PERIYAR UNIVERSITY

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SALEM - 636 011, TAMIL NADU

CENTRE FOR DISTANCE AND ONLINE EDUCATION

(CDOE)

MASTER OF BUSINESS ADMINISTRATION (MBA)

SEMESTER – I

CORE – IX: MARKETING MANAGEMENT

(Candidates admitted from 2024 onwards)

PERIYAR UNIVERSITY

CENTRE FOR DISTANCE AND ONLINE EDUCATION **(CDOE**

M.B.A 2024 admission onwards

Semester - II

Core : Marketing Management

Prepared by:

Centre for Distance and Online Education (CDOE)
Periyar University,
Salem - 636011.

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MARKETING MANAGEMENT

Unit I : Introduction to Marketing Management

Introduction: Marketing Management Philosophies – What is marketing- The concepts of marketing- Marketing and Services – Digital Marketing – Social Media Marketing – Current marketing challenges; Rural Marketing – E-Rural Marketing – International Marketing – Industrial Marketing.

UNIT OBJECTIVES:

- To Understand the conceptual framework of Marketing management
- To identify the current challenges faced by the marketers.

1. INTRODUCTION

The activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people. People who work in marketing departments of companies try to get the attention of target audiences by using slogans, packaging design, celebrity endorsements and general media exposure. The four 'Ps' of marketing are product, place, price and promotion.

1.1 MEANING

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

1.2 DEFINITION

Marketing, more than any other business activities deals with customers. Although there are a number of detailed definitions of marketing perhaps the simplest definition of marketing is managing profitable customer relationship.

We can distinguish between a social and a managerial definition for marketing. According to a social definition, **marketing** is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others. As a managerial definition, marketing has often been described as "the art of selling products." But Peter Drucker, a leading management theorist, says that "the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably - **The Chartered Institute of Marketing (CIM).**

The American Marketing Association (offers this managerial definition):

Marketing (management) is 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 goals.

Marketing Management:

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

1.3 DIFFERENCE BETWEEN SELLING AND MARKETING

The old sense of making a sale is telling and selling, but in new sense it is satisfying customer needs. Selling occurs only after a product is produced. By contrast, marketing starts long before a company has a product. Marketing is the homework that managers undertake to assess needs, measure their extent and intensity, and determine whether a profitable opportunity exists. Marketing continues throughout the product's life, trying to find new customers and keep current customers by improving product appeal and performance, learning from product sales results, and managing repeat performance. Thus **selling and advertising are only part of a larger marketing mix**-a set of marketing tools that work together to affect the marketplace.

1.4 SCOPE OF MARKETING

Now a day, marketing offers are not confined into products and services. The scope of marketing is now becoming larger. Marketing people are involved in marketing several types of entities:

Goods*:* Physical goods constitute the bulk of most countries' production and marketing effort. Most of the country produces and markets various types of physical goods, from eggs to steel to hair dryers. In developing nations, goods— particularly food, commodities, clothing, and housing—are the mainstay of the economy.

Services*:* As economies advance, a growing proportion of their activities are focused on the production of services. The U.S. economy today consists of a 70–30 services-to-goods mix. Services include airlines, hotels, and maintenance and repair people, as well as professionals such as accountants, lawyers, engineers, and doctors. Many market offerings consist of a variable mix of goods and services.

Experiences*:* By orchestrate several services and goods, one can create, stage, and market experiences. Walt Disney World's Magic Kingdom is an experience

Event*:* Marketers promote time-based events, such as the Olympics, trade shows, sports events, and artistic performances.

Persons*:* Celebrity marketing has become a major business. Artists, musicians, CEOs, physicians, high profile lawyers and financiers, and other professionals draw help from celebrity marketers.

Place*:* Cities, states, regions, and nations compete to attract tourists, factories, company headquarters, and new residents. Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.

Properties*:* Properties are intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds). Properties are bought and sold, and this occasions a marketing effort by real estate agents (for real estate) and investment companies and banks (for securities).

Organizations*:* Organizations actively work to build a strong, favorable image in the mind of their publics. Philips, the Dutch electronics company, advertises with the tag line, “Let’s Make Things Better.” The Body Shop and Ben & Jerry’s also gain attention by promoting social causes. Universities, museums, and performing arts organizations boost their public images to compete more successfully for audiences and funds.

Information*:* The production, packaging, and distribution of information is one of society’s major industries. Among the marketers of information are schools and universities; publishers of encyclopedias, nonfiction books, and specialized magazines; makers of CDs; and Internet Web sites.

Ideas*:* Every market offering has a basic idea at its core. In essence, products and services are platforms for delivering some idea or benefit to satisfy a core need.

1.5 EVOLUTION OF MARKETING CONCEPTS

The various concepts of marketing adopted over the years are asfollows:

1. The Exchange Concept:

According to this traditional concept of marketing the central idea of marketing is the exchange of a product between the seller and the buyer. This concept holds the view that customer will accept whatever design quality etc. of products offered to them to fulfill their needs.

2. The Production Concept:

According to this concept firms concentrate on finding more efficient ways to produce and distribute products. This concept hold the view that customer will prefer those products that are widely available and are of low price.

3. The Product Concept:

Under this concept there is a shift from marketing of low cost products to marketing of highcosts products. This concept holds the view that consumer will prefer those product that offers best quality and performance.

4. The Selling Concept;

The concept emphasizes on selling efforts such as advertising, salemanship etc. This concept holds the view that consumer will buy products only when they are induced to buy through aggressive selling and promotion effort on the part of the seller.

5. The Marketing Concept:

Under this concept the target customer becomes the focus of all marketing decision. This concept holds the view that the key to organisational success consist identifying and satisfying customers requirement more effectively than competitors. The marketing concept is also referred to as customer oriented concept.

6. The Societal Concept: (April 2011)

a) This concept emerged in 1980's and 1990's. This concept hold the view that the tasks of an organisation is to determine the needs, wants and interest of target markets and deliver the desired satisfaction more efficiently and effectively than competitors.

b) It further emphasizes on to enhance and preserve the consumer and the society well being. The societal concept thus calls upon markets to build social and ethical values into their market practices.

c) The societal marketing stresses the need for an organization to balance three factors while taking marketing decisions.

d) They are as follows :

i) Consumer Satisfaction

ii) Company's Profit

iii) Society's Well-Being

7. Relationship Marketing Concept:

This concept emerged in 1990's. According to this concept relationship marketing in broader sense involves creating. maintaining and enhancing profitable and long term relationship with valued customers, distributors, dealers and suppliers. This concept holds the view that customers, distributors, dealers and suppliers will favour those companies that are concerned with building and maintaining long term relationship.

1.6 FUNCTIONS OF MARKETING

It refers to those specialize activities that you as a marketer must perform in order to achieve your set marketing objectives.

The functions of marketing are;

- Researching
- Buying
- Product development and management
- Production
- Promotion
- Standardization and grading
- Pricing
- Distribution
- Risk bearing
- Financing
- After sales-service

(1) **Research function:** the research function of marketing is that function of marketing that enables you to generate adequate information regarding your particular market of target. You must carry out adequate research to identify the size, behavior, culture, believe, genders etc. of your target market segment, their needs and want, and then develop effective product that can meet and satisfy these market needs and want.

(2) **Buying function:** the function of buying is performed in order to acquire quality materials for production. When you design a good product concept, you should also ensure you're buying the essential materials for the product. This function is carried out by the purchase and supply department, but your specifications of materials goes a long way in assisting the purchasing department to acquire the necessary materials needed for production.

(3) **Product development and management:** product development is an essential function of marketing since it was the duties of the marketing department to identify what the market need or want and then design effective product based on the identified need and want of the market. Product development passes through some basic stages carried out by the marketers to developa targeted market specified product. And you can also manage your product by evaluatingit performance and changing them to fit the current market trend.

(4) **Production function:** production is the function performs by the production department. Though, this is interrelated to the department of marketing, because your product must possess the essential characteristics that can meet the target market needs and want as identified during your market research, such characteristics as in your product Test, Form, Packaging etc.

(5) **Promotion function:** promotion is one of the core functions of marketing since your finish product must not remain in the place of production, hence, you as a marketer must design effective communication strategies to informing the availability of your product to your target market.

You must be able to design effective strategies to communicate your product availability and features to your target market, such strategies as in; advertisement, personal selling, public relation etc.

(6) Standardization and grading: the function of standardization is to establish specified characteristics that your product must conform to, such standard as in having a specify test, ingredient etc. That makes your product brand so unique. Grading comes in when you sort and classify your product into deferent sizes or quantities for different market segment while maintaining your product standard.

(7) Pricing function: you perform the function of pricing on your product offerings by designing effective pricing systems base on your product stage and performance in the product life cycle. Price is the actual value consumers perceive on your product, so you as a marketer should ensure that your value of your product is not too high or too low to that of your costumers.

(8) Distribution function: the function of distribution is to ensure that your product is easily and effectively moved from the point of production to the target market, the kind of transportation system to employ e.g. Road, rail, water or air, and ensures that the product can be easily accessed by customers. You as a Marketer should also design the kind of middlemen to engage in the channel of distribution, their incentives and motivations etc.

(9) Risk bearing function: the process of moving a finished product from the point of production to the point of consumptions is characterized with lots of risks, such risks as in product damaging, pilferage and defaults etc. So you must provide effective packaging system to protect your product, good warehouse for the storage of your product until they are needed, effective transportation system to speedily deliver your product on time.

(10) Financing function: financing deals with the part of marketing to providing incomes for your business. It refers to how you can raise capital to start operation and remain in business. It refers to your modes of payment for the goods and services transferred to your costumers.

(11) After sales-service: In a more complex and technical product, you as a marketer should make provision in order to assist your customers after they have purchased your product. In terms of machines or heavy equipment product that requires installation or maintenance, most marketing organization renders such services like installing the machine or maintaining it for stipulated periods on time for free or by a little service charge.

MARKETING CONCEPTS

The concept of marketing has evolved over time. Whilst in today's business world "the customer
is king". In the past this was not the case, some businesses put factors other than the customer first. This article examines factors that businesses may orientate their marketing around, so that you can recognize when your marketing strategy is orientated around something other than the customer.

Production Orientation

The focus for the business is to reduce costs through mass production. A business orientated around production believes that the "economies of scale" generated by mass production will reduce costs and maximise profits. A production orientated business needs to avoid production efficiency processes which affect product design and quality. Compromising product design and quality for the sake of production is likely to reduce the product's appeal to customers.

Product Orientation

A product orientated company believes that its product's high quality and functional features make it a superior product. Such a company believes that if they have a superior product customers will automatically like it as well. The problem with this approach is that superiority alone does not sell products; superior products will not sell unless they satisfy consumer wants and needs.

Sales Orientation

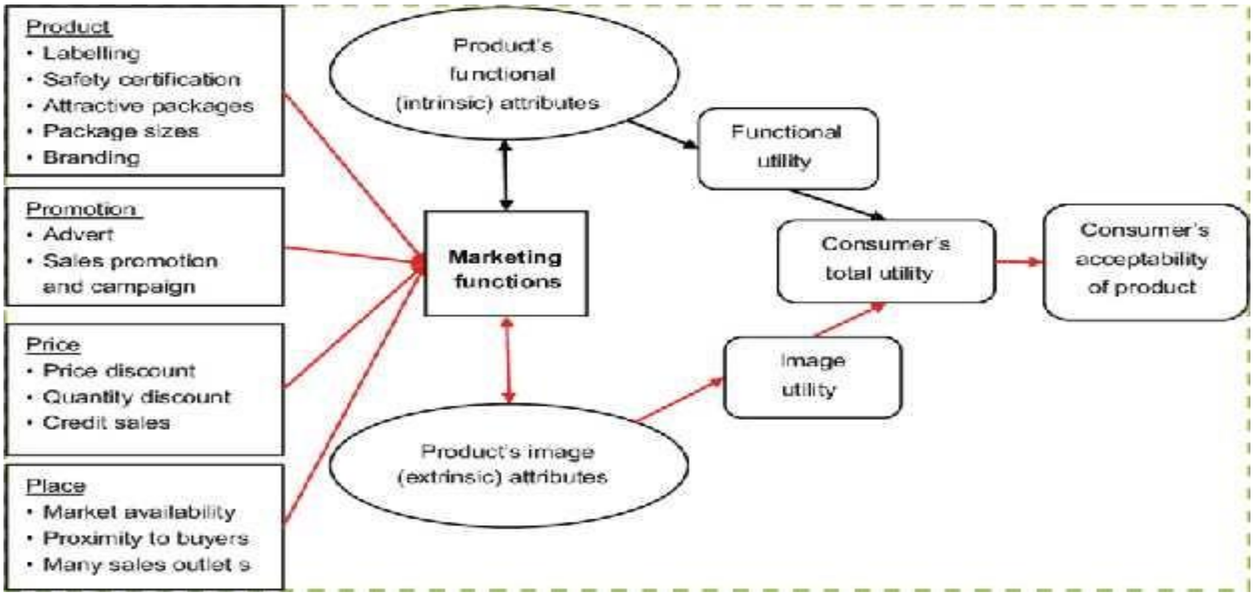
A sales orientated company's focus is simple; make the product, and then sell it to the target market. This type of orientation involves the organisation making what they think the customer needs or likes without relevant research. However as we know sales usually aren't this simple.

An effective marketing strategy requires market and marketing research, prior to product development and finally an effective promotion strategy.

Market Orientation

A market orientated company puts the customer at the "heart" of the business; all activities in the organisation are based around the customer. The customer is truly king!. A market orientated organisation endeavours to understand customer needs and wants, then implements marketing strategy based on their market research; from product development through to product sales. Once sales have begun further research will be conducted to find out what consumers think about the product and whether product improvements are required. As markets continuously change, market research and product development is an ongoing process for a market orientation company.

Conceptual Framework of Marketing



The Reason for Marketing

- Awareness of Product & service
- Profit
- Business Development & Growth
- Face the Competition
- Accept the Global change
- Branding
- Goodwill or reputation
- Better Economy
- Uniqueness and Comparability
- Maintain the standard
- Customer satisfaction

1.7 CLASSIFICATION OF MARKET

Market can be classified on different basis. There are different types of markets on the basis of geographical area, time, business volume, nature of products, consumption, competition, seller's situation, nature of transaction etc. as follows:

1. Classification Of Market On The Basis Of Geographical Area

Market can be classified in local, regional, national and international level on the basis of geographical area:

i. Local Market

The market limited to a certain place of a country is called local market. This type of marketlocates in certain place of city or any area and supplies needs and wants of the local people. Perishable consumer products such as milk, vegetables, fruits, etc are sold and bought in local markets.

ii. Regional Market

The market which is not limited to a certain place but expanded in regional level is called regional market. Mostly, food grains such as wheat, paddy, maize, millet, sugar, oil etc are bought and sold in such regional market.

iii. National Market

If buying and selling of some products is done in the whole nation, this is called national market. The products such as clothes, steel, cement, iron, tea, coffee, soap, cigarette, etc are bought and sold nationwide.

iv. International Or Global Market

Market cannot be limited to any geographical border of any country. If the goods produced in a country are sold in different countries, this is called international market. today, not any country of the world is self-dependent. All the countries are exporting the goods produced in other countries. The market of some goods such as gold, silver, tea, clothes, machines and machinery, medicines etc. has spread the world over.

2. Classification Of Market On The Basis Of time

On the basis of time, market can be divided in very short-term, short-term, long term and very long-term market.

i. Very Short-term Market

The market where shortly perishable goods are sold is called very short-term market. The market of milk, fish, meat, fruits and other perishable goods is called very short-term market. The price of short goods is determined according to the pressure of demand. When the demand for such

goods is high, price rises and when demand declines, the price falls down. If the supply is low and the demand is high, the price rises higher. In such market supply cannot be increased.

ii. Short-term Market

In the short term market, supply of products can be increased using the maximum capacity of installed machines of the firm. The goods cannot be produced according to the demand for adjustment of supply by expanding or changing the existing machines and equipment. In short-

term market, price of the goods is determined on the basis of interaction between demand and supply. But, as the supply cannot meet the demand, demand affects price determination in short- term market.

iii. Long-term Market:

In long-term market, adequate time can be found for supply of products according to demand. New machines and equipment can be installed for additional production to meet demand. As supply can be decreased or increased according to demand situation, price is determined by interaction between demand and supply in long-term market. Market of durable products is ling- term market.

iv. Very Long-term Market Or Secular Market:

In secular market, produces can get adequate time to use new technology in production process and bring new changes in products. They become able to produce and supply goods according to changed needs, interest, fashion etc. of customers. Market research becomes helpful in doing so.

3. Classification Of Market On The Basis Of Volume Of Business:

On the basis of volume of business, type and size, market can be classified in wholesale market andretail market.

i. Wholesale Market:

If a large quantity of products are purchased from producers and sold to different retailers, this is called wholesale market. In wholesale market, the products are not sold directly to ultimate consumers. But, if consumers want to buy in large quantity, they can buy from wholesaler.

ii Retail Market:

The market that sells small quantity of products directly to ultimate consumers is called retail market.

4. Classification Of Market On The Basis Of Nature Of Product

On the basis of nature of product, market can be classified in two types as follows:i. Commodity Market

The market where consumer and industrial commodities like clothes, rice, machines, equipment, tea, soap, fruits, vegetables etc. are bought or sold is called commodity market. In some market only certain special commodities are bought and sold and in some other different consumer commodities are bought and sold.

ii. Financial Market

The market and financial instruments is called financial market. In such market, money, shares, debentures, treasury bills, commercial papers, security exchanges, loan giving or taking etc are dealt. Dealing of short term fund is called money market and dealing of long-term fund is called capital market.

5. Classification Of Market On The Basis Of Consumption

On the basis of consumption of products, market can be divided as follows:

i. Consumer Market:

The market of products, which the people buy for consumption is called consumer market. The customers buy consumer goods, luxury goods etc. for daily consumption or meeting their daily needs from such market.

ii. Industrial Market:

Generally, raw materials, machines and equipment, machine parts are dealt in industrial market. Domestic consumer goods are produced using them.

6. Classification Of Market On The Basis Of Competition:

On the basis of competition, market can be classified into monopoly market, perfect market and imperfect market.

i. Monopoly Market:

If there is full control of producer over market, then such market is called monopoly market. In such market, the producer determines price of his products in his own will. In such market, only one producer or seller controls market. In practice, the producer or seller can supply products or

achieve monopoly on price only in small or limited area, but in wide area it becomes impossible.

ii. Perfect Market :

The market where the number of buyers and sellers is large, homogeneous of products are bought and sold, same price of similar type products is determined from free interaction between demand and supply is called perfect market. Perfect competition takes between consumers and producers or buyers and sellers, but in practice perfect market can be rarely found

.iii. Imperfect Market

The market where there is no perfect competition between buyers and seller is called imperfect market. In this type of market, customers are affected by product discrimination. Post-sale services, packaging, price, nearness of market, credit facility, discount etc make product discrimination. Customers can buy same types of products from different sellers according to their desires and comfort. In practice, mostly products are bought and sold in imperfect market.

7. Classification Of Market On The Basis Of Seller's Position

On the basis of seller's position, market can be divided into primary market, secondary market and terminal market.

i. Primary Market

In primary market, primary goods are bought and sold. Producers sell primary goods such as agricultural products, food grains, livestock, raw materials etc. to wholesalers or commissionagents in such market.

ii. Secondary Market

Primary goods are bought from producers and sold to retailers in secondary market. Generally, wholesalers buy secondary products and sell them to retailers.

iii. Terminal Market

In this type of market, retailers sell products to final consumers.

8. Classification Of Market On The Basis Of Nature Of Transaction

On the basis of nature of transaction, market can be classified into spot market and future market.

i. Spot Market

The market where delivery or handling over of the good is made immediately after sales is called spot market. In such market, price of product is paid immediately at the spot and ownership of the product is transferred to buyer at the same time.

ii. Future Market

In this type of market contract is signed for sale of products in future, but no delivery of product is made. In this market, buyer and seller sign a contract for buying and selling products at certain rate of price or on condition to determine the price in future.

9. Classification Of Market On The Basis Of Control

On the basis of control, law, rules and regulations, market can be classified into regulated market and Non-regulated market.

i. Regulated Market

If trade association, municipality or government controls buying, selling, price of products etc. it is called regulated market. Such market must follow the established rules, regulations and legal process and provisions. Otherwise, the businessmen are fined or punished.

ii. NON-REGULATED MARKET

If a market is freely functioning and is not under control of any government body or any organization, it is called non-regulated market. In such market, price is determined through interaction between demand and supply of products and buying and selling takes place. This market has not to follow any rules, regulations and legal provisions.

Marketing Management tasks

- Developing Marketing Strategies and Plans
- Capturing Marketing Insights
- Connecting with Customers
- Building Strong Brands
- Shaping the Market Offerings
- Delivering Value
- Communicating Value
- Creating Successful Long-Term Growth

1.8 THE MARKETING ENVIRONMENT

Micro environment (Internal)

The company

- Suppliers
- Marketing intermediaries
- Customer markets
- Competitors &
- The public.

Macro environment (External)

- Demographic environment
- Economic environment
- Natural environment
- Technological environment
- Political environment

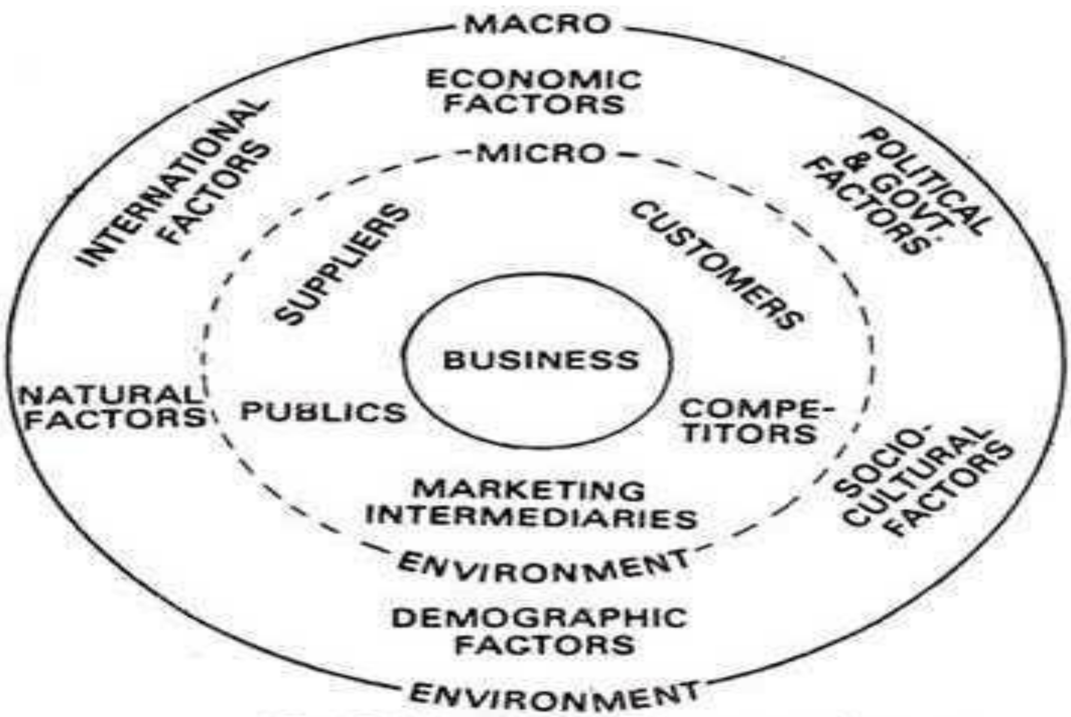


Fig. 37.2 Constituents of business environment

A) Micro Environment: The micro environment consists of the forces close to the company that affects its ability to serve its customers. The Micro Environment consists of some forces. That are,

1. Company: Company is the important element of micro Environment. Company drives their function successfully by many departments. Such as purchase department, finance, research, operation, accounting, management and other department.

2. Supplies: Supplies are important link in the companies. Overall customers value delivery system.They provide the resource needed by the company to produce its goods and services.

3. Marketing Intermediaries: Marketing intermediaries are firms that help the company to promote, sell and distribute its goods to final buyers. There are four types of Marketing Intermediaries, i. Reseller ,ii. Physical Distribution iii. Marketing Service Agencies, iv. Financial Agencies

4. Customer: Customer is the very important element of the Micro Environment. The company needs to study five types of customers market closely. They are: i. Customer Market ii. Business market iii. Reseller Market iv. Government Market v. International Market

5. Competitors: The Marketing concept states that to be successful, a company must provide greater customer value and Satisfaction than its competitors do. Any single company cannot provide best service. So, they must have competitors.

6. Publics: Publics is any groups that have an actual or potential interest in or impact on an organizational ability to achieve its objective. We can identify seven types of publics, i. Financial publics ii. Media publics iii. Government publics iv. Citizen-action publics v. Local publics vi. General publics vii. Internal publics
However, this forces impact on organization directly. So, this forces used appropriately.

B) Macro Environment: Company and all of the other actors operate in surrounded by the Macro Environment. There are many factors which in affected by the Macro Environment. They are given bellow,

1. Demographic Environment: Demography is the study of human Population, in terms of age, size, Density, location, gender, race, Occupation and other statistics. The demographic environment is of major interest to marketers because it involves people and people make up markets.

2. Economic Environment: Economic environment consist of factors that affect purchasing power and spending patterns. It is one of the most important factors. The economic environment affects some issue. Such as, i. Changes in Income ii. Changing consumer spending patterns

3. Natural Environment: Natural environment involves the natural resources that are needed as inputs by marketers are affected by marketing activities. Marketers should be aware of several trends in the natural environment. That are,

i. Shortage of natural Resources ii. Increasing population iii. Increasing govt. intervention in natural resource management

4. Technological Environment: Technological environment is forces that create new technology, product, and market opportunities. This environment is blessing for our market. For this environment, we get TV, automobile, credit card etc. Moreover, this environment also damages our life. Nuclear weapon, assault rifles are the rust of this environment.

5. Political environment: Political environment is consists of laws, govt. agencies, and pressure groups that influence and limit various organization and individuals in a given society. It is very important environment for markets. Markets considered two ways in political Environment.

i. Legislation Regulating Business ii. Emphasis on ethics and social responsibility action

6. Cultural Environment: Cultural environment is an institution and other forces that affect society basic value, perception and behaviors. The following Characteristics can afford making marketing decision. Such as i. Persistence of cultural value

ii. Shifts in secondary cultural value

1.9 MARKETING INTERFACES WITH OTHER FUNCTIONAL AREAS

The marketing function within any organization does not exist in isolation. Therefore it's important to see how marketing connects with and permeates other functions within the organization. In this next section let's consider how marketing interacts with research and development, production/operations/logistics, human resources, IT and customer service. Obviously all functions within your organization should point towards the customer i.e. they are customer oriented fromthe warehouseman that packs the order to the customer service team member who answers any queries you might have. So let's look at these other functions and their relationship with marketing.

Research and development

Research and development is the engine within an organization which generates new ideas, innovations and creative new products and services. For example cell phone/mobile phone manufacturers are in an industry that is ever changing and developing, and in order to survive manufacturers need to continually research and develop new software and hardware to compete ina very busy marketplace. Think about cell phones that were around three or four years ago which are now completely obsolete. The research and development process delivers new products and is continually innovating.

Production/operations/logistics

As with research and development, the operations, production and logistics functions within business need to work in cooperation with the marketing department.

Operations include many other activities such as warehousing, packaging and distribution. To an extent, operations also includes production and manufacturing, as well as logistics. Production is where goods and services are generated and made. For example an aircraft is manufactured in a factory which is in effect how it is produced i.e. production. Logistics is concerned with getting the product from production or warehousing, to retail or the consumer in the most effective and efficient way. Today logistics would include warehousing, trains, planes and lorries as well as technology used for real-time tracking.

Human resources

Human Resource Management (HRM) is the function within your organization which overlooks recruitment and selection, training, and the professional development of employees. Other related functional responsibilities include well-being, employee motivation, health and safety, performance management, and of course the function holds knowledge regarding the legal aspects of human resources.

So when you become a marketing manager you would use the HR department to help you recruit a marketing assistant for example. They would help you with scoping out the job, a person profile, a job description, and advertising the job. HR would help you to score and assess application forms, and will organise the interviews. They may offer to assist at interview and will support you as you make your job offer. You may also use HR to organise an induction for your new employee. Of course there is the other side of the coin, where HR sometimes has to get tough with underperforming employees. These are the operational roles of HR.

IT (websites, intranets and extranets)

If you're reading this lesson right now you are already familiar with IT or Information Technology. To define it you need to consider elements such as computer software, information systems, computer hardware (such as the screen you are looking at), and programming languages. For our part is marketers we are concerned with how technology is used to treat information i.e. how we get information, how we process it, how we store the information, and then how we disseminate it

again by voice, image or graphics. Obviously this is a huge field but for our part we need to recognise the importance of websites, intranets and extranets to the marketer. So here's a quick intro.

A website is an electronic object which is placed onto the Internet. Often websites are used by businesses for a number of reasons such as to provide information to customers. So customers can interact with the product, customers can buy a product, more importantly customers begin to build a long-term relationship with the marketing company. Information Technology underpins and supports the basis of Customer Relationship Management (CRM), a term which is investigated in later lessons.

Customer service provision

Customer service provision is very much integrated into marketing. As with earlier lessons on what is marketing?, the exchange process, customer satisfaction and the marketing concept, customer service takes the needs of the customer as the central driver. So our customer service function revolves around a series of activities which are designed to facilitate the exchange process by making sure that customers are satisfied

Finance department

The marketing department will need to work closely with the finance department to ensure that:

There is an adequate budget to meet the needs for research, promotion and distribution. The finance department has a whole organisation brief to ensure that all the business operates within its financial capabilities. They will want all departments to work within their allocated budgets. Like all departments, marketing may wish to overspend if profitable marketing opportunities emerge over the year. The marketing department is likely to concentrate on sales volume and building market share, while the finance department may be more focused on cash flow, covering costs and paying back investment as quickly as possible.

1.10 MARKETING IN GLOBAL ENVIRONMENT

Whole marketing revolved around building and sustaining profitable relationships with customers. For the purpose of making profitable marketing relationship it is very essential for marketers and marketing students to understand Global Marketing Environment which actually surrounds all these marketing relationships.

The global marketing environment is changing very rapidly on the face of globe and competition among different companies increasing with every successive day. So, all successful companies know the vital importance of constantly watching changing global business environment. New changes are actually opportunities for marketers but marketers should be updated with them only then they can direct and utilize them according to company's marketing strategy in company benefit. This is the era of survival of the fittest if a company will not adopt the modern changes of global marketing environment that company will soon loose sales and move towards decline.

Marketing In Global Environment – Prospects And Challenges

1 Global marketing as —marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives.

Here are three reasons for the shift from domestic to global marketing.

WORLD WIDE COMPETITION

One of the product categories in which global competition has been easy to track in U.S.is automotive sales. The increasing intensity of competition in global markets is a challenge facing companies at all stages of involvement in international markets.

As markets open up, and become more integrated, the pace of change accelerates, technology shrinks distances between markets and reduces the scale advantages of large firms, new sources of competition emerge, and competitive pressures mount at all levels of the organization.

Also, the threat of competition from companies in countries such as India, China, Malaysia, and Brazil is on the rise, as their own domestic markets are opening up to foreign competition, stimulating greater awareness of international market opportunities and of the need to be internationally competitive. Companies which previously focused on protected domestic markets are entering into markets in other countries, creating new sources of competition, often targeted to price-sensitive market segments.

Not only is competition intensifying for all firms regardless of their degree of global market involvement, but the basis for competition is changing. Competition continues to be market-based and ultimately relies on delivering superior value to consumers. However, success in global markets depends on knowledge accumulation and deployment.

EVOLUTION TO GLOBAL MARKETING

Global marketing is not a revolutionary shift, it is an evolutionary process. While the following does not apply to all companies, it does apply to most companies that begin as domestic-only companies.

Domestic marketing

A marketing restricted to the political boundaries of a country, is called "Domestic Marketing". A company marketing only within its national boundaries only has to consider domestic competition.

Even if that competition includes companies from foreign markets, it still only has to focus on the competition that exists in its home market. Products and services are developed for customers in the home market without thought of how the product or service could be used in other markets. All marketing decisions are made at headquarters.

The biggest obstacle these marketers face is being blindsided by emerging global marketers. Because domestic marketers do not generally focus on the changes in the global marketplace, they may not be aware of a potential competitor who is a market leader on three continents until they simultaneously open 20 stores in the Northeastern

U.S. These marketers can be considered ethnocentric as they are most concerned with how they are perceived in their home country. exporting goods to other countries.

International marketing

If the exporting departments are becoming successful but the costs of doing business from headquarters plus time differences, language barriers, and cultural ignorance are hindering the company‗s competitiveness in the foreign market, then offices could be built in the foreigncountries.
Sometimes companies buy firms in the foreign countries to take advantage of relationships, storefronts, factories, and personnel already in place.

These offices still report to headquarters in the home market but most of the marketing mix decisions are made in the individual countries since that staff is the most knowledgeable about the target markets. Local product development is based on the needs of local customers. These marketers are considered polycentric because they acknowledge that each market/country has different needs.

ELEMENTS OF THE GLOBAL MARKETING MIX

The ―Four P‗s‖ of marketing: product, price, placement, and promotion are all affected as a company moves through the five evolutionary phases to become a global company. Ultimately, at the global marketing level, a company trying to speak with one voice is faced with many challenges when creating a worldwide marketing plan. Unless a company holds the same position against its competition in all markets (market leader, low cost, etc.) it is impossible to launch identical marketing plans worldwide.

Product

A global company is one that can create a single product and only have to tweak elements for different markets. For example, Coca-Cola uses two formulas (one with sugar, one with corn syrup) for all markets. The product packaging in every country incorporates the contour bottle design and the dynamic ribbon in some way, shape, or form. However, the bottle or can also includes the country_s native language and is the same size as other beverage bottles or cans in thatsame country.

Price

Price will always vary from market to market. Price is affected by many variables: cost of product development (produced locally or imported), cost of ingredients, cost of delivery (transportation, tariffs, etc.), and much more. Additionally, the product_s position in relation to the competition influences the ultimate profit margin.
Whether this product is considered the high-end, expensive choice, the economical, low-costchoice, or something in-between helps determine the price point.

Place

How the product is distributed is also a country-by-country decision influenced by how the competition is being offered to the target market. Using Coca-Cola as an example again, not all cultures use vending machines. In the United States, beverages are sold by the pallet via warehouse stores. In India, this is not an option. Placement decisions must also consider the product_s position in the market place. For example, a high-end product would not want to be distributed via a
―dollar store‖ in the United States. Conversely, a product promoted as the low-cost option in France would find limited success in a pricey boutique.

Promotion

After product research, development and creation, promotion (specifically advertising) is generallythe largest line item in a global company_s marketing budget. At this stage of a company_s development, integrated marketing is the goal. The global corporation seeks to reduce costs, minimize redundancies in personnel and work, maximize speed of implementation, and to speak with one voice. If the goal of a global company is to send the same message worldwide, then delivering that message in a relevant, engaging, and cost-effective way is the challenge.

Effective global advertising techniques do exist. The key is testing advertising ideas using a marketing research system proven to provide results that can be compared across countries. The ability to identify which elements or moments of an ad are contributing to that success is how economies of scale are maximized. Market research measures such as Flow of Attention, Flow of Emotion and branding moments provide insights into what is working in an ad in any country because the measures are based on visual, not verbal, elements of the ad.

Advantages

1. The advantages of global market we can introduce our product by using advertizing
2. Economies of scale in production and distribution
3. Lower marketing costs
4. Power and scope
5. Consistency in brand image
6. Ability to leverage good ideas quickly and efficiently
7. Uniformity of marketing practices
8. Helps to establish relationships outside of the "political arena"
9. Helps to encourage ancillary industries to be set up to cater for the needs of the global player
10. Benefits of e-Marketing over traditional marketing.

Reach

The nature of the internet means businesses now have a truly global reach. While traditional mediacosts limit this kind of reach to huge multinationals, eMarketing opens up new avenues for smaller businesses, on a much smaller budget, to access potential consumers from all over the world.

Scope

Internet marketing allows the marketer to reach consumers in a wide range of ways and enables them to offer a wide range of products and services. eMarketing includes, among other things, information management, public relations, customer service and sales. With the range of new technologies becoming available all the time, this scope can only grow.

Interactivity

Whereas traditional marketing is largely about getting a brand‗s message out there, e-Marketing facilitates conversations between companies and consumers. With a two way communication channel, companies can feed off of the responses of their consumers, making them more dynamic and adaptive.

Immediacy

Internet marketing is able to, in ways never before imagined, provide an immediate impact. Imagine you're reading your favorite magazine. You see a double-page advert for some new product or service, maybe BMW's latest luxury sedan or Apple's latest iPod offering. With this kind of traditional media, it's not that easy for you, the consumer, to take the step from hearing about a product to actual acquisition.

With e-Marketing, it's easy to make that step as simple as possible, meaning that within a few shortclicks you could have booked a test drive or ordered the iPod. And all of this can happen regardlessof normal office hours. Effectively, Internet marketing makes business hours 24 hours per day, 7 days per week for every week of the year. By closing the gap between providing information and eliciting a consumer reaction, the consumer's buying cycle is speeded up and advertising spend can go much further in creating immediate leads. Demographics and targeting

Generally speaking, the demographics of the Internet are a marketers dream. Internet users, considered as a group, have greater buying power and could perhaps be considered as a population group skewed towards the middle-classes. Buying power is not all though. The nature of the Internet is such that its users will tend to organize themselves into far more focused groupings. Savvy marketers who know where to look can quite easily find access to the niche markets they wish to target. Marketing messages are most effective when they are presented directly to the audience most likely to be interested. The Internet creates the perfect environment for niche marketing to targeted groups.

LET'S SUM -UP

Dear Learners , In this Module We learn about Introduction to Marketing management, Meaning, Definition, Difference between selling and marketing, Evolution of marketing concepts, functions, classification of market, marketing environment, marketing interface with other functional areas, Marketing in global environment. .

Self – Assessment Questions

1. Which of the following is NOT an element of marketing mix?

a. Distribution

b. Product

c. Target market

d. Pricing.

2. Political campaigns are generally examples of

a. Cause marketing

b. Organization marketing

c. Event marketing

d. Person marketing

3. These objectives are often the most suitable when firms operates in a market dominated by a major competitor and where their financial resources are limited.

a. Niche

b. Hold

c. Harvest

d. Divest.

4. The marketing refers to:

a. New product concepts and improvements

b. advertising and promotion activities

c. a philosophy that stresses customer value and satisfaction

d. Planning sales campaigns.

5. When looking at customer income, marketers are most interested in

a. discretionary income

b. Deferred income

c. Inflationary income

d. disposable income

MODULE - 1 COMPLETED

Module 2 – DIGITAL MARKETING

2.1 INTRODUCTION TO DIGITAL MARKETING

Digital marketing is the use of digital technologies and platforms to promote products and services, as well as to connect with potential customers. It is an incredibly versatile and powerful tool that can be used in various ways to reach people worldwide. Digital marketing utilizes multiple digital technologies to deliver promotional messages, such as mobile phones, computers, and other digital media and platforms. It can be used for B2B (Business to Business) and B2C (Business to Consumer) marketing, depending on the goal and objectives of the campaign. Digital marketing offers unique advantages such as greater reach, improved targeting, personalized messaging, and better ROI (Return on Investment). It also allows businesses to stay up-to-date with marketing trends and technologies. With the right strategies and tactics, companies can leverage digital marketing to increase their visibility and reach a larger audience.

Some Facts on Digital Marketing

Digital marketing has become a popular way of reaching out to potential customers, as it is efficient, cost-effective and provides more control over the targeting of advertisements. Digital marketing channels such as search engine optimization (SEO), pay-per-click (PPC), social media marketing (SMM) and email marketing are used to create and deliver marketing messages, as well as measure the success of campaigns.

Some key facts on digital marketing include the following:

- Compared to $491.70 billion in 2021, the amount spent on digital advertising in 2022 increased by 16.2%.
- Organic search is the most popular form of digital media, accounting for 34% of all online traffic.
- Companies are expected to invest an average of 9% of their total marketing budget in digital channels.
- Mobile advertising will account for over half of all digital ad spending this year.
- Email campaigns have an average return on investment (ROI) of $44 for every dollar spent.
- Video content is growing faster than any other type of online content, with 87% of marketers using video content in their campaigns.
- Digital marketing campaigns can be tracked, measured, and optimized at any time, allowing marketers to adjust strategies as needed.

2.2 What is Digital Marketing?

Digital marketing is the act of promoting products and services through digital channels, such as social media, SEO, email, and mobile. It is a form of marketing that helps businesses to reach their target audiences, build relationships, and boost sales through digital channels. Digital marketing utilizes a combination of tools such as analytics, social media, content marketing, search engine optimization (SEO), search engine marketing (SEM), email marketing, mobile marketing, and more to create an effective digital presence.

Digital marketing is a powerful way for businesses to reach their target customers and engage with them in meaningful ways. It enables businesses to create personalised messages for their customers, increasing the likelihood of message recall and purchase intent. Additionally, businesses can leverage digital channels to track customer behaviour and identify areas of opportunity. By using digital analytics and other data-driven techniques, marketers can better understand their customers' needs and preferences and tailor their offerings accordingly. Digital marketing also gives businesses access to a larger audience than traditional marketing channels due to its ability to reach people across the globe.

From creating engaging content to delivering targeted ads with precision, digital marketing is an essential tool for driving business growth and success. It offers businesses the opportunity to reach a large audience in efficient ways while providing customers with personalized messages that build long-lasting relationships.

2.3 Importance and Benefits of Digital Marketing

Digital marketing is an important component of any successful business strategy. It allows companies to reach a wider audience and create a personalized connection with customers. It also provides businesses with an opportunity to engage with customers on a more personal level, creating a sense of trust and loyalty. Additionally, digital marketing gives businesses access to real-time analytics, enabling them to make informed decisions and track the success of their campaigns. The benefits of digital marketing include increased brand awareness, improved customer engagement, lower marketing costs, increased customer loyalty, and higher ROI. Furthermore, digital marketing can potentially increase sales and profits, as well as build lasting relationships with customers. By leveraging the power of digital marketing, businesses can effectively reach their target audience and drive growth.

2.4 Types of Digital Marketing

Digital marketing can take many forms:

- Search engine optimization (SEO): This entails increasing a website's presence on search engine results pages. (SERPs).
- Search engine marketing (SEM): To do this, paid advertising must be used in the search engine results pages.
- Content marketing: To attract and keep a clearly defined audience, this entails producing and distributing valuable, pertinent, and consistent information.
- Social media marketing: This entails utilizing social media websites to interact with clients and advertise a company.

