain high levels of motivation among sales personnel. This can be achieved through a combination of monetary and non-monetary incentives. Monetary incentives include commissions, bonuses, and profit-sharing schemes, while non-monetary incentives might involve recognition programs, career advancement opportunities, and work-life balance initiatives. A motivated sales force is more likely to be productive and contribute positively to the company's success.

Compensation Management

Compensation is another vital element in managing a sales force. A well-designed compensation plan aligns the interests of the sales team with those of the company. It typically includes a base salary, commissions, bonuses, and other benefits. The structure of the compensation plan should be such that it encourages sales personnel to achieve and exceed their targets while ensuring fair and competitive pay. Regular reviews and adjustments to the compensation plan are necessary to keep it effective and aligned with market standards.

Performance Evaluation

Evaluating the performance of the sales team is essential for identifying areas of improvement and ensuring that sales goals are being met. Performance evaluation involves setting clear, measurable objectives and regularly assessing the sales force's progress towards these goals. This can be done through various metrics such as sales volume, revenue, profit margins, and customer acquisition rates. Regular performance reviews provide an opportunity for feedback, recognition of achievements, and identification of training needs.

Sales Force Automation and CRM

In today's technologically advanced environment, sales force automation (SFA) and customer relationship management (CRM) systems play a significant role in sales force management. These tools help streamline sales processes, improve data accuracy, and enhance customer interactions. SFA tools automate routine tasks such as scheduling, reporting, and lead management, allowing sales personnel to focus more on selling. CRM systems provide valuable insights into customer behavior and preferences, enabling the sales force to tailor their approaches and improve customer satisfaction.

Strategic Planning and Forecasting

Strategic planning and forecasting are crucial for aligning the sales force’s activities with the company’s long-term goals. This involves setting sales targets, developing sales strategies, and forecasting future sales based on market analysis and historical data. Effective planning ensures that the sales team is focused on the right opportunities and equipped to respond to market changes. It also involves resource allocation, ensuring that the sales force has the necessary tools and support to achieve their targets.

Integration with Marketing

Finally, effective sales force management requires seamless integration with the marketing function. Sales and marketing alignment ensures that both teams are working towards common goals, using consistent messaging and strategies. This collaboration enhances lead generation, improves the quality of leads, and ensures that customer feedback is used to refine marketing strategies and sales approaches. Regular communication and joint planning sessions between sales and marketing teams are essential for achieving this integration.

In conclusion, sales force management is a multifaceted discipline that involves careful planning, execution, and continuous improvement. By effectively managing the sales force, companies can enhance their sales performance, build strong customer relationships, and achieve their marketing objectives.

Significance Of Sales Force Management

Sales force management is a pivotal element in marketing management, offering numerous benefits and holding substantial importance. Effective sales force management ensures that a company's sales team operates efficiently and aligns with the overall marketing strategy, driving growth and success.

Enhances Sales Performance

One of the primary benefits of sales force management is the enhancement of sales performance. By recruiting skilled personnel, providing comprehensive training, and implementing motivational strategies, companies can significantly boost their sales force's productivity. Well-managed sales teams are more likely to meet and exceed their targets, contributing to increased revenue and market share.

Improves Customer Relationships

Effective sales force management plays a crucial role in building and maintaining strong customer relationships. Trained sales personnel who understand the products and services deeply can engage with customers more effectively, addressing their needs and concerns. This customer-centric approach leads to higher customer satisfaction, loyalty, and repeat business, which are critical for long-term success.

Aligns Sales and Marketing Efforts

Integrating sales force management with marketing strategies ensures that both departments work cohesively towards common goals. This alignment facilitates consistent messaging and coordinated efforts in lead generation, customer engagement, and market penetration. When sales and marketing teams collaborate effectively, it enhances the overall efficiency and effectiveness of marketing campaigns, leading to better results.

Provides Valuable Market Insights

Sales teams are often the frontline representatives of a company, interacting directly with customers and competitors. Effective sales force management ensures that these interactions are documented and analyzed, providing valuable insights into market trends, customer preferences, and competitive activities. These insights are crucial for refining marketing strategies, developing new products, and making informed business decisions.

Enhances Adaptability and Responsiveness

In a dynamic market environment, the ability to adapt quickly to changes is vital. Sales force management enhances a company's adaptability by ensuring that the sales team is well-trained and informed about new products, market developments, and evolving customer needs. This responsiveness allows the company to capitalize on new opportunities and address challenges promptly, maintaining a competitive edge.

Boosts Employee Morale and Retention

A well-managed sales force often translates into higher employee morale and retention rates. Providing clear career progression paths, competitive compensation plans, and continuous development opportunities fosters a positive work environment. Motivated and satisfied sales personnel are more likely to stay with the company longer, reducing turnover costs and preserving institutional knowledge.

Drives Strategic Growth

Ultimately, effective sales force management drives strategic growth by aligning sales efforts with the company's broader objectives. Through careful planning, resource allocation, and performance monitoring, sales force management ensures that sales activities contribute directly to achieving the company's strategic goals. This alignment supports sustainable growth, market expansion, and long-term profitability.

Sales force management is indispensable to marketing management, offering numerous benefits that enhance sales performance, improve customer relationships, align sales and marketing efforts, provide valuable market insights, enhance adaptability, boost employee morale, and drive strategic growth. By investing in and prioritizing effective sales force management, companies can ensure their sales teams operate at peak efficiency and contribute significantly to overall business success.

5.1.2 Personal Selling

Promotion is communicating with potential customers. Almost every company can benefit from personal selling. While face-to-face with prospects, salespeople can get more attention than an advertisement or a display. They can adjust what they say or do to take into consideration culture and other behavioral influences on the customer. They can ask questions to find out about a customer's specific interests. They can also stay in tune with the prospect's feedback and adjust the presentation as they move along. If and when the prospect is ready to buy, the salesperson is there to ask for the order. Selling, and particularly order-getting, is a complicated activity that involves building buyer-seller relationships. Although the salesperson-customer interaction is essential to personal selling, much of a salesperson's work occurs before this meeting and continues after the sale itself. The **personal selling process** consists of six stages,

- Prospecting
- Pre-Approach
- Approach
- Presentation
- Close
- Follow-Up

Prospecting

Personal selling begins with prospecting search for and qualification of potential customers. For some products that are one-time purchases such as encyclopedias, continual prospecting is necessary to maintain sales. There are three types of prospects. A lead is the name of a person who may be a possible customer. A prospect is a customer who wants or needs the product. If an individual wants the product, can afford to buy it, and is the decision maker, this individual is a
qualified prospect.