- Email marketing: This involves using email to send marketing messages to customers and potential customers.
- Mobile marketing: This involves using mobile apps, SMS, and other mobile channels to reach customers.
- Marketing automation: This involves using software to automate marketing processes such as email campaigns and social media posts.
- Influencer marketing: This involves collaborating with influencers, or people with a large following on social media, to promote a business.
- Video marketing: This involves using video content to promote a business, such as through YouTube or social media.
- Affiliate marketing: This involves using affiliates, or people who promote a business’s products in exchange for a commission, to reach new customers.

Each type of digital marketing has its own advantages and disadvantages, so it’s important to choose the one that’s best for your business.

2.5 How to develop Digital Marketing Strategy?

Developing a digital marketing strategy is a critical part of any successful business. It involves research, planning, and execution to ensure that your digital marketing efforts effectively achieve your desired objectives. A well-planned digital marketing strategy can help you to reach your target audience, increase brand awareness and drive more sales.

When creating a digital marketing strategy, it is important to consider the following steps:

1. Define Your Objectives – The first step in creating an effective digital marketing strategy is to define your objectives. Identify the goals you want to achieve and decide on the metrics you will use to measure success.
2. Identify Your Target Audience – Knowing who you are targeting with your digital marketing efforts is essential. Research your target audience and create buyer personas to understand better who they are and what they need.
3. Choose Your Digital Channels – Different channels offer different benefits and it’s important to understand which ones will be most effective for your digital marketing strategy. Consider social media platforms, search engine optimization (SEO), email campaigns, video content, and other methods of reaching your target audience.
4. Develop Your Content Strategy – Content is an important part of any successful

digital marketing strategy. Develop a content plan that includes different types of content, such as blog posts, videos, infographics, and more.

5. Monitor and Analyze Results – Once you have implemented your digital marketing

B2B versus B2C Digital Marketing

Business to business (B2B) digital marketing is different from business to consumer (B2C) digital marketing. B2B digital marketing focuses on connecting businesses with other businesses while B2C marketing focuses on connecting a business with individual consumers.

B2B digital marketing has a few key differences compared to B2C digital marketing. These differences include the target audience, the value of the product, the sales cycle and the digital marketing channels used.

For B2B digital marketing, the target audience is other businesses, corporate decision-makers and professionals. This means that the content and messaging used in B2B digital marketing must be more tailored and focused on providing value to the target audience.

The product value for B2B is also different from that of B2C. B2B products are more expensive and complex, require more research and consideration before purchase. The sales cycle is also much longer for B2B products than for B2C products.

In terms of digital marketing channels, B2B marketers tend to focus more on professional networks like LinkedIn, trade publications, and industry events. On the other hand, B2C marketers tend to focus more on social media channels like Facebook and Instagram.

Digital Marketing Tools and Channels

Digital marketing covers a wide range of activities, and as such there are a variety of digital marketing tools available to help you to reach your goals. From email and social media marketing to paid search, display advertising, and more, there are a variety of digital channels that can be used to help you reach your target audience. It’s important to understand the different types of digital tools and channels in order to develop an effective digital marketing strategy.

Email marketing is one of the oldest forms of digital marketing, and it involves sending emails to customers with the goal of driving engagement and sales. Email campaigns can be used to nurture leads, acquire customers, and increase brand awareness. Social media is another powerful tool for digital marketers, allowing them to reach their target audiences with engaging content, drive traffic to their websites, and build relationships with their customers. Paid search and display advertising are also effective digital marketing tools for helping businesses to reach their target audiences with relevant messages and offers.

Content marketing is another important part of digital marketing, and it involves creating content that is valuable, entertaining or educational in order to engage customers and build relationships. Content can be created in the form of blogs, videos, infographics, e-books, webinars and more. SEO (search engine optimization) is also key in digital marketing as it helps businesses to appear higher in search engine results pages when potential customers are searching for relevant terms. Finally, online public relations can be an effective tool for.

Role and Skills of a Digital Marketer

Digital marketing requires the use of a wide range of skills and knowledge in order to be successful. A digital marketer should have excellent communication, creative, strategic, analytical, and technical skills. They need to be able to develop compelling content, create campaigns that capture the attention of their target audience, and measure the success of their efforts.

A digital marketer should also be familiar with the various tools and channels available for digital marketing, such as SEO/SEM, email marketing, social media, and other digital platforms. Having an understanding of the fundamentals of coding and web development will also be helpful in creating effective campaigns. They need to stay up-to-date on the latest trends in digital marketing and have the ability to think outside the box when developing strategies. Additionally, it is important to have strong customer service skills in order to ensure customer satisfaction.

2.6 Digital Marketing Challenges

Digital marketing is not without its challenges. As a digital marketer, you need to be aware of the potential pitfalls that can arise in your campaigns and be prepared to address them. Some of the most common digital marketing challenges include:

1. Keeping Up with Technology: Digital marketing is constantly evolving, with new technologies and platforms emerging all the time. It can be difficult to stay up to date on the latest trends and make sure your campaigns are optimized for the best performance.
2. Reaching Your Audience: Knowing who your target audience is and how to reach them can be a challenge in itself. You need to know where your audience is online, what platforms they are using, and how to effectively engage them with your content or message.
3. Measuring ROI: Digital marketing campaigns are often difficult to measure in terms of return on investment (ROI). This can make it difficult to determine which campaigns are working and which ones need to be improved or changed.
4. Managing Multiple Channels: Managing multiple digital marketing channels at once can be a challenge for marketers. It requires a lot of time and effort to make sure all channels are properly managed and updated with fresh content or messages.
5. Adapting Quickly: Digital marketing trends move quickly, so you need to be able to adapt quickly in order to stay ahead of the competition.

Key Performance Indicators (KPI) in Digital Marketing

Key Performance Indicators (KPIs) are metrics that businesses use to measure the success of their digital marketing activities. These indicators help to identify which areas need improvement and how to measure the effectiveness of digital marketing efforts. KPIs can include website traffic, social media engagement, conversion rates, customer satisfaction, ROI, and more. By monitoring KPIs, businesses can better understand how digital marketing is performing and make informed decisions when it comes to improving their digital marketing strategies.

Conclusion

Digital marketing is an ever-evolving and dynamic field of marketing. As technology advances and marketing tools become more sophisticated, the need for digital marketers to stay ahead of the curve is essential. Understanding the importance of digital marketing, its various types and tools, as well as how to develop a successful digital marketing strategy, will help any business or organization reach their goals. Digital marketing is not just about creating content, but also about understanding the customer journey and developing a plan that will be effective in reaching the target audience. In order to be successful, digital marketers must remain agile and stay up to date with the latest trends and changes in the field.

Let's sum -up

Dear Learners , In this Module We learn about Introduction to Digital marketing, meaning, Importance, Types, How to develop digital marketing tools, Challenges of digital marketing.

SELF ASSESSMENT QUESTIONS

1. Which of the following is the correct depiction of digital marketing

a. E-mail marketing b. Social media marketing

c. Web marketing d. all of these above

2. -------------------- doesn't fall under the category of digital marketing

a. TV b. Bill board

c. Radio d. All of the above

3. How many types of pillars do we have in digital marketing?

a. 1 b. 2

c. 3 d.4

4. Which of the following is involved in the digital marketing process?

a. RSA b. Voice Broadcasting

c. Podcasting d. All of the above.

5. Which of the following is not specifically required by the search engine?

a. Poor user experience
b. Keyword stuffing
c. Buying links
d. All of the above

MODULE 2 COMPLETED

MODULE- 3 SOCIAL MEDIA MARKETING

3.1 INTRODCUTION

Social media marketing is a powerful form of digital marketing that utilizes social media platforms to promote products, services, or brands and engage with a target audience. It involves creating and sharing content on social media networks to achieve marketing and branding goals. The primary objective of social media marketing is to build a brand's online presence, increase brand awareness, drive traffic to websites, and ultimately boost sales and customer loyalty.

3.2 Key components of social media marketing include:

1. Content Creation:

Developing high-quality and engaging content such as text, images, videos, and infographics that resonate with the target audience. Tailoring content to suit the characteristics and requirements of each social media platform.

2. Social Media Strategy:

Formulating a comprehensive plan that outlines goals, target audience, content strategy, and the choice of social media platforms. Identifying the key performance indicators (KPIs) to measure the success of the social media marketing efforts.

3. Audience Engagement:

- Actively engaging with the audience by responding to comments, messages, and mentions.

- Encouraging user-generated content and fostering a sense of community around the brand.

4. Paid Advertising:

- Utilizing paid advertising options on social media platforms to reach a larger audience.
- Running targeted ad campaigns based on demographics, interests, and behaviour.

5. Analytics and Monitoring:

- Monitoring and analysing the performance of social media campaigns using analytics tools.
- Adjusting strategies based on data to optimize performance and achieve better results.

6. Influencer Marketing:

- Collaborating with influencers in the industry or niche to leverage their followers and enhance brand credibility.
- Leveraging influencers to create authentic and relatable content that resonates with the target audience.

7. Social Media Platforms:

- Choosing the right social media platforms based on the target audience and the nature of the business.
- Platforms include Facebook, Instagram, Twitter, LinkedIn, Pinterest, Snapchat, TikTok, and others.

8. Consistency and Brand Voice:

- Maintaining a consistent brand voice and visual identity across all social media channels.
- Establishing a strong brand personality to connect with the audience.

9. Adaptation to Trends:

- Staying current with social media trends and adapting strategies to take advantage of new features and technologies.
- Keeping an eye on changes in algorithms and adjusting content accordingly.

Social media marketing has become an integral part of many businesses' overall marketing strategies. Like any marketing approach, it comes with both advantages and disadvantages. Here are some of them:

3.3 Advantages of Social Media Marketing:

1.Increased Brand Awareness:

Social media platforms provide an excellent opportunity to increase brand visibility and recognition among a vast audience.

2. Targeted Advertising:

Social media platforms allow businesses to target specific demographics and interests, ensuring that marketing messages reach the most relevant audience.

3. Engagement and Interaction:

Social media enables direct interaction with the audience through comments, likes, shares, and messages, fostering a sense of community and brand loyalty.

4. Cost-Effective:

Compared to traditional advertising methods, social media marketing can be more cost-effective, especially for small businesses with limited budgets.

5. Real-Time Feedback:

Businesses can receive immediate feedback on their products or services, allowing them to make quick adjustments based on customer preferences and opinions.

6. Global Reach:

Social media provides a platform for businesses to reach a global audience, breaking down geographical barriers and expanding market reach.

7. SEO Benefits:

Social media signals can contribute to search engine optimization (SEO), potentially improving a website's ranking on search engine results pages.

8.Data and Analytics:

Social media platforms offer analytics tools that provide insights into user behavior, helping businesses refine their strategies for better results.

Disadvantages of Social Media Marketing:

1.Time-Consuming:

Managing social media accounts, creating content, and engaging with the audience can be time-consuming, requiring consistent effort.

2. Negative Feedback and Publicity:

Negative comments or criticism can spread quickly on social media, potentially causing damage to a brand's reputation. Handling negative feedback requires careful consideration and response.

3. Dependency on Platform Algorithms:

Changes in social media algorithms can affect the visibility of content. Businesses may need to adapt their strategies to keep up with algorithmic updates.

4. Overwhelming Amount of Data:

The abundance of data generated on social media can be overwhelming, making it challenging to extract meaningful insights and take actionable steps.

5. Security Concerns:

Social media platforms are not immune to security issues. Businesses must be vigilant about protecting their accounts and the personal information of their customers.

6. Saturation and Competition:

With the proliferation of businesses on social media, competition for attention is intense. Standing out and capturing the audience's interest can be challenging.

7. ROI Measurement:

Determining the return on investment (ROI) for social media marketing efforts can be complex, as it may involve tracking various metrics and attributing results to specific activities.

8. Short-Term Focus:

Some social media campaigns may generate quick results, but maintaining long-term success requires consistent effort and a well-thought-out strategy.

Social media marketing involves using various tools to plan, execute, and analyze marketing strategies on social media platforms. Here are some commonly used tools in social media marketing:

3.4 Tools Used in the Social Media Marketing

1. Social Media Management Platforms:

- Hootsuite: Allows you to schedule posts, monitor conversations, and analyze social media performance across multiple platforms.
- Buffer: Helps schedule posts, track the performance of content, and manage social media accounts.
- Sprout Social: Offers features for social media scheduling, monitoring, and analytics.

2. Content Creation Tools:

- Canva:

A graphic design tool for creating visually appealing social media posts, banners, and other graphics.

- Adobe Spark:

Enables the creation of graphics, web pages, and video stories for social media.

3. Social Listening Tools:

- Brandwatch:

Monitors social media mentions and provides insights into brand sentiment and industry trends.

- Hootsuite Insights (formerly UberVu):

Offers social listening capabilities to track brand mentions and sentiment.

4. Analytics Tools:

- Google Analytics:

Tracks website traffic, referral sources, and user behaviour, including social media traffic.

- Facebook Insights:

Provides analytics and performance data for Facebook pages.

- Twitter Analytics:

Offers insights into tweet performance, engagement, and audience demographics.

5. Social Media Advertising Platforms:

- Facebook Ads Manager:

Allows you to create and manage ads on Facebook and Instagram.

- Twitter Ads:

Enables the creation and management of advertising campaigns on Twitter.

- LinkedIn Campaign Manager:

For creating and tracking ads on LinkedIn.

6. URL Shorteners:

- Bitly:

Shortens URLs for easy sharing and provides click-tracking analytics.

7. Social Media Monitoring and Reporting Tools:

- Socialbee:

Provides social media analytics, competitor analysis, and reporting.

- Sprout Social:

Includes reporting features to measure the performance of social media campaigns.

8. Influencer Marketing Platforms:

- AspireIQ:

Connects brands with influencers for marketing collaborations.

- Influence.co:

A platform for discovering and connecting with influencers.

9. Social Media Automation Tools:

- Zapier:

Automates workflows by connecting different apps and services.

- IFTTT (If This Then That):

Automates tasks based on conditional statements.

10. Customer Relationship Management (CRM) Tools:

- HubSpot:

Integrates CRM with social media to manage customer interactions across platforms.

- Salesforce:

Offers CRM solutions with social media integration.

These tools help marketers streamline their efforts, analyze performance, engage with their audience, and optimize their social media strategies. The choice of tools depends on specific business needs, budget constraints, and the social media platforms used.

Social media marketing encompasses various strategies and approaches to promote products, services, or brands on social media platforms. Here are some common types of social media marketing:

3.5 Types of Social Media Marketing

1. Content Marketing:

- Blogging:

Creating and sharing blog posts on social media to drive traffic to your website.

- Infographics:

Sharing visually appealing and informative graphics to convey complex information.

2.Visual Content Marketing:

- Images:

Sharing compelling and high-quality images related to your products or services.

- Videos:

Creating and sharing engaging video content, including tutorials, product demonstrations, and behind-the-scenes footage.

3. Influencer Marketing:

- Partnering with influencers who have a significant following to promote your products or services.

4. Social Media Advertising:

- Running paid advertisements on social media platforms to reach a wider audience.
- Utilizing features like Facebook Ads, Instagram Ads, Twitter Ads, and LinkedIn Ads.

5. Contests and Giveaways:

- Hosting contests or giveaways to encourage user participation and increase brand awareness.

6. Social Media Listening:

- Monitoring social media platforms for mentions of your brand or industry and engaging with your audience.

7. Community Engagement:

- Building and nurturing a community around your brand by actively engaging with your audience through comments, messages, and discussions.

8. User-Generated Content (UGC):

- Encouraging your audience to create and share content related to your brand, products, or services.

9. Live Streaming:

- Broadcasting live video content on platforms like Facebook Live, Instagram Live, or YouTube to connect with your audience in real-time.

10. Employee Advocacy:

- Encouraging employees to share company-related content on their personal social media accounts to amplify reach and credibility.

11. Chatbots and Messaging Apps:

- Using chatbots on platforms like Facebook Messenger to automate customer interactions and provide instant support.

12. Social Media Analytics

- Analysing data and metrics to track the performance of your social media efforts and adjust your strategy accordingly.

13. Social Media Influencers:

- Collaborating with individuals who have a significant following on social media to promote your brand.

14. Customer Reviews and Testimonials:

- Encouraging customers to leave reviews and testimonials on social media platforms, which can enhance your brand's credibility.

15. social media SEO:

- Optimizing social media profiles and content for search engines to improve visibility and discoverability.

The effectiveness of each type of social media marketing can vary depending on factors such as the target audience, industry, and the specific goals of the marketing campaign. It's often beneficial to use a combination of these strategies for a well-rounded social media marketing approach.

5 pillars of social media marketing

When developing marketing programs, one key area that marketers care about is how to deliver their messaging. Social media helps spread those messages to the right people at the right time, through both free and paid means. Social media also enables brands to learn more about their audience's personal, geographic and demographic information. This enables organizations to customize their messaging and content for the best engagement.

1. Social strategy

With any marketing campaign or activity, an appropriate strategy should be laid out in advance. Organizations need to determine the goals of the program, the channels that will be used and what types of content will be shared. Here are some examples:

- **Determine goals.** Using social media for marketing should align closely with business and other marketing program goals. Some goals that businesses can use to measure success include increasing brand awareness, driving website traffic and leads, and increasing revenue.
- **Select social media platforms.** There are many social platforms available, but it doesn't make sense for businesses to use them all. Organizations need to know their audience and choose the platform(s) that best fit their demographic.

- **Content mix.** Each social platform has a unique flavor for distributing content -- including video, imagery, links and direct messaging. So brands need to identify which content their marketing persona is most likely to engage with.

2. Planning and publishing

After establishing a strategy, it is time to begin publishing. This can be as simple as posting a new blog post, sharing information about an upcoming event or posting a new product video. But being consistent is the key to an effective SMM program. To build an audience, organizations should post frequently to their page. Posting relevant content consistently will keep the audience coming back for more.

Content that organizations post to social media should align with other marketing promotions. Tools such as Hootsuite, HubSpot and Sprout Social enable marketers to schedule their posts at the appropriate time.

3. Listening and engagement

Businesses that create activity on social platforms can see growth in interaction and conversations about the brand and products. Users will comment on and share posts, tag the company in their own posts, and even begin communicating through the instant messaging functionalities. These types of interactions are ideal because there are notifications in place to alert social media managers. This enables them to practice good customer service, which in turns boosts the customer experience.

People on social media may also discuss a brand, product or service without tagging or speaking directly to a company. There are several social media listening tools available to stay plugged into the conversation, such as Brandwatch, NetBase Quid and Sprinklr. Free tools such as Google Alerts can also notify marketers when their company is being mentioned.

4. Analytics and reporting

As more content is published and the audience expands, it is a good idea to continuously measure performance. Questions to ask include the following:

- Which posts are getting the most engagement?
- Where are a brand's followers from?

The success of any marketing program is dependent on its data and analytics outputs. A marketing team can use this information to make more informed decisions on future campaigns and take advantage of what works.

Each social platform has its own analytics data, but there are other tools that can collect data from many channels into one location. This enables marketers to evaluate the overall success and failures of their marketing campaigns.

5. Advertising

Much of social media marketing is free -- with the exception of resource time and specialized tools. Building an audience and publishing content on free social media sites is a great way to achieve marketing goals, but as the program grows, so does the budget.

Paid marketing features can be very valuable to organizations. They can target their advertisements at audiences based on many factors, including demographic information, retargeting and behaviours.

There are tools to help manage social media marketing at volume, but using the native ads functionality to begin is enough to promote posts, capture leads and ensure messages get in front of the right audience.

3.6 How to create a social media marketing strategy

Here are the steps a company needs to take to build an effective social media marketing strategy:

1. Identify social media goals that align to the business goals

Start by setting goals that will act as not only a guide for how to use social media, but also a benchmark of data to measure against. Use a SMART goal format to find out what is realistic to accomplish. Examples of goals include the following:

- increase traffic to website
- drive more leads
- increase revenue
- grow audience

2. Research and define the target audience

It's important to know who the target market is, what they care about and why they need a company's products or services. Social media platforms are rich with data about users, so this exercise can be done without a substantial market research project. Knowing demographic information and who follows the social channel are great starting points.

It's also important to know that different platforms attract different users. Knowing what social channels a company's target audience is on enables them to choose which channels to invest time and resources into.

3. Perform a competitive assessment

Knowing what the competition is doing enables marketing teams to identify what is working well and what is not for the competition. This provides industry insights as well as opportunities to bring a product or message to market.

Social listening tools can also help brands set up different monitoring streams for competitive content and industry keywords.

4. Create and curate relevant content for the channel

Knowing the goals, audience and competitive landscape will help determine the type(s) of content that brands need to create. Engaging content comes in different forms and media. It can be company generated, curated from elsewhere to share industry news or other thought leadership pieces.

Businesses should publish content frequently and consistently to develop an engaged follower base. Brands can post promotions to increase engagement. They can also create posts that show a more relatable and human side to the organization.

5. Be timely with posts and responses

Posting when convenient for a business isn't always convenient for customers. Taking advantage of the best times to post for engagement is information that can be collected from analytics. Then organizations can schedule posts ahead of time using available publishing tools. Timeliness of the content is also important as the news cycle moves fast.

Another element of being timely on social media is response time. If customers engage with a brand on social media, they also expect a quick reply. A brand can build authority and respect with its clientele through these one-to-one relationships.

6. Gain buy-in and support from others in the organization

Marketing departments need to engage other departments and stakeholders within an organization. Marketing can learn a lot from sales to inform future social campaigns, but sales can also benefit from marketing's reach. Sales and marketing alignment is great, but senior stakeholder support is also a necessity.

Supporting other departments' efforts is a common sign of a strong social media program. Every department in a company can benefit from social support, but HR is usually the next best place to partner with. Social media can be a recruitment tool and brand builder for prospective employees.

7. Measure and optimize

The last element of building a successful social media marketing program is to measure what works and what doesn't. Organizations should monitor the following:

- posts that get top engagement;
- followers that continue to buy; and
- ads that yield the highest ROI.

Let’s sum up

Dear learners, in this module we learn about Introduction to social media marketing, Components, Advantages and disadvantages, tools and strategy.

Self-assessment questions

1.What is the primary goal of social marketing?

a. Profit generation b. Behaviour change for social

c. Market expansion d. Product promotion

2. Which of the following is a key element in social market campaign?

a. Maximizing shareholder value b. Focus solely on profits

c. Targeting specific social issue d. Ignoring consumer preference.

3. which social Marketing concept involves making the desired behaviour easy and accessible for the audience.

a. Promotion b. accessibility

c. Exchange d. Ease of adoption.

4. Which ethical principle in social marketing emphasizer transparency and honesty in communication?

a. Privacy b. honesty

c. Autonomy d. Justice.

5. what is the primary focus of a social marketing audit?

a. assessing financial performance b. evaluating social impact and effectiveness

c. Ignoring the need for evaluation d. Measuring profit margins.

Module 3 completed

Module 4 – CURRENT MARKETING CHALLENGES

4.1 RURAL MARKETING

Meaning: Rural marketing is the process of developing, pricing, promoting and distributing rural specific products and services leading to consumer satisfaction and achievement of organizational objectives. It aims to improve standard of living of rural consumers by providing them greater awareness and accessibility to new products and services.

Definition: According to National Commission on Agriculture are – “Rural Marketing is a process which starts with a decision to produce a saleable farm commodity and it involves all the aspects of market structure or system, both functional & institutional, based on technical and economic considerations and includes pre and post-harvest operations, assembling, grading, storage, transportation and distribution”.

Objectives:

- Marketing mix challenges.
- Product concept and classification.
- New product development with adoption process of customers.
- Life cycle of the product and strategies in rural packaging and after sales service.

Importance of Rural Marketing:

To gain more profits, every company has started diversifying its product categories. As India is an agricultural nation and most of the population stays in rural areas, rural marketing has become very important for all. Some of the points on the importance of rural marketing have been discussed below.

- The rural market depicts a vast potential for firms to expand their reach and raise their customer base.
- Rural consumers have unique needs and preferences, and catering to those needs can be a good opportunity for businesses.
- Rural marketing also aids in generating employment opportunities in rural areas, thereby helping rural development.
- The success of rural marketing can lead to the growth of the local economy, as it creates demand for goods and services and, in turn, enables small businesses to thrive.

Evolution of Rural Marketing:

Rural marketing has undergone a lot of changes over the years. In the past, rural marketing focused on marketing agricultural products only; however, with the rise of the rural economy and the rise in disposable income. The focus of rural marketing has shifted from agricultural products to the marketing of non-agricultural products and services. The introduction of new technologies and contact channels has also played a significant role in the evolution of rural marketing and has brought it a long way.

Classification of Rural Marketing:

Product Classification:

In rural marketing, products can be divided into two classes: agricultural and non-agricultural products. Agricultural products include crops, seeds, fertilizers, and agricultural machinery, while non-agricultural products include FMCG products, consumer durables, and services. There is also scope for agri-related products such as vehicles, irrigation tools, etc.,

Market Structure:

The market structure of rural marketing can be classified into two types - primary and secondary markets. The primary market is where the goods are first sold or exchanged. At the same time, the secondary market is the place where the product is resold or redistributed to the final consumer. The rural market is unlike the urban market and needs to be catered to differently.

Marketing Mix:

Marketing mix in rural marketing can be classified into four elements - product, price, promotion, and place. As per the marketing mix, product refers to the type of goods or services being marketed, price refers to the cost of the product, promotion refers to the advertising and sales promotion activities, and place refers to the distribution channels used to reach the target audience.

Rural Marketing Strategies:

If you're marketing in a rural market, it can be tough to figure out what strategies will work for your business. However, there are ways to increase your reach and conversions. Here are a few strategies you might want to employ-

1. Product Strategies:When creating product strategies for rural populations, consider-

- Product Launch

- New Product Design
- Brand Name
- Small Unit Low Price Packaging

2. Pricing Strategies: Businesses should adopt different pricing strategies when promoting their products in rural markets.

- Psychological Pricing
- Create Value for Money
- Pricing on Special Events
- Simple Packing
- Low Price Points
- Schemes for Retailers
- Bundle Pricing

3. Distribution Strategies:

- To optimize your presence in rural markets, there are a variety of distribution strategies that can be tried:
- Target local market
- Open company depots in rural areas
- Use public distribution system
- Use power of retailers in the rural market

- Utilize redistribution stockists and clearing agents
- Use delivery vans, traders, salespeople, and NGOs.

4. Promotion Strategies:

When you're designing strategies for rural consumers, it's important to keep their unique perspective in mind. What might work for a suburban market won't necessarily work for a rural one. Strategies like these can help:

The mass media is a method that has been used in the past to communicate with one's target audience.

- Using personalized content
- Using local media
- Hiring actors, influencers and models to promote your business
- Advertising through painting

5. Additional Strategies:

- Some of the other strategies for utilizing the full potential of the rural market include:
- When you're thinking about marketing for your business, remember: every market is different.
- Rural communities value their traditions and put great importance on their values.
- Hire enthusiastic individuals from your rural background who want to work with more rural populations
- Social Responsibility In business is important. Using innovative models like socially-conscious ones will allow others to get opportunities they may not have had otherwise.
- Utilize the expertise of a rural marketing specialist agency
- Use the power of digital marketing and mobile phones

- Offer your products and services to your friends and family to explore the potential of a rural market.

Opportunities for Rural Marketing:

Rural marketing presents several opportunities for firms, some of which have been discussed below.

- Growth potential: The growth prospect of the rural market is very high as the people there are unaware of the uses of certain goods. If they are educated correctly, the demand will increase greatly.
- Low competition: The contest in the rural market is fairly low as they still need to be tapped. This can be a very good chance for the companies to enter and capture the market.

Four Phases:

- Phase I (before the mid-1960s): Before the mid-1960s, rural marketing focused on agricultural products (such as food grains) and industrial inputs (such as cotton and sugarcane), while excluding heavy and durable products such as tractors, electric motors, and harvesters.

- Phase II (mid 1960s-mid 1990s): During this period, it was influenced by green revolution, which enabled rural areas to have better irrigation facilities, high yielding seeds, soil testing, and application of implements such as power tillers and harvesters.

- Phase III (after the mid-1990s): In the 1980s, the industrial sector of many developing countries like India became increasingly important and its contribution to gross national product increased substantially. After the Indian economic reforms of 1991-1992 competition in rural markets increased significantly.

- Phase IV (around 2015): This phase marks the emergence of the global market. Globalization resulted in factors such as the information revolution, creation of appropriate technology, increasing urbanization promoted by greater focus on cities leading to the development of rural markets.

Advantages of Rural Marketing:

One of the easiest ways to explore rural markets is by visiting them and speaking with their people. There are many key reasons why it's important to travel to these areas and see what they need:

1. Growth of Rural Markets:

As a general rule, the rural population in developing countries are looking for goods similar to those found in urbanized areas. This is due to their increasing incomes and government spending on their quality of life. For example, better agriculture methods have improved people's lives and created a higher purchasing power. This leads people to demand better living standards, paving the way for development.

2. Creation of Job Opportunities in Rural Areas:

The Indian government has developed several programs to encourage employment in rural areas. These include the Training of Rural Youth for Self-employment, The Integrated Rural Development Program (IRDP), and Jawahar Rozgar Yojana.

3. Low Foreign Competition:

Foreign companies who want to introduce their products in other countries will often target the more urban population. As a result, they largely ignore rural communities and create opportunities for other brands to market their products and create brand loyalty.

4. Life Cycle Advantage:

There are several brands in urban markets that have reached maturity and a decline stage, due to saturation. This is because the demand has been well-supplied, with every individual product offered. Whereas rural markets aren't as saturated as they may have untapped potential; this is where opportunity lies.

5. Large Population:

There's a primary appeal to the rural population simply because it encompasses such a large customer base. Marketers can enjoy an exceptionally high revenue, enabling them to experiment and make mistakes at their own pace without risking their company's economic stability. Marketing in these areas is also highly profitable due to the lack of service they currently receive. The need for marketing in rural areas is certainly high.

6. Supports offered by Financial Institutions:

Public sector and cooperative banks offer loans to citizens in rural areas at low-interest rates, increasing their purchasing power. In addition, these financial institutions provide support for businesses that want to invest in the rural market.

Challenges of Rural Marketing:

Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.

1.Low Literacy: There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all- India average of 52%.

2.Seasonal Demand: Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

3.Transportation: Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

4.Distribution: An effective distribution system requires village-level shopkeeper, Mandal/ Taluka- level wholesaler or preferred dealer, distributor or stockiest at district level and company owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.

5.Traditional Life: Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.

6.Media for Promotions: Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. However, reach of formal media is low in rural households; therefore, the market should undertake specific sales promotion activities in rural areas like participating in melas or fairs.

4.2 E- RURAL MARKETING

MEANING:

The selling of products and services by villagers by means of Rural ICT offices.

E rural marketing is also known as electronic rural marketing or digital rural marketing refers to the use of digital technologies and online platform to promote and sell products in rural areas.

It involves leveraging the internet, mobile devices, and digital communication, channels to reach and engage rural consumers effectively.

Importance of e rural marketing:

Digital marketing has become a crucial tool for businesses and organisations of all sorts, but it is especially critical for rural firms. Businesses in these places frequently face particular problems, such as limited access to consumers and limited resources. By reaching clients in new and imaginative ways, digital marketing may assist such organizations in overcoming these problems.

One of the most important advantages of digital marketing in rural areas is the potential to reach a larger audience. Print advertisements and billboards, for example, might be expensive and only reach a small number of people. Businesses can reach customers through a multitude of channels, including social media, email, and search engines, using digital marketing. This enables firms to reach a broader audience and boost their chances of acquiring new consumers.

Another advantage of rural digital marketing is the ability to target specific consumers. Businesses can utilise data and analytics in digital marketing to better understand their consumers and target certain groups with customised communications. This is especially beneficial for enterprises in rural locations with a limited number of customers.

Finally, rural firms can benefit from digital marketing in terms of cost savings. Traditional marketing approaches can be costly and may fail to get the intended outcomes. Digital marketing, on the other hand, maybe inexpensive and readily tracked in order to track the return on investment.

In rural regions, digital marketing is becoming increasingly significant since it helps businesses and organisations to access a larger audience and extend their consumer base. Businesses in remote locations may interact with potential customers who would not have been reached through traditional marketing approaches by employing digital channels such as social media, email marketing, and search engine optimization. Furthermore, digital marketing enables targeted and measurable advertising, which can assist rural businesses in enhancing their marketing efforts and maximising their ROI. Overall, internet marketing is a helpful tool for rural businesses looking to advertise their products and services to a larger audience. With the right digital marketing strategy, rural businesses can grow and thrive in today's digital world.

9 Rural Marketing Strategies:

India's rural marketing is becoming more important as companies see the enormous potential of rural consumer segments. It is now essential for marketers to create effective strategies to get into this market because a substantial portion of the population lives in rural regions. This article will go through nine rural marketing techniques, such as integrating digital marketing and working with a specialised rural advertising company like Egg first Advertising, which could aid firms in rural India.

Understand the rural customer:

A thorough awareness of the requirements, goals, and purchasing habits of the rural customer is crucial for success in rural marketing. Market research, questionnaires, and site visits can offer insightful information about their tastes, cultural quirks, and purchasing power.

Localization and customization:

The many different cultures, languages, and customs in rural India are what set this region apart. To meet the unique demands and tastes of various locations, it is crucial to localise marketing messaging and customise products and services. This strategy fosters trust and connects with rural customers.

Utilize the power:

In spite of what many people think, digital marketing can be quite effective for rural marketing. Rural customers are getting digitally connected as smartphone adoption is rising and internet connection is becoming more accessible. Businesses can efficiently contact and interact with rural clients by utilising digital channels like social media, smartphone applications, and internet platforms.

Enhance accessibility and availability:

Infrastructure and suitable distribution channels are sometimes lacking in rural regions. Businesses have to make sure that their goods or services are easily accessible in rural marketplaces. Accessibility and awareness can be raised by creating a wide distribution network and working with regional merchants and cooperatives.

Make use of local influencer:

In rural India, community and word-of-mouth influence are quite important when making decisions. Finding and collaborating with local influencers, such as reputable village council members, prominent farmers, or renowned community leaders, could significantly boost brand recognition and credibility in rural areas.

focus on education and awareness:

Consumers in rural areas may need information about items and their advantages. Product demos, instructional workshops, and training sessions may all be used to close the information gap and foster confidence among rural consumers.

Affordable prices and financing options:

Consumers in rural areas sometimes have lower incomes. As a result, making goods or services more accessible may be achieved by charging reasonable rates and establishing flexible payment plans. Rural customers can access inexpensive loans by working with regional microfinance organisations or government programmes.

Participate in CSR activities:

Corporate Social Responsibility (CSR) activities have a big influence on rural marketing strategies. Building a positive brand image and fostering customer loyalty may be accomplished through addressing social and environmental issues, promoting regional growth, and helping rural areas through programmes like healthcare camps, skill development programmes, or infrastructure development.

Partner with a rural marketing agency:

Using a specialised rural marketing firm like Egg first Advertising can give companies the knowledge, perceptions, and tools they need to successfully traverse the complexities of rural marketing. These organisations help companies create tailored ads that appeal with rural customers because they have a thorough grasp of rural markets, regional customs, and effective communication tactics.

CLASSIFICATION OF E RURAL MARKETING:

PRODUCT CLASSIFICATION:

- Agro-based products
- Handicrafts and rural artifacts
- Traditional and cultural products

CONSUMER CLASSIFICATION:

- Farmers and agricultural stakeholders
- Rural local businesses and entrepreneurs

CHANNEL CLASSIFICATION:

- Online marketplaces
- Rural e- commerce platforms
- Mobile applications tailored for rural markets

COMMUNICATION CLASSIFICATION:

- Digital advertising
- Social media marketing
- SMS and mobile marketing

GEOGROPHIC CLASSIFICATION:

- Region specific strategies
- Targeting specific rural clusters
- Adapting marketing approaches based on local nuances

TECHNOLOGY CLASSIFICATION:

- Mobile based marketing
- Internet based marketing
- Use of emerging technologies like lot for agriculture

SERVICE CLASSIFICATION :

- Financial services for rural customers
- Information and advisory services for farmer
- Skills development and training services

BENEFITS:

Increased Reach: Because digital marketing is not restricted by physical geography, it helps firms to reach a larger audience in rural areas.
Cost-effective. Since digital marketing is less expensive than traditional marketing approaches, it is more accessible to small enterprises and entrepreneurs in rural regions.

Targeted Advertising: Businesses can target certain demographics and geographic locations with digital marketing, making it more successful in reaching their chosen audience in rural areas.

Measurable Results: Digital marketing provides measurable results, allowing firms to track their progress and make necessary modifications.

Increased Engagement: Digital marketing enables firms to interact with their customers in real time, creating a sense of belonging and loyalty.

Better Exposure: Through search engine optimization (SEO) and social media marketing, companies can boost their visibility and reach a broader audience in rural regions.
E-commerce. Digital marketing allows businesses to offer their products and services online, allowing rural businesses to reach customers outside of their immediate region.

Mobile-friendly: Because digital marketing is mobile-friendly, it is available to people who may not have access to traditional forms of technology.
Brand Building. Digital marketing assists businesses in developing their brand and establishing a strong online presence, which is critical for rural success.

Staying Competitive: Regardless of whether a business is located in an urban or rural region, digital marketing is vital for staying competitive in today's digital world.

Disadvantages:

Disadvantages of e rural marketing include limited internet access in rural areas, low digital literacy, and challenges in building trust for online transactions. Additionally, logical issues may arise, such as unreliable delivery services and difficulties in reaching remote locations. The reliance on electronic devices and connectivity may also pose barriers for potential customers in rural settings.

4.3 INTERNATIONAL MARKETING

International Marketing - Introduction

International marketing is the application of marketing principles by industries in one or more than one country. It is possible for companies to conduct business in almost any country around the world, thanks to the advances in international marketing.

In simple words, international marketing is trading of goods and services among different countries. The procedure of planning and executing the rates, promotion and distribution of products and services is the same worldwide.

International Marketing – Overview

The word 'International Marketing' is defined as the exchange of goods and services across national borders to meet the requirements of the customers. It includes customer analysis in foreign countries and identifying the target market.

The **major participants** in international marketing are as follows −

- **Multinational Corporations** (MNCs) − A multinational corporation (MNC) is an organization that ensures the production of goods and services in one or more countries other than its home country. Such organizations have their offices, help desks or industrial set-up across nations and usually have a centralized head office where they co-ordinate global management.
- **Exporters** − They are the overseas sellers who sell products, and provide services across their home country by following the necessary jurisdiction.
- **Importers** − They are the overseas buyers who buy products and services from exporters by complying with the jurisdiction. An import by one nation is an export from the other nation.
- **Service companies** − A service company generates revenue by trading on services and not on physical commodities. A public accounting company is the best example of a service company. Revenue here is generated by preparing returns of income tax, performing audit services, and by maintaining financial records.

International Marketing - Objectives

International marketing simply means the sale and purchase of products and services in a market that acts as a platform for several other markets. Companies from different countries attempt to draw customers by advertising their products and services on the same platform.

The **major objectives** of international marketing are outlined as follows −

- To enhance free trade at global level and attempt to bring all the countries together for the purpose of trading.
- To increase globalization by integrating the economies of different countries.
- To achieve world peace by building trade relations among different nations.
- To promote social and cultural exchange among the nations.
- To assist developing countries in their economic and industrial growth by inviting them to the international market thus eliminating the gap between the developed and the developing countries.
- To assure sustainable management of resources globally.
- To propel export and import of goods globally and distribute the profit among all participating countries.
- To maintain free and fair trade.

International marketing aims to achieve all the objectives and establish a connection among the nations that participate in global trade. Establishing a business in one's home country has limited restrictions and demands but when it comes to marketing at international level, one has to consider every minute detail and the complexities involved therein. In such instances, the demand grows as the market expands, preferences change and the company has to abide by the rules and regulations of two or more countries.

International Marketing - Characteristics

International marketing can be described as the various activities designed in the planning process. Activities such as fixing pricing structures to suit local needs, formulating promotional offers and assuring that the products and services are available to customers residing in the home country as well as the foreign country. Identifying and satisfying the consumer needs globally are the major functions to be taken care of.

Given below are some points that describe the basic characteristics of international marketing –

Broader market is available: A wide platform is available for marketing and advertising products and services. The market is not limited to some precise local market or for people residing in a particular place, region or country but is free for all. People from different nations sharing different cultures and traditions can actively participate in it.

Involves at least two set of uncontrollable variables: By uncontrollable variables, we mean the geographical factors, political factors prevailing in different countries. At the global level, all the companies have to face uncontrollable variables from different countries. While establishing business globally, a company has to learn to deal with these variables.

Requires broader competence: International market requires more expertise and special management skills and wider competence to deal with various circumstances and handle different situations like changes in the strategies of the government, the mindset of the people and many other such factors.

Competition is intense: Competition is very tough in international market, as the organizations at the global level have to compete with both competitors in their home countries and also in the foreign lands. Competition is high because the clash is between developed & developing countries and both have different standards and are unequal partners.

Involves high risk and challenges: International marketing with its own advantages is also prone to different and tangible risks and challenges. These challenges come in the form of political factors, regional and cultural differences, changing fashion trends, sudden war situation, revision in government rules and regulations and communication barriers

The nature of international marketing is dependent on various factors and conditions and above all, it is dependent on the policies framed by different countries which are active participants in international marketing. International marketing tends to ensure balanced import and export to all countries big or small, rich or poor, developed or developing.

International Marketing - Advantages

The attainment of business exercises monitoring, directing and controlling the channel of a company's products and services to its customers at the global level to earn profit and satisfy the demands internationally is the motto of international marketing.

The main advantages of international marketing are discussed below −

Provides higher standard of living: International marketing ensures high standard life style & wealth to citizens of nations participating in international marketing. Goods that cannot be produced in home country due to certain geographical restrictions prevailing in the country are produced by countries which have abundance of raw material required for the production and also have no restrictions imposed towards production.

Ensures rational & optimum utilization of resources: Logical allocation of resource & ensuring their best use at the international level is one of the major advantages of international marketing. It invites all the nations to export whatever is available as surplus. For example, raw material, crude oil, consumer goods & even machinery & services.

Rapid industrial growth: Demand for new goods is created through international market. This leads to growth in industrial economy. Industrial development of a nation is guided by international marketing. For example, new job opportunities, complete utilization of natural resources, etc.

Benefits of comparative cost: International marketing ensures comparative cost benefits to all the participating countries. These countries avail the benefits of division of labour & specialization at the international level through international marketing.

International cooperation and world peace: Trade relations established through international marketing brings all the nations closer to one another and gives them the chance to sort out their differences through mutual understanding. This also encourages countries to work collaboratively with one another. This thereby designs a cycle wherein developed countries help developing countries in their developmental activities and this removes economic disparities and technological gap between the countries.

International Marketing - Scope

The use of internet, social media, advertisements has propelled the growth of global marketing. Globalization is witnessing a tremendous change and giving way to the scope of international marketing. International marketing has broadened its capacity due to some major factors.