Leads and prospects are generated using several sources. The enterprise can supply its sales force with different sources, but the salesperson initiative is indispensable. This

initiative can have different forms: consulting a variety of sources such as professional press magazines, Internet sites, the yearbooks on paper or CD format taking advantage of different events (congresses) where there are good chances to meet prospects; determining the clients to give names of potential buyers; appealing to the distributors, retailers, the other salespersons and bankers;
contacting the professional associations where the prospects are taking part in; participating to congresses and conferences or writing articles in press magazines in view of increasing its visibility.

Another approach for generating leads is through cold canvassing in person or by telephone. This approach simply means that a salesperson may open a telephone directory, pick a name, and visit or call that individual. Although the refusal rate is high with cold canvassing, this approach can be successful. Cold canvassing is often criticized by consumers and is now regulated. A recent survey reported that 75 percent of U.S. consumers consider this practice an intrusion on their privacy and 72 percent find it distasteful. The Telephone Consumer Protection Act of 1991 contains provisions to curb abuses such as early morning or late night calling. A salesperson must analyze the tracks to focus on the most fertile ones. So, the salesman has to take into consideration the financial viability of every prospect, his turnover, his localization, and the probability of establishing long term commercial relationships.

Pre-approach.

Once a salesperson has identified a qualified prospect, preparation for the sale begins with the Pre-approach. The pre-approach stage involves obtaining further information on the prospect and deciding on the best method of approach. Activities in this stage include finding information on who the prospect is, how the prospect prefers to be approached, and what the prospect is looking for in a product or service. For example, a stockbroker will need information on a prospect's discretionary
income, investment objectives, and preference for discussing brokerage services over the telephone or in person. For industrial products the pre-approach involves identifying the buying role of a prospect (for example, influencer or decision maker), important buying criteria, and the prospect's receptivity to a formal or informal presentation. Identifying the best time to contact a prospect is also important. For example,

Northwestern Mutual Life Insurance Company suggests the best times to call on people in different occupations: dentists before 9:30 A. M., lawyers between 11:00 A.m. and 2:00 P.m., and college professors between 7:00 and 8:00 P.M. [Marks Ronald B, 1988]

Approach

The approach stage involves the initial meeting between the salesperson and prospect, where the objectives are to gain the prospect's attention, stimulate interest, and build the foundation for the sales presentation itself and the basis for a working relationship. The first impression is critical at this stage, and it is common for salespeople to begin the conversation with a reference to common acquaintances, a referral, or even the product or service itself. Which tactic is taken will depend on the
information obtained in the prospecting and preapproach stages. The approach stage is very important in international settings. In many societies outside the United States, considerable time is devoted to nonbusiness talk designed to establish a rapport between buyers and sellers. For instance, it is common that two or three meetings occur, before business matters are discussed in the Middle East and Asia.

Presentation.

The presentation is at the core of the order-getting selling process, and its objectiee is to convert a prospect into a customer by creating a desire for the product or service. Three major presentation formats exist: (1) stimulus-response format, (2) formula selling format, and (3) need-satisfaction format. Stimulus-Response Format. The stimulus-response presentation format assumes that given the appropriate stimulus by a salesperson, the prospect will buy. With this format the salesperson tries one appeal after another, hoping to "hit the right button". A counter clerk at McDonald's is using this approach when he or she asks whether you'd like an order of french fries or a dessert with your meal. The counter clerk is engaging in what is called suggestive selling. Although useful in this setting, the stimulusresponse format is not always appropriate, and for many products a more formalized format is necessary.

Formula Selling Format

A more formalized presentation, the formula selling presentation format, is based on the view that a presentation consists of information that must be provided in an accurate, thorough, and step-by-step manner to inform the prospect. A popular version of this format is the canned sales presentation, which is a memorized, standardized message conveyed to every prospect. Used frequently by firms in telephone and door-to-door selling of consumer products (for example, Fuller Brush Company and Encyclopaedia Britannica), this approach treats every prospect the same, regardless of differences in needs or preferences for certain kinds of information. Canned sales presentations can be advantageous when the differences between prospects are unknown or with novice salespeople who are less knowledgeable about the product and selling process than experienced salespeople. Although it guarantees a thorough presentation, it often lacks flexibility and spontaneity and, more importantly, does not provide feedback from the prospective buyer-a critical component in the communication process and the start of a relationship.

Need-Satisfaction Format The stimulus-response and formula-selling formats share a common characteristic: the salesperson dominates the conversation. By comparison, the need-satisfaction presentation format emphasizes probing and listening by the salesperson to identify the needs and interests of prospective buyers. Once these are identified, the salesperson tailors the presentation to the prospect and highlights product benefits that may be valued by the prospect. The need-satisfaction format, which emphasizes problem-solving, is the most consistent with the marketing concept. Two selling styles are associated with this format. Adaptive selling involves adjusting the presentation to fit the selling situation, such as knowing when to offer solutions and when to ask for more information. Consultative selling focuses on problem identification, where the salesperson serves as an expert on problem recognition and resolution. Both styles are used for industrial products such as computers and heavy equipment. Many consumer services firms such as brokerage and insurance firms and consumer product firms like AT&T and Gillette also subscribe to these selling styles.

Handling Objections. A critical concern in the presentation stage is handling objections. *Objections* are excuses for not making a purchase commitment or decision. Some objections are valid and are based on the characteristics of the product or service or price. However, many objections reflect prospect skepticism or indifference. Whether valid or not, experienced salespeople know that objections do not put an end to the presentation. Rather, techniques can be used to deal with objections in a courteous, ethical, and professional manner. The following six techniques are the most common:

1. Acknowledge and convert the objection. This technique involves using the objection as a reason for buying. For example, a prospect might say, "*The price is too high*." The reply: "*Yes, the price is high because we use the finest materials. Let me show you....*"
2. Postpone. The postpone technique is used when the objection will be dealt with later in the presentation: "*I'm going to address that point shortly. I think my answer would make better sense then*."