Factors that have influenced the growth of international marketing are as follows −

- **Export** − Trading of goods and services from one country to another by promoting the same on social media, and abiding by the rules and regulation of both the home country and the foreign country with respect to the rules and regulations is known as export. In short, exporting means shipping the products and services from one nation to another.
- **Import** − Buying of products and services from an external source across national borders is known as import.
- **Re-export** − Re-export refers to the export of foreign goods in the same state as previously imported, from the free circulation area, premises for inward processing or industrial free zones, directly to the rest of the world and from premises for customs warehousing or commercial free zones, to the rest of the world.
- **Regulation on marketing activities** − Re-export refers to the export of foreign goods in the same state as previously imported, from the free circulation area, premises for inward processing or industrial free zones, directly to the rest of the world

and from premises for customs warehousing or commercial free zones, to the rest of the world.

- **Formalities and procedures of marketing** − There are a number of laws and policies framed by different countries and these make international marketing more complex, and a times consuming process. The exporters & importers are compelled to abide by all the formalities & procedure related to licensing, foreign exchange, customs duties & goods clearance. These policies, rules and regulations are not static for all participating countries. So, it is important to be well aware of the procedure and formalities and plunge into the vast expanse of international marketing.
- **Trade block and their impact** − Active participation of several nations in marketing activities builds trade block. These blocks involve EU, LAFTA, ASEAN, EFTA & CACM. Measures should be taken to reduce trade blocks as they are harmful to the growth of free world trade.
- **Commercial policies and their impact** − The countries participating in the international marketing design their own commercial policies that suit their requirements. Different policies of different nations invoke the commercial environment of international market.
- **International marketing research** − International market is important, as it deals with marketing on a larger scale and also paves way for productive research. Research requires complete knowledge of the in and out of target market, customers' needs and requirement, buying behaviour, prevailing market competition and many more. Market research at international level provides base for product planning & development, introduction of sales promotion techniques.

International Marketing - Basic Modes of Entry

The mode of entry is the path or the channel set by a company to enter into the international market. Many alternative modes of entry are available for an organization to choose from and expand its business.

Some of the basic modes or paths companies use to enter into the global market are as follows –

- **Internet** - For some companies, internet is a new mode of marketing while for some it is the only source of marketing. With the change in recent trends, a large number of innovative enterprises promote their goods and services on the internet through E-marketing.

- **Licensing** - Licensing is a process of creating and managing a contract between the owner of a brand and a company which wants to use the brand in association with its product. It refers to that permission as well which is given to an organization to trade in a particular territory. Licensing further has different channels namely.

- **Franchising** - It is that form of business where the owner of a firm or the franchiser distributes his products and services through affiliated dealers or the franchisees. Franchising comes with its own benefits. The franchiser here provides brand name, right to use a developed business concept, expertise, and also the equipment and material required for the business.

CONCLUSION:

Marketing is dynamic because customers are dynamic. Few markets stand still, and companies which stand still tend to find their position over time being eroded by new ideas, fresh ways of doing things or simply fashion cycles. By truly trying to understand the customer, the better companies can keep in touch with their markets. However, although technology alters the way in which market research is conducted, the vital role performed by people in assessing the nuances and cultural influences will still be vital, even if the skills have changed. Market research can be costly and expensive, but it does not have to be that for the smaller company. Informal methods of data collection, simply by keeping close to the key players in any channel, can pay dividends for the smaller company. The best market research is ongoing, continuous and open ended.

4.4 INDUSTRIAL MARKETING

Industrial Marketing - Introduction:

Industrial marketing or business-to-business marketing is the marketing of goods and services by one business to another. Industrial goods are those an industry uses to produce an end product from one or more raw material.

Industrial marketing is now known as business-to-business (B2B) marketing. Industrial marketing is the sale of goods and services from one company to another. In its most basic form, industrial marketing is B2B and involves the promotion of goods and services from one firm to another.

Definition: Industrial marketing is defined as a marketing plan that one business utilizes to sell industrial products or services to another business for generating leads and optimizing b2b conversions.

Industrial marketing revolves around industrial manufacturers, suppliers, and buyers, plus its channelization is associated with large orders, and long-term relationships, as the sales process in industrial marketing may take months or even years

It is a much more complex form of marketing due to its specialized industrial products. An industrial product or service helps in the production of the end product from the raw materials. Establishing long-term relationships between the producer and customers is a prerequisite for an industrial marketing program.

Nature & Scope of Industrial Marketing

The nature of industrial marketing is relatively easy to understand, but the process is complex. Selling to customers directly is easy. The business serves a limited number of products to its customers. In B2B marketing, the business sells its products to other sellers who will then sell to end customers.

In B2C marketing, the business needs to know the taste and preferences of a smaller group of people, and with good salesmanship, it can quickly seal the deal. However, if the business engages in B2B marketing, it needs to know a large group of diverse people across various locations.

Its nature incorporates inbound marketing strategies to pull in businesses as potential customers by creating valuable content and experiences tailored to them to boost lead generation and optimize conversions of qualified leads.

Industrial marketing has a broader scope as it deals with customers indirectly. This means it needs to think about both the middlemen and the customers when marketing its products. The focus will constantly be marketing to other brands first. This allows the business to specialize in a specific field.

Characteristics of Industrial Marketing:

As it is clear that the buying processes of industrial marketing are associated with targeting, connecting, and converting other enterprises or businesses, the following are the key features associated with the whole process-

1. Fewer yet Larger Markets: Buyers are way fewer as opposed to consumer buyers, but these buyers buy in bulk.

2. Well-established Relations: The relationship between buyers and sellers is much closer than that of a consumer and the seller. This is because changing sellers costs a lot of time, money, and effort once a relationship is formed.

3. Complex Process: The entire buying and selling process is extremely complex. A lot of approval is needed from various officials.

4. Derived Demand: The demand for industrial goods is derived from the demand for the final product sold to consumers. If the demand for the good consumer increases, so makes the demand for the industrial good and vice-versa.

5. Inelastic Demand: The demand for industrial goods and services is not affected by changes in the price of the product or service. This is the notion of inelastic demand. It is especially applicable in the short run.

3 Stages of Industrial Business Marketing

The stages are explained from both the buyer's and marketers' points of view. Let us have a look at these three stages here and now-

Stage 1: Research

The buyer initiates their search process regarding what they want to buy. The seller must try their best to be discovered as early as possible. The buying process in this industry is more complex and more prolonged. Getting discovered first gives the marketer a more significant influence on the buyer.

Stage 2: Evaluation

The research leads the buyer to develop a list of products and services they can choose from. This helps them make a more informed buying decision. In this stage, the marketer needs to prove to the buyer that their business should be the buyer's choice.

Stage 3: Purchase

The buyer in this stage finally decides what they want to buy. Of course, by now, the marketer should have done their job.

7 Steps of Industrial Marketing Strategy

The following are the steps involved in the implementation of successful industrial marketing strategies to generate new leads and new customers

Step 1: Evaluate Your Current Marketing Strategy

Determine your new strategy by first understanding your previous strategies. Next, you need to look at how well you have or have not met your previously determined goals. Another aspect of analyzing is the work of your competitors. Analyse what they are doing and find ways to do it better than them.

Step 2: Determine Your Target Audience

Your target audience determines almost all your motivation behind your actions and strategies. The target audience may be a fictional concept, but it needs to be thoroughly professionally researched to be a good representation of your ideal customer.

Step 3: Establish Your Metrics and Goals

Data is essential to any marketer. If you are not meeting your required ROI, why continue the same marketing strategies? First, you need to determine your goals. Make sure you set SMART goals (Specific, measurable, achievable, relevant, and time-bound).

Next, analyse your performance and ensure the metrics you analyse meet your goals. Any difference between the goal and the result determines your future marketing strategies. Some of the metrics you may track are website traffic, landing conversion rates, cost per lead, bounce rate, etc.

Step 4: Know your Digital Marketing Efforts for Industrial lead generation

From website design to regularly updated blogs to keyword research, paid advertising, and using google analytics, there are wide ranges of digital marketing endeavors that a business today might use to optimize its industrial marketing campaigns. Some of the key online marketing efforts you might try are

1. Social Media Platforms

Industrial marketing does not have to be boring. Social media marketing can be used in industrial marketing too. Social media is a tool to connect to people worldwide. It is a common tool in marketing to consumers but can be used for industrial marketing too.

2. Blogs

Blogs are popular marketing tools. Since this form of marketing requires a lot of research due to the technical nature of the products, marketers can use blogs to disseminate relevant information.

3.Videos

Successful B2B marketers create and use videos as a powerful marketing tool that provides visual information.

4. Microsites

A microsite is an individual web page, or it can also be a small cluster of web pages. It can have its URL and is a great industrial marketing tool.

5. Email Marketing

Email marketing is an enormously powerful marketing tool that has proven its worth over the last few decades. It acts as a great tool to personalize and disseminate relevant information to buyers.

Step 5: Do Collaboration of Your Industrial Marketing with Sales

Though the aforementioned steps would help you get the leads, your sales team must make efforts and develop relationships to convert those leads. You can manage them in the sales funnel via Customer Relationship Management (CRM) tools.

CRM will enable your sales team to evaluate new prospects by using a scoring system, sending tracked emails, and making calls to the best leads.

Step 6: Budgeting and staffing for your Industrial Marketing Efforts

There are three possible routes any business can opt for when making budgeting and staffing decisions.

1. Continue with your existing staff

You can use your existing staff to develop your marketing strategies. An advantage of this method is that you do not have to splurge on staffing. However, your staff members may not be experts in this field. As a result, they may end up dividing their time and focus across various projects.

2. Hiring an internal marketing employee

Hiring an internal marketing employee saves you time to find the right agency and agent to full fill your marketing needs. A disadvantage, however, is additional salary costs, benefits, payroll taxes, etc.

3. Partnering with an Industrial Marketing Agency

Hiring an outside agency can allow you to exploit the benefits of the agency’s experience and expertise. However, this is not free of cost. You need to invest both your time and money to find the right agency for you. Furthermore, this partnership will be relatively long-term. You need to form a trusting relationship with a third-party company.

Step 7- Measuring Industrial Marketing Success

There are various metrics to track to determine the success of industrial marketing endeavours. You need to set goals for revenue, total new contacts, sales-qualified leads, website traffic, visitor-to-lead conversion, etc.

Industrial Marketing: (Examples)

1. Intuit Infographic- Intuit creates industrial marketing content for adding value to the lives of its audiences. The example shared above suggests the growing trend of work from the home system in the UK and how it has affected the work culture there.

2. Litmus- Litmus being an e-mail testing and analysis platform comes up with unique, creative, and appealing email campaigns. Instead of using static text, they use eye-catching GIFs and eye-catching colours to let readers feel that browsing through a professionally designed website.

3. Hootsuite- Hootsuite utilizes engaging videos for highlighting the personality of its clients in each case study. You can notice this on their YouTube channel.

Conclusion

On the concluding note, it is clear that industrial marketing is a branch of marketing, advertising, communications, and sales that is used for promoting the goods and services of one business to other businesses instead of targeting specific customers.

It generally revolves around large orders and long-term relationships between a manufacturer and client. How effective do you find industrial marketing practices for the b2b businesses? Share your opinion with us in the comment section below.

Let’s sum up

Dear Learners , In this Module We learn about Rural marketing concepts, E-Rural marketing, International marketing and Industrial marketing

Check your progress

1. Which one is not a part of 4Ps?

a. Product
b. People
c. Price
d. Place

2. Who is the father of modern marketing?

a. Philip Kotler
b. Peter f.Drucker
c. Maslow
d. Raymond kroc

3. -------------------- is the key term in AMA’S definition of marketing?

a. Sales
b. Promotion
C. Value
d. Profit

4. Which one of these is an appropriate deflation of want?

a. The desires of consumers
b. Need related to society
c. Basic human needs
d. Needs directed to the product.

5. In the evolution of marketing the production period ended in?

a. Later 1800s
b. After the second World war
c. In the 1920s
d. Early 20^{th} century.

Unit Summary

Marketing encompasses a range of activities aimed at creating, communicating, and delivering value to customers. Key concepts include understanding customer needs, segmentation, targeting, and positioning. With the rise of services, marketing strategies have evolved to highlight intangible offerings. Digital marketing and social media have transformed how brands engage with consumers, creating new avenues for interaction and promotion.

GLOSSARY

- **Production Concept:** Focuses on improving production efficiency and distribution.
- **Product Concept:** Emphasizes product quality and innovation.
- **Sales Concept:** Prioritizes aggressive sales techniques to push products.
- **Marketing Concept:** Centers on meeting the needs and wants of customers while achieving organizational goals.
- **Societal Marketing Concept:** Balances company profits, customer satisfaction, and societal welfare.

Self Assessment Questions

5 Marks :

- Define Marketing according to the American Marketing Association.
- What is the difference between selling and marketing?
- Briefly explain the concept of Digital Marketing.
- What are the four Ps of marketing?
- What are the key challenges faced by marketers in the current environment?

10 Marks :

- Discuss the different marketing management philosophies with examples.
- Explain the role of social media marketing in modern business.
- Describe the importance of rural marketing and how it differs from urban marketing.
- Elaborate on the scope of marketing and the various entities that are marketed.
- Compare and contrast Industrial Marketing with International Marketing.

Answer for check your progress

1 Module

1.c

2.d

3.a

4.c

5.a

2 Module

1. d
2. d
3. c
4. d
5. a

3 Module

1.b

2.c

3.b

4.b

5.b

4 Module

1. b
2. a
3. c
4. a
5. a

UNIT- 2 – STRATEGIC MARKETING

Strategic Marketing– Marketing Management Process – Analysis of Marketing opportunities, Selecting Target Consumers, developing Marketing Mix Analysis of Macro and Micro Environment Marketing Research as an Aid to Marketing, Marketing Research Process – Sales Forecasting – Techniques. Marketing Tactics, The Mix Service and Retail Marketing

OBJECTIVES

- To analyze the strategic Marketing Components
- To assess the service marketing mix and retail marketing.

Module – 1 Strategic Marketing

1.1 Meaning of Strategic marketing

It refers to the process of planning, implementing, and controlling the various elements of a company's marketing efforts in a way that aligns with its overall business strategy. It involves analysing the market, understanding customer needs and preferences, and developing a comprehensive plan to position products or services effectively within the competitive landscape.

1.2 Importance of Strategic Marketing:

Alignment with Business Goals: Strategic marketing ensures that marketing efforts are aligned with the overall business goals and objectives. It helps in driving the company towards its long-term vision.

Customer Focus: By understanding customer needs, preferences, and behaviours, strategic marketing enables companies to tailor their products, services, and messaging to effectively meet customer demands.

Competitive Advantage: Developing a unique selling proposition and positioning strategy helps a company differentiate itself from competitors, creating a competitive advantage in the marketplace.

Resource Optimization: Strategic marketing involves allocating resources efficiently by identifying the most effective channels, tactics, and campaigns. This ensures that the marketing budget is used wisely.

Adaptability to Change: In a dynamic business environment, strategic marketing allows companies to adapt to changes in the market, consumer behaviour, and technology. It helps businesses stay responsive and resilient.

Market Segmentation: By identifying and targeting specific market segments, strategic marketing enables companies to tailor their offerings to different customer groups, maximizing the relevance and appeal of their products or services.

Brand Building: Building a strong brand is a critical aspect of strategic marketing. A well-defined brand strategy helps create brand loyalty, trust, and positive perceptions among customers.

Measurable Results: Strategic marketing involves setting clear objectives and key performance indicators (KPIs) to measure the success of marketing initiatives. This data-driven approach allows for continuous improvement and optimization.

Innovation and Product Development: By staying attuned to market trends and consumer feedback, strategic marketing helps companies identify opportunities for innovation and develop new products or services that meet evolving customer needs.

Long-Term Sustainability: A strategic marketing approach focuses on building sustainable relationships with customers and stakeholders, contributing to the long-term success and sustainability of the business.

1.3 Objectives of Strategic Marketing

The objectives of strategic marketing are designed to guide a company's marketing efforts in a way that aligns with its overall business strategy. These objectives provide a framework for planning, implementing, and evaluating marketing activities. The specific objectives may vary based on the company's industry, competitive landscape, and overall goals, but common objectives include:

Market Positioning : Establish and enhance the company's position in the market by differentiating its products or services from competitors. This involves creating a unique value proposition that resonates with the target audience.

Brand Awareness and Recognition: Increase brand visibility and awareness among the target audience. This can involve creating a strong brand identity, leveraging various marketing channels, and consistently communicating the brand message.

Customer Acquisition: Attract new customers and expand the customer base by identifying and targeting specific market segments. This may involve developing marketing campaigns that appeal to the needs and preferences of potential customers.

Customer Retention: Retain existing customers by delivering exceptional value, providing excellent customer service, and building long-term relationships. Customer retention is often more cost-effective than acquiring new customers.

Market Expansion: Identify and pursue opportunities for growth in new markets or segments. This could involve launching new products or services, entering new geographic regions, or targeting different customer demographics.

Revenue Growth: Increase sales and revenue by maximizing the effectiveness of marketing efforts. This includes optimizing pricing strategies, improving product distribution, and enhancing sales channels.

Product Development and Innovation: Support the development and launch of new products or services. Strategic marketing aims to identify market gaps, understand customer needs, and guide the innovation process to meet evolving demands.

Cost Efficiency: Optimize marketing budgets and resources to ensure cost-effective campaigns. This involves identifying the most efficient marketing channels, monitoring return on investment (ROI), and adjusting strategies accordingly.

Market Research and Analysis: Continuously gather and analyse market data to stay informed about industry trends, customer preferences, and competitive dynamics. This helps in making informed decisions and adapting strategies to changing market conditions.

Sustainable Competitive Advantage: Develop and maintain a sustainable competitive advantage by continuously refining the company's value proposition, staying ahead of market trends, and adapting to changes in the competitive landscape.

Social and Environmental Responsibility: Incorporate social and environmental responsibility into marketing strategies. This can enhance the company's reputation, appeal to socially conscious consumers, and contribute to long-term sustainability.

Measurable Results: Establish key performance indicators (KPIs) and metrics to measure the success of marketing initiatives. This includes tracking sales performance, brand metrics, customer satisfaction, and other relevant data.

1.4 Tools and techniques of Strategic Marketing

Strategic marketing involves the planning, implementation, and control of an organization's marketing efforts to achieve specific goals and objectives. Here are some key tools and techniques commonly used in strategic marketing:

SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis: This tool helps organizations identify internal strengths and weaknesses as well as external opportunities and threats. It provides a foundation for developing marketing strategies based on a thorough understanding of the business environment.

Market Segmentation: Segmentation, Targeting, and Positioning (STP): Dividing the market into distinct segments, selecting the most viable segments, and positioning the product or service to meet the needs of those segments. This allows for more targeted and effective marketing efforts.

Competitor Analysis: Competitive Intelligence: Gathering and analysing information about competitors to understand their strengths, weaknesses, strategies, and market positioning. This information helps in developing competitive advantages.

Marketing Mix (4Ps): Product, Price, Place, and Promotion: These elements comprise the marketing mix. Decisions regarding product features, pricing strategies, distribution channels, and promotional activities are crucial in creating a successful marketing strategy.

Customer Relationship Management (CRM): CRM systems: Managing and analysing customer interactions and data to improve relationships, customer retention, and sales. This involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support.

Digital Marketing: Search Engine Optimization (SEO), Social Media Marketing (SMM), Email Marketing, Content Marketing: Leveraging digital channels to reach and engage with target audiences. Digital marketing allows for precise targeting, real-time analytics, and cost-effective campaigns.

Marketing Analytics: Data analysis tools: Using data to measure the effectiveness of marketing strategies, track key performance indicators (KPIs), and make informed decisions.

This includes tools for web analytics, customer behaviour analysis, and market research.

Brand Management: Brand Building and Positioning: Establishing and maintaining a strong brand identity through consistent messaging, visual elements, and customer experiences. This helps create brand loyalty and recognition.

Innovation: Product and Service Innovation: Constantly seeking ways to enhance existing products or services and develop new offerings to meet changing customer needs and stay ahead of the competition.

Strategic Alliances and Partnerships: Collaborations with other organizations: Forming partnerships to leverage complementary strengths, share resources, and expand market reach.

Marketing Planning: Annual Marketing Plans: Developing comprehensive plans that outline marketing objectives, strategies, tactics, budgets, and timelines.

Feedback Mechanisms: Surveys, Feedback Forms, and Reviews: Collecting feedback from customers to understand their satisfaction levels and areas for improvement. Effective strategic marketing involves the integration of these tools and techniques in a dynamic and responsive manner, adjusting strategies based on changing market conditions and consumer behaviours.

1.5 Conceptual framework of Strategic Marketing

A conceptual framework for strategic marketing provides a structured approach to understanding and implementing marketing strategies within an organization. Here is a basic conceptual framework that encompasses key elements of strategic marketing:

- Vision, Mission, and Values:
- Vision: The long-term goals and aspirations of the organization.
- Mission: The purpose and reason for the organization's existence.
- Values: The guiding principles that shape the organization's culture and behaviour.

ENVIRONMENTAL ANALYSIS:

Internal Analysis: Assessing the organization's strengths and weaknesses.

External Analysis: Examining the opportunities and threats in the external environment using tools like SWOT analysis.

Market Segmentation, Targeting, and Positioning (STP): Identifying and categorizing market segments based on demographics, psychographics, behaviour, or other criteria. Selecting target segments that align with the organization's goals and capabilities. Positioning the product or service to create a distinct and favourable perception in the minds of the target audience.

Competitive Analysis: Understanding the competitive landscape, analysing competitors, and identifying opportunities for differentiation. Developing strategies to gain a competitive advantage.

Marketing Objectives: Clearly defining specific, measurable, achievable, relevant, and time-bound (SMART) marketing objectives aligned with overall business goals.

Marketing Mix (4Ps):

Product: Defining the features, benefits, and attributes of the product or service.

Price: Determining the pricing strategy based on market conditions and positioning.

Place: Selecting distribution channels and ensuring the product is available where and when customers want it.

Promotion: Developing strategies for advertising, sales promotions, public relations, and personal selling.

Implementation and Execution: Translating strategies into actionable plans with clear responsibilities and timelines. Allocating resources effectively to execute the marketing plan.

Monitoring and Control: Establishing metrics and key performance indicators (KPIs) to track progress. Regularly monitoring and evaluating performance against objectives. Making adjustments to the marketing plan based on feedback and changing market conditions.

Customer Relationship Management (CRM):

Building and maintaining strong relationships with customers. Utilizing CRM systems to gather and analyze customer data for improved marketing effectiveness.

Innovation and Adaptation: Encouraging a culture of innovation to stay ahead of market trends. Being flexible and adaptive in response to changes in the business environment.

Evaluation and Learning: Conducting post-campaign evaluations to assess the effectiveness of marketing strategies. Learning from successes and failures to inform future marketing initiatives.

Strategic Alliances and Partnerships: Exploring opportunities for collaboration with other organizations to enhance capabilities and market reach. This conceptual framework provides a holistic view of strategic marketing, guiding organizations through the process of planning, implementing, and evaluating marketing strategies to achieve long-term success. It emphasizes the importance of aligning marketing activities with the overall business strategy and adapting to changes in the external environment.

Let sum up

Strategy management involves setting goals, analyzing the competitive environment, aligning resources, and implementing actions to achieve long-term objectives, while continuously monitoring and adjusting plans to respond to changes and ensure sustained success.

CHECK YOUR PROGRESS

1) What is the first step in traditional marketing?

a. Strategic marketing

b. Financial planning

c. Business planning

d. Operational plan

2) The marketing plan should open with a/an __________.

a. Situational analysis

b. Executive summary

c. Market analysis

d. Financial analysis

3) A marketing plan should not be __________.

a. Simple

b. Clear

c. Complex

d. Both (a) and (b)

4) A marketing plan is the collection of specific __________.

a. Product

b. Service

c. Markets

d. Actions

5) Which of the following is not a forecasting technique?

a. Judgmental

b. Time series

c. Time horizon

d. Associative

1.6 Marketing Management Process

The marketing management process involves planning, implementing, and controlling an organization's marketing activities to achieve specific objectives and meet customer needs. The process is cyclical and iterative, allowing organizations to adapt to changing market conditions. Here are the key stages of the marketing management process:

Analysis of the Market Environment: Situation Analysis: Assess the internal and external factors that impact the organization. This includes conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to understand the current state of the business environment.

Market Research: Consumer and Market Research: Gather information about customer preferences, market trends, and competitive forces. This involves quantitative and qualitative research methods to gain insights into customer behavior and market dynamics.

Setting Marketing Objectives: Establishing Goals: Define clear and measurable marketing objectives that align with the overall business strategy. Objectives should be specific, measurable, achievable, relevant, and time-bound (SMART).

Segmentation, Targeting, and Positioning (STP): Market Segmentation: Divide the market into distinct segments based on common characteristics or needs.

Targeting: Select specific market segments that the organization aims to serve.

Positioning: Develop a unique position in the minds of the target audience, differentiating the product or service from competitors.

Formulating Marketing Strategies:

Marketing Mix (4Ps):

Product: Define the features, benefits, and attributes of the product or service.

Price: Determine the pricing strategy based on market conditions and positioning.

Place: Select distribution channels and ensure the product is available where and when customers want it.

Promotion: Develop strategies for advertising, sales promotions, public relations, and personal selling.

Implementation of Marketing Plans:

Execution: Translate the marketing strategies into actionable plans with clear responsibilities and timelines.

Resource Allocation: Allocate budgets and resources effectively to implement the marketing plan.

Key Performance Indicators (KPIs): Establish metrics and KPIs to track the performance of marketing initiatives.

Feedback Mechanisms: Regularly monitor and evaluate results against objectives, using feedback to make adjustments as needed.

Communication and Collaboration:

- **Internal Communication**: Ensure effective communication and collaboration among different departments within the organization.
- **External Communication**: Communicate with customers, suppliers, and other stakeholders to maintain positive relationships.

LET SUM UP

The marketing management process involves analysing market opportunities, setting marketing objectives, segmenting and targeting the market, positioning the product, developing a marketing mix (product, price, place, promotion), implementing marketing strategies, and continuously monitoring performance to adapt to changing market conditions for achieving business goals.

CHECK YOUR PROGRESS

1) Which form of data can usually be obtained more quickly and at a lower cost than the others?

a. Survey research

b. Syndicated

c. Secondary

d. Primary

2) Which method could marketing research use to obtain information that people are unwilling or unable to provide?

a. Focus group

b. Personal interview

c. Questionnaire

d. Observational research

3) Survey research, although used in many situations, is best suited for gathering __________ information.

a. Attitudinal

b. Preference

c. Exploratory

d. Descriptive

4) In the second step of the marketing research process, research objectives should be translated into specific __________.

a. Financial amounts

b. Marketing tools

c. Time allotments

d. Information needs

5) Secondary data are __________.

a. Collected mostly via surveys

b. Expensive to obtain

c. always necessary to support primary data

d. Not always very usable

1.7 Analysing Marketing opportunities

Analyzing marketing opportunities is a crucial step in the marketing management process. It involves identifying potential areas for growth, innovation, and market expansion. Here's a guide on how to conduct an analysis of marketing opportunities:

1. Market Segmentation

- **Demographic Segmentation**: Analyze customer groups based on demographics (age, gender, income, etc.).
- **Psychographic Segmentation**: Understand consumer lifestyles, values, and attitudes.
- **Behavioral Segmentation**: Examine purchasing behavior, usage patterns, and brand loyalty.

2. Competitor Analysis

- **Identify Competitors**: List and analyze both direct and indirect competitors.
- **SWOT Analysis**: Evaluate competitors' strengths, weaknesses, opportunities, and threats.
- **Benchmarking**: Compare your products, pricing, and strategies against competitors to identify where improvements or innovations can be made.

3. Consumer Behavior Analysis

- **Buying Patterns**: Understand how customers make purchasing decisions.
- **Needs and Preferences**: Identify unmet needs and preferences that can be addressed with new offerings.
- **Perception of Your Brand**: Assess how consumers perceive your brand compared to competitors and whether there are gaps that can be exploited.

4. Market Trends

- **Industry Trends**: Stay informed about broader trends affecting your industry.
- **Consumer Trends**: Analyze shifts in consumer behavior and preferences.
- **Technological Trends**: Explore emerging technologies that could impact your market, such as artificial intelligence, digital marketing platforms, or new product development technologies.

5. SWOT Analysis

- **Strengths**: Evaluate internal strengths that can be leveraged to gain a competitive advantage.
- **Weaknesses**: Identify internal shortcomings that need to be addressed.
- **Opportunities**: Pinpoint external factors and trends that can be exploited for growth.
- **Threats**: Recognize external challenges and potential risks.

6. Market Entry and Expansion

- **New Markets**: Explore opportunities to enter new geographic markets or demographic segments.
- **Product Expansion**: Consider launching new products or services in existing markets.
- **Diversification**: Assess the feasibility of entering unrelated markets to spread risk and capture new opportunities.

7. Emerging Technologies

- **Technology Assessment**: Evaluate how emerging technologies can be integrated into your products or processes.
- **Digital Transformation**: Analyze opportunities in digital marketing, online sales, and service automation.

8. Regulatory Environment

- **Legal and Regulatory Analysis**: Understand current and future regulations that might impact your industry, including trade regulations, taxes, and environmental laws.
- **Compliance**: Ensure your strategies are aligned with all legal requirements.

1.8 Selecting the Target Consumers:

Selecting the target consumers is a critical aspect of the marketing process, and it involves identifying specific groups of people who are most likely to be interested in and purchase your products or services. Here's a step-by-step guide on how to select target consumers:

1. Conduct Market Segmentation:

- **Demographic Segmentation**: Divide the market based on demographic factors such as age, gender, income, education, and occupation.
- **Psychographic Segmentation**: Analyse lifestyles, interests, values, and personality traits of potential customers.
- **Behavioural Segmentation**: Examine buying behaviours, product usage, and brand loyalty.

2. Identify Potential Target Segments:

Evaluate Segments: Assess the attractiveness of each segment based on size, growth potential, and profitability.

Compatibility: Ensure the selected segments align with the organization's goals and capabilities.

3. Evaluate Market Potential:

Market Size: Determine the size of each potential target segment.

Market Growth: Assess the growth potential of each segment over time.

4. Understand Consumer Needs and Preferences:

Customer Research: Conduct surveys, interviews, or focus groups to understand the needs, preferences, and pain points of potential consumers.

Consumer Behavior Analysis: Examine how consumers make purchasing decisions and what influences their choices.

5. Competitive Analysis:

Identify Competitors' Target Markets: Understand who your competitors are targeting.

Differentiation: Look for opportunities to differentiate your products or services in a way that appeals to specific consumer segments.

6. Evaluate Resource Allocation:

Resource Availability: Consider the organization's resources and capabilities in catering to specific target segments.

Costs and Benefits: Evaluate the cost-effectiveness of targeting each segment.

7. Create Buyer Personas:

Develop Detailed Personas: Create fictional characters representing your ideal customers within the target segments.

Include Demographics and Psychographics: Incorporate key demographic and psychographic details to humanize the target audience.

8. Consider Geographic Factors:

Local, Regional, or Global Targeting: Decide whether your products or services are suitable for local, regional, national, or global markets.

Cultural Sensitivity: Consider cultural nuances that may influence consumer preferences.

9. Evaluate Media Consumption Habits:

Media Channels: Understand where your target consumers get information, and tailor marketing efforts to those channels.

Online and Offline Preferences: Consider whether your target audience is more active online or offline.

10. Align with Marketing Objectives:

Objective Relevance: Ensure that the selection of target consumers aligns with the overall marketing objectives of the organization.

SMART Criteria: Confirm that the target audience is specific, measurable, achievable, relevant, and time-bound.

11. Test and Refine:

Pilot Programs: Test marketing strategies on a smaller scale before full implementation.

Feedback and Adjustment: Collect feedback and adjust targeting strategies based on the performance of initial campaigns.

12. Continuous Monitoring:

Market Dynamics: Stay informed about changes in market dynamics, consumer behaviors, and emerging trends.

Adaptation: Be prepared to adjust target consumer selections based on ongoing assessments and feedback.

1.9 Developing the Marketing Mix analysis

The four Ps classifications for developing an effective marketing strategy was first introduced in 1960 by marketing professor and author E. Jerome McCarthy. It was published in the book entitled *Basic Marketing: A Managerial Approach.* Depending on the industry and the target of the marketing plan, marketing managers may take various approaches to each of the four Ps. Each element can be examined independently, but in practice, they often are dependent on one another.

Product

This represents an item or service designed to satisfy customer needs and wants. To effectively market a product or service, it's important to identify what differentiates it from competing products or services. It's also important to determine if other products or services can be marketed in conjunction with it.

Price

The sale price of the product reflects what consumers are willing to pay for it. Marketing professionals need to consider costs related to research and development, manufacturing, marketing, and distribution—otherwise known as cost-based pricing. Pricing based primarily on consumers' perceived quality or value is known as value-based pricing.

Value-based pricing plays a key role in products that are considered to be status symbols.

Placement

When determining areas of distribution, it's important to consider the type of product sold. Basic consumer products, such as paper goods, often are readily available in many stores. Premium consumer products, however, typically are available only in select stores.

Promotion

Joint marketing campaigns are called a promotional mix. Activities might include advertising, sales promotion, personal selling, and public relations. One key consideration is the budget assigned to the marketing mix. Marketing professionals carefully construct a message that often incorporates details from the other three Ps when trying to reach their target audience. Determination of the best mediums to communicate the message and decisions about the frequency of the communication also are important.

Developing the Marketing Mix in Micro environment :

Marketing Mix Analysis in the microenvironment involves assessing and understanding the factors that directly impact a company's marketing activities within its immediate business environment. The microenvironment consists of elements that are close to the organization and have a direct impact on its ability to serve its customers. The traditional marketing mix, also known as the 4Ps, includes Product, Price, Place, and Promotion. Here's how you can analyze each of these elements in the microenvironment:

Product:

Competitors' Products: Analyze the products offered by competitors. Understand their features, quality, branding, and positioning.

Customer Preferences: Study customer preferences, needs, and feedback. Conduct surveys and market research to gather insights into what customers want.

Price:

Competitor Pricing: Examine the pricing strategies of competitors. Compare your prices with theirs and identify opportunities for differentiation.

Economic Conditions: Consider the economic conditions in the microenvironment. Factors like income levels and inflation can influence pricing decisions.

Place (Distribution):

Channel Partners: Assess the performance and reliability of distribution channel partners. Ensure that your products are available where and when customers want them.

Retailers and Distributors: Understand the relationships with retailers and distributors. Ensure that they are aligned with your brand image and values.

Promotion:

Competitor Advertising: Analyze the advertising strategies of competitors. Identify unique selling points and create promotional strategies that highlight your competitive advantages.

Media and Influencers: Understand the media landscape and influential personalities in the microenvironment. Tailor your promotional activities to fit the preferences and habits of your target audience.

People:

Employees: Evaluate the skills, motivation, and customer service orientation of your employees. They play a crucial role in delivering a positive customer experience.

Customer Service: Assess the effectiveness of your customer service. Satisfied customers can become loyal advocates, while dissatisfied customers may switch to competitors.

Process:

Internal Processes: Review and optimize internal processes to enhance efficiency and customer satisfaction. Streamlining processes can positively impact the overall customer experience.

Store/Office Appearance: The physical appearance of your store or office can influence customer perceptions. Ensure that it aligns with your brand image. Industry Partnerships: Explore opportunities for partnerships within your industry. Collaborate with complementary businesses to create synergies. By conducting a thorough analysis of these micro environmental factors, you can develop a more nuanced and effective marketing mix strategy that aligns with the specific conditions of your immediate business environment. Regular monitoring and adaptation are essential to staying responsive to changes in the microenvironment.

Let's sum -up

Dear Learners, In this module we learn about Strategic marketing meaning, Importance, Objectives, Tools and Techniques, conceptual framework, Marketing management process, Analyzing Marketing Opportunities, Selecting the target consumers and developing the marketing mix analysis.

Self – Assessment Questions

1.The traditional view of marketing begins with a first step is called

a. Strategic marketing

b. Financial planning

c. Business planning

d. Operational plan

2.The marketing plan should open with a/an -----------------

a. Situational analysis

b. Executive summary

c. market analysis

d. financial analysis

3. A market plan does not have to be ----------------

a. Simple

b. clear

c. Complex

d. Both (a)and (b)

4. A market plan is the collection of Specific ----

a. Product b. service

c. Markets d. Actions

5. Which of the following is not a forecasting technique?

a. Judgemental b. Time series

c. Time horizon d. Associative

2. Module 1 completed

Module 2 - Marketing Research Process

2.1 INTRODICTION

The marketing research process is a systematic and organized series of steps that businesses and marketers follow to gather, analyze, and interpret information related to their products, services, target audience, and market environment. The goal of marketing research is to make informed and data-driven decisions. Here are the typical

2.2 Steps involved in the marketing research process:

Define the Problem or Objective:

Clearly identify the problem or objective that requires research.Specify what information is needed to address the problem or achieve the objective.

Develop a Research Plan:

Determine the type of research needed (e.g., exploratory, descriptive, causal).

Choose the research method (e.g., surveys, interviews, observations, experiments).

Decide on the sampling method (e.g., random, stratified, convenience sampling).

Develop a data collection instrument (e.g., questionnaire, interview guide).

Create a timeline and budget for the research.

Conduct a Literature Review:

Review existing literature, studies, and relevant information to gain insights and avoid duplication of efforts.

Collect Data:

Implement the research plan by collecting primary and/or secondary data.

Primary data is collected firsthand for the specific research purpose.

Secondary data is obtained from existing sources, such as databases, reports, or publications.

Data Analysis:

Analyse the collected data using appropriate statistical or qualitative methods.

Summarize findings and identify patterns or trends.

Interpret Results:

Draw conclusions based on the analysis.

Relate the findings to the initial problem or objective.

Prepare and Present Findings:

Communicate the research findings through reports, presentations, or other formats.

Include recommendations for action based on the results.

Take Action:

Implement the recommended actions based on the research findings.

Monitor and evaluate the outcomes of the implemented strategies.

Follow-Up:

Assess the success of the marketing strategies implemented.

If necessary, conduct additional research to address new questions or challenges.

Document the Process:

Keep detailed records of the research process, methods, and findings for future reference.

Document lessons learned and insights gained.

By following these steps, organizations can systematically gather and analyze information to make informed decisions, reduce uncertainty, and enhance their marketing strategies. The process is iterative, and businesses may revisit certain steps as needed to adapt to changing market conditions or new information

2.3 Sales forecasting techniques

Sales forecasting is a critical aspect of business planning, helping organizations estimate future sales to make informed decisions regarding production, inventory, staffing, and overall strategy. Various techniques are employed for sales forecasting, and the choice of method often depends on factors such as the industry, the nature of the product or service, historical data availability, and the level of accuracy required. Here are some common sales forecasting techniques:

Time Series Analysis:

Moving Averages: This technique involves calculating the average of a set number of past periods to identify trends. For example, a 3-month moving average would average the sales from the last three months.

Exponential Smoothing: Similar to moving averages but assigns different weights to different time periods, giving more importance to recent data.

Regression Analysis:

Linear Regression: This statistical technique analyzes the relationship between sales and one or more independent variables (such as advertising expenditure or economic indicators) to predict future sales.

Multiple Regression: Extends linear regression by considering multiple independent variables.

Market Research:

Surveys and Questionnaires: Collecting data directly from customers through surveys to understand their purchasing intentions and preferences.

Focus Groups: Gathering a small group of potential customers to discuss their perceptions and preferences related to a product or service.

Historical Sales Data:

Trend Analysis: Examining historical sales data to identify patterns and trends that may continue into the future.

Seasonal Adjustment: Adjusting historical data to account for seasonal variations, helping to create a more accurate forecast.

Qualitative Methods:

Expert Opinion: Consulting industry experts or individuals with deep knowledge of the market to gather insights and predictions.

Delphi Method: Involves obtaining opinions anonymously from a panel of experts in multiple rounds, with the goal of reaching a consensus.

Pipeline Analysis:

Sales Funnel Analysis: Evaluating the stages of the sales process to estimate future sales based on the current status of potential leads.

Conversion Rates: Analyzing historical conversion rates to estimate future sales from existing leads.

Leading Indicators:

Economic Indicators: Monitoring economic indicators, such as GDP, employment rates, and consumer spending, which can provide insights into broader market trends.

Industry Reports: Analyzing reports and studies specific to the industry for indications of potential growth or decline.

Customer Feedback and Surveys:

Customer Feedback: Listening to customer feedback, complaints, and suggestions to gauge their satisfaction and predict future demand.

Predictive Analytics:

Machine Learning Models: Using advanced analytics and machine learning algorithms to analyze vast datasets and make predictions based on patterns and correlations.

Scenario Analysis:

Considering various scenarios and their potential impact on sales, such as changes in pricing, market conditions, or competitive landscape.

It's common for organizations to use a combination of these techniques to create a more robust and accurate sales forecast. The choice of method depends on the available data, the complexity of the market, and the specific needs of the business. Additionally, regular reviews and adjustments to the forecasting methods are crucial to ensure accuracy, especially in dynamic markets.

2.4 MARKETING TACTICS

Marketing tactics are specific actions and activities that businesses use to promote their products or services, attract customers, and achieve their marketing objectives. These tactics are part of the overall marketing strategy and are designed to implement the broader marketing plan. Here are some common marketing tactics:

Advertising:

Online Advertising: This includes display ads, search engine advertising (e.g., Google Ads), and social media advertising.

Print Advertising: Traditional print media such as newspapers and magazines.

Broadcast Advertising: Television and radio commercials.

Outdoor Advertising: Billboards, posters, and transit ads.

Content Marketing:

Blogging: Creating and publishing blog posts to provide valuable information and engage the audience.

Social Media Content: Sharing relevant and engaging content on social media platforms.

E-books and Whitepapers: Offering in-depth content to showcase expertise and attract leads.

Digital Marketing:

Search Engine Optimization (SEO): Optimizing website content to rank higher in search engine results.

Email Marketing: Sending targeted emails to prospects and customers.

Affiliate Marketing: Partnering with affiliates to promote products or services for a commission.

Social Media Campaigns: Running targeted campaigns on platforms like Facebook, Instagram, Twitter, and LinkedIn.

Influencer Marketing: Collaborating with influencers to promote products or services to their followers.

Public Relations (PR):

Press Releases: Distributing news releases to media outlets to generate coverage.

Media Relations: Building relationships with journalists and securing positive media coverage.

Events and Sponsorships:

Trade Shows and Exhibitions: Participating in industry events to showcase products and network.

Sponsorships: Supporting events or organizations to increase brand visibility.

Sales Promotions:

Discounts and Coupons: Offering temporary price reductions to stimulate sales.

Buy One, Get One (BOGO) Offers: Encouraging larger purchases through special promotions.

Direct Marketing:

Direct Mail: Sending physical promotional materials, such as postcards or catalogs, to a targeted audience.