3. Agree and neutralize. Here a salesperson agrees with the objection, then shows that it is unimportant. A salesperson would say: "That's true and others have said the same. However, they concluded that issue was outweighed by the other benefits."
4. Accept the objection. Sometimes the objection is valid. Let the prospect express such views, probe for the reason behind it, and attempt to stimulate further discussion on the objection.
5. Denial. When a prospect's objection is based on misinformation and clearly untrue, it is wise to meet the objection head on with a firm denial.
6. Ignore the objection. This technique is used when it appears that the objection is a stalling mechanism or is clearly not important to the prospect. Each of these techniques requires a calm, professional interaction with the prospect, and is most effective when objections are anticipated in the preapproach stage. Handling objections is a skill requiring a sense of timing, appreciation for the prospect's state of mind, and adeptness in communication. Objections also should be handled ethically. Lying or misrepresenting product or service features arc grossly unethical practices.

Close

The *closing* stage in the selling process involves obtaining a purchase commitment from the prospect. This stage is the most important and the most difficult because the salesperson must determine when the prospect is ready to buy. Telltale signals indicating a readiness to buy include body language (prospect reexamines the product or contract closely), statements ("*This equipment should reduce our maintenance costs*"), and questions ("*When could we expect delivery?").* The close itself can take several forms.

Three closing techniques are used when a salesperson believes a buyer is about ready to make a purchase: (1) trial close, (2) assumptive close, and (3) urgency close. *A trial close* involves asking the prospect to make a decision on some aspect of the purchase: "*Would you prefer the blue or gray model*?" An *assumptive close* entails asking the prospect to make choices concerning delivery, warranty, or financing terms under the assumption that a sale has been finalized. An *urgency close is* used to commit the prospect quickly by making reference to the timeliness of the purchase: "*The low-interest financing ends next week*," or, "*That is the last model we have in stock*." Of course, these statements should be used only if they accurately reflect the situation; otherwise, such claims would be unethical. When a prospect is clearly ready to buy, the final close is used and a salesperson asks for the order. Knowing when the prospect is ready to buy becomes even more difficult in cross-cultural buyer-seller negotiations where societal customs and language play a large role.

Follow-up

The selling process does not end with the closing of a sale; rather, professional selling requires customer follow-up. One marketing authority equated the follow-up with courtship and marriage by observing, "...*the sale merely consummates the courtship. Then the marriage begins. How good the marriage is depends on how well the relationship is managed.*" The *follow-up* stage includes making certain the customer's purchase has been properly delivered and installed

and difficulties experienced with the use of the item are addressed. It is important that the salesman follows the client to get informed of his satisfaction degree and, maybe, his probability of repurchase. Once the sale is done, the sales person must give all the complementary information regarding the distribution delays, paying terms or the service after the sales. It is often recommended to make a

control visit after the reception of the merchandise to verify that everything is all right. A such visit permits to detection of a certain problem, revealing the interest of the salesman in his client and assuring the customer that he has made the right decision.

It is important to note that any sales process takes customers through certain stages of mind. These stages can be summarized as AIDAS i.e. Attention, Interest, Desire, Action, and Satisfaction. The salesman should secure the customer's attention, arouse his interest, ignite his desire, convert his desire into demand for the product, and provide after-sales services.

A I D A S

- Attention
- Desire
- Interest
- Action
- Satisfaction

AIDAS MODEL

Types of Salesman

Manufacturer's Salesmen: These salesmen are employed by manufacturers to sell the product to wholesalers, retailers or customers. These salesmen can be summarised as:

(i) Missionary Salesmen: These salesmen are employed to create demands for services like insurance, banks, advertisement agency. They create, develop and maintain the goodwill of the enterprise. Manufacturers of medical supplies employ these salesmen to promote their products to distributor and retail medical stores.

(ii) Promotional Salesmen: These salesmen are employed for sales promotion. They usually do not take spot orders. Salesman of a pharmaceutical company may contact doctors to convince to recommend specific medicine to their patients.

(iii) Merchandising Salesmen: These salesmen provide advise to dealer and collect information from the market. They help dealers in increasing their sales by guiding them in selling the goods. They assist dealers by demonstrating the product or arranging publicity.

Speciality Salesmen: These salesmen are engaged in selling particular goods such as computers, typewriters, air conditioner etc. They meet the perspective customer and explain as well as demonstrate the functioning of their product. They create demand among the customers to buy specific product.

Wholesaler's Salesmen: These salesmen are employed by wholesalers to sell their products. A wholesaler's salesman deals with retailers and industrial customers. He informs the retailers about new products and books their orders at regular intervals.

Retailer's Salesmen: Retailers appoint salesmen to sell their products to ultimate consumers. They may be travelling salesmen or indoor salesmen.

Features of Personal Selling

- Personal selling aims at winning the buyer's confidence by providing the best solution to his problems and educating him.
- Salesman attempts to find out the needs and wants of customers and provides products to satisfy these wants.
- Salesmanship involves educating people about product availability, its special features, and utility in satisfying the specific needs of customers.
- Modern salesmanship enables manufacturers to produce more and increase their sales. At the same time, it helps the buyer in getting maximum return for the money spent by him.

- Salesmanship is a creative process. A lot of creativity is required to convince customers about the use of a product or service and the creation of demand.

Advantages of Personal Selling

Personal selling is important ingredient in promotion mix. According to Levitt, “Personal selling is as basic to our society as metabolism is to life”. The various advantages of personal selling can be enumerated as:

- Personal selling leads to minimal spill over and wastages as it is directed to qualified prospects only.
- Personal selling is flexible. Salesman can adjust sales talk and presentation to meet individual needs and motives of prospect.
- It is possible for salesperson to detect loss of customer interest and regenerate it by reinforcements.
- The salesman acts as market researcher. He transmits valuable information which enables organization to make tactical adjustments and strategic plans.
- In personal selling, long lasting relationship can be developed between salesman & customer which secures future business.
- Personal selling has assumed great importance in service marketing like tourism, hotels where personalized services and relations with customers are in great demand.
- Other promotional tools also arouse interest but usually it is left to the salesman to complete the sale.
- Detailed explanation and demonstration of product lubricate selling process which is essential for technically complex and innovative products.