Telemarketing: Using phone calls to directly promote products or services.

Partnerships and Collaborations:

Co-Marketing: Collaborating with other businesses to jointly promote products or services.

Cross-Promotions: Partnering with complementary brands to reach a broader audience.

Customer Relationship Management (CRM):

Loyalty Programs: Offering rewards or discounts to encourage repeat business.

Personalized Marketing: Tailoring marketing messages to individual customer preferences.

Guerrilla Marketing:

Unconventional Tactics: Using creative and unconventional methods to attract attention, often in unexpected places.

Branding:

Brand Ambassadors: Utilizing individuals who embody and promote the brand values.

Brand Events: Hosting events to reinforce brand identity and engage the target audience.

Mobile Marketing:

Mobile Apps: Developing branded mobile applications to enhance customer engagement.

SMS Marketing: Sending targeted promotional messages via text.

Community Engagement:

Cause Marketing: Aligning with social or environmental causes to build a positive brand image.

Community Sponsorship: Supporting local events or initiatives to connect with the community.

The effectiveness of these marketing tactics depends on factors such as the target audience, industry, budget, and overall marketing goals. Successful marketing often involves a mix of these tactics tailored to the specific needs and characteristics of the business and its customers. Regular monitoring, analysis, and adaptation of tactics are essential to ensure ongoing success in the dynamic field of marketing.

Let's Sum Up

Dear Learners, In this module, We learn about Introduction to Marketing research process, steps involved, Sales forecasting techniques and Marketing Tactics.

Self-Assessment questions

1. Secondary data are --------------------

a. Collected mostly via survey

b. Expensive to obtain

c. Always necessary to support primary data

d. Not always very usable.

2. Which form of data below can usually be obtained more quickly and a lower cost than the others

a. Survey research

b. b. Syndicated

c. Secondary

d. Primary

3. which method could Marketing research use to obtain information that people are unwilling or unable to provide?

a. Focus group

b. Personal interview

c. Questionnaire

d. Observational research

4. Survey research through used to obtain many kinds of information in a variety of situations is best suited for gathering ---------------- information.

a. Attitudinal

b. Preference

c. Exploratory

d. Descriptive.

5. In the second step of marketing research process, research objectives should be translated into specific -----

a. Financial amounts

b. Marketing tools

c. Time allotments

d. Information needs.

Module 2 completed

Module – 3 Mix Service and retail marketing

3.1 Introduction to Services

Meaning of Services:

"Services are identifiable, intangibles activities that are the main object of a transaction designed to provide want satisfaction to customers."

Activities to recognize goods and services:

- **Pure products** which have no service factor associated with them. Eg: Soap or salt.
- **Products with which services** are associated. Eg: Computers.
- **A main service** accompanying with monitor services such as train journey with I class , A.C Service.

A pure service. Eg: Play Home.

- Services have grown in importance in the Indian economy.
- In the present context of the manufacturing downward trend, the services industry is showing an upward trend.

3.2 Service marketing mix

1.Service product or package

Kotler has defined give product levels for hotel industry. These levels are,

1. Core benefit(Fundamental benefit: hotel, rest/sleep)
2. Basic product(Functional attributes: room, bed, bath)
3. Expected product(clean room, large towel,
4. Augmented product(Prompt room services)
5. Potential product (all suite hotel)

Service packages consists of three levels,

- The core service (facilitating service, supporting service)
- Augmented service(the service concept, interaction, consumer participation, accessibility service)
- Marketing communication(corporate image, word-of-mouth)

2.Pricing:

- Pricing of any product or service to be acceptable to the customer has to be competitive.
- Many a time the customer links the price of a product or service with the quality.
- It is the perceived quality of the service by the customers that influence pricing to a large extent.
- The pricing for the service offering would handle the following issues;

1. Demand fluctuations
2. Cost implications
3. Quality indication
4. What the market can bear
5. Company should take into account the product life cycle , and competitor strategy to finalize its pricing.

Service characteristics use three dimensions:

1. Service base: whether the service is asset based or personnel-based.
2. Degree of customization of the services : high or low
3. The process by which the customers evaluate servce.

3.Place:

- Since services are intangible, they cannot be normally stored, transported or inventories.

- Inseparability characteristics of the services from the service providers eg; Musician rendering music.
- The dominant channel of configuration of service sector, where the agents and brokers function as intermediaries, I,e., they try to bring the producer of the services and the consumer together.
- Location consideration and personal information sources are the two critical factors in the final purchase decision of many services.
- The service provider has also to take into account the logistics in providing the services for an effective distribution.

3.Promotion:

The objective of promotion with respect to services can be any one of the following;

1. Develop personal relationship with the prospective customer.
2. The service provider should make an honest, sincere and impression of competent service on the prospective customer.
3. Promotion can also make use of indirect selling.
4. Positive packaging and customization of the services offer go a long way in good promotion.
5. Six basic elements should be considered in consumer promotion in service market – Product scope, value, timing, identification of beneficiary, and protection against competition.

5.People:

The objective of internal marketing for a service organization is to develop motivated and consumer – conscious employees. There are two objective levels of internal marketing – strategic objective, tactical objective.

Strategic levels objectives are,

- Management methods,
- Personnel policy
- Internal trading policy
- Planning and control procedures.

Tactical objectives are ,

- The personnel are the first market of the service company.
- The employees must understand why they are expected to perform.
- The employees must accept the services and other activities
- A service must be fully developed and internally accepted before it is launched.
- The internal information channels must work;

6. Physical evidence:

- “A physical object is self defining; a service is not.”
- The physical evidence refers to physical environment, facilities and atmosphere.
- Evidence for a service can be both peripheral and essential.
- The peripheral and essential. The **Peripheral evidence** like exterior of buildings, furniture, layout, colors, interiors, carry bags, cash memos etc.,
- Essential evidence refers to those that cannot be possed.
- The physical environment into three factors;
- **Ambient factors**:
- air quality (temperature, humidity, circulation)
- Quality of scent
- Degree of circulation)
- **Design factors:**
- Aesthetics
- Architecture, material used, shape and style of accessories.
- Functional dimensions of design in terms of layout, comfort

- **Social factors:**
  - Appearance, behavior and number of service personnel.
  - Quality and quantity of other customers

7.Process management:

- Process management issues are availability of services and their consistent quality.
- Issues in process management go from
- **process planning and control** (operation specification to achieve service output in terms of quantity, quality delivery and costs.)
- **operations planning** (detailed specification of each subsystem)
- **facilities design**, (Design, layout, locations, materials handling and maintenance)
- **scheduling, (**Detailing the timing at which service operations should be completed by agreed delivery promises within available resources and with their economic utilization.)
- **inventory planning and control**,(Planning and controlling the inventory of people, and capacity)
- **quality control**, (quality standards are attained in each service system)
- **operational control** (Information flows into and out of service system and ensures that operations are undertaken at specific times as per schedule.)

Forecasting and long-term planning. (anticipating demands and forecasting capabilities that need to be inducted in the system.)

3.3 Introduction to Retail marketing

Retail marketing encompasses all activities that aim to promote and sell products or services directly to consumers in physical or online retail environments. It involves understanding consumer behavior, creating strategies to attract and retain customers, and optimizing the shopping experience to drive sales. Here's an overview of key components of retail marketing:

Market Research: Understanding the target market is crucial for successful retail marketing. This involves analyzing demographics, psychographics, buying behaviors, preferences, and trends to tailor marketing efforts effectively.

Merchandising: Merchandising involves the selection, presentation, and pricing of products to maximize sales and profit. It includes product assortment planning, inventory management, pricing strategies, and visual merchandising techniques to attract and engage customers.

Advertising and Promotion: Retailers use various channels such as print media, television, radio, social media, email marketing, and in-store signage to advertise their products and promotions. Promotional tactics like discounts, sales, coupons, loyalty programs, and special events are also employed to attract customers and drive sales.

Customer Experience: Providing an exceptional customer experience is essential for building brand loyalty and driving repeat business. This includes ensuring a seamless shopping experience across all touchpoints, personalized interactions, efficient customer service, easy payment options, and hassle-free returns.

Store Design and Layout: The layout and design of retail stores significantly impact the shopping experience. Retailers strategically design store layouts to optimize traffic flow, highlight key products, create ambiance, and encourage impulse purchases.

Omni-channel Marketing: With the rise of e-commerce, retailers are increasingly adopting omni-channel marketing strategies to integrate their online and offline channels. This allows customers to have a seamless shopping experience across multiple platforms such as websites, mobile apps, social media, and physical stores.

Data Analytics: Retailers gather and analyze data from various sources such as sales transactions, customer interactions, website traffic, and social media engagement to gain insights into consumer behavior, preferences, and trends. Data analytics help retailers make informed decisions, personalize marketing efforts, and optimize business operations.

Sustainability and Corporate Social Responsibility (CSR): Many retailers are incorporating sustainability and CSR initiatives into their marketing strategies to appeal to environmentally and socially conscious consumers. This includes offering eco-friendly products, reducing carbon footprint, supporting community causes, and transparently communicating their ethical practices.

Competitive Analysis: Monitoring competitors' strategies, pricing, promotions, and customer satisfaction levels is essential for staying competitive in the retail industry. Retailers analyze competitor data to identify opportunities, differentiate their offerings, and adjust their marketing strategies accordingly.

Feedback and Continuous Improvement: Gathering feedback from customers through surveys, reviews, and social media channels allows retailers to understand customer satisfaction levels and identify areas for improvement. Continuous refinement of marketing strategies based on customer feedback and market dynamics is key to staying relevant and successful in the retail industry.

Overall, effective retail marketing requires a deep understanding of consumer behavior, strategic planning, innovation, and a commitment to delivering value to customers. By leveraging various marketing tactics and embracing emerging trends, retailers can create compelling experiences that drive customer loyalty and business growth.

TYPES OF STORES

Stores can be classified into various types based on factors such as their product offerings, target market, business model, and selling methods. Here are some common types of stores:

Department Stores: Large retail establishments that offer a wide range of products across multiple categories, such as clothing, electronics, home goods, and cosmetics. Examples include Macy's, Nordstrom, and Kohl's.

Supermarkets: Grocery stores that sell a variety of food and household items, organized into different sections like produce, dairy, meat, and packaged goods. Examples include Walmart Supercenter, Kroger, and Tesco.

Hypermarkets: Larger versions of supermarkets that also offer non-food items such as clothing, electronics, and household goods. Hypermarkets often feature extensive parking lots and additional amenities like pharmacies and restaurants. Examples include Walmart Supercenter, Carrefour, and Auchan.

Convenience Stores: Small retail stores that offer a limited selection of everyday items like snacks, beverages, toiletries, and basic groceries. Convenience stores typically operate with extended hours and cater to customers looking for quick purchases. Examples include 7-Eleven, Circle K, and Wawa.

Specialty Stores: Retailers that focus on specific product categories or niche markets, offering a curated selection of items within that niche. Examples include Apple Stores (specializing in electronics), Sephora (specializing in beauty products), and GameStop (specializing in video games).

Discount Stores: Retailers that offer products at lower prices by focusing on cost-saving measures such as bulk purchasing, limited product selection, and minimal store décor. Examples include Walmart (with its Walmart Discount Stores), Target (with its Target Greatland stores), and Dollar General.

Outlet Stores: Retail locations that sell discounted merchandise from a specific brand or retailer. Outlet stores often offer products from previous seasons, overstock items, or slightly imperfect goods at reduced prices. Examples include Nike Outlet, Gap Outlet, and Coach Outlet.

E-commerce Stores: Online retailers that sell products and services exclusively through the internet. E-commerce stores may specialize in specific product categories or operate as general merchandise retailers. Examples include Amazon, eBay, and Etsy.

Pop-up Shops: Temporary retail spaces that appear for a short period, often to promote a new product launch, test a new market, or capitalize on seasonal trends. Pop-up shops can be found in vacant storefronts, event spaces, or mobile setups like trucks or kiosks.

Franchise Stores: Retail locations operated by independent business owners under a franchise agreement with a parent company. Franchise stores maintain the branding, products, and operational standards of the franchisor while benefiting from established business models and support. Examples include McDonald's, Subway, and UPS Store.

These are just a few examples of the many types of stores found in the retail landscape, each catering to different consumer needs, preferences, and shopping behaviors.

3.4 RETAIL STRATEGY

Retail strategy refers to a comprehensive plan developed by retailers to achieve their business objectives and effectively compete in the marketplace. It involves making decisions related to product assortment, pricing, promotion, distribution, customer experience, and overall positioning within the retail landscape. A well-defined retail strategy guides retailers in meeting customer needs, maximizing sales, and sustaining competitive advantage. Here are key components of a retail strategy:

Target Market Identification: Retailers define their target market based on factors such as demographics, psychographics, geographic location, and purchasing behavior. Understanding the needs and preferences of their target customers is crucial for tailoring product offerings and marketing efforts effectively.

Product Assortment: Retailers decide which products and brands to offer based on market demand, competitor analysis, and profitability. They develop a balanced product assortment that caters to the needs and preferences of their target market while differentiating themselves from competitors.

Pricing Strategy: Retailers develop pricing strategies to determine the optimal prices for their products or services. Pricing decisions consider factors such as cost of goods, competitor pricing, perceived value, pricing elasticity, and promotional pricing tactics.

Promotional Strategy: Retailers use various promotional tactics to attract customers, drive sales, and increase brand awareness. These tactics may include advertising, sales promotions, discounts, loyalty programs, in-store events, and social media marketing.

Distribution Channel Strategy: Retailers determine the most effective distribution channels to reach their target customers. This may involve selling products through physical stores, e-commerce websites, mobile apps, third-party retailers, or a combination of channels (omnichannel approach).

Store Design and Layout: Retailers design their physical store environments to create a pleasant and convenient shopping experience for customers. Store layout, signage, lighting, merchandising displays, and overall ambiance play a crucial role in influencing consumer behavior and driving sales.

Customer Experience Enhancement: Retailers focus on providing exceptional customer experiences to build brand loyalty and drive repeat business. This includes delivering excellent customer service, offering personalized recommendations, ensuring product availability, and streamlining the checkout process.

Inventory Management: Retailers develop inventory management strategies to optimize stock levels, minimize stockouts and overstock situations, and improve inventory turnover rates. This involves forecasting demand, replenishing stock efficiently, and implementing inventory control measures.

Technology Integration: Retailers leverage technology to enhance various aspects of their operations, including point-of-sale systems, inventory management software, customer relationship management (CRM) systems, e-commerce platforms, and data analytics tools.

Sustainability and Corporate Social Responsibility (CSR): Many retailers incorporate sustainability and CSR initiatives into their strategies to appeal to environmentally and socially conscious consumers. This may involve sourcing eco-friendly products, reducing carbon footprint, supporting ethical supply chains, and engaging in community initiatives.

Competitive Analysis: Retailers continuously monitor competitors' strategies, pricing, product offerings, and customer experiences to identify opportunities and threats in the marketplace. This helps them adjust their retail strategy accordingly to maintain a competitive edge.

By developing and implementing a well-thought-out retail strategy, retailers can effectively navigate the dynamic retail landscape, attract and retain customers, and achieve long-term success in their industry.

RETAIL ENVIRONMENT

The retail environment refers to the physical or digital spaces where retailers interact with customers to sell products or services. It encompasses various elements that collectively influence the shopping experience and consumer behavior. Here are key components of the retail environment:

Physical Store: Traditional brick-and-mortar stores are central to the retail environment. Store design, layout, ambiance, and visual merchandising play crucial roles in attracting customers, encouraging exploration, and driving purchases.

Store Layout: The layout of a retail store determines the flow of traffic and the placement of merchandise. Common layouts include grid, loop, free-flow, and racetrack layouts, each optimized for different types of products and customer experiences.

Visual Merchandising: Visual merchandising involves the presentation of products in an appealing and enticing manner to capture customers' attention and stimulate purchasing decisions. It includes elements such as window displays, mannequins, signage, lighting, and product arrangement.

Aisle Design: Aisles guide customers through the store and influence their navigation and purchasing behavior. Retailers strategically design aisles to optimize traffic flow, highlight featured products, and encourage impulse purchases.

Store Atmosphere: The overall ambiance and atmosphere of a retail store significantly impact the shopping experience. Factors such as music, scent, temperature, and decor contribute to creating a welcoming and engaging environment for customers.

Digital Storefronts: With the rise of e-commerce, digital storefronts have become an integral part of the retail environment. Websites, mobile apps, and online marketplaces provide customers with convenient access to products, personalized recommendations, and seamless shopping experiences.

Customer Service: Exceptional customer service is essential for creating positive interactions and building brand loyalty. Well-trained staff who provide assistance, answer questions, and offer personalized recommendations contribute to a positive retail environment.

Checkout Process: The checkout process should be efficient, convenient, and user-friendly. Retailers implement various technologies such as self-checkout kiosks, mobile payments, and contactless payment options to streamline the checkout experience and reduce wait times.

In-Store Technology: Retailers leverage technology to enhance the retail environment and improve the shopping experience. This includes interactive displays, digital signage, augmented reality (AR) experiences, and in-store navigation systems.

Omnichannel Integration: Retailers strive to create seamless experiences across multiple channels, including physical stores, websites, mobile apps, and social media platforms. Omnichannel integration allows customers to research products online, make purchases in-store, and access customer support across various touchpoints.

Safety and Hygiene: Maintaining a clean, safe, and hygienic environment is essential, particularly in light of public health concerns such as the COVID-19 pandemic. Retailers implement measures such as enhanced cleaning protocols, social distancing measures, and contactless services to ensure the safety of customers and staff.

The retail environment continually evolves as consumer preferences, technology, and market dynamics change. Retailers must adapt and innovate to create engaging, memorable experiences that drive customer satisfaction and loyalty in both physical and digital retail spaces.

3.5 Trends in retail Industry

As of my last update in January 2022, several trends have been shaping the Indian retail industry. These trends reflect shifts in consumer behavior, technological advancements, regulatory changes, and evolving market dynamics. Here are some prominent trends in the Indian retail industry:

E-commerce Growth: India's e-commerce sector has experienced rapid growth driven by increasing internet penetration, smartphone adoption, and digital payment infrastructure. E-commerce platforms like Flipkart, Amazon, and Reliance Retail's JioMart continue to expand their market presence, offering a wide range of products and services to consumers across the country.

Omnichannel Retailing: Retailers are increasingly adopting omnichannel strategies to integrate their online and offline operations, providing customers with a seamless shopping experience across multiple channels. This includes click-and-collect services, omnichannel inventory management, and unified customer engagement platforms.

Rise of Digital Payments: The adoption of digital payment solutions, such as mobile wallets, UPI (Unified Payments Interface), and contactless cards, has surged in India. Retailers are embracing digital payment technologies to offer convenient and secure payment options to customers, driving cashless transactions in stores and online.

Shift Towards Health and Wellness: There is a growing focus on health and wellness products in the Indian retail market, driven by increasing consumer awareness about fitness, nutrition, and preventive healthcare. Retailers are expanding their offerings of organic, natural, and functional foods, as well as wellness products and services.

Rise of Private Labels: Indian retailers are increasingly investing in private label brands to differentiate themselves, offer value-for-money products, and improve profit margins. Private labels enable retailers to control product quality, pricing, and inventory, while also fostering customer loyalty.

Sustainability and Ethical Consumerism: There is a rising demand for sustainable and ethically sourced products among Indian consumers, particularly millennials and Gen Z. Retailers are responding by introducing eco-friendly and socially responsible product lines, reducing packaging waste, and implementing green initiatives throughout their operations.

Hyperlocal Delivery Services: With the proliferation of hyperlocal delivery startups, such as Swiggy, Zomato, Dunzo, and Grofers, Indian consumers have access to on-demand delivery of groceries, food, medicines, and other essentials from local stores. Retailers are partnering with these platforms to expand their reach and offer same-day delivery services.

Tech-enabled Retail Solutions: Retailers are leveraging technology solutions such as AI (Artificial Intelligence), data analytics, IoT (Internet of Things), and RFID (Radio Frequency Identification) to optimize inventory management, personalize marketing campaigns, enhance customer engagement, and improve operational efficiency.

Regulatory Changes: The Indian government has implemented various regulatory reforms, including changes in foreign direct investment (FDI) policies, taxation, and e-commerce regulations, which have influenced the retail landscape. Retailers must stay abreast of regulatory developments and adapt their strategies accordingly.

Rural Retail Expansion: While urban markets remain crucial, retailers are increasingly targeting rural and semi-urban areas for expansion, driven by rising disposable incomes, infrastructure development, and changing consumption patterns in these regions.

These trends underscore the dynamic nature of the Indian retail industry, with opportunities for retailers to innovate, collaborate, and cater to evolving consumer preferences in one of the world's fastest-growing retail markets.

3.6 Retail store location

Choosing the right location for a retail store is critical to its success. The location directly impacts foot traffic, visibility, accessibility, and overall sales potential. Here are some factors to consider when selecting a retail store location:

Demographics: Analyze the demographics of the area, including population size, age distribution, income levels, household size, and lifestyle preferences. Choose a location that aligns with your target market's demographics and purchasing behavior.

Foot Traffic: Assess the amount of foot traffic in potential locations, as higher foot traffic generally translates to more potential customers. Consider areas near popular attractions, transportation hubs, shopping centers, office buildings, and residential neighborhoods.

Visibility and Accessibility: Choose a location with high visibility and easy accessibility to attract customers and drive traffic to your store. Look for storefronts with prominent signage, ample parking, and convenient transportation options such as public transit and nearby highways.

Competitive Landscape: Evaluate the presence of competitors in the area and assess their offerings, pricing, and market share. While some competition can be healthy, avoid opening too close to direct competitors unless you have a unique value proposition or target a different customer segment.

Market Potential: Research the market potential of the area, including local economic trends, consumer spending patterns, and growth projections. Consider factors such as population growth, employment opportunities, and future development plans that could impact the retail landscape.

Rent and Operating Costs: Assess the rental and operating costs associated with potential locations, including lease terms, utilities, maintenance expenses, and property taxes. Choose a location that fits within your budget while offering the best value for the investment.

Zoning and Regulations: Understand local zoning laws, building codes, and regulatory requirements that may impact your retail operations. Ensure compliance with zoning regulations related to retail use, signage, parking, outdoor displays, and operating hours.

Infrastructure and Amenities: Consider the availability of essential infrastructure and amenities in the area, such as reliable utilities, internet connectivity, security services, and nearby amenities like restaurants, banks, and healthcare facilities.

Future Development Plans: Research future development plans and infrastructure projects in the area, as they can influence property values, traffic patterns, and the overall attractiveness of the location. Consider the potential impact of upcoming developments on your store's long-term viability.

Brand Image and Fit: Choose a location that aligns with your brand image, values, and target market preferences. Consider the overall atmosphere, character, and vibe of the neighborhood or commercial district and ensure it resonates with your brand identity.

By carefully evaluating these factors and conducting thorough market research, retailers can identify the optimal location for their stores, maximize visibility and accessibility, and position themselves for success in the competitive retail landscape.

3.7 STORES LAYOUT

Store layout and design play a crucial role in shaping the customer experience, influencing purchasing behavior, and optimizing operational efficiency. A well-designed store layout not only enhances the aesthetic appeal but also facilitates smooth navigation, product discovery, and efficient use of space. Here are key considerations for designing an effective store layout:

Customer Flow: Plan the layout to guide customers through the store in a logical and intuitive manner. Use strategies such as creating a natural traffic flow, minimizing congestion points, and strategically placing high-demand products to encourage exploration and maximize exposure to merchandise.

Store Zones: Divide the store into distinct zones or departments based on product categories, brands, or themes. Clearly delineate each zone with signage, flooring, lighting, or other visual cues to help customers navigate the store and locate specific items easily.

Vertical Space Utilization: Make efficient use of vertical space by incorporating shelving, display fixtures, and storage solutions that maximize display capacity without overcrowding the floor space. Utilize wall-mounted shelves, hanging racks, or display units to showcase merchandise and optimize visual merchandising opportunities.

Merchandise Placement: Strategically place merchandise to attract attention, highlight featured products, and encourage impulse purchases. Use eye-catching displays, focal points, and product vignettes to draw customers' interest and inspire them to explore different product offerings.

Traffic Hotspots: Identify and prioritize high-traffic areas within the store, such as entrance/exit points, aisle intersections, and checkout counters. Allocate prime display space and promotional opportunities in these hotspots to capitalize on customer visibility and engagement.

Checkout Counter Design: Design the checkout area for efficiency, convenience, and customer comfort. Ensure adequate space for queuing, provide clear signage for different checkout lanes, and offer impulse purchase displays or promotional items near the checkout counter to encourage last-minute sales.

Aisles and Pathways: Maintain clear and unobstructed aisles and pathways to facilitate smooth traffic flow and enhance the overall shopping experience. Avoid cluttering aisles with excessive displays or fixtures that impede movement and create bottlenecks.

Lighting and Ambiance: Use lighting strategically to create a welcoming atmosphere, highlight key products, and set the mood within the store. Incorporate a mix of ambient, task, and accent lighting to enhance visibility, showcase merchandise effectively, and create visual interest.

Color and Branding: Choose colors, materials, and decor elements that reflect your brand identity and resonate with your target audience. Use consistent branding elements, such as logos, color schemes, and signage, to reinforce brand recognition and create a cohesive visual identity throughout the store.

Flexibility and Adaptability: Design the store layout with flexibility and adaptability in mind to accommodate changes in merchandise assortments, seasonal displays, and promotional activities. Incorporate modular fixtures, movable displays, and versatile shelving systems that can be easily reconfigured to meet evolving business needs.

By carefully considering these factors and principles, retailers can create a well-designed store layout that enhances the customer experience, drives sales, and reinforces brand image and identity. Regular evaluation and optimization of the store layout based on customer feedback and performance metrics can further improve effectiveness and efficiency over time.

MERCHANDISE MANAGEMENT

Merchandise management is a comprehensive process that involves planning, acquiring, displaying, promoting, and selling merchandise to maximize sales, profitability, and customer satisfaction. Effective merchandise management ensures that retailers offer the right products, in the right quantities, at the right time, and at the right prices to meet customer demand and achieve business objectives. Here are key components of merchandise management:

Merchandise Planning: Develop a strategic merchandise plan based on market analysis, sales trends, historical data, and business goals. Set objectives for sales targets, inventory turnover, gross margin, and assortment breadth to guide merchandise selection and allocation.

Assortment Planning: Determine the assortment mix of products to offer based on customer preferences, market trends, and competitive analysis. Categorize merchandise into product lines, categories, or segments and define the assortment depth (variety within each category) and breadth (range of categories offered).

Vendor Selection and Negotiation: Identify and establish relationships with vendors, suppliers, and manufacturers to source merchandise. Negotiate favorable terms, including pricing, payment terms, delivery schedules, and exclusivity agreements to optimize sourcing and procurement processes.

Inventory Management: Implement inventory management strategies to optimize stock levels, minimize stockouts and overstock situations, and improve inventory turnover rates. Utilize inventory planning techniques such as ABC analysis, just-in-time (JIT) inventory, and demand forecasting to efficiently manage inventory levels and replenishment.

Allocation and Replenishment: Allocate merchandise to stores or distribution centers based on sales forecasts, customer demand patterns, and store-specific factors such as location, size, and demographic profile. Implement replenishment processes to restock inventory levels as needed and maintain optimal product availability.

Pricing Strategy: Develop pricing strategies to determine the optimal prices for merchandise based on factors such as cost of goods, competitor pricing, perceived value, pricing elasticity, and promotional pricing tactics. Utilize pricing analytics and dynamic pricing techniques to adjust prices dynamically in response to market conditions and demand fluctuations.

Promotional Planning: Plan and execute promotional activities to drive sales, attract customers, and clear excess inventory. Develop promotional calendars, sales events, discounts, coupons, and loyalty programs to incentivize purchases and enhance customer engagement.

Visual Merchandising: Present merchandise in an attractive and engaging manner to capture customers' attention and stimulate purchasing decisions. Utilize visual merchandising techniques such as window displays, mannequins, signage, lighting, and product arrangement to create visually appealing product presentations and showcase merchandise effectively.

Performance Analysis and Optimization: Monitor and analyze key performance indicators (KPIs) such as sales performance, inventory turnover, gross margin, sell-through rates, and customer feedback to evaluate the effectiveness of merchandise management strategies. Identify areas for improvement and optimization through data-driven insights and continuous refinement of merchandising tactics.

Seasonal and Trend Forecasting: Anticipate seasonal trends, consumer preferences, and market dynamics to plan merchandise assortments and promotional activities proactively. Stay abreast of fashion trends, industry developments, and emerging market opportunities to capitalize on evolving consumer demands and preferences.

By effectively managing merchandise across all stages of the retail supply chain, retailers can optimize inventory investment, drive sales growth, enhance customer satisfaction, and achieve sustainable competitive advantage in the dynamic retail marketplace.

CATEGORY MANAGEMENT

Category management is a strategic approach to retail merchandising that focuses on maximizing the performance of product categories within a store. It involves analyzing and optimizing the assortment, pricing, promotion, and placement of products within each category to drive sales, profitability, and customer satisfaction. Category management aims to align retail offerings with consumer preferences, market trends, and business objectives while enhancing the overall shopping experience. Here are key components of category management:

Category Assessment: Evaluate the performance of each product category based on sales data, profit margins, inventory turnover, and other key performance indicators (KPIs). Identify high-performing categories, underperforming categories, and opportunities for improvement.

Market Analysis: Conduct market research to understand consumer trends, preferences, and purchasing behavior within each product category. Analyze competitor offerings, pricing strategies, and market dynamics to identify opportunities and threats in the marketplace.

Assortment Planning: Develop a strategic assortment plan for each product category based on consumer demand, market trends, and competitive landscape. Determine the optimal mix of products, brands, sizes, and variants to offer within each category to meet customer needs and preferences.

Merchandising Strategy: Implement merchandising strategies to optimize the presentation and placement of products within each category. Utilize visual merchandising techniques, signage, product grouping, and cross-merchandising to enhance visibility, accessibility, and appeal.

Pricing and Promotion: Develop pricing and promotional strategies tailored to each product category to maximize sales and profitability. Set competitive pricing benchmarks, implement dynamic pricing tactics, and plan promotional campaigns to drive traffic and stimulate purchases.

Supplier Relationships: Cultivate strong relationships with suppliers, manufacturers, and distributors to ensure access to high-quality products, favorable pricing, and timely delivery. Collaborate with suppliers to optimize product assortment, sourcing, and supply chain management within each category.

Inventory Management: Implement inventory management practices to optimize stock levels, minimize stockouts and overstock situations, and improve inventory turnover rates within each category. Utilize inventory planning techniques such as ABC analysis, demand forecasting, and replenishment strategies to efficiently manage inventory.

Performance Measurement: Monitor and analyze key performance indicators (KPIs) for each product category, including sales performance, gross margin, market share, customer satisfaction, and category contribution to overall profitability. Use performance data to evaluate the effectiveness of category management strategies and identify opportunities for improvement.

Continuous Improvement: Continuously refine and optimize category management strategies based on market trends, consumer feedback, and performance metrics. Stay abreast of industry developments, emerging trends, and best practices in category management to maintain a competitive edge and drive sustained growth.

Collaboration Across Functions: Foster collaboration and communication across various departments within the organization, including merchandising, marketing, operations, and supply chain management. Ensure alignment of category management strategies with overall business goals and objectives to maximize impact and drive success.

By adopting a strategic category management approach, retailers can enhance the performance of product categories, increase customer satisfaction, and drive overall business success in the competitive retail marketplace.

Retail pricing and merchandise performance

Retail pricing and merchandise performance are closely intertwined aspects of retail management. Pricing strategies directly impact merchandise performance, which refers to how well products sell and contribute to overall sales, profitability, and customer satisfaction. Here's how pricing and merchandise performance are interconnected:

Pricing Strategies: Retailers employ various pricing strategies to determine the prices at which products are sold. Common pricing strategies include:

Cost-Plus Pricing: Setting prices based on the cost of goods sold plus a markup to cover overhead and profit margin.

Competitive Pricing: Pricing products based on the prevailing market prices and competitor pricing strategies.

Value-Based Pricing: Setting prices based on the perceived value of the product to customers, rather than solely on costs or competitors' prices.

Promotional Pricing: Offering temporary discounts, sales, or promotions to stimulate demand and drive sales.

Dynamic Pricing: Adjusting prices dynamically based on factors such as demand, supply, competitor prices, and customer segmentation.

Merchandise Performance Metrics: Retailers track various metrics to assess merchandise performance and evaluate the effectiveness of pricing strategies. Key performance indicators (KPIs) related to merchandise performance include:

Sales Performance: Total sales revenue generated by each product or product category over a specific period.

Sell-Through Rate: Percentage of inventory sold within a given time frame, indicating how well products are selling relative to inventory levels.

Gross Margin: Profitability of merchandise sales after accounting for the cost of goods sold (COGS), expressed as a percentage of sales revenue.

Inventory Turnover: Rate at which inventory is sold and replaced within a specific period, reflecting how efficiently merchandise is being managed.

Average Transaction Value (ATV): Average amount spent by customers per transaction, indicating the effectiveness of pricing and upselling strategies.

Price Elasticity: Sensitivity of customer demand to changes in price, which helps determine optimal pricing levels and promotional strategies.

Impact of Pricing on Merchandise Performance:

Price Sensitivity: Pricing directly influences customer perceptions of value and purchase decisions. By setting prices strategically, retailers can attract customers, stimulate demand, and drive sales volume.

Profitability: Pricing decisions impact gross margins and overall profitability. Retailers must balance pricing strategies to maximize sales while maintaining adequate profit margins.

Competitive Positioning: Pricing affects how a retailer is perceived relative to competitors. By offering competitive prices or unique value propositions, retailers can differentiate themselves and gain a competitive advantage in the market.

Promotional Effectiveness: Promotional pricing strategies, such as discounts and sales, can drive short-term sales volume but may also impact long-term brand image and profitability. Retailers must carefully evaluate the effectiveness of promotions in achieving desired sales objectives.

Merchandise Performance Analysis: Retailers analyze merchandise performance data to identify trends, patterns, and opportunities for improvement. By correlating pricing decisions with sales outcomes, retailers can refine pricing strategies, adjust product assortments, and optimize inventory management practices to enhance overall merchandise performance.

In summary, pricing strategies directly impact merchandise performance, influencing sales volume, profitability, and customer satisfaction. By aligning pricing decisions with merchandise performance objectives and analyzing performance metrics, retailers can optimize pricing strategies to drive sales, maximize profitability, and achieve business goals in the competitive retail marketplace.

3.8 COMMUNICATING WITH RETAIL CUSTOMERS

Effective communication with retail customers is essential for building relationships, enhancing customer satisfaction, and driving sales. Here are some strategies for communicating with retail customers:

Personalized Marketing: Tailor marketing messages and promotions to the preferences and needs of individual customers. Utilize customer data, such as purchase history, demographics, and behavioral insights, to personalize communication through email marketing, targeted advertising, and personalized recommendations.

Clear and Consistent Brand Messaging: Develop a clear and consistent brand message that resonates with your target audience and conveys your brand values, unique selling propositions, and product benefits. Ensure that brand messaging is consistent across all communication channels, including advertising, signage, packaging, and social media.

Engage on Social Media: Maintain an active presence on social media platforms where your target customers are active. Engage with customers through regular posts, stories, polls, and interactive content. Respond promptly to comments, messages, and customer inquiries to foster engagement and build rapport.

Provide Exceptional Customer Service: Deliver exceptional customer service at every touchpoint, including in-store interactions, phone calls, emails, and online chats. Train staff to be knowledgeable, courteous, and responsive to customer needs and inquiries. Resolve customer issues promptly and effectively to build trust and loyalty.

Collect and Act on Feedback: Solicit feedback from customers through surveys, reviews, and feedback forms to gather insights into their preferences, experiences, and satisfaction levels. Use feedback to identify areas for improvement, address customer concerns, and make data-driven decisions to enhance the customer experience.

Create Loyalty Programs: Implement loyalty programs to reward repeat customers and incentivize loyalty. Offer exclusive discounts, rewards, and personalized offers to members of the loyalty program. Communicate program benefits and rewards through email, SMS, and in-store signage to encourage enrollment and participation.

Educate and Inform: Educate customers about your products, services, and industry trends through informative content, product demonstrations, and workshops. Provide helpful tips, guides, and tutorials to assist customers in making informed purchasing decisions and getting the most out of their purchases.

Offer Seamless Omnichannel Experience: Ensure a seamless experience across all communication channels, including in-store, online, mobile, and social media. Integrate customer data and preferences across channels to provide personalized experiences and consistent messaging throughout the customer journey.

Celebrate Milestones and Special Occasions: Acknowledge and celebrate customer milestones, such as birthdays, anniversaries, and holidays, by sending personalized messages, exclusive offers, or small tokens of appreciation. Show customers that you value their patronage and loyalty.

Be Transparent and Authentic: Be transparent and authentic in your communication with customers. Communicate openly about product features, pricing, policies, and any changes or updates that may affect customers. Build trust by being honest, reliable, and customer-centric in all your interactions.

By implementing these strategies, retailers can effectively communicate with customers, strengthen relationships, and create positive experiences that drive loyalty, repeat business, and advocacy in the competitive retail landscape.

3.9 RETAIL ADVERTISING

Retail advertising is a key component of a retailer's marketing strategy aimed at promoting products, driving foot traffic to stores, and increasing sales. Effective retail advertising campaigns capture the attention of target customers, communicate value propositions, and inspire action. Here are some common types of retail advertisements and strategies:

Print Advertising: Print advertisements appear in newspapers, magazines, flyers, and direct mailers. These ads can feature product images, descriptions, prices, and promotions. Print advertising allows retailers to reach a broad audience or target specific demographics based on publication circulation and distribution.

Digital Advertising: Digital advertising encompasses various online channels, including search engines, social media platforms, websites, and mobile apps. Digital ads can take the form of display ads, search ads, social media ads, video ads, and native ads. Digital advertising offers targeting capabilities, real-time tracking, and flexibility in campaign management.

Television Advertising: Television commercials air on broadcast and cable television networks during commercial breaks. TV ads use visual and audio elements to showcase products, demonstrate features, and evoke emotions. Television advertising allows retailers to reach a mass audience and build brand awareness through storytelling and compelling visuals.

Radio Advertising: Radio commercials air on terrestrial radio stations and streaming platforms. Radio ads use audio messaging to communicate product benefits, promotions, and calls to action. Radio advertising is effective for reaching local audiences and driving immediate response, particularly during commute times.

Outdoor Advertising: Outdoor advertisements include billboards, transit ads, bus shelters, posters, and digital screens located in high-traffic areas. Outdoor ads capture attention with bold visuals, concise messaging, and strategic placement near retail locations or along major thoroughfares.

In-Store Advertising: In-store advertising includes signage, displays, shelf talkers, floor decals, and digital screens within retail environments. These ads promote specific products, promotions, or brand messages to customers while they shop. In-store advertising influences purchase decisions and drives impulse purchases.

Social Media Advertising: Social media advertising leverages platforms like Facebook, Instagram, Twitter, and Pinterest to target specific demographics, interests, and behaviors. Social media ads can include images, videos, carousels, and sponsored posts. Social media advertising drives engagement, website traffic, and conversions through targeted campaigns.

Email Marketing: Email marketing involves sending promotional messages, newsletters, and offers to a retailer's email subscriber list. Email campaigns can feature product highlights, discounts, event invitations, and personalized recommendations. Email marketing nurtures customer relationships, drives repeat purchases, and generates website traffic.

Content Marketing: Content marketing entails creating and sharing valuable, relevant content to attract and engage target customers. Retailers use blog posts, articles, videos, infographics, and tutorials to provide educational or entertaining content related to their products or industry. Content marketing builds brand authority, trust, and loyalty over time.

Collaborative Advertising: Collaborative advertising involves partnering with other businesses, influencers, or organizations to co-create and co-promote marketing campaigns. Collaborative ads can include joint promotions, sponsorships, endorsements, or cross-promotions. Collaborative advertising expands reach, builds credibility, and leverages shared audiences for mutual benefit.

When planning retail advertising campaigns, retailers should consider their target audience, budget, objectives, messaging, creative assets, and media channels to maximize effectiveness and ROI. By leveraging a mix of advertising strategies and channels, retailers can reach customers at various touchpoints and drive desired outcomes in the competitive retail landscape.

RETAIL SELLING PROCESS

The retail selling process refers to the series of steps that retailers follow to engage with customers, understand their needs, present relevant products or services, overcome objections, and ultimately, close sales. While the specific steps may vary depending on the nature of the retail business and the products being sold, the following outline provides a general overview of the retail selling process:

Prospecting and Pre-Approach:

Identify potential customers or leads through various channels, including referrals, marketing campaigns, walk-ins, and online inquiries.

Gather information about the prospect's needs, preferences, purchasing history, and any relevant background information before making initial contact.

Approach:

Greet the customer warmly and establish rapport to create a positive first impression.

Introduce yourself and your role, and ask open-ended questions to engage the customer in conversation and uncover their needs.

Needs Assessment:

Listen actively to the customer's responses and probe further to understand their specific needs, preferences, and pain points.

Ask probing questions to uncover underlying needs and motivations, and identify opportunities to add value through product recommendations.

Product Presentation:

Present products or services that align with the customer's needs and preferences, highlighting features, benefits, and value propositions.

Demonstrate product usage or provide samples, where applicable, to help the customer visualize how the product meets their needs.

Handling Objections:

Anticipate and address any objections or concerns raised by the customer, such as price, quality, or suitability.

Listen empathetically to the customer's objections, acknowledge their concerns, and provide relevant information or reassurance to alleviate their doubts.

Closing the Sale:

Summarize the key benefits and value propositions of the product or service to reinforce its appeal.

Ask for the sale by inviting the customer to make a purchase or take the next step in the buying process.

Use closing techniques such as trial closes, urgency statements, or incentives to encourage the customer to commit to the purchase.

Follow-Up and Relationship Building:

Thank the customer for their purchase and express appreciation for their business.

Provide additional assistance or information as needed to ensure customer satisfaction.

Collect customer feedback and contact information for future follow-up and relationship building.

Post-Sale Service and Support:

Provide post-sale service and support to address any issues or questions that may arise after the purchase.

Offer warranties, guarantees, or return policies to reassure customers and build trust in the brand.

Follow up with customers to ensure satisfaction and encourage repeat business through loyalty programs or referral incentives.

Throughout the retail selling process, it's important for sales associates to be knowledgeable, courteous, and attentive to the customer's needs. By understanding the customer's perspective, building rapport, and providing personalized recommendations, retailers can enhance the customer experience and drive sales success in the competitive retail marketplace.

3.10 GLOBALISATION AND RETAILING

Globalization has significantly impacted the retail industry, transforming the way retailers operate, source products, reach customers, and compete in the global marketplace. Here are some key ways in which globalization has influenced retailing:

Supply Chain and Sourcing: Globalization has enabled retailers to source products from around the world, accessing a diverse range of suppliers and manufacturers. Retailers can take advantage of lower production costs, economies of scale, and specialized expertise in different regions to source high-quality products at competitive prices.

International Expansion: Globalization has facilitated the expansion of retail chains into international markets. Retailers can capitalize on opportunities for growth in emerging markets, tap into new customer segments, and diversify revenue streams by establishing stores, distribution centers, or e-commerce operations overseas.

Cross-Border E-commerce: E-commerce platforms have enabled retailers to reach customers beyond their domestic borders, allowing for cross-border sales and international shipping. Global e-commerce marketplaces such as Amazon, Alibaba, and eBay provide retailers with access to a global customer base and facilitate international trade.

Market Access and Competition: Globalization has intensified competition in the retail industry, with retailers facing competition not only from domestic rivals but also from international players. Retailers must adapt to compete with global giants and local competitors in an increasingly interconnected and competitive market.

Cultural Adaptation: Retailers expanding into international markets must navigate cultural differences, preferences, and consumer behaviors. Successful retailers tailor their product offerings, marketing strategies, and store experiences to resonate with local customs, languages, and cultural norms.

Technological Innovation: Globalization has spurred technological innovation in retail, driving the adoption of advanced technologies such as e-commerce platforms, mobile payment systems, RFID tracking, supply chain management software, and data analytics. These technologies enable retailers to optimize operations, enhance customer experiences, and gain competitive advantages in the global marketplace.

Regulatory and Legal Considerations: Globalization presents retailers with regulatory and legal challenges related to international trade, taxation, customs, labor laws, and intellectual property rights. Retailers must navigate complex legal frameworks and regulatory requirements in different countries to ensure compliance and mitigate risks.

Logistics and Distribution: Globalization has transformed logistics and distribution networks, enabling retailers to efficiently transport goods across borders through air freight, ocean shipping, and land transportation. Retailers invest in sophisticated logistics infrastructure and supply chain management systems to streamline international operations and fulfill customer orders promptly.

Consumer Trends and Preferences: Globalization has influenced consumer trends and preferences, with consumers increasingly seeking diverse, innovative, and globally sourced products. Retailers must stay attuned to evolving consumer preferences, cultural trends, and market dynamics to remain competitive and relevant in the global retail landscape.

Sustainability and Corporate Social Responsibility: Globalization has raised awareness of environmental and social issues, prompting retailers to adopt sustainable and socially responsible business practices. Retailers are increasingly focused on ethical sourcing, fair labor practices, environmental stewardship, and community engagement to meet consumer expectations and uphold corporate values in a global context.

In summary, globalization has reshaped the retail industry, creating both opportunities and challenges for retailers operating in an increasingly interconnected and competitive global marketplace. By embracing globalization, retailers can expand their reach, access new markets, innovate with diverse product offerings, and enhance the customer experience to drive sustainable growth and success

Let's Sum Up:

Dear Learners, in this module, we learn about, Introduction to services, services marketing mix, Introduction to retail marketing, retail strategy, Trends in retail Industry, Retail store location, stores layout, communicating with retail customer, Retail advertising, globalisation retailing.

Self-assessment questions:

1. Distinct characteristics of services is --------------

a. Intangibility

b. Inseparability

c. Variability

d. Perishability

2. All of the following are examples of services EXCEPT:

a. Banking

b. Hotels and motels

c. Tax preparation

d. Computer services

3. Examples of pure tangible goods includes all of the following EXCEPT:

a. Soap

b. Tax preparation

c. Toothpaste

d. Salt

4. Describes the employee's skills in serving the client.

a. Internal marketing

b. External marketing

c. Interactive marketing

d. Communication marketing

5. SST refers to

a. Service standard testing

b. Self-Service Technologies

c. Standard service technologies

d. Self service treatments.

Unit summary:

It of Strategic Marketing focuses on the marketing management process, emphasizing the analysis of marketing opportunities and the selection of target consumers. It covers the development of the marketing mix and the examination of both macro and micro environments. Marketing research plays a critical role in identifying opportunities, informing strategy, and aiding in sales forecasting using various techniques. Additionally, the unit addresses marketing tactics and the unique aspects of service and retail marketing, providing a comprehensive overview of effective marketing strategies.

GLOSSORY:

Historical scale data refers to quantitative information collected over time that is measured on a scale, allowing for comparison and analysis.

Measurable result refers to a specific, quantifiable outcome that can be assessed to evaluate the effectiveness of a process, project, or initiative.

Customer acquisition refers to the process of attracting and converting new customers to purchase a company's products or services.

Test and refine refers to a process of evaluating a product, service, or strategy by conducting trials or experiments, gathering feedback, and making improvements based on the results.

ANSWER FOR CHECK YOUR PROGRESS:

1 Module

1. C
2. B
3. C

4. D
5. C

2 Module

1. C
2. D
3. D
4. D
5. D

3 Module

1. C
2. B
3. C
4. D
5. C

4 Module

1. D
2. C
3. D
4. D
5. D

Unit-3

MARKETING INFORMATION SYSTEM

MIS: Marketing Information Systems- Customer Relationship Management (CRM) Customer Engagement Marketing – Sales force Automation- Marketing Analytics

UNIT OBJECTIVES:

- To Understand the conceptual framework of Marketing management
- To identify the current challenges faced by the marketers.

1.1 Definition:

It refers to the processing of information through computers and other intelligent devicesto manage and support managerial decisions within an organization.

Management Information Systems (MIS) is the study of people, technology, organizations,and the relationships among them. MIS professionals help firms realize maximum benefit from investment in personnel, equipment, and business processes. MIS is a people- oriented field with an emphasis on service through technology. If you have an interest in technology and have the desire to use technology to improve people‘s lives, a degree in MIS may be for you.

An automated system designed to provide progress and status information to managementas an aid to decision making.

MIS stands for management information system. Business managers at all levels of an organization, from assistant managers to executives, rely on reports generated from these systems to help them evaluate their business' daily activities or problems that arise, makedecisions, and track progress.

Management Information System, commonly referred to as MIS is a phrase consisting ofthree words: management, information and systems. Looking at these three words, it's easy to define Management Information Systems as systems that provide information to management.

That is the simple definition of MIS that generally sums up what a Management Information System is, and what it should do. However, its role and impact on the smoothoperation of a company can never be overemphasized. That is the reason why every successful company makes use of these systems in one way or another.

The reason why Management Information Systems are very important in the day-to-day operation of companies is because these systems work with people, organizations, technology and relationships among the people and organizations affecting the company.

1.2 MIS Importance:

Management Information System is formal method of collecting information in summarized form. It is network established within an organization to provide informationto managers. It provides systematic and analytical information necessary to all level of

managers. It helps managers to take right decision at the right time. Importance of MIS isdescribed as follows:

1. Management Information System is always management oriented and keeps in viewevery level of management and gets the desired information.

2. Integrated – refers to how different components (sub systems) are actually tied uptogether. eg: different departments of organization linked together.

3. Useful for planning – as every organization makes log-term and short-term plans withthe help of information like sales & production, capital investments, stocks

etc management can easily plan..

4. Effective Management Information System helps the management to know deviationsof actual performance from pre-set targets and control things.

5. It‘s important for increasing efficiency.

6. MIS provides updated results of various departments to management.

7. MIS is highly computerized so it provides accurate results.

8. MIS adds to the intelligence, alertness, awareness of managers by providing theminformation in the form of progress and review reports of an ongoing activity.

9. Helps managers in decision- making.

To gain the maximum benefits from your company's information system, you have to exploit all its capacities. Information systems gain their importance by processing the data from company inputs to generate information that is useful for managing your operations. To increase the information system's effectiveness, you can either add more data to makethe information more accurate or use the information in new ways.

Management Information Systems (MIS) not only include software systems, but the entire set of business processes and resources that are used to pull together information from functional or tactical systems. Data is then presented in a user-friendly and timely mannerso that mid and upper-level managers can use it to take the right actions. The entire systemis designed so that the company will meet its strategic and tactical goals.

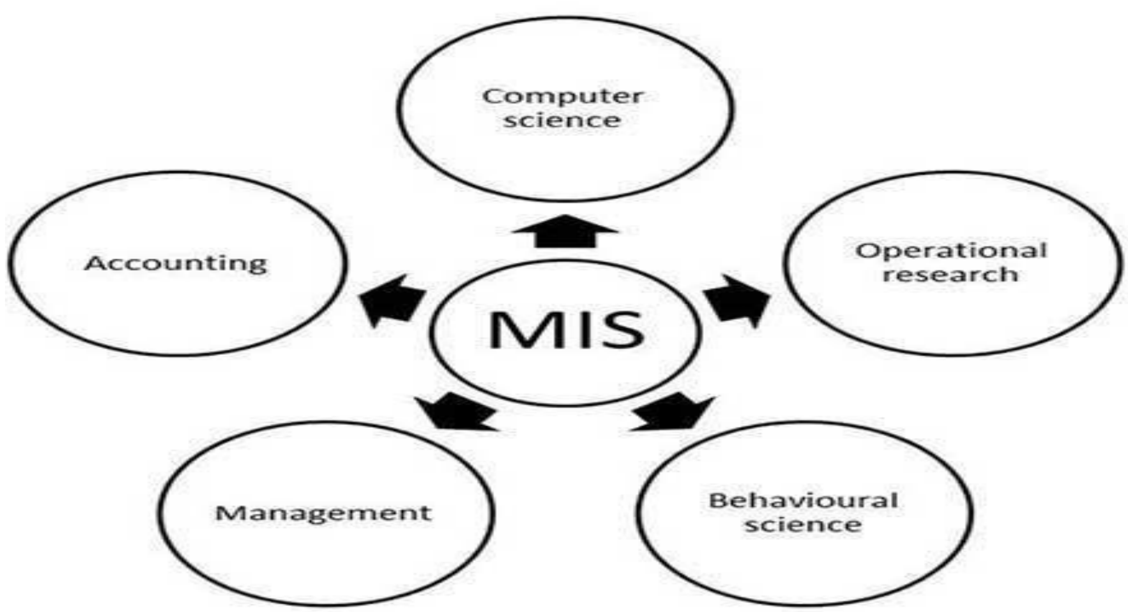
1.3 Nature and Scope of MIS:

The concept of MIS is interdisciplinary in nature, i.e. it has borrowed its concepts from alarge number of disciplines like Accounting, Computers, Organizations, Management, Operations Research and Behavioural Sciences, etc .MIS is neither a pure science nor anart; it is recognized as a combination of both. An information system is a logical system,which is concerned with ‗how‘ something is being accomplished and thus may be differentiated from physical system, which is the process itself and is concerned with the content or ‗what' is going on.MIS ,in fact encompasses both physical and information systems. There has been a lot of debate on the issue whether MIS is more management –

oriented or computer –oriented. Though there are advocates of both sides, MIS should be considered more of a management subject than of computers because of the simple logic that computers are just tool in the hands of managers. Computers are used for their characteristics like accuracy, speed and capacity to handle large amount of data.

Nowadays MIS finds application in all functional areas of every type of business organizations at all levels. MIS caters to information needs of managers in an organization, thus its scope lies in structured as well as unstructured type of information which could be gathered from internal as well as external sources of the organization.

Further, with the advent of computers and communication technology, the scope of MIShas increased manifold.



Structure of MIS: Structure of MIS may be understood by looking at the physical components of the information system in an organization. The physical components of an organizational information system may be hardware, software, database, manual procedures and operating persons. A brief description of these components has been outlined in the following paragraphs:

Hardware:

Hardware refers to the physical data processing equipment and peripheral devices, For example, CPU, monitor, keyboard, printer, drives, tapes, communication devices, etc.

Software:

Software is a broad term given to the instructions or programs that direct the operating ofthe hardware. Software could be of two types, i.e. system software and application software.

Database:

The database consists of all data utilized by application software. Data is stored in files.

Procedures:

Formal operating procedures, which are required to operate a system, such as manuals, arealso regarded as physical elements.

Operating Personnel:

Personnel like Computer Operators, Computer Programmers, System Analysts, SystemManagers, etc., are the operating people of the information systems.

Input and Output:

Various physical inputs and outputs from the information system, existing in forms like printout, reports etc**.**

MIS - Classification of Information:

Information can be classified in a number of ways:

1.Classification by Characteristic :-Based on Anthony's classification of Management,information used in business for decisionmaking is generally categorized into three types:

2. Strategic Information: Strategic information is concerned with long term policy decisions that defines the objectives of a business and checks how well these objectives are met. For example, acquiring a new plant, a new product, diversification of business etc, comes under strategic information.

3.Tactical Information: Tactical information is concerned with the information needed for exercising control over business resources, like budgeting, quality control, service level, inventory level, productivity level etc.

4.Operational Information: Operational information is concerned with plant/business level information and is used to ensure proper conduction of specific operational tasks as planned/intended. Various operator specific, machine specific and shift specific jobs for quality control checks comes under this category.

1. Classification by Application

In terms of applications, information can be categorized as:

1,Planning Information: These are the information needed for establishing standard norms and specifications in an organization. This information is used in strategic, tactical, and operation planning of any activity. Examples of such information are time standards, design standards.

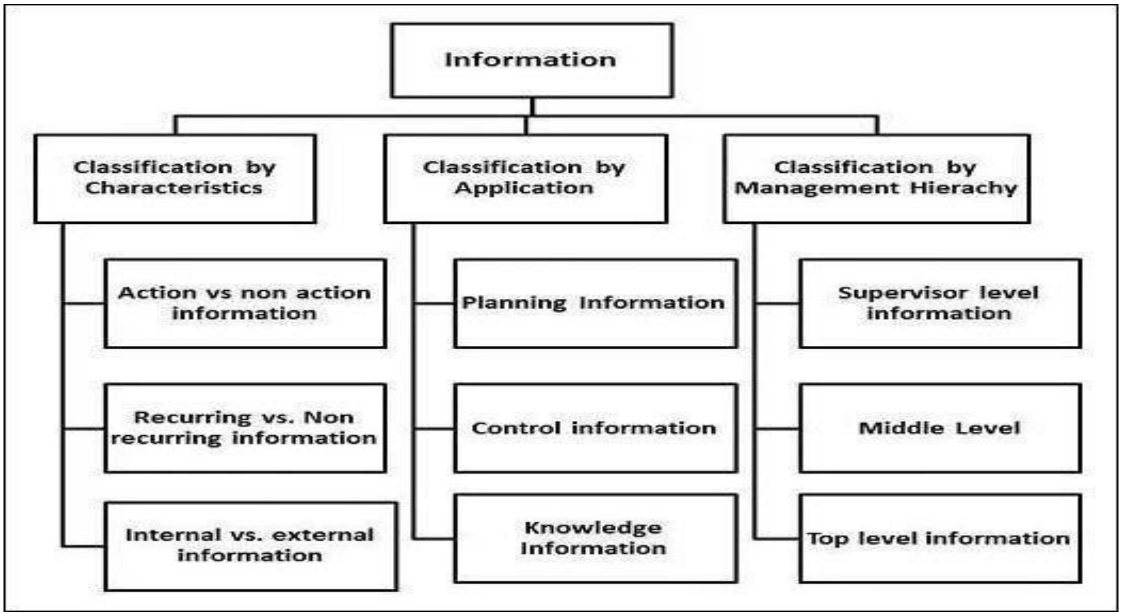
2.Control Information: This information is needed for establishing control over all business activities through feedback mechanism. This information is used for controlling attainment, nature and utilization of important processes in a system. When such information reflects a deviation from the established standards, the system should induce a decision or an action leading to control.

3.Knowledge Information: Knowledge is defined as "information about information". Knowledge information is acquired through experience and learning,and collected from archival data and research studies.

4.Organizational Information: Organizational information deals with an organization's environment, culture in the light of its objectives. Karl Weick's Organizational Information Theory emphasizes that an organization reduces its equivocality or uncertainty by collecting, managing and using these information prudently. This information is used by everybody in the organization; examples ofsuch information are employee and payroll information.

5.Functional/Operational Information: This is operation specific information. For example, daily schedules in a manufacturing plant that refers to the detailed assignment of jobs to machines or machines to operators. In a service oriented business, it would be the duty roster of various personnel. This information is mostly internal to the organization.

6.Database Information: Database information construes large quantities of information that has multiple usage and application. Such information is stored,



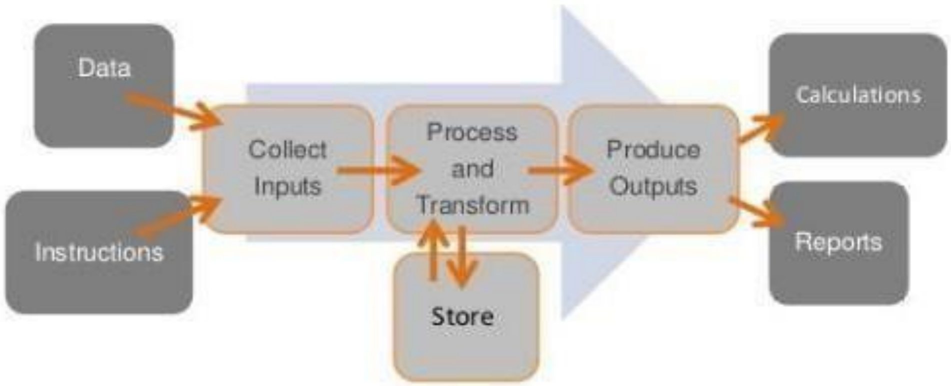
retrieved and managed to create databases. For example, material specification or supplier information is stored for multiple users.

Information and Systems Concept:

An information system (IS) is an organized system for the collection, organization, storage and communication of information. More specifically, it is the study of complementary networks that people and organizations use to collect, filters, and process, create and distribute data.

The concept that information is the message has different meanings in different contexts. Thus the concept of information becomes closely related to notions of constraint, communication, control, data, form, education, knowledge, meaning, understanding, mental stimuli, pattern, perception,

representation, and entropy.



1.4 Types of Information Systems:

1. TPS Transaction Processing System
2. MIS Management Information System
3. DSS Decision Support system
4. ESS Executive Support System
5. OAS Office Automation System

1. **TPS** are used primarily for structured operational, and to a lesser degree,management control applications.
2. **MIS** are used for semi--structured, management control applications. It alsooverlaps into the operational and strategic planning realms as well.
3. **DSS** are used primarily for unstructured decision-making whether that occurs at theoperational, management and strategic planning levels.
4. **ESS** is used primarily for structured management and strategic planning applications.
5. **OAS** are used as a facilitator of office correspondence and communication,

underlies all ofthis activity.

A typical organization is divided into operational, middle, and upper level. The information requirements for users at each level differ. Towards that end, there are number of informationsystems that support each level in an organization.

- ✓ Pyramid Diagram of Organizational levels and informationrequirements
- ✓ Transaction Processing System (TPS)
- ✓ Management Information System (MIS)
- ✓ Decision Support System (DSS)
- ✓ Artificial intelligence techniques in business
- ✓ Online Analytical Processing (OLAP)

Pyramid Diagram of Organizational levels and information requirements

Understanding the various levels of an organization is essential to understand the information required by the users who operate at their respective levels.

The following diagram illustrates the various levels of a typical organization.

Operational Management Level

The operational level is concerned with performing day to day business transactions of the organization.

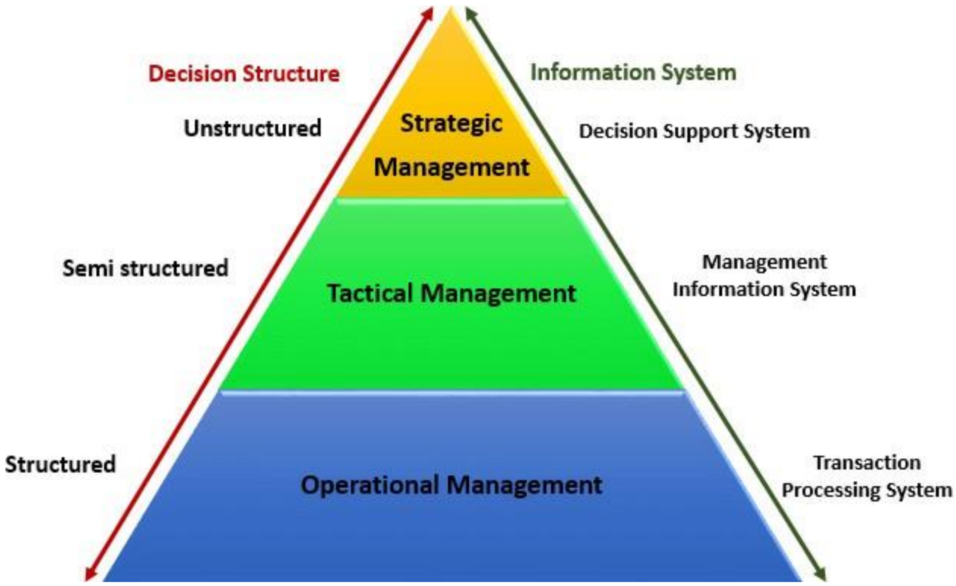
Examples of users at this level of management include cashiers at a point of sale, banktellers, nurses in a hospital, customer care staff, etc.

Users at this level use make structured decisions. This means that they have defined rules that guides them while making decisions.

For example, if a store sells items on credit and they have a credit policy that has some set limit on the borrowing. All the sales person needs to decide whether to give credit to a customer or not is based on the current credit information from the system.

Tactical Management Level

This organization level is dominated by middle-level managers, heads of departments, supervisors, etc. The users at this level usually oversee the activities of the users at theoperational management level.



Tactical users make semi-structured decisions. The decisions are partly based on set guidelines and judgmental calls. As an example, a tactical manager can check the credit limit and payments history of a customer and decide to make an exception to raise the credit limit for a particular customer. The decision is partly structured in the sense that the tactical manager has to use existing information to identify a payments history that benefits the organization and an allowed increase percentage.

Strategic Management Level

This is the most senior level in an organization. The users at this level make unstructured decisions. Senior level managers are concerned with the long-term planning of the organization. They use information from tactical managers and external data to guide them when making unstructured decisions.

Transaction Processing System (TPS)

Transaction processing systems are used to record day to day business transactions of the organization. They are used by users at the operational management level. The main objective of a transaction processing system is to answer routine questions such as;

- ✓ How printers were sold today?
- ✓ How much inventory do we have at hand?
- ✓ What is the outstanding due for John Doe?

By recording the day to day business transactions, TPS system provides answers to the abovequestions in a timely manner.

- The decisions made by operational managers are routine and highly structured.
- The information produced from the transaction processing system is very detailed. For example, banks that give out loans require that the company that a person works for should have a memorandum of understanding (MoU) with the bank. If a person whose

employer has a MoU with the bank applies for a loan, all that the operational staff has to do is verify the submitted documents. If they meet the requirements, then the loan application documents are processed. If they do not meet the requirements, then the client is advised to see tacticalmanagement staff to see the possibility of signing a MoU.

Examples of transaction processing systems include

- Point of Sale Systems – records daily sales
- Payroll systems – processing employees salary, loans management, etc.
- Stock Control systems – keeping track of inventory levels
- Airline booking systems – flights booking management.

Management Information System (MIS)

Management Information Systems (MIS) are used by tactical managers to monitor the organization's current performance status. The output from a transaction processing systemis used as input to a management information system.

The MIS system analyzes the input with routine algorithms i.e. aggregate, compare and summarizes the results to produced reports that tactical managers use to monitor, controland predict future performance.

For example, input from a point of sale system can be used to analyze trends of products that are performing well and those that are not performing well. This information can beused to make future inventory orders i.e. increasing orders for well-performing productsand reduce the orders of products that are not performing well.

Examples of management information systems include

- **Sales management systems** – they get input from the point of sale system
- **Budgeting systems** – gives an overview of how much money is spent within theorganization for the short and long terms.
- **Human resource management system** – overall welfare of the employees, staffturnover, etc.

Tactical managers are responsible for the semi-structured decision. MIS systems provide the information needed to make the structured decision and based on the experience of thetactical managers, they make judgement calls i.e. predict how much of goods or inventoryshould be ordered for the second quarter based on the sales of the first quarter.

Decision Support System (DSS)

Decision support systems are used by senior management to make non-routine decisions. Decision support systems use input from internal systems (transaction processing systemsand management information systems) and external systems.

The main objective of decision support systems is to provide solutions to problems that are

unique and change frequently. Decision support systems answer questions such as;

- ✓ What would be the impact of employees' performance if we double theproduction lot at the factory?
- ✓ What would happen to our sales if a new competitor entered the market? Decision support systems use sophisticated mathematical models, and statistical techniques (probability, predictive modeling, etc.) to provide solutions, and they are veryinteractive.

Examples of decision support systems include

- **Financial planning systems –** it enables managers to evaluate alternative ways of achieving goals. The objective is to find the optimal way of achieving the goal. For example, the net profit for a business is calculated using the formula Total Sales less (Cost of Goods + Expenses). A financial planning system will enable senior executives to ask what if questions and adjust the values for total sales, the cost of goods, etc. to see the effect of the decision and on the net profit and find the most optimal way.
- **Bank loan management systems –** it is used to verify the credit of the loanapp

Artificial intelligence techniques in business

Artificial intelligence systems mimic human expertise to identify patterns in large data sets. Companies such as Amazon, Facebook, and Google, etc. use artificial intelligencetechniques to identify data that is most relevant to you.

Let's use Facebook as an example, Facebook usually makes very accurate predictions of people that you might know or went with to school. They use the data that you provide to them, the data that your friends provide and based on this information makepredictions of people that you might know.

Amazon uses artificial intelligence techniques too to suggest products that you should buy also based on what you are currently getting.

Google also uses artificial intelligence to give you the most relevant search results based on yourinteractions with Google and your location.

These techniques have greatly contributed in making these companies very successfulbecause they are able to provide value to their customers.

Online Analytical Processing (OLAP)

Online analytical processing (OLAP) is used to query and analyze multi-dimensional data and produce information that can be viewed in different ways using multiple dimensions.

Let's say a company sells laptops, desktops, and Mobile device. They have four (4) branches A, B, C and D. OLAP can be used to view the total sales of each product in all regions and compare the actual sales with the projected sales. Each piece of information such as product, number of sales, sales value represents a different dimension The main objective of OLAP systems is to provide answers to ad hoc queries within the shortest possible time regardless of the size of the datasets being used.

Information Systems for Competitive Advantage

In Management Information Systems by Effy Oz (2008), there are eight ways to gain competitive advantage: Reducing cost, raising barriers to market entrants, establishing high switching costs, creating new products or services, differentiating products or services, enhancing products or services, establishing alliances.

Locking in suppliers or buyers Competitive Advantage in any industry or business venture is achieved when one particular organization performs more effectively and/or efficiently than the others in the same category. This Competitive Advantage does not have to be all encompassing of the industry and may only cover small segments. A Competitive Advantage is achieved when an organization can do any one thing, process, function, etc. more effectively and or efficiently than others in that industry segment or in some cases across the entire industry.

According to the authors W.R. King, V. Grove, and E.H. Hufnagel (1989), information technology is used as a strategic tool for companies to increase their competitive advantage at a time when uncertainty is growing. The idea that information technology can contribute to the optimization of enterprise resources, enhances, enable and enhance business performance. This idea was accepted and supported by many empirical studies (V. Sethi and WR King, 1994), (Chan, SL Huff, DW Barclay, 1997), (AM Croteau and F. Bergeron, 2001).

Authors Rackoff, Wiseman, and Ullrich (1985) have identified several factors that ensure computerization of competitive advantage of enterprises. They are:

- Modification, differentiation or changes that make the company stand out with its products and services or weaken competition and reduce the competitive advantages;
- Adapting and adjusting supply cutting costs, reducing consumer spending and increasing competition expenses;
- Company being introduced innovative products or services that result in changesin the way business is passed then in the industry;
- Improving growth and development by increasing volume, expanding geographically and being harmonized with suppliers and customers;
- Forms of mergers and alliances through various agreements in marketing etc.Since the business environment is constantly changing and evolving, the business itself changes all the time and with the growth and development information needs to ask businesses will vary. At the same time computing system needs to support growth, change and development. (Vakola and Wilson, 2004). The findings of the authors mentioned above clearly show that businesses invest in computing technology, because they believe that this technology will enable them to be more competitive (Malaga A. Ross, 2001).

Some other authors Urwiller and Florick (2008) noted that to create competitive difference as a result of computerization first condition are innovations in information technology, which today have become an integral part of organizational strategy and planning processes. Information Technology is not only possible, but is streamlined entity and the way to create competitive edge. To achieve competitive difference information technology and its use in business processes results in a new way of doing business (e-business) as well as providing products and services electronically. So information technology plays a crucial role in supporting the business by creating competitive advantage (Competitive Advantage), offering services and products so that customers appreciate more than the competition. This technology is able to provide operational excellence (Operational excellence), initiatives in key business branches (Major Business Initiatives) then the decision (Decision Making) and organizational transformation (Organizational Transformation). In what manner is information technology provides operational perfection (Operational Excellence) being efficient in what we do, using transaction-processing systems within the organization Transaction processing system (TPS) using Customer self-service systems(CSS) to make their offer customers their transaction processing etc.

BUSINESS APPLICATIONS OF INFORMATION SYSTEMS

Business software or a business application is any software or set of computer programs used by business users to perform various business functions. These business applicationsare used to increase productivity, to measure productivity and to perform other business functions accurately.

Technology has important effects on business operations. No matter the size of your enterprise, technology has both tangible and intangible benefits that will help you make money and produce the results your customers demand. Technological infrastructure affects the culture, efficiency and relationships of a business.

For example, office software suites might include word processing, spreadsheet, database, presentation, and email applications. Graphics suites such as Adobe Creative Suite include applications for creating and editing images, while Sony Audio Master Suite is used for audio production etc.

E-Commerce:

E-Commerce or Electronics Commerce is a methodology of modern business, which addresses the requirements of business organizations. It can be broadly defined as the process of buying or selling of goods or services using an electronic medium such as theInternet.

E-Commerce or Electronics Commerce is a methodology of modern business, which addresses the need of business organizations, vendors and customers to reduce cost andimprove the quality of goods and services while increasing the speed of delivery. Ecommerce refers to the paperless exchange of business information using the followingways −

- ✓ Electronic Data Exchange (EDI)
- ✓ Electronic Mail (e-mail)
- ✓ Electronic Bulletin Boards
- ✓ Electronic Fund Transfer (EFT)
- ✓ Other Network-based technologies

Features of E-Commerce:

1. **Non-Cash Payment −** E-Commerce enables the use of credit cards, debit cards,smart cards, electronic fund transfer via bank's website, and other modes of electronics payment.
2. **24x7 Service availability −** E-commerce automates the business of enterprises and the way they provide services to their customers. It is available anytime, anywhere.
3. **Advertising / Marketing** − E-commerce increases the reach of advertising of products and services of businesses. It helps in better marketing management ofproducts/services.
4. **Improved Sales −** Using e-commerce, orders for the products can be generated anytime, anywhere without any human intervention. It gives a big boost to existingsales volumes.
5. **Support −** E-commerce provides various ways to provide pre-sales and post-

sales assistance to provide better services to customers.

6. **Inventory Management −** E-commerce automates inventory management. Reports get generated instantly when required. Product inventory management becomes very efficientand easy to maintain.

7. **Communication improvement −** E-commerce provides ways for faster, efficient, reliable communication with customers and partners.

E-commerce business models can generally be categorized into the following categories.

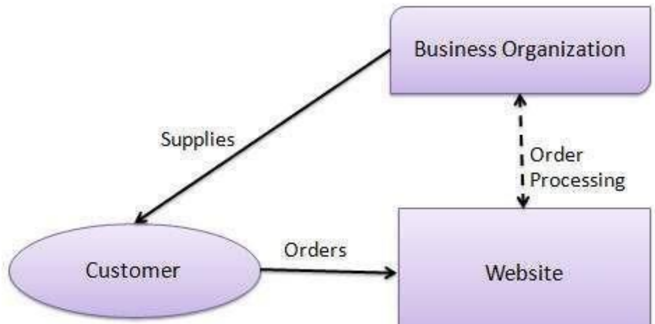
- ❖ Business - to - Business (B2B)
- ❖ Business - to - Consumer (B2C)
- ❖ Consumer - to - Consumer (C2C)
- ❖ Consumer - to - Business (C2B)
- ❖ Business - to - Government (B2G)
- ❖ Government - to - Business (G2B)
- ❖ Government - to - Citizen (G2C)

Business - to - Business

A website following the B2B business model sells its products to an intermediate buyer who then sells the product to the final customer. As an example, a wholesaler places an order from a company's website and after receiving the consignment, sells the end product to the final customer who comes to buy the product at one of its retailoutlets.

Business - to - Consumer

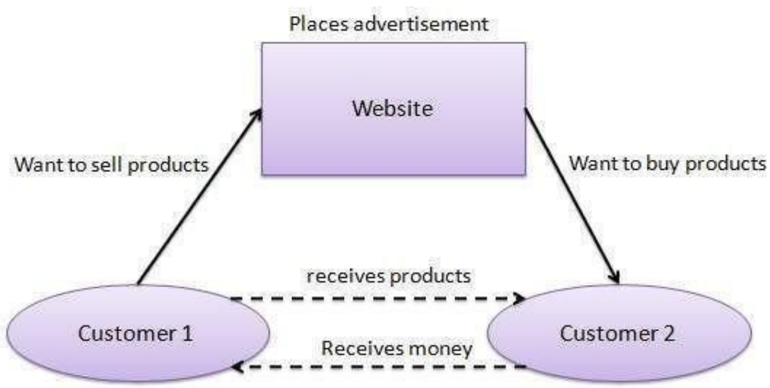
A website following the B2C business model sells its products directly to a customer.A customer can view the products shown on the website. The customer can choose a product and order the same. The website will then send a notification to the business organization via email and the organization will dispatch the product/goods to the customer.



Consumer - to - Consumer

A website following the C2C business model helps consumers to sell their assets like residential property, cars, motorcycles, etc., or rent a room by publishing their information on the website. Website may or may not charge the consumer for its services. Another consumer may opt to buy the product of the first customer by

viewing the post/advertisement on the website.



Consumer - to - Business

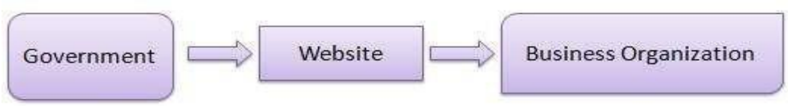
In this model, a consumer approaches a website showing multiple business organizations for a particular service. The consumer places an estimate of amount he/she wants to spend for a particular service. For example, the comparison of interest rates of personal loan/car loan provided by various banks via websites. A business organization who fulfils the consumer's requirement within the specified budget, approaches the customer and provides its services.

Business - to - Government

B2G model is a variant of B2B model. Such websites are used by governments to trade and exchange information with various business organizations. Such websites are accredited by the government and provide a medium to businesses to submit application forms to the government.

Government - to – Business

Governments use B2G model websites to approach business organizations. Such websites support auctions, tenders, and application submission functionalities.



Government - to - Citizen

Governments use G2C model websites to approach citizen in general. Such websites support auctions of vehicles, machinery, or any other material. Such website also provides services like registration for birth, marriage or death certificates. The main objective of G2C websites is to reduce the average time for fulfilling citizen‘s requests for various government services.

E-Commerce advantages can be broadly classified in three major categories −

1. Advantages to Organizations
2. Advantages to Consumers
3. Advantages to Society

1. Advantages to Organizations

Using e-commerce, organizations can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe.

- ✓ E-commerce helps organizations to reduce the cost to create process, distribute, retrieve and manage the paper based information by digitizing the information.
- ✓ E-commerce improves the brand image of the company.
- ✓ E-commerce helps organization to provide better customer services.
- ✓ E-commerce helps to simplify the business processes and makes them faster andefficient.
- ✓ E-commerce reduces the paper work.
- ✓ E-commerce increases the productivity of organizations. It supports "pull" type supply management. In "pull" type supply management, a business process starts when a request comes from a customer and it uses just-in-time manufacturing way.

2. Advantages to Customers

- ✓ It provides 24x7 supports. Customers can enquire about a product or serviceand place orders anytime, anywhere from any location.
- ✓ E-commerce application provides users with more options and quicker deliveryof products.
- ✓ E-commerce application provides users with more options to compare andselect the cheaper and better options.
- ✓ A customer can put review comments about a product and can see what othersare buying, or see the review comments of other customers before making a final purchase.
- ✓ E-commerce provides options of virtual auctions.
- ✓ It provides readily available information. A customer can see the

relevant detailed information within seconds, rather than waiting for days or weeks.

✓ E-Commerce increases the competition among organization sand as aresult, organizations provide substantial discounts to customers.

3. Advantages to Society

Customers need not travel to shop a product, thus less traffic on road and low air pollution.

✓ E-commerce helps in reducing the cost of products, so less affluent people canalso afford the products.

✓ E-commerce has enabled rural areas to access services and products, which areotherwise not available to them.

✓ E-commerce helps the government to deliver public services such as healthcare,education, social services at a reduced cost and in an improved manner.

The disadvantages of e-commerce can be broadly classified into two major categories –

1. Technical disadvantages
2. Non-Technical disadvantages

Technical Disadvantages

There can be lack of system security, reliability or standards owing to poor implementation of e-commerce.

✓ The software development industry is still evolving and keeps changing rapidly.

✓ In many countries, network bandwidth might cause an issue.

✓ Special types of web servers or other software might be required by the vendor,setting the e-commerce environment apart from network servers.

✓ Sometimes, it becomes difficult to integrate an e-commerce software or websitewith existing applications or databases.

✓ There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.

Non-Technical Disadvantages

✓ Initial cost − The cost of creating/building an e-commerce application in-house may be very high. There could be delays in launching an e-Commerce applicationdue to mistakes, and lack of experience.

✓ User resistance − Users may not trust the site being an unknown faceless seller. Such mistrust makes it difficult to convince traditional users to switch from physical stores to online/virtual stores.

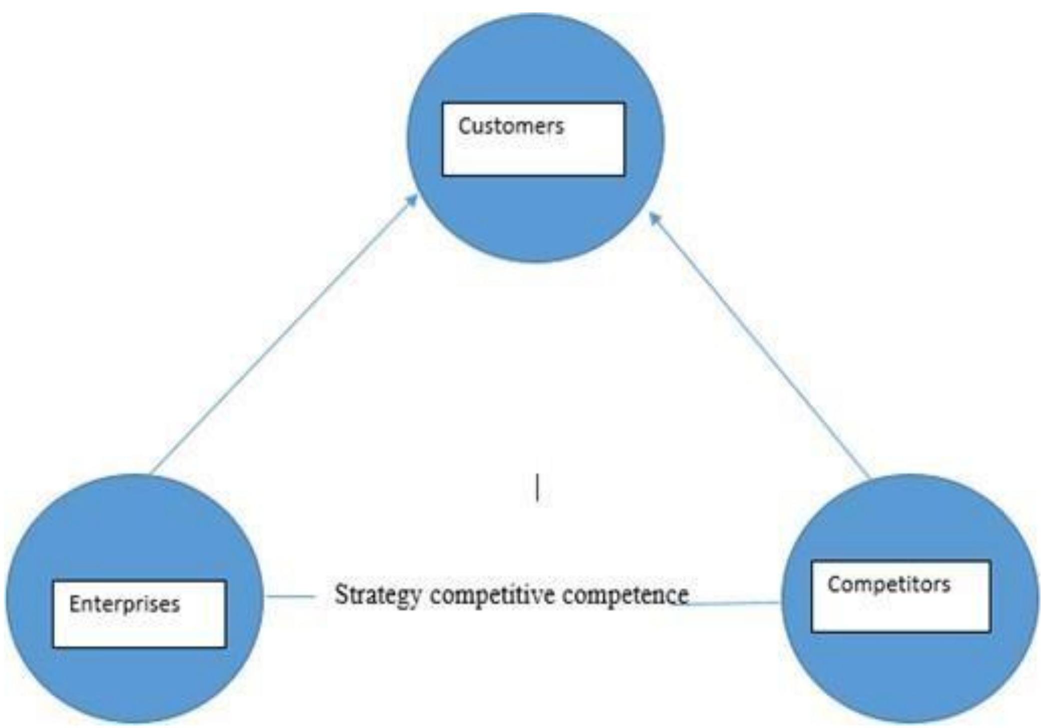
✓ Security/ Privacy − It is difficult to ensure the security or privacy on onlinetransactions.

✓ Lack of touch or feel of products during online shopping is a drawback.

✓ E-commerce applications are still evolving and changing rapidly.

✓ Internet access is still not cheaper and is inconvenient to use for many potentialcustomers, for example, those living in remote villages.

1.5 MANAGEMENT OF INFORMATION RESOURCES



Information Systems Planning: Information management is term that covers array of the systems and processes within an organization to create and use of corporate information. Information Systems Planning is critical in developing and executing successful strategic plans in huge firms at global level. It is observed in current business situation that the markets are very uncertain which pushes companies to adopt effective, pro-active strategies in order to gain competitive advantage. The strategy formula is oriented through company's operation and objectives based on a cautious analysis of the involving company. Objectives of information system planning are desired future positions and destinations the organizations intend to reach in order to fulfil its mission. Its policies are a general guideline that directs and constraints decision making within an organization.

Information technology enables a set of opportunities to gain competitive advantage and toadjust the Information Systems for the benefit of organization.

In present scenario, information system planning is key issue faced by senior executives of company. Information management planning mainly involves in identification of the stageof IS in the organization, identification of the applications of organizational information systems, evaluation of each of these applications, based on established evaluation criteria, establishing a priority ranking for these application and determining the optimum architecture of IS for serving the top priority applications. Theoretical literature of the information systems planning suggests two challenging theories of effective planning in a turbulent environment. One predicts that organizations using a formal, comprehensiveplanning approach will be more successful. The other predicts that organizations using an informal, incremental approach will be more successful in such an environment.

Stage model of Information System planning

1. Strategic planning:

a) Derivation from the organizational plan.

b) Strategic fit with organizational culture.

c) Strategy set transformation.

2. Information requirement analysis:

a) Define underlying organizational requirements.

b) Develop sub system matrix.

c) Define and evaluate information requirements for organizational sub-systems.

3. Resource allocation:

a) Return on investment

b) Charge out

c) Portfolio approach

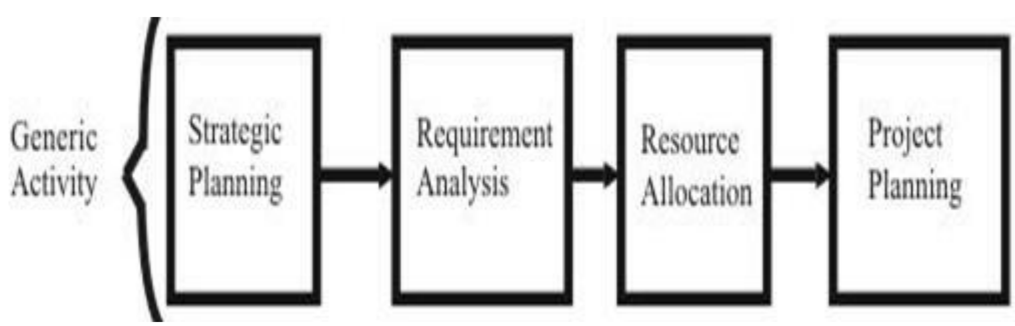
d) Steering committees.