Limitations of Personal Selling

- Cost per contact is high.
- There is dearth of good salesmen.
- Customer loyalty can be lost on retirement or exit of a good sales person if it is built up around him.

5.1.3 SALES FORCE MOTIVATION

The sales function plays a very important role in the success of the organization. The achievement of organizational goals depends on the organization's sales force thus it is necessary to keep them highly motivated throughout. Motivation refers to creating an urge in an individual to achieve a specified goal. The salespersons' motivation directly impacts his sales performance and his ability to achieve sales targets. Sales force can be motivated using both monetary and non-monetary rewards. The monetary rewards may include bonuses, commission etc while non-monetary rewards may include vouchers, prizes, perks, gift cards etc.

Relevant Sales Force Motivation Theories

Motivation theories seek to explain why the employees behave the way they do at work. What drives their behavior at work. What makes some employees put in more effort at work as compared to others. Some motivational theories that are applied to the sales context are:

Maslow's Hierarchy of Needs Theory: This theory suggests that needs happen to an individual in a particular order. Higher order need needs become important to an individual only once the lower order needs i.e., the basic needs have been adequately fulfilled. The five need levels of Maslow's need Hierarchy are- physiological needs, safety needs, social needs, esteem needs and self-actualization needs.

Herzberg's Motivation-Hygiene Theory: This theory recognizes the factors that cause dissatisfaction at job as 'hygiene factors' which include working conditions, compensation , organization's policies and supervision etc and factors offering job satisfaction as 'motivators' which include incentives , bonuses , achievement, awards , recognition, more responsibility and growth opportunity .The theory states that the absence of hygiene factors can cause dissatisfaction among the employees at work but their presence would not lead to increased employee motivation.

Vroom's Expectancy Theory: This theory is based on three concepts named expectancy, instrumentality and valence. The theory suggests that an individual's motivation to do the effort depends upon his expectation of success. For example, if the salesperson believes that higher effort will generate higher sales (high expectancy) which in turn will generate higher incentive (high instrumentality) for him which is very important for him (higher valence) will result in higher motivation on his part.

5.1.4 Sales Force Compensation

One of the key concerns of the sales management function relates to deciding on salesforce compensation as it not only impacts the sales costs but also more importantly influences the behavior, attitude and interest of the sales force towards their job role. Sales compensation represents the payment that salesforce receive in return for their work. It is very important to design sales compensation carefully to drive the successful sales team's performance.

Types of Sales Compensation

Choosing the right compensation plan for the sales force will keep them motivated which will result in boosting the organizational sales and thereby the profits.

Organization can choose from among various sales compensation plans based on various factors like nature and size of organization, sales cycle length etc. Some of the sales compensation plans have been discussed below:

i. Straight Salary Sales Compensation: Under this plan, the organization pays a fixed salary to its salespersons and no commission, no bonus, and no incentives. This sales compensation plan is popular with companies which do not allow direct sales. When the salespersons work in small groups where everyone has made an equal effort, this method of sales compensation is increasingly adopted.

ii. Salary plus commission: This is one of the most popular sales compensation plans used in many industries. Under this method, the salesperson's base salary is kept low and they are paid the commission on the total sales generated by them. This sales compensation plan seeks to motivate the sales persons to put additional efforts and make more and more sales.

iii. Commission only: As the name suggests, this sales compensation requires the organization to pay the salesperson only on the basis of sales generated by him, thus there is no guaranteed income to the salesperson. This plan is relatively very easy to administer as it required the organization to pay only against the sales generated.

iv. Profit Margin / Revenue: This plan compensates the sales force on the basis of the organization's performance. This type of sales compensation plan is more popular with the startups that often face the liquidity crunch. This type of sales compensation plan is mostly used by start-ups because of the lack of liquidity. The organizations must adopt this plan only if the sales force is stable enough to survive well during off periods.

v. Territory volume: The organizations having team-based corporate culture popularly adopt this type of sales compensation plan. This method of sales compensation requires territory volume to be calculated at the end of each term which is then divided equally among the total number of salespersons working within that territory.

Creating Sales Compensation Plan

To create a right sales-compensation plan for an organization, sales manager should take the following steps

- Determine Sales Compensation Plan Objectives
- Selecting the Sales Compensation Plan
- Deciding upon Timing and Method of providing Compensation
- Setting Sales Quotas
- Reviewing Sales Compensation Plan

Steps for creating sales compensation plan

i. Determine Sales compensation plan objectives: The starting point for working out a sound sales compensation plan is to establish the sales compensation plan priorities clearly. The organization may aim at increased revenue, reduced expenses, boosting the sales of a particular product etc.

ii. Selecting The Sales Compensation Plan: Having defined the goals, the sales managers must select the type of compensation plan they prefer to have for their sales team based upon careful analysis of type and size of organization, its product line, sales cycle, size of sales team etc.

iii. Deciding upon Timing and Method of providing Compensation: The sales manager must determine when the salespeople will get compensated: whether at the time of customer signing a contract or at the time when they send their first payment. Sales manager must also select their payroll software to administer a sales compensation plan.

iv. Setting Sales Quotas: The sales quotas must be established so that salespersons know what they are expected to do to earn the compensation. It's important to fix these quotas reasonably yet in a manner that reflects organization's business goals.

v. Reviewing Sales Compensation Plan: The sales managers must review these business plans in the light of changes taking place in the environment and in accordance with the changes in the expectations of the organization's sales force.

Summary

Sales Force Management involves overseeing a company's sales team to achieve sales goals effectively. The personal selling process includes steps like prospecting, approaching, presenting, handling objections, closing, and follow-up. Motivation in sales focuses on techniques to inspire and drive the sales force, while compensation involves structuring pay, bonuses, and incentives to reward performance and maintain motivation. Effective management of these aspects is crucial for optimizing sales performance and achieving business objectives.

Multiple Choice Quiz

1. Which stage of the personal selling process involves identifying and qualifying potential customers?
    - a) Prospecting
    - b) Closing
    - c) Presentation
    - d) Follow-up
2. What is the primary goal of the prospecting stage in personal selling?
    - a) Closing the sale
    - b) Identifying potential customers

   - c) Delivering the sales presentation
   - d) Handling objections
3. During the presentation stage of personal selling, the salesperson primarily focuses on:
   - a) Building rapport with the customer
   - b) Negotiating terms of the sale
   - c) Demonstrating the product's features and benefits
   - d) Following up after the sale
4. Which stage of personal selling involves overcoming objections raised by the customer?
   - a) Prospecting
   - b) Closing
   - c) Presentation
   - d) Pre-approach
5. Closing the sale in personal selling refers to:
   - a) Identifying potential customers
   - b) Delivering the sales presentation
   - c) Overcoming objections
   - d) Securing commitment from the customer to make a purchase
6. Sales force motivation primarily involves:
   - a) Controlling sales activities
   - b) Increasing sales force size
   - c) Encouraging and energizing salespeople
   - d) Setting sales targets
7. Which type of sales force compensation plan is based on a fixed amount per sale made by the salesperson?
   - a) Salary
   - b) Commission
   - c) Bonus
   - d) Profit-sharing
8. What is a key benefit of effective sales force management?
   - a) Increased advertising costs
   - b) Improved customer satisfaction
   - c) Reduced product variety
   - d) Lower distribution costs
9. Which strategy involves analyzing sales data to allocate resources and optimize sales performance?
   - a) Sales force automation
   - b) Performance evaluation
   - c) Market segmentation
   - d) Micromanagement

5.2.1 Control Force Management

Controlling the sales force in marketing management is a critical function that ensures the alignment of the sales team's efforts with the organization's overall strategic objectives. This process encompasses a range of activities, from setting performance standards and monitoring sales activities to providing feedback and implementing corrective actions. Effective sales force control enhances productivity, drives revenue growth, and maintains a competitive edge in the market.

1. Setting Objectives and Targets: The first step in controlling the sales force is to establish clear, measurable objectives and sales targets. These goals should be aligned with the company's broader marketing and business strategies. Objectives can be quantitative, such as sales volume, revenue, and market share, or qualitative, such as customer satisfaction and brand loyalty. Clear targets provide a roadmap for the sales team and set expectations for performance.

2. Monitoring and Reporting: Continuous monitoring of sales activities is essential to ensure that the sales force is on track to meet its objectives. This involves collecting and analyzing data on key performance indicators (KPIs), such as sales calls, conversions, and revenue generated. Advanced CRM systems and sales analytics tools can facilitate real-time tracking and reporting, enabling sales managers to identify trends, opportunities, and areas of concern promptly.

3. Performance Evaluation: Regular performance evaluations are crucial for assessing the effectiveness of individual salespeople and the sales team as a whole. These evaluations should be based on the pre-established KPIs and targets. Performance reviews can be conducted monthly, quarterly, or annually, depending on the organization's needs. They provide a structured opportunity to recognize achievements, address shortcomings, and plan for future development.

4. Feedback and Coaching: Providing constructive feedback and coaching is a vital component of sales force control. Feedback should be specific, actionable, and delivered in a timely manner. Effective coaching helps salespeople refine their skills, improve their techniques, and stay motivated. Sales managers should focus on both strengths and areas for improvement, offering practical advice and support to help their team succeed.

5. Training and Development: Ongoing training and development are essential to maintain a high-performing sales force. This includes initial onboarding for new hires as well as continuous learning opportunities for experienced salespeople. Training programs should cover product knowledge, sales techniques, market trends, and customer relationship management. Investing in the professional growth of the sales team not only enhances performance but also boosts employee morale and retention.

6. Motivation and Incentives: Motivating the sales force is critical to driving performance. This can be achieved through a combination of intrinsic and extrinsic rewards. Intrinsic motivation comes from within the salesperson, such as a sense of achievement and personal growth. Extrinsic motivation involves tangible rewards, such as bonuses, commissions, and recognition programs. A well-designed compensation plan that aligns incentives with organizational goals can significantly enhance sales productivity.

7. Implementing Corrective Actions: When performance issues are identified, it is essential to implement corrective actions promptly. This might involve additional training, changes in sales strategies, or realigning sales territories. In some cases, it may be necessary to address behavioral issues or reassign underperforming salespeople to different roles. The goal of corrective actions is to resolve problems and support the sales team in achieving their targets.

8. Technology and Tools: Leveraging technology is increasingly important in controlling the sales force. CRM systems, sales analytics platforms, and automation tools provide valuable insights and streamline sales processes. These technologies can enhance data accuracy, improve communication, and enable more effective management of sales activities. By integrating technology into sales force control, organizations can achieve greater efficiency and effectiveness.

9. Continuous Improvement: Controlling the sales force is not a one-time task but an ongoing process. Organizations should strive for continuous improvement by regularly reviewing and refining their sales strategies, processes, and control mechanisms. This involves staying abreast of market changes, customer preferences, and technological advancements. By fostering a culture of continuous improvement, companies can ensure that their sales force remains agile, competitive, and aligned with business objectives.

Effective control of the sales force requires a holistic approach that integrates goal setting, performance monitoring, feedback, training, motivation, corrective actions, and the use of technology. By focusing on these key areas, organizations can optimize their sales force's performance, achieve their marketing objectives, and drive sustainable business growth.

5.2.2 Digital Marketing

Introduction

Digital marketing is often confused with online marketing. Digital marketing is the process of promoting a brand, service or product on the internet. Put simply, Digital marketing differs from traditional marketing in that it involves the use of online channels and methods that enable businesses and organisations to monitor the success of their marketing campaigns, often in real time, to better understand what does and doesn't work.

The 21st century has witnessed the developing a web presence in most companies. E-mail was commonplace and there was technology allowing people to manage this fairly easily. Customer relationship management (CRM) systems had been in place for some time to manage databases. Some companies were placing banners on websites with a similar approach to press advertising. Forward- thinking companies were working on their search engine strategy and even working with some affiliates. All of this was online marketing and, in time, online marketing teams and specialists would begin to appear. (Kingsnorth, 2016).

The most common form of digital marketing is the website of the organisation and the epicentre of all its online activities. In order to drive qualified traffic to a website, or encourage repeat visitors and sales, savvy marketers include a combination of email marketing, search engine optimisation (SEO), pay-per-click (PPC) advertising and social media in their strategy.