4. Project planning

a) Milestones

b) Critical path method

c) Gantt chart



Four Stage Models of Information Systems Planning Acquisition of Information Systems:

An acquisition strategy is a top-level roadmap that focuses on highlighting and managing risks to a successful outcome. Business requirements for supporting work processes require integration across multiple systems, spanning multiple business or organizationalunits.

The acquisition of information systems can either involve external sourcing or rely on internal development or modification. With today's highly developed IT industry, companies tend to acquire information systems and services from specialized vendors.

Information systems are a major corporate asset, with respect both to the benefits they provide and to their high costs. Therefore, organizations have to plan for the long term when acquiring information systems and services that will support business initiatives. Atthe same time, firms have to be responsive to emerging opportunities. On the basis of long-term corporate plans and the requirements of various individuals from data workersto top management, essential applications are identified and project priorities are set. Forexample, certain projects may have to be carried out immediately to satisfy a new government reporting regulation or to interact with a new customer‘s information system.Other projects may be given a higher priority because of their strategic role or greater expected benefits.

Once the need for a specific information system has been established, the system has to beacquired. This is generally done in the context of the already existing information systems architecture of the firm. The acquisition of information systems can either involve externalsourcing or rely on internal development or modification. With today‘s highly developed IT industry, companies tend to acquire information systems and services from specialized vendors. The principal tasks of information systems specialists involve modifying the applications for their employer‘s needs and integrating the applications to create coherent systems architecture for the firm. Generally, only smaller applications are developed internally. Certain applications of a more personal nature may be developed by the end users themselves.

Acquisition from external sources

There are several principal ways to acquire an information system from outside the organization.

- ✓ **Outsourcing:** Outsourcing entails transferring the major components of the firm‘ssystems and operations—such as data centres, telecommunications.
- ✓ **Software:** A specialized company that provides its services under long-termcontracts.
- ✓ **Offshoring:** Offshore outsourcing, a type of business process outsourcing (BPO),is the exporting of IT-related work from the United States and other developed countries to areas of the world where there is both political stability and lower labor costs or tax savings.
- ✓ **Cloud Computing:** Cloud computing is a method for delivering information technology (IT) services in which resources are retrieved from the Internet through web-based tools and applications, as opposed to a direct connection to a server.
- ✓ **Internet:** A means of connecting a computer to any other computer anywhere inthe world via dedicated routers and servers.
- ✓ **Software-as-a-Service:** SaaS is software licensing model in which access to the software is provided on a subscription basis, with the software being located onexternal servers rather than on servers located in-house.
- ✓ **Open Source:** Software for which the original source code is made freely available and may be redistributed and modified according to the requirement of the user.

Implementation of Information Systems:

The design of a management information system may seem to management to be an expensive project, the cost of getting the MIS on line satisfactorily may often be comparable to that of its design, and the implementation has been accomplished when theoutputs of the MIS are continuously utilized by decision makers.

Once the design has been completed, there are four basic methods for implementing the MIS.

These areas:

1. Install the system in a new operation or organization.
2. Cut off the old system and install the new

This produces a time gap during which no system is in operation. Practically, installation requires one or two days for small companies or small systems.

3. Cut over by segments

This method is also referred as‖ phasing in‖ the new system. Small parts or subsystems are substituted for the old. In the case of upgrading old systems, thismay be a very desirable method.

4. Operate in parallel and cut over.

The new system is installed and operated in parallel with the current system until ithas been checked out, then only the current system is cut out. This method is expensive because of personal and related costs. Its big advantages are that the system is fairly well debugged when it becomes the essential information system.

Implementation Task : Plan the implementation

The three main phases in implementation take place in series. These are

1. The initial installation
2. The test of the system as a whole
3. The evaluation, maintenance and control of the system.

Many implementation activities should be undertaken in parallel to reduce implementation time. Training of personnel and preparation of software may be in parallel with each other and with other implementation activities.

The first step in the implementation procedure is to plan the implementation. Some analyst includes the planning of the implementation with the design of the system, the planning and the action to implement the plan should be bound closely together. Planning is the first step of management, not the last. The MIS design and the urgent need for the system at the time the design is completed will weigh heavily on the plan for implementation.

The major implementation tasks consists of-

1. Planning the implementation activities
2. Acquiring and laying out facilities and offices
3. Organizing the personnel for implementation
4. Developing procedures for installation and testing
5. Developing the training program for operating personnel.
6. Completing the system's software
7. Acquiring required hardware
8. Generating files
9. Designing forms
10. Testing the entire system
11. Completing cutover to the new system
12. Documenting the system
13. Evaluating the MIS.
14. Providing system maintenance (debugging and improving).

1. Planning the implementation activities Establish Relationships among tasks

For small projects, the order of performance may simply be described in text form. A Gantt chart or network diagram makes visualization of the plan and schedule much clearer.

For large projects, many concurrent and sequential activities are interrelated so that anetwork diagram must be employed in any good plan.

Establish a Schedule

Schedule is prepared by having the system designers estimate the times between the eventsin the program network. The critical path (longest time through the network) can be calculated. After specifying the starting date, the end date is established.

Cost Schedule to Tasks and Time

The cost for completing each task required to complete is established as part of the plan; then the rate of expenditures should be budgeted.

Reporting and control of the work in progress may be obtained by weekly meetings. The financial personnel must make certain that report formats allow them to show cost and technical progress relationship as well as cost and time.

2. Acquiring and laying out facilities and offices

For the installation of a new system to replace a current one may require a major revision offacilities as well as completely new office, computer room etc.

The MIS project manager must prepare rough layouts and estimates of particular floor areas that feel to be needed. The manager then prepares cost estimates. Space planning must be done by the space to be occupied by people, the space occupied by equipment andthe movement of people and equipment in the work progress. A large investment in good working conditions will repay its cost many times.

3. Organizing the personnel for implementation

As the implementation tasks have been defined, management usually assigns a project manager to guide the implementation.

The purpose of the MIS is to increase the amount and quality of their contributions, the system is their system.

Top management must make the middle managers for their involvement in implementation, besides these, systems specialists, computer programmer; top management should make sure that each people who will operate the system should haveactive parts in the implementation.

4. Developing procedures for installation and testing

After organizing the personnel for implementation the next task is to

develop or prepare the procedures for implementation. As the project leader has the network plan forproceeding with the implementation, this leader calls the key people in the project to prepare more detailed procedures for system installation.

Procedures for evaluating and selecting hardware must be spelled out. Procedures for phasing in parts of the MIS or operating the MIS in parallel must be developed.

The major part of implementing the MIS is the testing of each segment of total system as itis installed.Developing the training program for operating personnel

A program is developed keeping in mind to impress management and support. After developing the program, it is necessary to train operating personnel in their new duties. They must have a thorough understanding of what the new MIS is like and what it is supposed to do. They must learn how it will operate. They are faced with many changes intheir work and have to obtain acceptance of changes.

As there are various levels of personnel and these people will be working with only a small part of the MIS, the seminars should be designed to provide them with an understanding of the complete system.

5. Completing the system's software

As the software is developed internally or under contract, in both cases, the software development must take in mind the nature of the hardware required.

As the system designers and programmers provide the flow diagrams and the block diagrams during the detailed design state. Some modification may be required, as the implementationstage progresses.

6. Acquiring required hardware

This acquisition is usually the limiting factor in getting am MIS implem entation. Thesetasks should be started during the design stage.

The decision is to be needed, whether to buy or lease the hardware. Capital expenditure analysis is only one of many factors involved in this decision. Others are prestige, usage etc.

7. Generating files

In the implementation stage, the actual data must be obtained and recorded for the initial testing and operation of the system. This requires format of the data, storage form and format and remarks to indicate when the data have been stored.

The collection of data used in routine operations is often called the master file.

Responsibility for file maintenance for each file item should also be assigned. The development of files or databases belongs to information system designers and storage andretrieval experts.

The translation of specifications for files into computer programs is a function of computerspecialists.

8. Designing forms

For controlling the marketing, a salesperson has to fill out the forms summarizing the day‘s activities. The form ensures the right information to be supplied for computer storage.

Forms are required not just for input and output but also for transmitting data at intermediatestages.

9. Testing the entire system

As the total system is installed, tests should be performed with the test specifications and procedure. A test during installation stage consists of component tests, subsystem tests andtotal system acceptance tests.

Components may be equipment (that can be new or old), new software programs, new data collection methods, work procedures, reporting formats. Difficulties that occur during component tests may lead t design changes.

As more components are installed, subsystems may be tested. There is a difference betweenthe testing of component and the testing of a system.

System tests require verification of multiple inputs, complex logic systems, and timing aspects of many parts.

10. completing cutover to the new system

Cutover is a point at which the new component replaces the old component to the new system replaces the old system. This involves old forms, old files and old equipment beingretried.

The debugging proves associated with the cutover to the new system may extend for severalmonths

11. Documenting the system

Documentation of the MIS means preparation of written descriptions of the scope, purpose,information flow components, and operating procedures of the system.

Documentation is a necessity for troubleshooting, for replacement of subsystems, for interfacing with other systems, for training new operating personnel and also for evaluatingand upgrading the system.

12. Evaluating the system

After the MIS has been operating smoothly for a short period of time, an evaluation of each step in the design and of the final system performance should be made.

Evaluation should not be delayed beyond the time when the system's analysts have completed most of the debugging. The longer the delay, the more difficult it will be for designer to remember important details.

The evaluation should be made by the customer as well as by the designers.

13. Providing system maintenance

Control and maintenance of the system are the responsibilities of the line managers.

Control of the systems means the operation of the system as it was designed to operate. Sometimes, well-intentioned people or operators may make unauthorized changes to improve thesystem, changes that are not approved or documented.

Maintenance is closely related to control. Maintenance is that ongoing activity that keeps theMIS at the highest levels of effectiveness and efficiency within cost constraints.

Maintenance is directed towards reducing errors due to design, reducing errors due to environmental changes and improving the system's scope and services.

Evaluation of Information Systems:

Evaluation of MIS is an integral part of the management control process, in which the organizations determine or appraise the quality or worth of their information systems. In other words, evaluation of MIS is a process of measuring performance of organizationalinformation systems.

Evaluation Approaches:

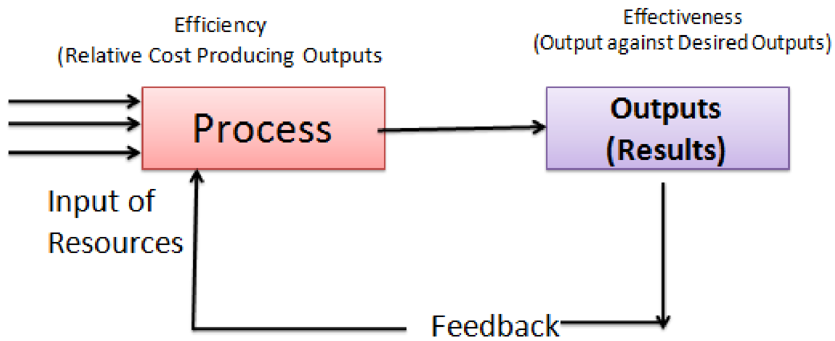
There are different approaches to evaluate MIS in an organization. The MIS evaluation approaches provide different means to measure accomplishments of system objectives.

- **Quality Assurance Review:** Quality assurance review or technical review focuson assessing the information system‘s technical quality.
- **Compliance Audits:** Compliance audits or application control reviews assess the adequacy and completeness of controls for the system inputs, outputs, processing,security and access.
- **Budget Performance Review:** Evaluation of MIS budget performance concentrates on compliance with a predetermined budget expenditure level for theMIS development or operations process.
- **MIS Personnel Productivity Measurements:** The capability of MIS personnelis typically determined in terms of productivity.
- **Computer Performance Evaluation:** The production capability of the computer hardware is typically evaluated in terms of performance efficiencies and bottlenecks that limit production.
- **Service Level Monitoring:** Service level monitoring focuses on assessing the information and support provided to the user, based on the terms established between the MIS user personnel.

- **User Attitude Survey:** This method is used in operational evaluation. Operational considerations refer to whether the input data is adequately provided and the output is usable.**Post-Installation Review:** The focus of the post-installation review (PIR) is oftenon estimating whether the system meets the requirements.
- **Cost Benefit Analysis:** It is also known as economic evaluation. The analysis quantifies the system‘s effect on organizational performance in terms of dollars.

Evaluation of Performance:

1. **Effectiveness:** This refers to the quality of the outputs from the systems. Effectiveness means doing the right thing in the right manner so that desired resultmay be achieved. Information system is said to be effective if its product (i.e. output) is of quality, and the process of producing output is right (effective).
2. **Efficiency:** It is a measure of the amount of resources required to achieve the output, i.e. the use of system resources to get results. Being efficient implies thesystem is operating the right way.



Relationship between Efficiency and Effectiveness

Product-Based MIS Evaluation:

Since the focus of the product-based evaluation is on the product or the output from the system, the evaluation may be termed as effectiveness evaluation. For assessing the effectiveness of output form MIS, the following model may be used.

Model Structure:

- ✓ Timeliness
- ✓ Relevance
- ✓ Accuracy
- ✓ Completeness
- ✓ Adequacy
- ✓ Explicitness
- ✓ Exception-based

Cost-Benefit-Based MIS Evaluation:

In cost/benefit evaluation, a thorough study of various expected costs, the benefits to be expected from the system and expected savings, if any, is done. It is an economic evaluation

of the system, in which costs to be incurred for developing, implementing and operating a system are to be justified against the expected benefits from the system.

In other words, cost/benefit analysis determines the cost-effectiveness of the firms.

Cost Elements:

- **Initial Development Cost:** it incurred in developing an information system. Variouselements of development cost include project planning cost, feasibility study cost, design cost, conversation cost, implementation cost etc.
- **Capital Cost:** It is also one-time cost. It is the cost incurred in facilities and in procuring various equipment, including hardware etc.
- **Annual Operating Cost:** It is the cost incurred in operating the system. It includes computer and equipment maintenance cost, personnel cost, overheads, and supplies cost.
- **Identification of Cost and Benefits:** Certain costs and benefits are more easily identifiable than others. For example, direct cost.
- **Classification of Cost and Benefits:** The various categories of costs and benefits are important to make a cost/benefit analysis. These categories may be tangible or intangible, direct or indirect, fixed or variable.

Evaluation Models:

Having identified and categorised various costs and benefits, monetary value of each and every cost as well as benefit is estimated. A system analyst/user manager may evaluate thecosts and benefits so estimated. For evaluation, there are several models, which areavailable, namely:

i. Net Benefit Analysis

ii. Present Value Analysis

iii. Net Present Value

iv. Payback Method

v. Cash-flow Analysis

vi. Break-even Analysis etc.

Maintenance of Information systems:

The results obtained from the evaluation process help the organization to determine whether its information systems are effective and efficient or otherwise. The process of monitoring, evaluating, and modifying of existing information systems to make required or desirable improvements may be termed as System Maintenance.

System maintenance is an ongoing activity, which covers a wide variety of activities, including removing program and design errors, updating documentation and test data and

updating user support. For the purpose of convenience, maintenance may be categorizedinto three classes, namely:

i) **Corrective Maintenance:** This type of maintenance implies removing errors in a program, which might have crept in the system due to faulty design or wrong assumptions. Thus, in corrective maintenance, processing or performance failures arerepaired.

ii) **Adaptive Maintenance:** In adaptive maintenance, program functions are changed toenable the information system to satisfy the information needs of the user. This type of maintenance may become necessary because of organizational changes which mayinclude:

a) Change in the organizational procedures,

b) Change in organizational objectives, goals, policies, etc.

c) Change in forms,

d) Change in information needs of managers.

e) Change in system controls and security needs, etc.

iii) **Perfective Maintenance:** Perfective maintenance means adding new programs or modifying the existing programs to enhance the performance of the information system. This type of maintenance undertaken to respond to user‘s additional needs which may be due to the changes within or outside of the organization. Outside changes are primarily environmental changes, which may in the absence of system maintenance; render the information system ineffective and inefficient. These environmental changes include:

a) Changes in governmental policies, laws, etc.,

b) Economic and competitive conditions, and

c) New technology.

IS SECURITY and CONTROL:

Today, organizations are increasingly becoming dependent on information systems/technology. However these systems are vulnerable to a large number of potential hazards, especially due tonetworked computing. Therefore, IS control and security is an important issue of concern for themanagement. Some of the major threats to the information systems are as follows:

- Error in handling, entering, transferring, or programming data
- Equipment malfunctions
- Accidental or malicious damage to computer resources
- Destruction from virus
- Theft of equipment and/or programs
- Inappropriate use of data
- Loss, theft, or changes of data,
- Fire or any other natural calamity

Let’s Sum Up

Dear Learners, in this chapter we learn about, Definition of MIS, Importance of MIs, Nature and scope of MIS, Types of Information system, Management of Information system.

Self-Assessment questions

1. -------------------- focuses on planning, policies, and procedures regarding the use of corporate data and information.

a. CIO b. System analyst

c. database administrator d. System operator

2. The extent to which technology permeate an area or department is called-----------------

a. Technology diffusion b. Technology infusion

c. Technology collusions d. Technology fusion

3. ------------------- convert cipher text back into plaintext.

a. Encryption b. Firewall

c. Decryption d. An encoder.

4. With the - ----------------- form of data processing, each transaction is processed immediately

a. OLTP b. batch processing

c. active processing d. automated transaction processing

5. ----------------- involves the investigation of new approach to existing problems

a. System analysis b. creative analysis

c. critic analysis d. Organizational analysis

MODULE 1 COMPLETED

MODULE -2- CUSTOMER RELTIONSHIP MANAGEMENT

2.1 Introduction to CRM

Customer Relationship Management (CRM) systems are pivotal tools for businesses to manage interactions with current and potential customers. Evaluating CRM involves assessing its effectiveness in enhancing customer satisfaction, streamlining processes, and driving revenue growth. Here are key aspects to consider in evaluating CRM:

User Interface and Ease of Use: A user-friendly interface is crucial for widespread adoption across the organization. Evaluate how intuitive the CRM system is for different user roles and levels of technical proficiency.

Customization and Flexibility: A CRM system should be customizable to align with specific business processes and workflows. Evaluate the system's flexibility in adapting to unique requirements without excessive customization costs or complexities.

Data Management and Integration: Assess the CRM's capability to centralize customer data from various sources, such as sales, marketing, and customer service. Evaluate integration capabilities with other business systems (e.g., ERP, marketing automation) to ensure seamless data flow and consistency.

Automation and Workflow Automation: Evaluate the CRM's automation features for tasks such as lead scoring, email campaigns, and customer follow-ups. Assess how effectively it streamlines processes and reduces manual effort, thereby improving efficiency and productivity.

Analytics and Reporting: Effective CRM systems provide comprehensive analytics and reporting capabilities to track key performance metrics, customer behaviors, and sales trends. Evaluate the system's reporting tools for generating actionable insights and supporting data-driven decision-making.

Customer Support and Training: Consider the quality of customer support provided by the CRM vendor, including responsiveness, expertise, and availability of resources (e.g., knowledge base, training materials). Adequate training and ongoing support are essential for maximizing user adoption and system proficiency.

Scalability and Performance: Assess the CRM system's scalability to accommodate growing data volumes and user bases without compromising performance. Evaluate factors such as system response times, uptime, and scalability options (e.g., cloud-based solutions).

Security and Compliance: Security is paramount when handling sensitive customer data. Evaluate the CRM system's security features, such as data encryption, access controls, and compliance with industry regulations (e.g., GDPR, HIPAA).

Cost-effectiveness and ROI: Consider the total cost of ownership, including initial setup costs, subscription fees, customization expenses, and ongoing maintenance. Evaluate the CRM's return on investment (ROI) in terms of increased revenue, cost savings, and improved customer relationships.

User Feedback and Satisfaction: Gather feedback from end-users across departments to assess their satisfaction with the CRM system. Identify pain points, usability issues, and feature requests to inform future enhancements and optimizations.

By thoroughly evaluating these aspects, businesses can determine the suitability of a CRM system for their specific needs and maximize its potential to drive customer engagement, loyalty, and business growth.

2.2 CUSTOMER LOYALTY

Customer loyalty refers to the tendency of customers to consistently choose a particular brand or company over others, often due to positive experiences, satisfaction with products or services, and emotional connections with the brand. It's a critical aspect of business success, as loyal customers tend to make repeat purchases, advocate for the brand, and contribute to long-term profitability. Evaluating customer loyalty involves assessing various factors that influence customer behavior and perceptions:

Customer Satisfaction: Satisfied customers are more likely to become loyal patrons. Measure satisfaction through surveys, feedback forms, and net promoter scores (NPS) to gauge overall sentiment and identify areas for improvement.

Quality of Products/Services: Consistently delivering high-quality products or services builds trust and confidence in the brand. Monitor product/service performance, address quality issues promptly, and strive for continuous improvement to meet or exceed customer expectations.

Customer Experience: A positive customer experience at every touchpoint reinforces loyalty. Evaluate interactions across all channels (e.g., in-store, online, customer service) to ensure consistency, convenience, and personalized engagement.

Brand Reputation and Trust: A strong brand reputation and trustworthiness foster loyalty. Monitor online reviews, social media sentiment, and brand perception to proactively manage reputation and address any negative feedback or concerns.

Value Proposition: Communicate and deliver clear value propositions that resonate with target customers. Highlight unique selling points, benefits, and rewards to incentivize repeat purchases and foster emotional connections with the brand.

Customer Engagement and Communication: Engage customers through personalized communication, relevant content, and targeted marketing campaigns. Leverage customer data to segment audiences and deliver tailored messages that resonate with their preferences and interests.

Loyalty Programs and Incentives: Implement loyalty programs, rewards, and incentives to encourage repeat purchases and brand advocacy. Offer exclusive discounts, perks, and VIP benefits to incentivize loyalty and drive customer retention.

Community and Social Responsibility: Foster a sense of community and social responsibility by supporting causes aligned with customers' values and interests. Engage in corporate social responsibility initiatives, environmental sustainability efforts, and community outreach to strengthen emotional bonds with customers.

Customer Feedback and Listening: Actively solicit and listen to customer feedback to understand their needs, preferences, and pain points. Use insights gathered from surveys, focus groups, and social listening to tailor products, services, and experiences to meet customer expectations.

Employee Engagement and Advocacy: Engage and empower employees to deliver exceptional customer experiences and act as brand ambassadors. Invest in training, recognition programs, and employee satisfaction initiatives to cultivate a customer-centric culture and drive loyalty from within.

By prioritizing customer satisfaction, delivering exceptional experiences, and fostering emotional connections, businesses can cultivate strong customer loyalty and secure a sustainable competitive advantage in the marketplace. Regularly evaluate loyalty metrics and adapt strategies based on evolving customer needs and market dynamics to maintain long-term relationships and drive business growth.

CRM (Customer Relationship Management) success factors can be categorized into several key areas, each contributing to the effectiveness of the CRM system and its ability to drive value for the organization. Additionally, CRM systems can offer different levels of service or functionality tailored to meet the varying needs of businesses. Let's explore these aspects in more detail:

2.3 CRM Success Factors:

Clear Objectives and Strategy: Define clear objectives and align CRM initiatives with overall business goals. Establish a strategy that outlines how CRM will support customer acquisition, retention, and revenue growth.

Executive Sponsorship and Leadership: Secure executive sponsorship and leadership buy-in to ensure organizational commitment and resource allocation for CRM implementation and adoption.

User Adoption and Training: Provide comprehensive training and support to ensure user adoption across the organization. Invest in user-friendly interfaces, intuitive workflows, and ongoing training programs to maximize CRM utilization.

Data Quality and Integration: Maintain clean, accurate, and up-to-date customer data by implementing data governance policies and integrating CRM with other business systems (e.g., ERP, marketing automation) for seamless data flow.

Customization and Personalization: Customize the CRM system to align with unique business processes and customer needs. Leverage data-driven insights to personalize interactions, offers, and communications for improved customer engagement.

Customer Experience Focus: Prioritize customer experience by streamlining processes, resolving inquiries promptly, and delivering consistent, personalized interactions across all touchpoints.

Measurement and Analytics: Establish key performance indicators (KPIs) and metrics to track CRM effectiveness, such as customer satisfaction, retention rates, sales conversion rates, and lifetime value. Utilize analytics tools to gain actionable insights and drive data-driven decision-making.

Continuous Improvement and Innovation: Foster a culture of continuous improvement by soliciting feedback from users and stakeholders, monitoring industry trends, and adapting CRM strategies and functionalities accordingly.

Levels of CRM Services:

Basic CRM: Entry-level CRM systems typically offer core functionalities such as contact management, lead tracking, and basic reporting. They are suitable for small businesses or startups with limited budgets and simpler requirements.

Mid-Level CRM: Mid-level CRM systems provide additional features such as sales automation, marketing automation, and customer service management. They cater to growing businesses with more complex needs and higher user volumes.

Enterprise CRM: Enterprise-level CRM solutions offer advanced capabilities such as advanced analytics, AI-driven insights, omnichannel engagement, and customization options. They are designed for large organizations with extensive customer bases and complex operational requirements.

Cloud-Based CRM: Cloud-based CRM solutions are hosted on remote servers and accessed via the internet, offering scalability, flexibility, and cost-effectiveness. They are suitable for businesses of all sizes seeking easy deployment and accessibility.

On-Premises CRM: On-premises CRM systems are installed and maintained locally on the organization's servers, providing greater control over data security and customization. They are preferred by businesses with specific compliance or security requirements.

Industry-Specific CRM: Some CRM vendors offer industry-specific solutions tailored to meet the unique needs of particular sectors, such as healthcare, finance, or retail. These solutions often include industry-specific features and compliance certifications.

Choosing the right level of CRM service depends on factors such as budget, scalability, customization needs, and industry requirements. It's essential to conduct thorough research, assess business needs, and evaluate vendor offerings to select the CRM solution that best aligns with organizational goals and objectives.

2.4 CUSTOMER ENGAGEMENT AND MARKETING

Customer engagement marketing—defined as a firm's deliberate effort to motivate, empower, and measure customer contributions to marketing functions—marks a shift in marketing research and business practice. After defining and differentiating engagement marketing, the authors present a typology of its two primary forms and offer tenets that link specific strategic elements to customer outcomes and thereby firm performance, theorizing that the effectiveness of engagement marketing arises from the establishment of psychological ownership and self-transformation. The authors provide evidence in support of the derived tenets through case illustrations, as well as a quasi-experimental field test of the central tenet of engagement marketing.

Customer Engagement refers to emotional attachment that a customer experience during the repeated. and ongoing interactions. Engagement occurs through satisfaction, loyalty and excitement about your. brand. Organizations who engage customers to the point where they are moved to behavioral change.

4 p’s of customer engagement

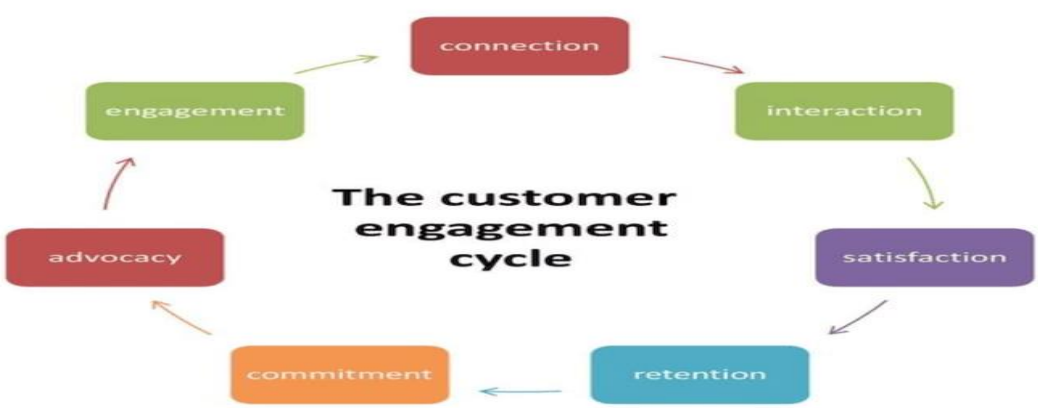
It is clear that customer focus and the delivery of a customer experience is almost entirely derived not from technology, but from four other foundational elements: Product, Process, Policy, and People.

5 c’s of engagement

In conclusion, the 5 Cs of employee engagement—Care, Connect, Coach, Contribute, and Congratulate—are critical for building a motivated and productive workforce. By implementing these strategies, organizations can improve employee satisfaction, retention, and overall performance.

Customer engagement cycle

The customer engagement cycle is a cyclical relationship-building process that begins with customer acquisition and ends with a customer base that supports, purchases and promotes a business’ products.



Connection

Customer engagement doesn't start and end with the purchase, and consumers often have questions throughout the process. Effective engagement strategies allow you to connect with and consider consumers' needs from initial awareness to purchase and beyond.

Interaction

Customer interaction is a cornerstone of building a successful relationship a business and its customers. Whether it's announcing new products, explaining new services, or asking for feedback, every interaction is a chance to demonstrate value and remind customers why they should buy from you.

Commitment

Engaged customers are more likely to make repeat purchases, recommend the brand to others, and show a higher level of commitment. This is particularly important in an era where choices are abundant and customer expectations are high.

Advocacy

Customer advocacy is a customer development strategy that prioritizes the customer experience. This strategy identifies what customers want and need. Then, it assists a company in putting those needs first when making critical brand decisions.

Strategies for engaging customers

Companies have developed a range of techniques, functionality and incentives to engage customers. Some of the basic ways they do this include phone and email; customer service chatbots and self-service capabilities; social media; loyalty programs; interactive in-store experiences; and user-generated campaigns, such as photo and video contests

Measuring customer engagement

Determining true customer engagement isn't easy, and experts don't agree on exactly what it is. However, companies can use various metrics to determine the return on investment of their customer engagement efforts.

One approach is to use A/B testing of website presentations, marketing campaigns and other customer interaction efforts to observe customer engagement patterns. These tests reveal which of several approaches is likely to result in higher sales, more membership and other increased measures of customer success and engagement.

Other metrics used to measure customer engagement include the following:

Traffic. This indicates how popular, useful and easy to use a company's site or app is.

Active users. This shows how many existing customers use or interact with a website or app.

Audience growth. This is a measure of a brand's ability to bring on new visitors and customers.

Interaction with links on websites. This indicates whether specific aspects of engagement are successful.

Likes and shares on social media content. These are a measure of customer connectedness.

Feature use. This indicates what features are most used on an online service or app.

Opt-outs. This refers to users who are disengaging with a customer engagement campaign and need to be nudged to come back.

Text analytics of customer sentiment. This provides insight into customer behavior.

Response times of customer service cases. This and time to resolution of cases are indicators of customer connectedness.

Click-through rates in email campaigns. These show how effective these promotions are at getting users to engage.

Facebook and Twitter analytics. These show how a brand is performing online.

Customer engagement trends

New and evolving technologies, such as Bluetooth, IoT and artificial intelligence, are affecting customer engagement trends:

Wearable technology. Wearable Bluetooth devices, such as iBeacon, combine the digital experience of customer engagement with physical experiences. Companies use iBeacon to identify when a customer is in a physical store and send them real-time alerts about discounts and sales they might be interested in.

Healthcare platforms. Customer engagement has also moved beyond the realm of retail or traditional product sales. Industries like healthcare are using technologies such as customer portals to engage patients in their health regimen and communication with doctors. Wearables are a key tool in healthcare engagement, helping patients measure various health indicators and track their progress.

Customer service metrics. Many companies track customer service engagement in precise ways. They track first contact resolution rates, which measure how many customer service cases are resolved without being escalated, and case deflection, which measures how many cases are prevented from happening at all.

Personalized UX. Successful customer engagement campaigns personalize customer experiences. They rely on websites and apps with strong UXes that attract customers and make it easier for a customer to find the product they want or an answer to their question. These campaigns tailor their UX, messaging and content marketing to specific customers based on customer data.

Goal of engagement

The objective of customer engagement is to encourage loyalty and promote business through word of mouth marketing. Gainsight knows that focusing solely on maximizing conversions would not bring desired results.

2.5 Sales Force Automation

The sales process is full of repetitive, administrative tasks, from data entry to task management. Sales force automation software automates many of these administrative duties so sellers can spend less time clicking around a CRM system and more time working with customers.

Why do businesses use sales force automation?

Sales force automation makes the sales process more efficient—helping companies sell more and sell more quickly. The best SFA systems use artificial intelligence (AI) and unified customer data to prompt sellers to take recommended next-best actions.

Effective sales force automation systems do the following:

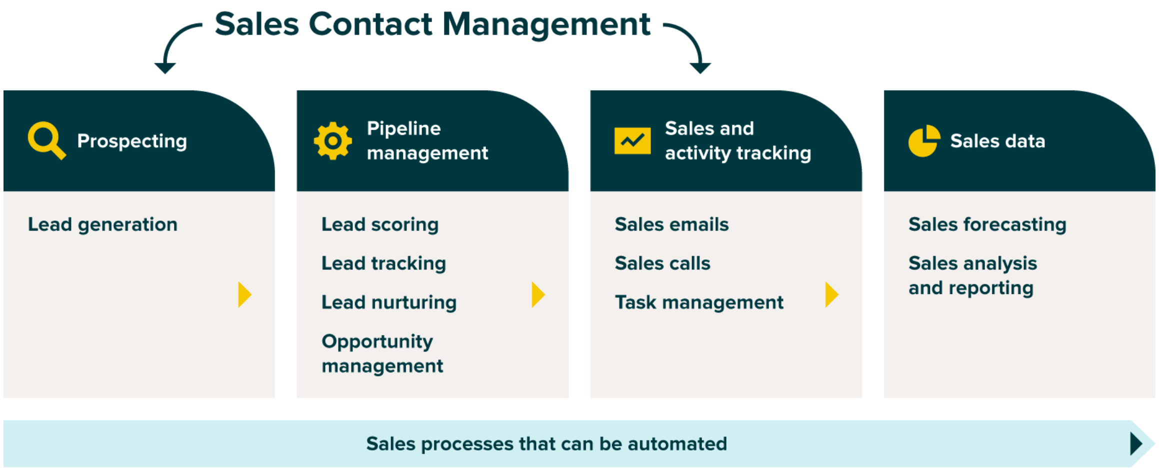
- **Boost sales productivity.** When sellers reduce the time needed to click through a system, they can focus on the right tasks and actions to close deals more quickly.
- **Increase sales efficiency.** With SFA tools, sellers can spend more time on the tasks that matter—such as calling prospects and setting up meetings—and less time performing manual data entry.
- **Drive higher user adoption.** Sellers should want to use sales force automation systems. The right systems offer proactive, AI-driven guidance to sellers across all their devices.
- **Deliver connected customer service experiences.** Connect customer intelligence with sales force automation software, so your sellers have a complete view of each customer interaction.
- **Uncover more revenue opportunities.** While humans may forget to follow up, SFA software can intelligently track accounts and suggest the next-best recommended action.

Sales force automation function:

Sales force automation (SFA) is a tool or software platform that any of the daily tasks expected of sales teams. SFA technology reduces sales teams' workloads by automating non-revenue generating tasks such as data entry and writing emails.

How does sales force automation work?

Sales force automation software makes the sales process more efficient for sellers at every step of the customer journey. From activity tracking to sales reporting, here's how sales force automation works.



- **Activity and opportunity management:** Prioritize leads most likely to convert, analyze win probabilities as sales deals evolve, and provide AI-recommended, next-best actions to keep sales engagements on track.
- **Account and contact management:** Alert sellers when something needs attention. Give sellers a complete, unified picture of each customer, so they have visibility into every interaction, sale, and activity. Sellers can use SFA to update appointments and tasks, complete call logs easily, assign follow-ups, and add contacts.
- **Subscription management:** Support subscription-based sales. Connect the entire subscription lifecycle, including finance (revenue recognition), operations, and customer experience/renewals.
- **Sales planning and performance:** Automatically assess how effective your sales activities are, alert both reps and managers to deals that need attention, and leverage AI-backed recommendations to effectively re-engage.
- **Mobile capabilities:** Easily complete tasks and move deals forward faster. Use a mobile digital assistant that responds to a person's voice or text to enter customer data and get work done quickly and efficiently.

The advantages and disadvantages of sales force automation

First, the advantages of sales force automation. Basically, it gets salespeople sell more in less time by doing the following:

Increase productivity:

Today's sales force automation tools give sellers a single, customizable view of accounts, opportunities, leads, and contacts that they can browse with powerful search capabilities.

Offer guided, relevant recommendations:

AI captures and analyses clean, comprehensive customer data to provide guided recommendations to sellers.

Provide easy access to customer information:

Augment customer records with CRM and back-office systems data that's collected and enriched with verified, third-party customer and company data.

Provide smarter reporting and planning:

When systems are easy to use, sellers benefit from better data and more actionable insights about performance. Powerful business intelligence can be leveraged to build a deeper understanding of pipelines, opportunities, and critical sales metrics.

Now, let's look at the issues that can arise with any SFA implementation.

Learning curve:

For sellers used to the traditional way of doing things, implementing a new system can change processes and create a more challenging workflow for organizations to navigate.

Fewer personal customer service experiences:

Automating email responses and check-ins with customers can make the customer service experience a less personal one for the people involved.

System maintenance:

Upgrading sales force automation can require extra technical support and manpower.

Barriers to entry:

Integrating sales force automation into current systems can be an expensive operation that hinders an organization's ability to close deals.

Components & Functions of Salesforce Automation:

Salesforce automation includes lead management, opportunity management, sales forecasting, accounts management, product management, event management, and order management.

Let's explore these components of salesforce automation in more detail.

Lead Management

Sales professionals can use lead control to track which leads will likely buy based on their demographics and other data.

Lead management includes capturing and tracking leads from when they first appear until they are qualified for the product/service. In addition, lead management tracks activity history, including phone conversations and emails.

Opportunity Management

Opportunity management enables sales professionals to manage opportunities by tracking the status of each chance during the sales process.

Information captured within this part of the program includes the purchase probability, deal size, and estimated close date. Some systems also provide order entry functionality to allow salespeople to enter orders directly into the system once a deal closes.

Sales Forecasting

Managers use sales forecasting to estimate future sales based on information provided by their team members. Each team member offers estimates for their team leaders' opportunities to help them inspect the expected sales figures.

Accounts management:

These comprise existing customers' details, whose contact information and history of business transactions with the company are tracked.

The business managers get a complete overview of a customer's relationship and history. They quickly access information such as the customer's contact details, previous and current order details, past messages, and transactions.

Products management:

These include the items offered by a company that meets the needs of its customers. They are made accessible to customers online to make their purchase process more effective and direct.

SFA for business-to-business (B2B) sales tracks leads from marketing campaigns through the entire sales cycle (quote creation) and aftermarket service or repeat sales activities.

Order management:

This component comprises a product’s price and configuration. When a customer purchases, this functionality turns the product’s price quotes into accurate price tags for formal transactions and recordings.

Event management:

It helps plan and schedule a firm’s events, such as trade shows and seminars. It comprises events calendars and reports for efficiency in managing upcoming events.

Difference between CRM and SFA:

So what is the difference between sales force automation and CRM? They are closely connected, but they are not the same, even though you may see the two terms used interchangeably. Specifically, sales force automation software is designed to increase sales. It supports the sale of products or services, with a goal to make the entire sales process more efficient.

On the other hand, CRM deals specifically with the management of customer relationships, with the goal to improve the overall relationship between the company and its customers.

Sales Force Automation

The sales process is full of repetitive, administrative tasks, from data entry to task management. Sales force automation software automates many of these administrative duties so sellers can spend less time clicking around a CRM system and more time working with customers.

Why do businesses use sales force automation?

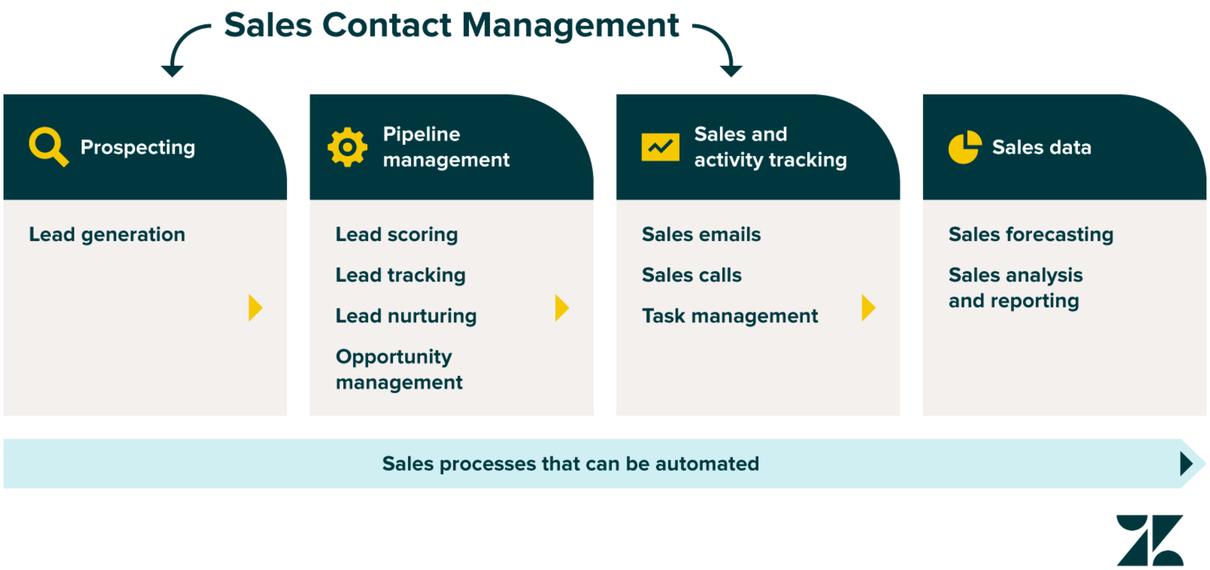
Sales force automation makes the sales process more efficient—helping companies sell more and sell more quickly. The best SFA systems use artificial intelligence (AI) and unified customer data to prompt sellers to take recommended next-best actions.

Effective sales force automation systems do the following:

- **Boost sales productivity.** When sellers reduce the time needed to click through a system, they can focus on the right tasks and actions to close deals more quickly.
- **Increase sales efficiency.** With SFA tools, sellers can spend more time on the tasks that matter—such as calling prospects and setting up meetings—and less time performing manual data entry.
- **Drive higher user adoption.** Sellers should want to use sales force automation systems. The right systems offer proactive, AI-driven guidance to sellers across all their devices.
- **Deliver connected customer service experiences.** Connect customer intelligence with sales force automation software, so your sellers have a complete view of each customer interaction.
- **Uncover more revenue opportunities.** While humans may forget to follow up, SFA software can intelligently track accounts and suggest the next-best recommended action.