The first approaches to digital marketing defined it as a projection of conventional marketing, its tool and strategies, on Internet (Otero and Rolan, 2016). Satya (2015) defined it as 'online marketing', 'web marketing' or 'internet marketing'. The term digital marketing became popular overtime, especially in certain countries. In the USA online marketing is still prevalent, in Italy is referred as web marketing but, in the UK, and worldwide, digital marketing has become the most common term, especially after the year 2013.

Digital marketing is an umbrella term for the marketing of products or services using digital technologies, mostly on the Internet, but also including mobile phones, display advertising and any other digital terms.

The marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media. Digital marketing extends beyond internet marketing to include channels that do not require the use of the internet. It includes mobile phones (both SMS and MMS), social media marketing, display advertising, search engine marketing, and any other form of digital media.

Most experts believe that 'digital' is not just yet another channel for marketing. It requires a new approach to marketing and a new understanding of customer behaviour. For example, it requires companies to analyse and quantify the value of downloads of apps on mobile devices, tweets on Twitter, likes on Facebook and so on.

Definition of Digital Marketing

Digital marketing is basically applying all marketing techniques to digital channels. Different sources can be used to promote services and products like SMS, search engines, email, websites, social media and mobile devices. The digital nature of this marketing method makes it a cost-effective means of promoting one’s business. (Kingsnorth, 2016)

The use of digital marketing depends on the organisation’s marketing objective. It could be that the organisation wants to generate more leads, build their brands, increase sales or improve brand engagement. Digital marketing means more than just having a website. The website needs to be aesthetically pleasing and easy to navigate, and also needs to have quality content to reflect the nature of the business.

Search engine optimization (SEO) is an important factor as well. Search engines need to read and index the website properly. There are content and SEO specialists who can help organisations to design websites which are responsive and accessed through all devices. Digital marketing also involves managing the organisation’s social media presence and interacting with fans as well as marketing the business across major social media channels.

History and Evolution of Digital Marketing

Digital marketing first appeared as a term in the 1990s but, as mentioned above, it was very different world then; Web 1.0 was primarily static content with very little interaction and no real communities. The first banner advertising started in 1993 and the first web crawler (called WebCrawler) was created in 1994 – this was the beginning of search engine optimization (SEO) as we know it (Kingsnorth, 2016).

Once Google started to grow at pace and Blogger was launched in 1999 the modern internet age began. Blackberry, a brand not connected with innovation any more, launched mobile e-mail and MySpace appeared. MySpace was the true beginning of social media as we define it today, but it was not as successful as it could have been from a user experience perspective and ultimately that is what led to its downfall.

Google's introduction of Adwords was their real platform for growth and remains a key revenue stream for them to this day.

The first search engine started in 1991 with a network protocol called Gopher for query and search. In 1993, the first clickable banner went live, after which HotWired purchased a few banners ads for their advertising. This marked the beginning of a new era, the digital era of marketing. Because of this gradual shift, the year 1994 saw new technologies entering the digital marketplace. The very same year, Yahoo was launched. In 1998 saw the birth of Google. Microsoft launched the MSN search engine and Yahoo brought to the market Yahoo web search. In 2000, the internet bubble burst and all the smaller search engines were either left behind or wiped out leaving place for the giants. Then in 2006, digital marketing world saw its first steep surge. At that time, search engine traffic already grown to about 6.4 billion in a single month.

Soon, Google began to expand and along with this social networking sites began to emerge. Myspace was the first social networking site followed by Facebook. With this, companies realized that all these new sites are opening new doors of opportunity for them to market their products and brands.

Products marketed digitally are now available to customers at all times. Statistics collected by the Marketingtechblog for 2014 show that posting on social media is the top online activity in the US. The average American spends 37 minutes a day on social media. 99% of digital marketers use Facebook to market, 97% use Twitter, 70% use Google+, 69% use Pinterest and 59% use Instagram. 70% of B2C marketers have acquired customers through Facebook. 67% of Twitter users are far more likely to buy from brands that they follow on Twitter. 83.8% of luxury brands have a presence on Pinterest. The top three social networking sites used by marketers are LinkedIn, Twitter, and Facebook.

5.2.3 Benefits of Digital Marketing

You can target a local audience, but also an international one.

Further, you can tailor a campaign to specific audience demographics, such as gender, location, age and interests. This means your campaign will be more effective.

Your audience can choose how they want to receive your content

While one person likes to read a blog post, another person likes to watch a YouTube video. Traditional marketing doesn't give the audience a choice. Most people hate receiving sales flyers in their mailbox or phone calls at inconvenient times on stuff that they have little interest in. Online people get the choice to opt in or out of communications and often it is relevant because they were the ones searching for it in the first place

Interaction with your audience is possible

With the use of social media networks. In fact, interaction is encouraged. Traditional marketing methods don't allow for audience interaction. You can encourage your prospects, clients and followers to take action, visit your website, read about your products and services, rate them, buy them and provide feedback which is visible to your market.

Data and results are easily recorded

With Google Analytics and the insights tools offered by most social media channels, you can check on your campaigns at any time. Unlike traditional marketing methods, you can see in real time what is or is not working for your business online and you can adapt very quickly to improve your results.

Level playing field

Any business can compete with any competitor regardless of size with a solid digital marketing strategy. Traditionally a smaller retailer would struggle to match the finesse of the fixtures and fittings of its larger competitors. Online, a crisp well thought out site with a smooth customer journey and fantastic service is king – not size.

Real time results

You don't have to wait weeks for a boost to your business like you would have to waiting for a fax or form to be returned. You can see the numbers of visitors to your site and its subscribers increase, peak trading times, conversion rates and much more at the touch of a button.

Brand Development

A well maintained website with quality content targeting the needs and adding value to your target audience can provide significant value and lead generation opportunities. The same can be said for utilising social media channels and personalised email marketing.

Viral

How often do your sales flyers get passed around instantly by your customers and prospects? Online, using social media share buttons on your website, email and social media channels enables your message to be shared incredibly quickly. If you consider the average Facebook user has 190 friends of which an average of 12% see their liked posts – your one message has actually been seen by 15 new prospects. Now imagine a number of them also like and share your message and their friends do the same? That's why high-quality content is so important.

Importance of digital marketing

Digital marketing offers the ability to reach and engage target audiences in ways which were never before possible. A strong digital marketing strategy can deliver a far higher return on investment (ROI) than traditional marketing methods.

People are consuming digital content at a never seen before rate. More than half of the planet now has regular access to the internet, spending an average of 6 hours online per day, presenting massive opportunities for brands and businesses. Such trend will not slow down, as the number of internet-connected portable devices is on the rise. Gartner reported that smartphones surpassed the sales of feature phones for the first time in 2013, while the 2014 Q3 report from Globalwebindex reports that consumers are now spending more time with online media than they are with traditional forms of media.

However, the particularities of the digital world and its appropriation for marketing have fostered the development of channels, formats and languages that have led to tools and strategies that are unthinkable offline.

Today, Digital Marketing has become a new phenomenon that brings together customisation and mass distribution to accomplish marketing goals. The development of Digital Marketing strategies offer much potential for brands and organisations. Otero and Rolan (2016) put forward some of them are:

- **Branding**: platform is a great opportunity to build a brand image on the Web due to their scope, presence and constant updates.
- **Completeness**: the advantages of assembling information through links offer customers the chance to approach the organisation in a wider and customis ed way.
- **Usability**: simple and user-friendly platforms are available for all to improve user experience and allow for their activities.
- **Interactivity**: internet offers the possibility of having a conversation and therefore generating a positive experience with the brand.
- **Visual communication**: with digital marketing, marketers have different image and video-based tools. This helps to reach audiences and get them involved in your activities.
- **Community connection**: internet offers the opportunity for business to connect with their audience.

TYPES OF ONLINE PRESENCE

When assessing the relevance and potential of digital marketing for a business, remember that different business types offer different opportunities and challenges. Chaffey and Ellis Chadwick (2015) identify five main types of online presence or components possible as part of as site:

1. **Transactional e-commerce site**. Online retailers, travel, financial services providers or manufacturers make their products available for online purchase. The main business contribution is through sale of these products. The sites also support the business by providing information for customers who prefer to purchase products offline.

2. **Services-oriented relationship building or lead-generation web site**. Provides information to stimulate purchase and build relationships. Products are not typically available for purchase online. Information is provided through the web site, along with email marketing, to inform purchasing decisions. The main business contribution
is through encouraging offline sales and generating enquiries or leads from potential customers. Such sites also help by adding value for existing customers by providing them with information of interest.

Examples: B2B examples are management consultants such as PricewaterhouseCoopers (www.pwc.com) and Accenture (www.accenture.com). Most car manufacturers' sites may be services-oriented rather than transactional.

3. **Brand-building site.** Provides an experience to support the brand and current campaigns. Products are not typically available for online purchase, although merchandise may be. The main focus is to support the brand by developing an online experience of the brand through content marketing integrated with social media outposts. They are typical for low-value, high-volume, fast-moving consumer goods (FMCG brands).
Examples: Lynx and Guinness

4**. Portal or media site,** The main purpose of these types of intermediaries or publishers is to provide information and content. The term portal refers to a gateway to information or a range of services such as search engines, directories, news, blog content, shopping comparisons, etc. This is information both on the site and via links to other sites. Online publishers have a diversity of options for generating revenue, including advertising, commission-based sales (affiliate marketing), and selling access to content through subscription or pay-per-view.

Examples: Yahoo! the *Financial Times* Online or TripAdvisor.

5. **Social network or community site,** A site enabling community interactions between different consumers (C2C model). Typical interactions include posting comments and replies to comments, sending messages, rating content, and tagging content in particular categories. Well-known examples include Facebook and LinkedIn, but many less well-known niche communities may be important within a market. In addition to distinct social network sites, social interactions can be integrated into other site types through plugins or *application programming interfaces (APIs)*. The Facebook APIs are very important in integrating Facebook 'Like' buttons and content into sites through services such as the Facebook social plug-in.

Remember that these are not clear-cut categories of websites, since many businesses will have sites that blend these elements, but with different emphases depending on the market in which they operate.

To engage their audience and so increase advertising revenue, social networking sites are also looking to provide many of these services through *social* network company brand pages, sometimes called 'social outposts' for short.

Summary

Digital marketing involves using online channels and technologies to promote products and services to consumers. Key components include search engine optimization (SEO), content marketing, social media marketing, email marketing, and online advertising. Digital marketing allows businesses to reach a global audience, target specific demographics, and measure the effectiveness of their campaigns in real time. This approach is essential for engaging with modern consumers who increasingly rely on digital platforms for information and purchases.

Multiple Choice Quiz

1. Sales force control mechanisms include all except
    a. a) Performance evaluation
    b. b) Setting quotas
    c. c) Micromanagement
    d. d) Territory management
2. Digital marketing primarily uses which medium for communication with customers?
    a. a) Television
    b. b) Print
    c. c) Internet
    d. d) Radio
3. What is the main advantage of digital marketing over traditional marketing methods?
    a. a) Limited reach
    b. b) Higher cost per impression
    c. c) Targeted audience reach
    d. d) Slow response time
4. Which digital marketing channel allows businesses to engage with customers in real-time?
    a. a) Email marketing
    b. b) Social media marketing

   c. c) Banner advertising
   d. d) Print advertising
5. What is the purpose of SEO (Search Engine Optimization) in digital marketing?
   a. a) To increase website traffic
   b. b) To reduce advertising costs
   c. c) To automate sales processes
   d. d) To enhance customer service
6. Which digital marketing strategy involves paying for placement of ads on search engine result pages?
   a. a) Content marketing
   b. b) Affiliate marketing
   c. c) Pay-per-click (PPC) advertising
   d. d) Viral marketing
7. Email marketing is effective for:
   a. a) One-time communication with customers
   b. b) Building long-term relationships with customers
   c. c) Targeting a broad audience
   d. d) Generating immediate sales
8. Which digital marketing metric measures the percentage of visitors who leave a website after viewing only one page?
   a. a) Click-through rate (CTR)
   b. b) Conversion rate
   c. c) Bounce rate
   d. d) Engagement rate
9. Social media marketing focuses on:
   a. a) Promoting offline events
   b. b) Building brand awareness and engagement
   c. c) Traditional media placements
   d. d) Direct sales transactions
10. What is a key benefit of using content marketing in digital strategies?
   a. a) Immediate sales conversions
   b. b) Enhanced search engine rankings
   c. c) Limited audience reach
   d. d) High advertising costs