Sales force automation function:

Sales force automation (SFA) is a tool or software platform that any of the daily tasks expected of sales teams. SFA technology reduces sales teams' workloads by automating non-revenue generating tasks such as data entry and writing emails.



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Sales force automation:

Sales force automation helps sellers take the next-best action by using machine learning and comprehensive, account-level data. It automates and simplifies data entry and supports mobile interactions, giving sales teams more time to engage with customers and prospective customers.

Customer relationship management:

CRM software manages your relationships with customers, but it isn’t just one solution. To effectively manage, analyse, and improve customer relationships, you need a comprehensive set of solutions that supports every step in your customer’s journey. Such an end-to-end solution should include a sales solution (encompassing SFA, partner relationship management, incentive compensation, sales forecasting), a customer service solution, and a marketing automation solution, as well as an AI-enhanced customer data platform (CDP) that combines online, offline, and third-party data sources for a complete, dynamic customer view.

Components of Sales Force Automation

Different sales force automation tools perform different tasks. Some tools even allow users to set up their own inputs and outputs to customise which tasks are automated. Here are some components of sales force automation software.

- **Activity tracking and alerts:** Activity tracking allows sales teams to keep track of where they are with certain customers, ensuring they are taking the correct next steps to build sales. By linking CRMs to email clients or calendars, everyone will know exactly where each client is in the sales process. Additionally, some sales force automation software will automatically alert sales team members of the next steps they need to take. This means they will always be taking the correct actions at the right time, ensuring the best chances of sales success.

- **Automate the sales process:** By automating parts of the sales process, businesses can keep the sales process moving without doing anything. For example, a business could set up an automation whereby a new email is sent after two days if an email to a client is not opened. Alternatively, if the email is opened and an online form is filled out, the contents can be automatically added to a CRM and a sales rep notified that they should contact the prospect. The other benefit of automating the sales process is that by creating a plan that maps out which step follows the previous one, sales managers always know only the most effective actions are taken by reps at each stage of the sales process.

- **Manage the sales pipeline:** Businesses can reap the benefits of sales force automation when using it in their sales pipeline. The pipeline can be set up so team members are alerted whenever a prospect moves to the next step of the pipeline, simplifying the process and ensuring everyone knows the next steps to take as soon as they have to take it. Additionally, by utilising a dynamic sales pipeline, metrics such as projected revenue and opportunity close rates will be automatically updated whenever a client is moved down the pipeline. This means managers don’t have to make reports manually and ensures they have all the tools they need to make plans.

- **Take the hassle out of scheduling appointments:** Scheduling tools make it simple for sales teams to plan meetings with clients. The sales rep simply sends the prospect a link to the scheduling software, where they can then choose an available time slot. As the software links up with the sales rep's schedule, it already knows when the rep is free, meaning there is no chance of the rep being double booked.

- **Automatically assign leads:** It's possible to set up processes within a CRM that automatically assign leads to the correct sales rep based on company metrics such as industry, location, size, or simply how busy a rep is. This takes the guesswork out of assigning leads and reduces the workload of managers.

- **Produce up-to-date reports:** By automatically producing reports based on real-time metrics, sales force automation tools allow managers to save time when analysing how the team is performing. These metrics can often be shared throughout the company, allowing higher-ups to make plans based on accurate predictions of company performance. Reports can be made based on metrics such as predicted sales, revenue, and the performance of individual reps.
- **Focus on the right leads:** Focusing on the correct leads is perhaps the most effective way of increasing sales and productivity. If a business knows what makes a good lead, it can set up sales automation software to automatically analyse a lead and decide how qualified it is based on metrics such as the number of employees, industry, or revenue. By making it clear what is a good lead, sales reps can be sure to only focus their time on the most qualified leads.

Sales force automation Application:

SFA applications are typically software solutions designed to assist an enterprise with coordinating sales activities across inside sales, field sales, channel partners, and online sales channels.

The best sales force automation software:

The best sales force automation software reduces the barriers to entry, is a tool that sellers want to use, and makes selling a more efficient, more fruitful endeavour.

Features to look for include:

- Advanced sales AI that captures and analyses clean, comprehensive customer data to provide guided selling recommendations. Look for AI-enabled solutions that can help you focus on leads that are most likely to convert and give your sellers insights they can use for better long-term sales performance.

- Automated and simplified administrative actions, such as data entry and task management, so sellers can spend more time working with customers.
- Adaptive and responsive search, software integrations, a sales assistant, and a mobile app that mirrors the platform's desktop experience.
- An easy-to-use interface that delivers responsive and modern workflows to streamline and simplify the sales process.

2.6 INTRODUCTION TO MARKETING ANALYTICS:\

Marketing analytics is a crucial component of modern business strategy that involves the use of data analysis tools and techniques to measure, manage, and evaluate marketing performance. In today's data-driven landscape, businesses rely on marketing analytics to gain valuable insights into consumer behavior, optimize marketing campaigns, and make informed decisions to enhance overall business success.

Key Components of Marketing Analytics:

Data Collection:

Marketing analytics begins with the collection of relevant data from various sources. This data can include customer demographics, online and offline interactions, social media engagement, and more. The goal is to gather comprehensive and accurate information to fuel the analysis process.

Data Processing and Cleaning:

Raw data often needs to be processed and cleaned to remove inconsistencies and errors. This step ensures that the data used for analysis is reliable and provides an accurate representation of the marketing landscape.

Data Analysis:

The heart of marketing analytics lies in data analysis. Advanced analytical tools and techniques are employed to uncover patterns, trends, and correlations within the data. This analysis helps marketers understand customer preferences, identify successful marketing channels, and measure the impact of campaigns.

Performance Measurement:

Marketing analytics enables businesses to measure the performance of their marketing initiatives. Key performance indicators (KPIs) such as return on investment (ROI), customer acquisition cost (CAC), and conversion rates are commonly used to assess the effectiveness of marketing strategies.

Customer Segmentation:

Through analytics, businesses can segment their customer base into distinct groups based on characteristics such as demographics, behavior, and preferences. This segmentation allows for more targeted and personalized marketing efforts.

Predictive Analytics:

Predictive analytics uses historical data and statistical algorithms to forecast future trends and outcomes. In marketing, this can help businesses anticipate customer behavior, identify potential opportunities, and mitigate risks.

Optimization and Decision-Making:

Armed with insights from analytics, marketers can optimize their strategies and make data-driven decisions. This may involve adjusting advertising spend, refining messaging, or reallocating resources to channels that deliver the best results.

Continuous Improvement:

Marketing analytics is an ongoing process that encourages continuous improvement. By regularly analyzing data and adapting strategies, businesses can stay agile in the dynamic marketplace and maintain a competitive edge.

2.7 Benefits of Marketing Analytics:

Improved Decision-Making:

Data-driven insights enable marketers and decision-makers to make informed and strategic choices, leading to more effective campaigns.

Resource Optimization:

Marketing analytics helps allocate resources efficiently by identifying high-performing channels and eliminating or adjusting strategies that underperform.

Customer Understanding:

By analyzing customer behavior, preferences, and feedback, businesses can gain a deeper understanding of their target audience, enabling more personalized and relevant marketing efforts.

Measurable ROI:

Marketing analytics provides a clear way to measure the return on investment, allowing businesses to assess the success of their marketing campaigns in quantifiable terms.

Competitive Advantage:

Businesses that leverage marketing analytics gain a competitive advantage by staying ahead of market trends, understanding consumer needs, and adapting their strategies accordingly.

In conclusion,

marketing analytics is a powerful tool that empowers businesses to make data-driven decisions, optimize marketing efforts, and ultimately drive business success in an increasingly competitive and dynamic marketplace.

Let's sum Up:

Dear Learners, in this chapter we discuss about, Introduction to CRM, Customer loyalty, CRM success factor, customer engagement and marketing, Sales force automation, Introduction to Marketing analytics, Benefits of Marketing analytics.

Self-Assessment questions:

1. CRM is about

a. Acquiring the right customer b. Instituting the best processes

C.motivating the employees d. all of the above

2. CRM technology can help in

a. designing direct marketing efforts b. developing new pricing models

c. processing transaction faster d. all of the above

3. The marketing message committed to customer wishes is a part of

a. permission marketing b. activity marketing

c. supplier marketing d. none of the above

4. -------------- is any occasion on which the brand or product is used by end customers

a. customer touch point b. retailer touch point

c. company touch point d. none of the above.

5. A consumer buyer behavior is influenced by

a. Cultural and social factors b. Personal factors

c. both a and b d. none of the above

GLOSSORY:

Online Analytical Processing (OLAP) is a category of software technology that enables users to perform multidimensional analysis of business data.

Outsourcing is the business practice of delegating certain tasks, functions, or processes to external third-party service providers rather than handling them internally.

Cloud computing is the delivery of computing services—including servers, storage, databases, networking, software, analytics, and intelligence—over the internet (the "cloud").

Completing customers to the new system refers to the process of ensuring that customers successfully transition from an old system or method to a new one, typically involving new technologies, platforms, or processes.

ANSWER FOR CHECK YOUR PROGRESS:

1 MODULE

1a

2b

3c

4a

5a

2 MODULE

1d

2d

3a

4a

5c.

UNIT-4

4.1 BUYER BEHAVIOUR

4.1.1Meaning:

Buyer behavior refers to the actions and decision-making processes of individuals or organizations when selecting, purchasing, using, and disposing of goods and services. It encompasses how consumers make choices based on their needs, preferences, and influences, as well as how they evaluate and respond to their purchases. Understanding buyer behavior helps businesses tailor their strategies to effectively meet the demands and expectations of their target market.

4.1.2 Definition:

Buyer behavior refers to the actions, decisions, and processes that individuals or organizations go through when purchasing products or services. It encompasses several aspects:

1. Decision-Making Process: This includes need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

2. Psychological Factors: These involve motivations, perceptions, attitudes, and beliefs that influence buying decisions.

3. Social Factors: Social influences such as family, friends, social status, and cultural norms can affect purchasing choices.

4. Personal Factors: Individual characteristics such as age, occupation, lifestyle, and economic status play a role in buyer behavior.

5. Marketing Influences: Strategies and tactics used by marketers, such as promotions, advertising, and product placement, impact buyer behavior.

Understanding buyer behavior helps businesses tailor their marketing strategies to better meet the needs and preferences of their target audience.

4.4.3 Consumer behavior is influenced by a variety of factors that can be broadly categorized into psychological, personal, social, and cultural factors:

1. Psychological Factors:

Motivation: Needs and desires drive purchasing decisions. According to Maslow's hierarchy of needs, consumers make purchases to fulfill various levels of needs, from basic necessities to self-actualization.

Perception: How consumers perceive and interpret information about products affects their buying behavior. This includes exposure, attention, and interpretation of marketing messages.

Learning: Past experiences and the information consumers acquire shape their future purchasing decisions.

Beliefs and Attitudes: Consumers' beliefs and attitudes towards products and brands influence their buying choices.

2. Personal Factors:

Age and Life Cycle Stage: A person's age and stage in life (e.g., student, working professional, retired) affect their buying habits.

Occupation: One's job or career can influence their purchasing decisions, such as buying formal attire or tools related to their profession.

Economic Situation: Consumers' financial status, including income level and spending power, impacts their buying behavior.

Lifestyle: Individuals' lifestyles, including their interests, activities, and opinions, influence their purchasing preferences.

3.Social Factors:

Family: Family members can have a significant impact on purchasing decisions, as their needs and preferences often play a role.

Reference Groups: Groups such as friends, colleagues, or social circles influence consumer choices through social norms and peer pressure.

Roles and Status: A consumer's role within a social group and their perceived status can affect their buying behavior.

4. Cultural Factors:

Culture: The shared values, beliefs, and customs of a society influence consumer preferences and behavior.

Subculture: Specific groups within a culture, such as ethnic groups or communities with distinct interests, have unique buying behavior

Social Class: Social class can affect consumer preferences, purchasing power, and brand choices.

Understanding these factors helps marketers develop strategies that align with consumer needs and preferences, ultimately influencing their purchasing decisions.

Let's sum up

Consumer behavior is influenced by several key factors. Cultural influences include a person's culture, subculture, and social class, which shape their values and behavior. Social factors such as family, roles, status, and peer groups also play a significant role in shaping consumer decisions. Personal factors like age, occupation, income, lifestyle, and personality further affect preferences and buying habits. Additionally, psychological factors such as motivation, perception, learning, beliefs, and attitudes are crucial in determining how consumers respond to products and make purchasing decisions. All these factors work together to influence consumer behavior.

Check your progress

1. Which of the following is NOT a cultural factor influencing consumer behavior?
   - a) Subculture
   - b) Social class
   - c) Family
   - d) Culture
2. Which personal factor affects consumer buying decisions?
   - a) Social status
   - b) Occupation
   - c) Cultural beliefs
   - d) Peer influence
3. What is an example of a psychological factor that influences consumer behavior?
   - a) Family
   - b) Learning
   - c) Social class
   - d) Income
4. Which of the following is a social factor that influences consumer behavior?
   - a) Motivation
   - b) Age
   - c) Roles and status
   - d) Personality

5. Which factor is directly related to consumer self-concept and lifestyle?
   - a) Cultural
   - b) Personal
   - c) Social
   - d) Psychological

4.2 Buying Situation

A "buying situation" refers to the context or circumstances surrounding a purchase decision. It encompasses various factors such as the buyer's needs, the urgency of the purchase, the buying environment, and any influencing factors or constraints. For example, a buying situation could be a routine purchase, an urgent need, a response to a special promotion, or a complex decision involving multiple stakeholders. Understanding the buying situation helps businesses tailor their approach to meet specific customer needs and preferences effectively.

A buying situation refers to the context or circumstances under which a purchase is made. This can vary based on factors like the type of product or service, the buyer’s needs and preferences, budget constraints, urgency, and the decision-making process. For instance:

1. Routine Purchase: Buying everyday items like groceries where the process is quick and habitual.

2.Impulse Purchase: Unplanned buying, often driven by emotional appeal or immediate desire.

3. Emergency Purchase: Immediate need for a product or service due to an unforeseen problem, such as buying a new phone after breaking the old one.

4. Considered Purchase: Research-intensive buying where the consumer evaluates different options and factors before making a decision, like purchasing a car or a house.

Understanding the buying situation helps sellers tailor their approach and marketing strategies to better meet the buyer's needs and preferences.

Let’s sum up

A buying situation refers to the specific circumstances or context in which a consumer makes a purchase decision. There are typically three main types: *routine buying, where consumers purchase familiar products with minimal thought; **limited decision-making, where consumers spend some time considering different options, often for products they buy occasionally; and **extensive decision-making*, which involves a thorough evaluation of multiple alternatives, usually for expensive or unfamiliar items. The buying situation is influenced by factors such as the level of involvement, the complexity of the purchase, and the consumer’s prior experience with the product or service.

Check your progress

1. Which type of buying situation involves minimal effort and routine purchases?

 - a) Extensive decision-making
 - b) Limited decision-making
 - c) Routine buying
 - d) Impulsive buying

2. What type of buying situation involves a thorough evaluation of multiple alternatives, often for expensive products?

 - a) Routine buying
 - b) Limited decision-making
 - c) Extensive decision-making
 - d) Impulsive buying

3. In which buying situation do consumers compare several brands but don't spend as much time as in extensive decision-making?

 - a) Routine buying
 - b) Limited decision-making
 - c) Extensive decision-making
 - d) Habitual buying

4. Which factor primarily influences a routine buying situation?
   - a) High involvement
   - b) Complexity of purchase
   - c) Familiarity with the product
   - d) New product features
5. *Which of the following is most likely to require extensive decision-making?*
   - a) Purchasing groceries
   - b) Buying a luxury car
   - c) Selecting a detergent brand
   - d) Buying a movie ticket

4.3 Buying decision process

1. Problem Recognition: Realizing there is a need or problem that requires a solution.
2. Information Search: Gathering information about potential solutions or products. This can be through personal research, asking others, or looking at reviews.
3. Evaluation of Alternatives: Comparing different options based on factors such as price, quality, and features.
4. Purchase Decision: Choosing a specific product or service based on the evaluation. At this stage, other factors like brand reputation and purchase terms might influence the final decision.
5. Post-Purchase Behavior: Reflecting on the purchase after it’s made, which can involve evaluating satisfaction and whether the product or service meets expectations.

Each stage involves different considerations and can vary depending on the complexity of the purchase and individual preferences.

The buying decision process is crucial for both consumers and businesses, as it directly influences purchasing behavior and, ultimately, market success. Here's why it's important:

1. **Informed Choices**: It helps consumers make informed decisions by evaluating options, comparing prices, and assessing quality. Understanding this process allows businesses to better cater to their needs.
2. **Customer Satisfaction**: By aligning marketing strategies with the stages of the decision-making process, businesses can enhance customer satisfaction and build brand loyalty.
3. **Targeted Marketing**: Companies can tailor their marketing efforts to each stage of the buying process (awareness, consideration, decision). This results in more effective promotions, messaging, and product placements.
4. **Competitive Advantage**: A deep understanding of the buying process helps companies identify the factors that influence consumer decisions, allowing them to differentiate their offerings from competitors.
5. **Reduced Risk**: For both businesses and consumers, following a structured buying decision process minimizes the risk of poor decisions, such as overspending or purchasing a product that doesn't meet expectations.
6. **Efficiency**: Businesses that understand the buying decision process can streamline operations, ensuring their products or services meet customer needs and optimizing inventory, supply chains, and after-sales service.

In summary, the buying decision process is essential for improving customer experience, enhancing business strategies, and increasing the likelihood of a successful transaction.

Let’s sum up

The buying decision process is a series of steps that consumers go through when making a purchase. It typically involves five stages: *problem recognition, where the consumer realizes a need or problem; **information search, where they seek out information about products or services that can solve the problem; **evaluation of alternatives, in which they compare different options based on features, price, and other criteria; **purchase decision, where they choose the product to buy; and **post-purchase behavior*, which includes their experience after the purchase, such as satisfaction or dissatisfaction, and whether they would repurchase or recommend the product. This process helps marketers understand how consumers make buying decisions.

4.4 Industrial buyer behavior

Industrial buyer behavior refers to the decision-making process and actions of organizations or businesses when purchasing goods and services for production, operations, or resale. It involves understanding how businesses identify needs, evaluate suppliers, and make purchasing decisions. Key aspects include**:**

1. Need Recognition: Identifying a need for new materials, equipment, or services.
2. Information Search: Researching potential suppliers and products through various sources.
3. Evaluation of Alternatives: Assessing different options based on criteria like price, quality, and supplier reliability.
4. Purchase Decision: Choosing a supplier and finalizing the purchase.
5. Post-Purchase Evaluation: Assessing the performance of the product or service and supplier to inform future purchasing decisions.

Industrial buying decisions often involve multiple stakeholders, including purchasing managers, engineers, and finance departments, and can be influenced by factors such as price, quality, supplier reputation, and contractual terms**.**

Industrial buyer behavior refers to the processes and decision-making patterns of organizations when purchasing goods and services for their operations. Unlike consumer buying behavior, which is driven by personal preferences and needs, industrial buying is more complex and involves multiple stakeholders. Key aspects include:

1. Decision-Making Units (DMUs): This group typically includes users, influencers, buyers, deciders, and gatekeepers. Each role has different responsibilities and impacts the purchasing decision.

2. Buying Process: The process often involves several stages: need recognition, product specification, supplier search, proposal solicitation, evaluation of proposals, and purchase decision.

3. Purchase Criterial: Factors such as price, quality, delivery terms, and supplier reputation are crucial. Industrial buyers focus on long-term value and return on investment.

4. Relationships: Building strong relationships with suppliers is important. Trust, reliability, and service quality are key to maintaining these relationships.

5. Market Dynamics: Industrial buyers are influenced by market trends, economic conditions, and technological advancements. They may also deal with complex negotiations and longer sales cycles.

Understanding these elements helps businesses tailor their sales strategies and marketing efforts to meet the specific needs of industrial buyers.
ndustrial buyer behavior is crucial for several reasons, especially in the context of business-to-business (B2B) markets. Understanding this behavior is essential for companies aiming to succeed in industrial or organizational markets. The importance of industrial buyer behavior can be summarized as follows:

1. Complex Decision-Making Process: Industrial purchases often involve multiple decision-makers, such as procurement teams, technical experts, and top management. Understanding their behavior helps suppliers address the needs and concerns of each stakeholder, leading to more effective sales strategies.

2. Large Scale Transactions: Industrial buyers typically make larger purchases than individual consumers. These bulk purchases mean that losing a single customer can significantly impact a business, making it vital to understand and retain industrial buyers.

3. Longer Sales Cycles: Industrial purchases often have longer lead times due to the complexity of products and the need for customization. By understanding buyer behavior, businesses can effectively manage and nurture long-term relationships throughout the sales cycle.

4. Customization and Technical Expertise: Many industrial buyers seek customized products or services to meet specific needs. Understanding their behavior enables suppliers to tailor solutions that offer value, increasing satisfaction and loyalty.

5. Relationship Building: Industrial buyers place a high value on long-term relationships, trust, and after-sales support. By understanding buyer behavior, companies can focus on building strong, lasting partnerships that provide mutual benefits over time.

6. Influence of Economic and External Factors: Industrial buyers are often more sensitive to market conditions, regulatory changes, and economic factors compared to individual consumers. Understanding how these external factors influence buyer behavior helps suppliers adapt and offer more relevant products or services.

7. Negotiation and Pricing Sensitivity: Industrial buyers are typically more price-sensitive and engage in detailed negotiations. Knowing their behavior helps in creating pricing strategies, offering competitive pricing, and enhancing the value proposition.

8. Risk Aversion and Assurance Needs: Industrial buyers are often risk-averse and seek reassurance through warranties, certifications, and post-purchase support. Understanding their behavior helps in addressing these concerns and providing confidence in the supplier’s offerings.

By analyzing and responding to industrial buyer behavior, businesses can better align their products, services, and marketing strategies with the needs of their B2B customers, leading to increased sales, customer loyalty, and overall market success.

Let's sum up

Industrial buyer behavior is characterized by a more complex and rational decision-making process compared to consumer buying. It involves multiple stakeholders, including purchasing managers, engineers, and executives, who evaluate products based on criteria such as cost, quality, and compatibility with existing systems. The decision-making process is typically structured and systematic, often involving formal proposals, bids, and negotiations. Industrial buyers are focused on long-term value and efficiency rather than immediate satisfaction. They prioritize reliability, service support, and supplier relationships, reflecting the strategic nature of industrial purchases which can impact operational effectiveness and business outcomes.

Check your progress

1. What is a key characteristic of industrial buyer behavior?
   A) Impulse buying
   B) Emotional decision-making
   C) Structured and systematic purchasing process
   D) Focus on aesthetic appeal
2. Which factor is often prioritized in industrial buying decisions?
   A) Brand popularity
   B) Long-term value and cost efficiency
   C) Immediate availability
   D) Trendiness of the product
3. In the industrial buying process, which role is typically responsible for evaluating technical specifications?

A) Purchasing manager
B) End user
C) Engineer or technical expert
D) Sales representative

4. Which of the following is a common step in the industrial buying decision-making process?

A) Impulse purchase
B) Informal product sampling
C) Request for Proposal (RFP)
D) Emotional appeal

5. How do industrial buyers typically view supplier relationships?

A) As transactional and short-term
B) As casual and occasional
C) As strategic and long-term
D) As irrelevant to their purchasing decisions

4.5 Market segmentation

Market segmentation is the process of dividing a broad consumer or business market into sub-groups of consumers based on shared characteristics. The goal is to identify and target specific segments more effectively with tailored marketing strategies. The main types of market segmentation are:

1. Demographic Segmentation: Divides the market based on demographic factors such as age, gender, income, education, and family size.

2. Geographic Segmentation: Focuses on dividing the market based on geographic locations, including country, region, city, or climate.

3. Psychographic Segmentation: Categorizes consumers based on psychological attributes, including lifestyle, personality traits, values, and interests.

4. Behavioral Segmentation: Groups customers based on their behavior towards products or services, including purchasing habits, brand loyalty, and product usage.

5. Firmographic Segmentation (for B2B markets): Similar to demographic segmentation but for businesses, this includes factors such as industry, company size, and location. Effective market segmentation allows businesses to more precisely target their marketing efforts, tailor their products or services to meet the needs of different groups, and allocate resources more efficiently

Market segmentation involves dividing a broad market into smaller, more homogeneous groups of consumers with similar needs or characteristics. The primary types of market segmentation include:

1. Geographic Segmentation:

- Definition: Dividing the market based on geographic location.
- Examples: Country, region, city, climate, or population density.
- Usage: Useful for businesses that operate in multiple regions or countries, or for products that vary based on location-specific needs (e.g., clothing suitable for different climates).

2. Demographic Segmentation:

- Definition: Segmenting the market based on demographic variables.
- Examples: Age, gender, income, education, occupation, family size, and marital status.
- Usage: Helps in targeting specific demographic groups that may have similar purchasing behavior or needs (e.g., products aimed at millennials or luxury items for high-income individuals).

3. Psychographic Segmentation:

- Definition: Segmenting based on psychological attributes.
- Examples: Lifestyle, personality traits, values, interests, and attitudes.

- Usage: Provides insights into why consumers make certain purchasing decisions, allowing for more tailored marketing strategies (e.g., targeting environmentally conscious consumers with eco-friendly products).

4. Behavioral Segmentation:

- *Definition*: Dividing the market based on consumer behaviors and interactions with the product.
- Examples: Purchase behavior, usage rate, brand loyalty, benefits sought, and occasion-based buying.

- Usage: Helps in targeting consumers based on how they use the product or their level of engagement (e.g., targeting frequent buyers with)

Let’s sum up

Market segmentation is the process of dividing a broad consumer or business market into smaller, more manageable subgroups based on shared characteristics. This approach allows businesses to tailor their marketing strategies and product offerings to meet the specific needs, preferences, and behaviors of each segment. Segments can be defined by various criteria, including demographics, geographic location, psychographics, and behavioral factors. Effective market segmentation helps companies target their efforts more precisely, improve customer satisfaction, and enhance overall market efficiency.

Check your progress

1. Which of the following is NOT a common basis for market segmentation?

   A) Demographics

   B) Psychographics

   C) Geographic location

D) Personal preferences

2. What is the primary purpose of market segmentation?

A) To reduce product costs

B) To increase market competition

C) To tailor marketing strategies to specific customer groups

D) To standardize product features

3. Which segmentation method involves dividing the market based on consumer attitudes and lifestyle?

A) Geographic segmentation

B) Demographic segmentation

C) Psychographic segmentation

D) Behavioral segmentation

4. In which type of market segmentation would a company divide customers based on their purchasing behavior and usage patterns?

A) Demographic segmentation

B) Psychographic segmentation

C) Behavioral segmentation

D) Geographic segmentation

5. What is a key benefit of geographic segmentation?

A) It allows companies to target based on consumer lifestyle

B) It enables businesses to cater to regional preferences and needs

C) It focuses on consumer income levels

D) It helps in understanding psychological factors

4.6 Targeting and positioning

Targeting and positioning are critical steps in the marketing strategy process, closely linked to market segmentation.

Targeting

Targeting involves evaluating and selecting specific market segments to focus on. The process includes:

1. Segment Evaluation: Assess the attractiveness of each segment based on factors like size, growth potential, competition, and compatibility with the company's objectives and resources.

2. Target Market Selection: Choose one or more segments to enter. Strategies can include:
   - *Undifferentiated (Mass) Marketing*: Targeting the entire market with a single offer.
   - *Differentiated (Segmented) Marketing*: Targeting multiple segments with different offers tailored to each.
   - Concentrated (Niche) Marketing: Focusing on a single, well-defined segment.
   - Micromarketing (Local or Individual Marketing): Tailoring products and marketing programs to individual customers or local markets.

Positioning

Positioning involves defining how a brand or product will be perceived by the target market compared to competitors. The goal is to establish a unique, attractive place in the minds of consumers. Steps include:

1. Identify Key Differentiators: Determine the unique features or benefits of your product or service that set it apart from competitors.
2. Develop a Positioning Statement: Create a clear and compelling statement that outlines how the brand meets the needs of the target segment and the value it offers. This typically includes:
   - Target Market: Who the product or service is for.
   - Brand Promise: What makes the brand unique.
   - Reason to Believe: Evidence or features that support the brand promise.

3. Implement the Positioning Strategy: Communicate the positioning through marketing messages, branding, and promotional activities to ensure that the target market perceives the brand as intended.

4. Monitor and Adjust: Continuously assess the effectiveness of the positioning strategy and make adjustments based on market feedback and competitive changes.

Together, targeting and positioning help businesses focus their marketing efforts on the most promising segments and clearly communicate their unique value propositions to those segments.

Differentiate of targeting and positioning

Targeting and positioning are two key concepts in marketing that work together but focus on different aspects of reaching and appealing to consumers. Here’s how they differ:

Targeting

Definition: Targeting involves selecting specific segments of the market that a business wants to focus on. It’s the process of evaluating and choosing which segments to serve based on their attractiveness and alignment with the company’s goals and resources.

Key Aspects:

- Segment Selection: Based on the analysis of market segments, a company chooses which ones to target.
- Criteria for Selection: Includes factors such as segment size, growth potential, profitability, and strategic fit.
- Objective: To identify and focus on the most promising segments that are most likely to respond favorably to the company's offerings.

Example: A company that sells high-end fitness equipment might target affluent consumers aged 30-50 who are health-conscious and live in urban areas.

Positioning

Definition: Positioning involves creating a distinct image or identity for a product or brand in the minds of the target market. It’s about how a product or brand is perceived relative to competitors and how it fulfills the needs or desires of the target segment.

Key Aspects:
- Value Proposition: Defines the unique benefits or value the product offers to the target segment.
- Brand Image: Involves shaping how consumers view the product or brand in terms of attributes, benefits, and overall appeal.
- Objective: To establish a clear and attractive place in the consumer’s mind compared to competitors.

Example: The high-end fitness equipment company might position its products as premium, state-of-the-art solutions that offer superior performance and durability compared to standard equipment, emphasizing exclusivity and advanced technology.

In Summary

- Targeting: Focuses on selecting the specific segments of the market to pursue based on their needs and potential.

- Positioning: Focuses on how to effectively present and differentiate the product or brand within the chosen segments to appeal to their specific preferences and perceptions.

Both processes are critical for effective marketing: targeting helps in identifying the right audience, while positioning ensures that the product or brand resonates well with that audience.

Let's sum up

Targeting and positioning are crucial components of a marketing strategy. Targeting involves selecting specific segments of the market to focus on, based on factors such as demographics, psychographics, or behavior. This helps businesses concentrate their resources on the most promising customer groups. Positioning, on the other hand, is about crafting a distinct and compelling image of a product or brand in the minds of the target audience. It involves differentiating the product from competitors and highlighting its unique benefits to appeal to the targeted segments. Together, targeting and positioning enable companies to effectively meet the needs of their chosen audience and establish a competitive edge in the market.

Check your progress

1. What does market targeting involve?
   A) Creating a unique brand image
   B) Selecting specific segments to focus marketing efforts on
   C) Developing new products
   D) Standardizing marketing strategies for all customers
2. Which of the following best describes positioning?
   A) The process of determining the price of a product
   B) Crafting a unique image and value proposition in the minds of the target audience
   C) Identifying potential market segments
   D) Selecting distribution channels
3. In which stage of the marketing strategy is a company likely to define how it wants its brand to be perceived?
   A) Market targeting

B) Market segmentation

C) Positioning

D) Product development

4. Which factor is commonly used to differentiate a product during the positioning process?

A) Packaging design

B) Geographic location

C) Product features and benefits

D) Product price alone

5. What is a key benefit of effective market targeting?

A) Increased market share through broad reach

B) Reduced product costs

C) More efficient allocation of marketing resources

D) Simplified product development

4.7 Competitive market strategies

Competitive market strategies are approaches companies use to gain an advantage over competitors in the market. These strategies are designed to position a company effectively, differentiate its products or services, and attract and retain customers. Here are key types of competitive market strategies:

1. Cost Leadership

- Objective: Become the lowest-cost producer in the industry.
- Approach: Focus on efficiency, economies of scale, and cost-saving technologies.
- Example: Walmart’s strategy of offering low prices through efficient supply chain management.

2. Differentiation

- Objective: Offer unique products or services that are valued by customers and perceived as distinct from competitors.
- Approach: Invest in product innovation, quality, branding, and customer service.
- Example: Apple differentiates its products through innovative design, advanced technology, and a strong brand image.

3. Focus

- Objective: Target a specific market segment with tailored offerings.
- Approach: Concentrate on a niche market by understanding its unique needs and preferences.
  - Focus Cost Leadership: Offering low-cost solutions to a specific segment.
  - Focus Differentiation: Providing unique solutions to a particular niche.
- Example: Tesla initially targeted the luxury electric vehicle market before expanding.

4. Innovation

- Objective: Lead the market through new ideas, products, or technologies.
- Approach: Invest heavily in research and development to bring cutting-edge solutions to the market.
- Example: Google's continuous innovation in search algorithms and other technology services.

5. Operational Excellence

- Objective: Achieve superior efficiency and effectiveness in operations.
- Approach: Optimize processes, enhance quality control, and improve customer service.
- Example: Toyota's implementation of lean manufacturing principles to enhance production efficiency.

6. Customer Intimacy

- Objective: Build strong relationships with customers through personalized service and tailored solutions.
- Approach: Use data analytics and customer feedback to understand and anticipate

customer needs.

- Example: Amazon’s personalized recommendations and customer service strategies.

7. Brand Leadership

- Objective: Establish a strong, recognizable brand that resonates with consumers.
- Approach: Develop a consistent brand message, maintain high-quality standards, and engage in effective brand positioning.
- Example: Nike’s successful branding strategy centered around sports, performance, and lifestyle.

8. Diversification

- Objective: Enter new markets or industries to reduce risk and capture new opportunities.
- Approach: Expand product lines or enter new geographic markets.
- Example: Virgin Group’s expansion from music into airlines, telecommunications, and space travel.

Each strategy has its own set of advantages and risks, and companies often use a combination of these strategies to strengthen their competitive position. The choice of strategy depends on the company’s resources, market conditions, and competitive landscape.

4.7.1 Types of marketing strategies

1. Segmentation, Targeting, and Positioning (STP)*:
   - Segmentation: Dividing the market into distinct groups based on various criteria.
   - Targeting: Selecting specific segments to focus on.
   - Positioning: Crafting a unique value proposition and brand image for the selected segments.

2. Differentiation Strategy:
   - Definition: Offering unique products or services that stand out from competitors.
   - *Objective: To create a competitive advantage by highlighting distinct features, quality, or innovation.

3. Cost Leadership Strategy:

- Definition: Becoming the lowest-cost producer in the industry.
- Objective: To attract price-sensitive customers by offering lower prices than competitors while maintaining acceptable quality.

4. Focus Strategy:

- Definition: Targeting a specific niche or segment of the market.
- Types:
  - Cost Focus: Offering lower prices within a niche market.
  - Differentiation Focus: Providing unique products or services tailored to the needs of a specific niche.

5. Product Development Strategy:

- Definition: Creating new or improved products to meet changing customer needs or preferences.
- Objective: To drive growth by offering innovative solutions and enhancing product offerings.

6. Market Penetration Strategy:

- Definition: Increasing market share for existing products in existing markets.
- Objective: To boost sales through aggressive marketing, promotions, or competitive pricing.

7. *Market Development Strategy*:

- Definition: Expanding into new markets with existing products.
- Objective: To reach new customer segments or geographic areas, driving growth by tapping into untapped markets.

8. Diversification Strategy:

- Definition: Entering new markets with new products or services.

- Types:
- Related Diversification: Expanding into related industries or markets.
- Unrelated Diversification: Entering entirely new and unrelated industries.

9. Branding Strategy:
- Definition: Developing and managing a brand to build recognition, trust, and loyalty.
- Objective: To create a strong, positive perception of the brand in the minds of consumers.

10. Digital Marketing Strategy:
- Definition: Using digital channels and technologies to reach and engage customers.
- Components: Includes strategies like content marketing, social media marketing, email marketing, search engine optimization (SEO), and pay-per-click (PPC) advertising.

11. *Relationship Marketing Strategy:
- Definition: Building long-term relationships with customers through personalized service and engagement.
- Objective: To enhance customer loyalty, retention, and lifetime value.

Each of these strategies can be applied individually or in combination, depending on the business's goals, market conditions, and competitive landscape.

Let's sum up

Comparative marketing strategies involve evaluating and contrasting a company's marketing approach with those of its competitors to identify strengths, weaknesses, opportunities, and threats. This process helps businesses understand their position in the market, differentiate their offerings, and discover areas for improvement. By analyzing competitors' strategies in areas such as pricing, promotion, distribution, and product features, companies can refine their own strategies to gain a competitive advantage, enhance customer appeal, and optimize market performance. Comparative marketing strategies are essential for making informed decisions and staying competitive in a dynamic market landscape.

Check your progress

1. What is the primary goal of using comparative marketing strategies?

A) To develop new products
B) To understand competitors' strengths and weaknesses
C) To increase production efficiency
D) To standardize pricing across markets

2. Which of the following is a key aspect analyzed in comparative marketing strategies?

A) Company organizational structure
B) Competitors' pricing and promotional tactics
C) Employee performance
D) Production processes

3. Comparative marketing strategies help businesses:

A) Focus exclusively on cost reduction
B) Discover areas for improvement and differentiation
C) Avoid market research
D) Limit their market reach

4. Which strategy is typically used to gain a competitive edge through comparative analysis?

A) Standardizing product features across all markets
B) Implementing unique value propositions based on competitor insights
C) Ignoring market trends
D) Reducing the number of marketing channels

5. Comparative marketing strategies often involve analyzing:

A) Only internal business processes
B) Competitors' financial statements
C) Marketing mix elements such as product, price, place, and promotion

D) Supplier relationships

4.8 Customer life cycle:

The customer life cycle refers to the stages a customer goes through when interacting with a business, from initial awareness to post-purchase behavior. Understanding this cycle helps businesses tailor their marketing strategies to meet customer needs at each stage. The typical stages of the customer life cycle include:

1. Awareness

Objective: Make potential customers aware of your brand or product.

Activities:

- Advertising: Use various channels such as social media, search engines, and traditional media.
- Content Marketing: Create informative content that addresses customer pain points.
- Public Relations: Engage in activities to build brand visibility.

Example: A potential customer sees an ad for a new smartphone on social media.

2. Consideration

Objective: Engage potential customers and provide information to help them evaluate your product.

Activities:

- Product Information: Offer detailed product descriptions, specifications, and reviews.
- Email Marketing: Send targeted content and offers based on user interests.
- Comparative Analysis: Provide comparisons with competitors.

Example: The customer reads reviews and compares features of the smartphone with those of competing models.

3. Purchase

Objective: Convert potential customers into actual buyers.

Activities:

- Sales Promotions: Offer discounts, limited-time offers, or incentives.
- Streamlined Checkout: Ensure a smooth and easy purchasing process.
- Customer Support: Provide assistance during the buying process.

Example: The customer decides to buy the smartphone and completes the purchase through an online store.

4. Retention

Objective: Keep customers engaged and encourage repeat purchases.

Activities:

- *Post-Purchase Communication*: Send follow-up emails or surveys to gather feedback.
- Loyalty Programs: Offer rewards or discounts for repeat purchases.
- Customer Support: Provide excellent service to resolve any issues.

Example: The customer receives a thank-you email with information on how to use the smartphone effectively and a discount code for future purchases.

5. Advocacy Objective: Turn satisfied customers into brand advocates who will refer others.

Activities:

- Referral Programs: Encourage customers to refer friends and family.
- Engagement: Invite customers to share their experiences on social media or review

sites.
- Community Building: Create a community of loyal customers through forums or social media groups.

Example: The customer shares their positive experience with the smartphone on social media and recommends it to friends.

6. Re-engagement

Objective: Reconnect with lapsed or inactive customers.

Activities:
- Targeted Campaigns: Use email or special offers to re-engage former customers.
- Feedback Requests: Understand why they became inactive and address any issues.
- Personalized Offers: Provide tailored promotions to win them back.

Example: The customer receives a special offer on accessories for their smartphone after not engaging with the brand for some time.

Understanding and managing the customer life cycle helps businesses effectively attract, retain, and convert customers, leading to long-term customer loyalty and growth.

Importance customer life cycle

1. *Targeted Marketing*: Knowing the stages allows businesses to tailor marketing strategies to different customer needs and behaviors, improving engagement and conversion rates.

2. *Customer Retention*: By understanding the customer journey, companies can identify opportunities to enhance satisfaction and loyalty, leading to repeat business.

3. *Resource Allocation*: It helps in allocating resources effectively by focusing efforts on stages that need more attention or investment.

4. *Performance Measurement*: Businesses can track the effectiveness of their strategies and identify areas for improvement by analyzing customer behavior throughout the cycle.

5. *Personalization*: Understanding where a customer is in their lifecycle enables more personalized interactions, improving the overall customer experience.

Overall, managing the customer life cycle helps in building stronger relationships, increasing customer lifetime value, and driving sustainable growth.

Let's sum up

The customer life cycle refers to the stages a customer goes through in their relationship with a brand, from initial awareness to post-purchase interactions. It typically includes stages such as awareness, consideration, purchase, retention, and advocacy. Understanding this cycle helps businesses tailor their marketing strategies to meet customer needs at each stage, enhance engagement, and build long-term relationships. By effectively managing each phase, companies can improve customer satisfaction, increase loyalty, and drive repeat business, ultimately fostering a more sustainable and profitable customer base.

Check your progress

1. Which stage of the customer life cycle involves a customer learning about a brand or product for the first time?
   A) Awareness
   B) Consideration
   C) Purchase
   D) Retention
2. What is the primary focus during the consideration stage of the customer life cycle?
   A) Retaining customers
   B) Influencing the decision to buy

C) Making the first purchase

D) Advocating for the brand

3. In which stage does a customer make their first transaction?

A) Awareness

B) Consideration

C) Purchase

D) Advocacy

4. What is the main objective during the retention stage of the customer life cycle?

A) Attract new customers

B) Increase customer lifetime value

C) Create brand awareness

D) Decrease marketing costs

5. Which stage involves customers promoting the brand to others based on their positive experiences?

A) Awareness

B) Consideration

C) Purchase

D) Advocacy

4.9 Customer Lifetime Value (CLV)

Customer Lifetime Value (CLV)* is a key metric that estimates the total revenue a business can expect to earn from a customer over their entire relationship with the company. CLV helps businesses understand the long-term value of acquiring and retaining customers, guiding marketing and customer service strategies.

4.9.1 Key Components of CLV

1. Revenue per Customer: The average amount of money a customer spends per transaction or within a specific period.

2. Customer Lifespan: The average duration a customer remains engaged with the

company, from their first purchase to their last.