11. Which digital marketing tool allows businesses to measure the effectiveness of their online campaigns?
    a. a) Customer relationship management (CRM) software
    b. b) Sales force automation (SFA) tools
    c. c) Web analytics
    d. d) Inventory management systems
12. What is the primary goal of influencer marketing in digital strategies?
    a. a) Increase website traffic
    b. b) Enhance brand credibility and reach
    c. c) Reduce advertising costs
    d. d) Automate customer service
13. Which digital marketing technique involves promoting a brand through paid placements that appear native to the platform on which they are placed?
    a. a) Display advertising
    b. b) Native advertising
    c. c) Affiliate marketing
    d. d) Viral marketing
14. Which digital marketing tactic allows businesses to retarget customers who have previously visited their website?
    a. a) Behavioral targeting
    b. b) Remarketing
    c. c) Viral marketing
    d. d) Affiliate marketing

5.3 Unit Summary

Personal selling is a direct form of marketing where sales representatives engage with potential customers to promote and sell products or services. The process involves several key stages: prospecting, pre-approach, approach, presentation, handling objections, closing, and follow-up. Each stage requires specific skills and strategies to effectively move prospects through the sales funnel and convert them into loyal customers.

Motivation is a crucial element in sales force management. Sales managers need to understand what drives their team and use various techniques to inspire and maintain high levels of performance. This can include setting challenging but attainable goals, recognizing and rewarding achievements, and creating a supportive work environment. Motivated salespeople are more likely to be productive, committed, and successful in meeting their sales targets.

Compensation plans are designed to reward salespeople for their performance and encourage desired behaviors. These plans often include a mix of base salary, commissions, bonuses, and other incentives. An effective compensation strategy aligns the interests of the sales force with the company’s goals, ensuring that sales representatives are motivated to achieve high sales volumes and contribute to overall business success.

Controlling the sales force involves monitoring and guiding their activities to ensure they align with the company's objectives. This includes setting performance standards, tracking sales metrics, providing regular feedback, and implementing corrective actions when necessary. Effective control mechanisms help maintain accountability, improve sales performance, and ensure consistent execution of sales strategies.

Digital marketing refers to the use of digital channels and technologies to promote products and services. It encompasses a wide range of activities, including search engine optimization (SEO), content marketing, social media marketing, email marketing, and online advertising. Digital marketing leverages the internet and electronic devices to reach and engage with customers, offering a dynamic and measurable approach to marketing.

Digital marketing has a broad spectrum of applications. Businesses use it to increase brand awareness, generate leads, drive website traffic, and boost sales. Key applications include content marketing to provide valuable information, SEO to improve search engine rankings, social media marketing to engage with audiences, email marketing to nurture customer relationships, and pay-per-click (PPC) advertising to reach targeted audiences efficiently.

The benefits of digital marketing are substantial. It allows for precise targeting of specific demographics, enhancing the relevance and effectiveness of marketing campaigns. Digital marketing also provides real-time data and analytics, enabling businesses to measure performance, track customer behavior, and optimize strategies. Additionally, it offers cost-effective solutions for reaching a global audience, making it accessible to businesses of all sizes.

Combining traditional sales force management with digital marketing strategies can significantly enhance overall marketing effectiveness. Digital tools can support sales teams by providing valuable insights into customer preferences and behaviors, enabling more personalized and targeted sales approaches. By integrating digital marketing with sales force management, companies can create a cohesive and efficient strategy that maximizes both online and offline efforts to drive business growth.

5.4 Glossary

S. No	Words	Meaning
1.	Sales Metrics	Sales Measurements
2.	Leverages	Takes Advantage Of
3.	Compensation	Payment
4.	Salespeople	Sales Representatives
5.	Prospects	Potential Customers

Self-Assessment Questions

Short answer question

1. What are the main stages of the personal selling process?
2. How does the follow-up stage contribute to the success of personal selling?
3. Why is prospecting important in personal selling?
4. What role does presentation play in the personal selling process?
5. What are the key aspects of sales force control?
6. What is digital marketing and how does it differ from traditional marketing?
7. Name three applications of digital marketing in business.

Essay Type Question

1. Explain the significance of overcoming objections in personal selling.
2. What are the primary methods used to motivate sales teams?

3. How does commission-based compensation motivate salespeople?
4. What are the primary benefits of using social media in digital marketing strategies?
5. How does SEO (Search Engine Optimization) benefit businesses in digital marketing?
6. Explain the concept of content marketing and its relevance in digital strategies.

5.6 Answer Key

Multiple Choice Question

1. a) Prospecting
2. b) Identifying potential customers
3. c) Demonstrating the product's features and benefits
4. c) Presentation
5. d) Securing commitment from the customer to make a purchase
6. c) Encouraging and energizing salespeople
7. b) Commission
8. c) Micromanagement
9. b) Improved customer satisfaction

PART B

1. a) Sales force automation
2. c) Internet
3. c) Targeted audience reach
4. b) Social media marketing
5. a) To increase website traffic
6. c) Pay-per-click (PPC) advertising
7. b) Building long-term relationships with customers
8. c) Bounce rate
9. b) Building brand awareness and engagement
10. b) Enhanced search engine rankings
11. c) Web analytics
12. b) Enhance brand credibility and reach
13. b) Native advertising
14. b) Remarketing
15. c) Enhancing customer engagement and retention
16. d) User engagement metrics

5.5 E-Contents

S.No	Topics	E-Content Link	QR Code
1	Sales Force Management	https://youtu.be/EfK0SURQ8X0?si=B4XTmrpR1fmdGepV	
2	Personal Selling Process	https://youtu.be/xuMFep7qd9s?si=KYY-6kQT9kV3Hx4O	
3	Digital Marketing	https://youtu.be/bixR-KIJKYM?si=2BVjJk21SjT4vcoD	

5.7 Reference

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