3. Gross Margin: The difference between revenue and the cost of goods sold, which indicates the profitability of the customer relationship.

Formula to Calculate CLV

A common formula to calculate CLV is:

$$\text{CLV} = (\text{Average Purchase Value}) \times (\text{Purchase Frequency}) \times (\text{Customer Lifespan}) \times (\text{Gross Margin})$$

Example Calculation

1. Average Purchase Value: \$100
2. Purchase Frequency: 4 times per year
3. Customer Lifespan: 5 years
4. Gross Margin: 60% (0.60)

$$\text{CLV} = 100 \times 4 \times 5 \times 0.60$$
$$\text{CLV} = 1200$$

In this example, the CLV is \$1,200, meaning the company can expect to earn \$1,200 from a typical customer over their lifetime.

4.9.2 Importance of CLV

1. Marketing Budget Allocation: Helps businesses determine how much to invest in acquiring new customers and retaining existing ones.
2. Customer Segmentation: Identifies high-value customer segments, allowing for targeted marketing and personalized services.

3. Strategic Planning: Guides long-term business strategies by highlighting the financial impact of customer retention and acquisition.

4. Profitability Analysis: Assists in evaluating the cost-effectiveness of different marketing and service initiatives.

5. Retention Strategies: Emphasizes the importance of customer retention strategies by showing the financial benefits of maintaining long-term relationships.

By understanding and optimizing CLV, businesses can make informed decisions that enhance customer satisfaction, loyalty, and overall profitability.

Customer Lifetime Value (CLV) measures the total revenue a business can expect from a customer throughout their relationship with the company. Its functions include:

1. Revenue Forecasting: Helps predict future revenue by understanding the long-term value of customers.
2. Marketing Strategies: Informs decisions on where to allocate marketing resources for acquiring and retaining high-value customers.
3. Customer Segmentation: Assists in segmenting customers based on their potential value, enabling targeted marketing efforts.
4. Budget Allocation: Guides investment in customer acquisition and retention strategies by highlighting the most profitable customer segments.
5. Business Valuation: Provides insights into the overall health of the business and can be used to attract investors or assess company performance.

Overall, CLV helps businesses make informed decisions about customer relationships and optimize their strategies for long-term profitability.

1. *Targeted Marketing*: Knowing the stages allows businesses to tailor marketing

strategies to different customer needs and behaviors, improving engagement and conversion rates.

2. Customer Retention: By understanding the customer journey, companies can identify opportunities to enhance satisfaction and loyalty, leading to repeat business.

3. Resource Allocation: It helps in allocating resources effectively by focusing efforts on stages that need more attention or investment.

4. Performance Measurement: Businesses can track the effectiveness of their strategies and identify areas for improvement by analyzing customer behavior throughout the cycle.

5. Personalization: Understanding where a customer is in their lifecycle enables more personalized interactions, improving the overall customer experience.

Overall, managing the customer life cycle helps in building stronger relationships, increasing customer lifetime value, and driving sustainable growth.

Customer Life time Value (CLV)

1. Revenue Prediction: CLV helps businesses predict future revenue from customers, aiding in financial planning and budgeting.

2. Marketing Efficiency: Understanding CLV allows businesses to allocate marketing resources more effectively, focusing on acquiring and retaining high-value customers.

3. Customer Retention: By identifying which customers are most valuable, businesses can tailor retention strategies to improve loyalty and reduce churn.

4. Pricing Strategies: CLV insights can inform pricing and product strategies to maximize profitability over the long term.

5. Resource Allocation: CLV helps businesses decide how much to invest in customer service, support, and other areas to enhance the customer experience and increase lifetime value.

Overall, CLV is a key metric for optimizing business strategies and ensuring sustainable growth.

Product Portfolio Management (PPM) involves overseeing and optimizing a company's range of products to ensure they align with strategic objectives and deliver maximum value. Key aspects include:

1. Strategic Alignment: Ensuring that the product portfolio supports the company's overall strategic goals and market positioning.

2. Resource Allocation: Efficiently distributing resources—such as budget, personnel, and time—across various products to maximize return on investment.

3. Performance Monitoring: Tracking the performance of individual products to assess their profitability, market share, and alignment with customer needs.

4. Innovation and Development: Identifying opportunities for new product development or improvements to existing products, based on market trends and customer feedback.

5. Risk Management: Balancing high-risk, high-reward products with more stable, lower-risk options to manage potential uncertainties and market fluctuations.

6. Portfolio Optimization: Regularly reviewing and adjusting the product mix to eliminate

underperforming products, introduce new ones, and ensure a balanced offering that meets market demands.

Effective PPM ensures that a company's product offerings are competitive, well-aligned with business goals, and capable of driving growth and profitability.

Product Portfolio Management (PPM) can be approached in various ways, depending on the strategic goals and organizational needs. Here are some common types:

1. Strategic PPM: Focuses on aligning the product portfolio with the company's long-term strategic goals. This involves evaluating how each product supports broader business objectives, market positioning, and competitive advantage.

2. Operational PPM: Emphasizes the day-to-day management of the product portfolio, including resource allocation, production scheduling, and operational efficiency. It ensures that products are delivered to market effectively and efficiently.

3. Financial PPM: Concentrates on the financial aspects of the product portfolio, such as profitability, revenue generation, and cost management. This approach helps in optimizing the financial performance of the portfolio.

4. Customer-Centric PPM: Focuses on understanding and meeting customer needs and preferences. This type of PPM involves segmenting the portfolio to cater to different customer segments and enhancing customer satisfaction.

5. Innovation-Driven PPM: Prioritizes the development of new products and innovations. It involves managing the lifecycle of new product ideas, from concept through development and market introduction.

6. Risk-Based PPM: Balances the portfolio to manage risks by diversifying products to

mitigate market uncertainties and investment risks. This approach helps in maintaining stability and minimizing potential losses.

7. Lifecycle PPM: Manages products through their entire lifecycle, from introduction to growth, maturity, and decline. It focuses on making decisions about product development, modification, or discontinuation based on their lifecycle stage.

Each type of PPM addresses different aspects of managing a product portfolio and can be tailored to fit the specific needs and goals of an organization.

Let’s sum up

Customer Lifetime Value (CLV) represents the total revenue a business can expect from a customer throughout their entire relationship. It helps companies estimate the long-term value of acquiring and retaining customers by considering factors like purchase frequency, average transaction value, and customer lifespan. By analyzing CLV, businesses can make informed decisions about marketing spend, customer service, and product development, focusing on strategies that maximize profitability and enhance customer loyalty. Understanding CLV enables companies to prioritize high-value customers and tailor their efforts to foster sustained growth.

Check your progress

1. What does Customer Lifetime Value (CLV) measure?

A) The total cost of acquiring new customers

B) The total revenue a customer generates over their entire relationship with a business

C) The frequency of customer complaints

D) The short-term profitability of a single transaction

2. Which of the following factors is NOT typically used to calculate CLV?

A) Average purchase value

B) Customer acquisition cost

C) Customer retention rate

D) Employee satisfaction

3. Why is CLV important for marketing strategies?

A) It helps in setting product prices

B) It informs decisions on marketing budget allocation and customer retention efforts

C) It simplifies supply chain management

D) It determines the cost of manufacturing products

4. What impact does increasing CLV have on a business?

A) It reduces the need for customer service

B) It lowers the overall marketing costs

C) It enhances profitability and supports sustainable growth

D) It decreases the value of customer acquisition

5. Which strategy is likely to improve CLV?

A) Increasing the frequency of customer complaints

B) Reducing the quality of products to cut costs

C) Implementing effective customer retention programs

D) Limiting the variety of products offered

4.10 Product Portfolio Management (PPM):

Product Portfolio Management (PPM) refers to the centralized management of a company's products and services. It involves overseeing and optimizing the entire range of products a business offers, with the goal of maximizing market share, profitability, and customer satisfaction. PPM is critical for organizations to ensure that their product mix aligns with market needs, business goals, and available resources.

Here’s a detailed explanation of its components, processes, and importance:

1. What is Product Portfolio?

A **product portfolio** is the complete range of products or services offered by a company. It includes everything from existing offerings to new products in development. Managing this portfolio ensures that resources are allocated effectively, and the company remains competitive.

2. Key Objectives of Product Portfolio Management

- **Strategic Alignment**: Ensuring that the product portfolio aligns with the company's strategic goals and market positioning.
- **Maximizing Profitability**: Focusing on products that bring the highest value to the company while minimizing resources on less profitable offerings.
- **Resource Optimization**: Efficiently allocating resources (time, capital, manpower) across various products to avoid waste and underperformance.
- **Risk Management**: Balancing the portfolio with a mix of high-risk and low-risk products to diversify exposure to market volatility.
- **Customer Satisfaction**: Ensuring that the product mix meets customer needs and expectations in a timely manner.

3. Core Processes of Product Portfolio Management

PPM involves various stages, which are continuous and cyclical in nature.

a. Portfolio Planning and Strategy

- **Market Research**: Understanding customer preferences, competitor activities, and industry trends to determine where the company should focus its resources.
- **Product Roadmapping**: A long-term view of the product pipeline, detailing which products will be introduced, discontinued, or modified over time.
- **Strategic Goals**: Establishing key objectives for the portfolio, such as growth in specific market segments or improvement in profit margins.

b. Product Development and Innovation

- **New Product Development (NPD)**: Creating new products based on market research, customer feedback, and technological innovation.
- **Product Differentiation**: Identifying unique features that set products apart from competitors, driving demand.

c. Portfolio Assessment

- **Product Performance Review**: Analyzing sales, profitability, customer satisfaction, and market share of each product.
- **SWOT Analysis**: Assessing the strengths, weaknesses, opportunities, and threats of each product within the portfolio to ensure they contribute to the overall strategy.
- **Product Lifecycle Analysis**: Monitoring where each product stands in its lifecycle (introduction, growth, maturity, decline) to make decisions about investment, modification, or retirement.

d. Portfolio Optimization

- **Balancing the Portfolio**: Ensuring a mix of mature products (that generate cash flow) and innovative, high-growth products.
- **Prioritization**: Deciding which products should receive more focus based on market potential, profitability, and strategic importance.
- **Rationalization**: Discontinuing or scaling down underperforming products to free up resources for more promising ones.

4. Tools and Techniques Used in PPM

- **BCG Matrix**: A tool to categorize products into four groups (Stars, Cash Cows, Question Marks, Dogs) based on market growth and market share. This helps companies decide which products to invest in, develop, or retire.
- **Product Lifecycle Management (PLM)**: Managing a product through its entire lifecycle, from development to decline, to ensure longevity and profitability.
- **Financial Metrics**: Using revenue, profit margins, ROI (Return on Investment), and other financial indicators to assess product performance.
- **Innovation Scoring**: Assessing potential product ideas based on their alignment with business objectives, feasibility, and market potential.

5. Challenges in Product Portfolio Management

- **Resource Constraints**: Balancing limited resources among many competing products or projects.
- **Market Uncertainty**: Rapid changes in market trends or customer preferences can make it difficult to keep the portfolio relevant.
- **Internal Resistance**: Change management can be challenging when discontinuing legacy products or shifting focus to new innovations.
- **Complexity**: Managing a diverse product mix, especially in large organizations, requires effective coordination across departments like R&D, marketing, and finance.

6. Benefits of Effective Product Portfolio Management

- **Increased Efficiency**: PPM ensures that resources are used where they are most needed, avoiding waste and redundancy.
- **Better Decision-Making**: A holistic view of the product mix enables data-driven decisions on investments, discontinuations, and product improvements.
- **Improved Profitability**: Focusing on high-growth, high-margin products leads to better financial outcomes.
- **Market Leadership**: Companies with a well-managed product portfolio can respond more quickly to market changes and customer demands, gaining a competitive edge.

7. Examples of Product Portfolio Management in Action

- **Apple Inc.**: Apple's product portfolio includes iPhones, iPads, MacBooks, wearables (Apple Watch, AirPods), and services (Apple Music, iCloud). Apple continuously assesses its product portfolio to maintain innovation (new iPhone models) while discontinuing older models and focusing on profitable product lines.
- **Procter & Gamble (P&G)**: P&G manages a large portfolio of consumer products across multiple categories, from cleaning supplies to personal care. It regularly reviews

and prunes underperforming products while investing in strong-performing brands like Tide and Pampers.

Conclusion

Product Portfolio Management is an essential function that enables businesses to strategically manage their offerings, optimize resources, and ensure sustainable growth. By continuously evaluating and adjusting the portfolio, companies can better meet market demands, enhance profitability, and maintain a competitive advantage.

Let’s sum up

Product portfolio management involves strategically overseeing a company’s range of products to maximize profitability and align with business goals. It includes evaluating each product's performance, assessing market needs, and making decisions on which products to develop, maintain, or discontinue. Effective portfolio management ensures a balanced mix of products that cater to different customer segments and market opportunities. By regularly analyzing product performance and market trends, businesses can optimize their offerings, allocate resources efficiently, and drive growth while mitigating risks associated with product lifecycle and market changes.

Check your progress

1. What is the main goal of product portfolio management?

A) To increase production costs

B) To manage a company's range of products to maximize overall profitability

C) To standardize product features across all offerings

D) To reduce the number of products in the market

2. Which tool is commonly used in product portfolio management to assess the performance of products?

A) SWOT analysis

B) BCG Matrix

C) PEST analysis

D) Porter’s Five Forces

3. What does the BCG Matrix categorize products into?

A) Cash Cows, Stars, Question Marks, Dogs

B) High, Medium, Low risk

C) Premium, Economy, Basic

D) New, Existing, Discontinued

4. Which aspect is NOT typically considered in product portfolio management?

A) Product lifecycle stage

B) Market trends and demands

C) Competitor marketing strategies

D) Internal staff performance

5. What is a common strategy for managing a product portfolio effectively?

A) Focusing solely on new product development

B) Regularly evaluating product performance and adjusting the portfolio accordingly

C) Eliminating all underperforming products immediately

D) Increasing the price of all products uniformly

Unit summary

consumer decisions, various buying situations, and the buying decision process. It also addresses industrial buyer behavior and emphasizes market segmentation, targeting, and positioning. Competitive marketing strategies are discussed alongside concepts like the customer life cycle, customer lifetime value, and product portfolio management, providing a comprehensive understanding of how to effectively engage and retain customers**.**

GLOSSORY:

Impulse Purchase: An impulse purchase refers to a spontaneous decision to buy a product or service, typically made without prior planning or consideration.

Habitual Buying: Habitual buying refers to a consumer behavior characterized by making purchases out of routine or habit, rather than through active decision-making.

Risk Aversion: Risk aversion is a behavioral tendency where individuals prefer to avoid uncertainty and potential loss rather than pursue higher rewards that come with risk.

Risk Aversion: Risk aversion is a behavioral tendency where individuals prefer to avoid uncertainty and potential loss rather than pursue higher rewards that come with risk.

Aesthetic Appeal: Aesthetic appeal refers to the visual attractiveness or beauty of a product, design, or presentation that influences consumer perception and desire.

ANSWER FOR CHECK YOUR PROGRESS:

Module 1

1a

2b

3b

4c

5b

Module 2

1c

2c

3b

4c

5b

Module 4

1d

2c

3c

4c

5b

Module 5

1b

2b

3c

4c

5c

Module 6

1b

2b

3b

4b

5c

Module 7

1a

2b

3c

4d

5d

Module 8

1b

2d

3d

4c

5c

Module 9

1b

2b

3a

4b

5b.

MARKETING MANAGEMENT

UNIT-5

PRODUCT POLICIES

UNIT V : Product Policies: Consumer and Industrial Product Decisions, Branding, Packaging and Labelling – New Product Development and Product Life Cycle Strategies, Pricing – Pricing Strategies and approaches, Promotion Decisions: Promotion Mix – Integrated Marketing Communication – Advertising and Sales Promotion - Sales Force
Decisions, Selection, Training, Compensation and Control – Publicity and Personal Selling – Distribution Management – Channel Management: Selection, Co-operation and Conflict Management – Vertical, Horizontal and Multi-channel SystemsConsumer Protection – Awareness of Consumer Rights in the Market Place.

Product policies are guidelines and rules that govern various aspects of a company’s products. They ensure consistency, quality, and alignment with business goals.

5.1MEANING

Product policy is a part of corporate strategy that relates to the development, design, marketing and sale of products. It involves decisions about what to produce, how much to produce, how to market the product, and how much it should cost.

5.1.1Key types of product policies include:

1. Product Development Policy: Outlines procedures and standards for creating new products, including research and development processes, design standards, and approval protocols.

2. Product Quality Policy: Sets quality standards and controls to ensure products meet specified requirements and customer expectations. It includes quality assurance processes and testing protocols.

3. Product Pricing Policy: Determines pricing strategies and structures, including

discounting practices, pricing models, and adjustments based on market conditions or costs.

4. Product Distribution Policy: Governs how products are distributed to customers, including channel strategies, logistics, and distribution partnerships.

5. Product Lifecycle Policy: Manages the stages of a product's life, from introduction to decline. It includes guidelines for product updates, modifications, and discontinuation.

6. Product Warranty and Return Policy: Defines terms for product warranties, returns, and exchanges, including conditions under which customers can return products and how claims are processed.

7. Product Compliance Policy: Ensures that products adhere to regulatory requirements and industry standards, including safety, environmental, and legal compliance.

8. Product Branding Policy: Establishes guidelines for brand identity, including how products are marketed, labelled x, and presented to maintain a consistent brand image.

These policies help streamline product management, maintain quality and consistency, and align products with market and customer needs.

5.1.2 Product policies are vital for several reasons:

1. Consistency and Standardization: They ensure that products meet consistent standards and quality levels across different markets and production runs, leading to a reliable customer experience.

2. Quality Control: By establishing clear guidelines for development, manufacturing, and testing, product policies help maintain high quality and reduce defects, enhancing customer satisfaction and reducing returns.

3. Compliance and Risk Management: Product policies help ensure adherence to regulatory requirements and industry standards, mitigating legal and compliance risks.

4. Efficiency: They streamline processes related to product development, pricing, distribution, and lifecycle management, making operations more efficient and effective.

5. Brand Integrity: Consistent branding and adherence to product policies help maintain a strong and recognizable brand identity, fostering customer trust and loyalty.

6. *Strategic Alignment: Product policies align product strategies with overall business goals, ensuring that products contribute to the company's objectives and market positioning.

7. Customer Satisfaction: By defining clear guidelines for warranties, returns, and support, product policies help address customer concerns and enhance the overall customer experience.

8. Innovation Management: Policies for product development and innovation provide a framework for creating new products and adapting to market changes, driving growth and competitive advantage.

In summary, product policies are essential for maintaining quality, ensuring compliance, improving operational efficiency, and supporting strategic goals, ultimately leading to better market performance and customer satisfaction.

Lets sum up

Product policy in marketing management involves strategies and guidelines for the development, quality, features, branding, and lifecycle of products. It aims to align the product with market needs and company goals, ensuring the product meets customer expectations and stands out in the marketplace. Key aspects include product design, innovation, pricing, and distribution.

Check your progress

Question 1:

Which of the following is NOT typically covered by a product policy?

A)Product design and features
B)Distribution channels
C)Product branding and positioning
D) Quality standards

B) Distribution channels

What aspect of product policy involves creating a unique identity for the product to differentiate it from competitors?

A)Product Lifecycle Management
B)Product Branding
C)Product Pricing
D) Product Packaging

Question 3:

Which stage of the product lifecycle is characterized by increasing sales and market acceptance?

A) Introduction

B) Growth

C) Maturity

D) Decline

Question 4:

When developing a product policy, what is a key consideration to ensure that the product meets customer expectations?

A) Pricing Strategy

B) Market Research

C) Sales Forecasting

D) Distribution Strategy

Question 5:

What is the primary goal of establishing quality standards within a product policy?

A) To reduce production costs

B) To ensure customer satisfaction and product reliability

C) To increase the product's market share

D) To enhance the product's aesthetic appeal

5.2 Consumer and industrial product decisions

Consumer and industrial product decisions involve different considerations and processes due to the distinct nature of their markets and user needs. Here's a comparison:

5.2.1 Consumer Product Decisions:

1. Product Design and Features:

- Focus: Appeal to individual preferences, aesthetics, and usability.
- Examples: Smartphones with user-friendly interfaces, fashionable clothing.

2. Pricing Strategy:

- Focus: Competitive pricing, promotions, and discounts to attract buyers.
- Examples: Sales, seasonal discounts, bundling offers.

3. Distribution Channels:
   - Focus: Availability in retail stores, online platforms, and convenience for end-users.
   - Examples: Supermarkets, e-commerce websites.

4. Marketing and Branding:
   - Focus: Emotional appeal, brand identity, and advertising.
   - Examples: Influencer marketing, TV commercials, social media campaigns.

5. Customer Service and Support:
   - Focus: Post-purchase support, easy returns, and customer satisfaction.
   - Examples: 24/7 customer service, return policies, warranty services.

5.2.3 Industrial Product Decisions:

1. Product Design and Specifications:
   - Focus: Functionality, efficiency, and compatibility with other equipment.
   - Examples: Machinery with specific technical specifications, durable materials for industrial use.

2. Pricing Strategy:
   - Focus: Cost-effectiveness, long-term value, and negotiation flexibility.
   - Examples: Bulk discounts, long-term contract pricing.

3. Distribution Channels:
   - Focus: Direct sales, specialized distributors, and logistical considerations.
   - Examples: Industrial equipment suppliers, direct s: Technical performance, ROI, and relationship building with business clients.
   - Examples: Technical presentations, trade shows, and B2B sales meetings.

5. Customer Support and Service:
   - Focus: Technical support, maintenance, and customization services.
   - Examples: On-site installation, training, and after-sales support.

In Summary: Consumer product decisions are centered around appealing to individual needs and preferences, with a focus on branding and customer experience. In contrast, industrial product decisions are oriented towards functionality, cost-effectiveness, and building long-term business relationships. Each requires a tailored approach to meet the distinct demands of their respective markets

Lets sum up

Consumer behavior examines how individuals or groups select, purchase, use, and dispose of products and services. It involves understanding factors influencing buying decisions, such as psychological, social, and economic influences. Marketers study consumer behavior to tailor products and marketing strategies to meet customer needs and preferences effectively.

Check you progress

Question 1:

Which factor is most likely to influence consumer buying behavior at the psychological level?

A) Social status
B) Brand reputation
C) Perception and attitudes
D) Economic conditions

Question 2:

What term describes the process by which consumers collect and interpret information to make a purchase decision?

A) Decision-making process
B) Information search
C) Post-purchase evaluation
D) Consumer research

Question 3:

Which stage of the consumer decision-making process involves comparing different options before making a final choice?

A) Problem recognition
B) Information search
C) Evaluation of alternatives
D) Purchase decision

Question 4:

In consumer behavior, what term refers to a person's enduring evaluation, feelings, and tendencies toward an object or idea?

A) Perception
B) Attitude
C) Motivation
D) Personality

Question 5:

Which of the following is an example of a social influence on consumer behavior?

A) Personal values
B) Economic status
C) Family and peer groups
D) Cultural norms

5.3 Branding

Branding is the process of creating and managing a unique identity for a company, product, or service to distinguish it from competitors and build recognition and loyalty among consumers. Key elements and considerations in branding include:

1. Brand Identity: This encompasses the visible elements of a brand, such as the name, logo, colors, typography, and design that represent the brand's values and personality.

2. Brand Positioning: Defines how a brand is perceived in the market relative to competitors. It involves identifying and communicating the unique value proposition and competitive advantages of the brand.

3. Brand Values and Messaging: Articulates the core principles and promises of the brand. Consistent messaging reinforces the brand's identity and helps build trust and credibility.
4. Brand Voice and Personality: The tone and style of communication that reflects the brand's character and connects with its target audience. This can range from professional and formal to casual and friendly.
5. Brand Experience: The overall experience customers have with the brand across all touchpoints, including product interactions, customer service, and marketing communications.
6. Brand Equity: The value a brand adds to a product or service, which can impact consumer preferences, willingness to pay a premium, and brand loyalty.
7. Brand Loyalty: The degree to which customers repeatedly choose a brand over competitors, often driven by positive experiences and strong emotional connections.

8. Brand Management: Involves monitoring and maintaining the brand's integrity and reputation over time, ensuring that all brand activities and communications are aligned with the brand's identity and values.

Effective branding helps differentiate a company or product, builds customer loyalty, and creates a strong market presence, ultimately contributing to long-term business success.

Lets sum up

Branding is the strategic process of creating and managing a distinctive identity for a company, product, or service. It involves developing a unique name, symbol, logo, and overall image that differentiates a product or company from its competitors and resonates with target audiences..

Check your progress

Question 1:

What is the primary purpose of a brand's logo?

A) To create a brand's slogan
B) To represent the brand visually and aid in recognition
C) To determine the brand's market position
D) To design the product's packaging

Question 2:

Which term describes the unique set of associations that a brand creates in the minds of consumers?

A) Brand Equity
B) Brand Identity
C) Brand Loyalty
D) Brand Associations

Question 3:

What is the concept of "brand positioning"?

A) The process of designing the brand's logo and tagline
B) The way a brand is perceived in the context of its competitors
C) The method of increasing brand awareness through advertisements
D) The development of new products under the same brand name

Question 4: Which of the following is NOT typically considered a component of brand identity?

A) Brand Name
B) Brand Logo
C) Customer Feedback
D) Tagline/Slogan

Question 5:

What does "brand loyalty" refer to?

A) The level of satisfaction with the brand's customer service
B) The consistency of the brand’s marketing messages
C) The tendency of consumers to repeatedly purchase or use the brand
D) The strength of the brand's online presence

5.4 Packaging and labelling

Packaging and labeling are critical elements of product presentation that significantly impact consumer perception and product effectiveness. Here's a breakdown of each:

5.4.1 Packaging:

1. Protection:
   - Function: Safeguards the product from damage during transit, handling, and storage.
   - Considerations: Durability, material strength, and suitability for the product type.
2. Functionality:
   - Function: Ensures ease of use, convenience, and practicality.
   - Considerations: Ease of opening, resealability, and portion control.
3. Branding:
   - Function: Enhances brand recognition and communicates brand identity.
   - Considerations: Design elements, colors, and logos that align with brand aesthetics.
4. Marketing:
   - Function: Attracts consumer attention and influences purchasing decisions.
   - Consideration: Visual appeal, unique design features, and promotional elements.

5. Compliance:
   - Function: Adheres to legal and industry regulations.
   - Considerations: Safety standards, material usage, and environmental regulations.

6. Sustainability:
   - Function: Addresses environmental concerns and appeals to eco-conscious consumers.
   - Considerations: Use of recyclable or biodegradable materials and minimalistic design.

Lets sum up

Packaging refers to the process of designing and producing containers or wrappers for products. It serves multiple purposes beyond just protecting the product during transport and storage. Effective packaging can significantly impact a product's success in the market.

Check your progress

Question 1:

What is the primary purpose of packaging in the context of protecting a product?

A) To enhance the product's appearance
B) To provide detailed product information
C) To safeguard the product from damage, contamination, and spoilage
D) To increase the product's shelf life

Question 2:

Which aspect of packaging is most focused on attracting consumer attention and making the product stand out on the shelf?

A) Functional Design
B) Branding and Visual Appeal
C) Regulatory Compliance
D) Material Durability

Question 3:

What is a key consideration in sustainable packaging?

A) Using flashy colors and designs
B) Ensuring the packaging is easy to open
C) Utilizing recyclable or biodegradable materials
D) Increasing the size of the packaging

Question 4:

Which of the following is NOT typically included on a product's packaging?

A) Product name and description
B) Brand logo and design elements
C) Detailed production methods
D) Usage instructions and expiration date

Question 5:

How does effective packaging contribute to marketing a product?

A) By determining the product's price
B) By protecting the product during shipping
C) By enhancing brand identity and providing promotional opportunities
D) By simplifying the production process

5.4.2 Labeling:

1. Product Information:
 - Function: Provides essential details about the product, including ingredients, usage instructions, and nutritional information.
 - Considerations: Clarity, accuracy, and comprehensiveness.

2. Branding:

- Function: Reinforces brand identity and communicates key brand messages.
- Considerations: Consistent branding elements, such as logos and taglines.

3. Legal Compliance:

- Function: Ensures adherence to regulations and standards for product information and labeling.
- Consideration: Required disclosures, such as allergens, expiry dates, and regulatory certifications.

4. Consumer Guidance:

- Function: Helps consumers make informed decisions and use the product correctly.
- Considerations: Instructions for use, dosage, and storage recommendations.

5. Design and Aesthetics:

- Function: Enhances visual appeal and makes the product stand out on shelves.
- Considerations: Color schemes, fonts, and imagery that align with the brand and attract the target audience.

In Summary: Packaging and labeling are vital for protecting and presenting a product, enhancing brand identity, providing necessary information, and complying with regulations. They play a crucial role in influencing consumer decisions and ensuring a positive customer experience.

Lets sum up

Labeling involves the creation and application of labels on products to provide essential information to consumers. It serves both functional and regulatory purposes, ensuring that products are used safely and effectively while also helping to market and differentiate them.

5.5 New Product Development (NPD) and Product Life Cycle (PLC) Strategies

New Product Development (NPD)* and *Product Life Cycle (PLC) Strategies* are essential components in managing a product's success from conception through its market life. Here's an overview of each:

5.5.1 New Product Development (NPD)

1. Idea Generation:

- Description: The initial stage where new ideas are brainstormed.
- Sources: Market research, customer feedback, competitor analysis, and internal innovation.

2. Idea Screening:

-Description: Evaluating ideas to filter out those that are not feasible or aligned with business goals.

-Criteria: Market potential, technical feasibility, and alignment with strategic objectives.

3. Concept Development and Testing:

- Description: Developing detailed product concepts and testing them with potential customers.
- Methods: Surveys, focus groups, and prototype testing.

4. Business Analysis:

- Description: Assessing the product's financial viability, including cost estimates, pricing strategy, and projected profits.
- Considerations: Break-even analysis, ROI, and market demand.

5. Product Development:

Description: Creating and refining the product based on feedback and technical requirements.

- Activities: Design, engineering, and prototype development.

6. Market Testing:

- Description: Introducing the product to a limited market to gauge consumer response and identify any issues.
- Types: Test markets, pilot launches, and beta testing.

7. Commercialization:

- Description: Full-scale production and launch of the product.
- Activities: Production ramp-up, marketing campaigns, and distribution planning.

8. Post-Launch Evaluation:

- Description: Monitoring product performance and gathering feedback for future improvements.
- Metrics: Sales data, customer reviews, and market share.

Lets sum up

New Product Development (NPD) is the process of creating and introducing a new product to the market. It involves several key stages **Idea Generation**: Developing new product ideas through brainstorming, market research, or technological advancements.**Idea Screening**: Evaluating and selecting the most promising ideas based on feasibility and alignment with business goals.

Check your progress

1. **What is the primary goal of the Idea Generation stage in New Product Development?**

- A) To evaluate the feasibility of product concepts
- B) To develop a prototype of the product
- C) To generate a wide range of new product ideas

- D) To analyze the business potential of a product

2. During which stage of New Product Development is a prototype or working model typically created?

- A) Idea Generation
- B) Concept Development and Testing
- C) Product Development
- D) Market Testing

3. What is the main focus during the Business Analysis stage of New Product Development?

- A) Designing the product
- B) Developing marketing strategies
- C) Evaluating market potential, costs, and profitability
- D) Conducting customer feedback surveys

4. Which stage involves testing the product with a limited market to gather feedback before a full-scale launch?

- A) Introduction
- B) Growth
- C) Market Testing
- D) Decline

5.In which stage of the Product Life Cycle would a company likely focus on product differentiation and promotional strategies to maintain market share?

- A) Introduction
- B) Growth
- C) Maturity
- D) Decline

5.5.2 Product Life Cycle (PLC) Strategies

1. Introduction Stage:
   - Strategy: Focus on building awareness and educating the market.
   - Actions: High marketing investment, promotions, and distribution efforts.

2. Growth Stage:
   - Strategy: Expand market reach and improve product features based on feedback.
   - Actions: Increase production, broaden distribution channels, and emphasize differentiation.

3. Maturity Stage:
   - Strategy: Maximize market share while facing increased competition.
   - Actions: Optimize costs, enhance product features, and explore new market segments.

4. Decline Stage:
   - Strategy: Manage the product's decline while maximizing profitability or planning for discontinuation.
   - Actions: Reduce costs, phase out unprofitable variants, and consider product updates or replacements.

In Summary: Effective NPD involves systematically developing new products from concept to market launch, while PLC strategies manage a product through its lifecycle to optimize its performance and profitability. Both processes are critical for maintaining a competitive edge and meeting market demands.

Lets sum up

The Product Life Cycle (PLC) outlines the stages a product undergoes from its market introduction to its eventual decline. It begins with the **Introduction** stage, where sales grow slowly and costs are high as the product is launched and market awareness is built. This is followed by the **Growth** stage, marked by rapid sales increases and rising profits as the product gains acceptance and competition begins. In the **Maturity** stage, sales growth slows as the market becomes saturated, leading to intense competition and a focus on maintaining market share through differentiation and promotions.

Check your progress

1. Which stage of the Product Life Cycle is characterized by slow sales growth and high promotional costs?

- A) Growth
- B) Maturity
- C) Introduction
- D) Decline

2. **At which stage do sales begin to peak and market saturation typically occurs?**

- A) Introduction
- B) Growth
- C) Maturity
- D) Decline

3. In which stage does a company focus on defending its market share and maximizing profits through strategies like price reductions and product differentiation?

- A) Introduction
- B) Growth
- C) Maturity

- D) Decline

4. Which stage is characterized by decreasing sales and profits due to factors such as technological advancements or changing consumer preferences?

- A) Introduction
- B) Growth
- C) Maturity
- D) Decline

5. What strategy might a company employ during the Decline stage to extend the product's life?

- A) Launching new promotional campaigns
- B) Introducing new features or rebranding
- C) Increasing production costs
- D) Reducing market share

5.6 Pricing

Pricing is a crucial aspect of marketing and business strategy that involves determining the appropriate amount to charge for a product or service. Effective pricing can influence consumer behavior, profitability, and market positioning. Here are key elements and strategies related to pricing:

5.6.1 Key Elements of Pricing

1. Cost-Based Pricing:

- Description: Pricing based on the cost of production plus a markup.
- Components: Fixed costs (rent, salaries), variable costs (materials, labor), and desired profit margin.

2. Value-Based Pricing:

- Description: Setting prices based on the perceived value to the customer rather than the cost.
- Components: Customer perceptions, benefits provided, and competitor pricing.

3. Competitive Pricing:

- Description: Setting prices based on competitors’ prices.
- Components: Price matching, undercutting, or premium pricing relative to competitors.

4. Psychological Pricing:

- Description: Utilizing pricing techniques to create a psychological impact.
- Components: Pricing just below a round number (e.g., $9.99 instead of $10), bundling, or using prestige pricing.

5. Penetration Pricing:

- Description: Introducing a product at a low price to gain market share quickly.
- Components: Initial low price to attract customers and build market presence, followed by gradual price increases.

Skimming Pricing:

- Description: Setting a high price initially to target early adopters and gradually lowering it as the market expands.
- Components: High initial price to recover development costs, followed by discounts for broader market appeal.

7. Dynamic Pricing:

- Description: Adjusting prices based on real-time supply and demand conditions.
- Components: Algorithms and data analysis to optimize pricing based on factors such as time, location, and demand fluctuations.

8. Freemium Pricing:

- Description: Offering a basic product or service for free while charging for premium features.
- Components: Free basic version to attract users, with revenue generated from advanced features or services.

Lets sum up

Pricing involves determining the amount of money a customer pays for a product or service and is integral to a company's overall strategy. It aims to balance objectives such as maximizing profit, gaining market share, or positioning against competitors. Key strategies include **cost-plus pricing**, where a markup is added to production costs; **value-based pricing**, which is set based on perceived customer value; and **penetration pricing**, which uses lower prices to attract customers quickly. **Skimming pricing** starts high and lowers over time to capture different market segments.

Check your progress

1. Which pricing strategy involves setting a high initial price to maximize profits from early adopters before gradually lowering it?

- A) Cost-Plus Pricing
- B) Value-Based Pricing
- C) Penetration Pricing
- D) Skimming Pricing

2. What is the primary goal of penetration pricing?

- A) To maximize profit from a small, niche market
- B) To quickly gain market share with a low price
- C) To set prices based on the perceived value to the customer
- D) To align prices with competitors' pricing

3. Which pricing tactic involves offering a set of products together at a lower price than if purchased separately?

- A) Psychological Pricing
- B) Bundle Pricing
- C) Geographic Pricing
- D) Discount Pricing

4. What does price elasticity measure?

- A) The cost of producing a product
- B) The impact of price changes on consumer demand
- C) The amount of markup added to a product
- D) The legal restrictions on pricing practices

5. Which pricing strategy sets prices based on the perceived value of the product to the customer rather than the cost of production?

- A) Cost-Plus Pricing
- B) Value-Based Pricing
- C) Competitive Pricing
- D) Psychological Pricing

5.7 Pricing Strategies and Considerations

1. Market Research:

- Description: Analyzing market conditions, customer needs, and competitor pricing to inform pricing decisions.
- Components: Surveys, focus groups, and competitive analysis.

2. Profitability:

- Description: Ensuring that the pricing strategy aligns with profit goals and covers costs.
- Components: Margin analysis, breakeven calculations, and financial projections.

3. Brand Positioning:

- Description: Setting prices that reflect the brand's market position and target audience.
- Components: Premium pricing for luxury brands, value pricing for budget products.

4. Regulatory Compliance:

- Description: Adhering to legal regulations regarding pricing, such as anti-price gouging laws and price transparency requirements.
- Components: Compliance checks and legal reviews.

In Summary: Pricing strategies involve a balance between cost, customer value, competition, and market conditions. Effective pricing not only influences sales and profitability but also impacts brand perception and market positioning.

5.7 Pricing strategies and approaches

Pricing strategies and approaches are methods businesses use to set the price of their products or services. These strategies help achieve various objectives such as maximizing profit, gaining market share, or positioning the brand. Here are some common pricing strategies and approaches:

5.7.1 Pricing Strategies

1. Cost-Based Pricing:

- Description: Setting prices based on the cost of production plus a markup.
- Approaches:

- Cost-Plus Pricing: Adding a fixed percentage or amount to the cost of production.
- Break-Even Pricing: Setting prices to cover costs and achieve a break-even point.

2. Value-Based Pricing:
- Description: Setting prices based on the perceived value to the customer rather than on cost.
- Approaches:
  - Perceived Value Pricing: Pricing based on what the customer believes the product is worth.
  - Performance-Based Pricing: Pricing based on the product's performance or outcomes.

3. Competitive Pricing:
- Description: Setting prices based on competitors' pricing.
- Approaches:
  - Market Penetration Pricing: Setting a lower price to enter a competitive market and attract customers.
  - Price Matching: Matching competitors' prices to stay competitive.

4. Psychological Pricing:
- Description: Using pricing techniques to create a psychological impact.
- Approaches:
  - Charm Pricing: Pricing just below a round number (e.g., $9.99 instead of $10).
  - Prestige Pricing: Setting higher prices to create a perception of higher quality or exclusivity.

5. Penetration Pricing:
- Description: Introducing a product at a low price to gain market share quickly.
- Approaches:
  - Introductory Pricing: Offering a low initial price with the intention of increasing it later.
  - Loss Leader Pricing: Pricing a product below cost to attract customers to buy other

items.

6. Skimming Pricing:

- Description: Setting a high price initially and lowering it over time as the market becomes saturated.
- Approaches:
  - Premium Skimming: Charging a high price for early adopters and gradually reducing it.
  - Price Reductions: Implementing planned price reductions to capture different segments of the market over time.

7. Dynamic Pricing:

- Description: Adjusting prices based on real-time supply and demand conditions.
- Approaches:
  - Surge Pricing: Increasing prices during peak demand times.
  - Personalized Pricing: Customizing prices for individual customers based on their behavior or characteristics.

8. Freemium Pricing:

- Description: Offering a basic product or service for free while charging for premium features or advanced versions.
- Approaches:
  - Free Trial: Providing a limited-time trial of premium features.
  - Premium Upgrades: Offering additional features or services at a cost.

Lets sum up

Pricing strategies and approaches are essential for aligning a product's price with market dynamics and business goals. **Cost-Plus Pricing** involves adding a markup to production costs to ensure profitability. **Value-Based Pricing** sets prices based on the perceived value to customers, often leading to higher profitability. **Penetration Pricing** starts with a low price to quickly gain market share, while **Skimming Pricing** sets a high initial price to target early adopters before gradually lowering it. **Competitive Pricing** adjusts prices based on competitors' rates to remain competitive..

Check your progress

1. Which pricing strategy involves setting a high initial price to attract early adopters and then gradually lowering the price over time?

- A) Penetration Pricing
- B) Value-Based Pricing
- C) Skimming Pricing
- D) Competitive Pricing

2. What is the primary objective of Penetration Pricing?

- A) To maximize short-term profits
- B) To quickly gain market share with a low price
- C) To set prices based on competitors' pricing
- D) To create a premium image for the product

3. Which pricing strategy sets prices based on the perceived value of the product to the customer rather than the cost of production?

- A) Cost-Plus Pricing
- B) Competitive Pricing
- C) Value-Based Pricing
- D) Psychological Pricing

4. In which pricing strategy are products sold together at a lower price than if purchased individually?

- A) Bundle Pricing

- B) Dynamic Pricing
- C) Geographic Pricing
- D) Freemium Pricing

5. Which pricing approach involves adjusting prices in real-time based on market demand and other external factors?

- A) Psychological Pricing
- B) Dynamic Pricing
- C) Cost-Plus Pricing
- D) Penetration Pricing

5.7.2 Approaches to Implement Pricing Strategies

1. Market Research:

- Description: Analyzing market trends, customer needs, and competitor prices to inform pricing decisions.

- Tools: Surveys, focus groups, and competitor analysis.

2. Cost Analysis:

- Description: Calculating production costs, including fixed and variable costs, to ensure profitability.

- Tools: Cost accounting and financial projections.

3. Customer Segmentation:

- Description: Tailoring pricing strategies to different customer segments based on their willingness to pay.

- Tools: Market segmentation analysis and customer profiling.

4. Pricing Models:

- Description: Using various pricing models to align with business goals.

- Models: Subscription models, tiered pricing, and bundling.

In Summary: Effective pricing strategies involve a mix of approaches tailored to business objectives, market conditions, and customer perceptions. By selecting the right strategy and approach, businesses can optimize profitability, enhance market positioning, and better meet customer needs.

5.8 Promotion decisions

Promotion decisions typically involve evaluating employees based on several criteria, including their performance, skills, experience, and potential for future roles. Key factors often considered are:

1. Performance: Consistent high performance and achievement of goals.
2. Skills and Qualifications: Relevant skills, certifications, and experience that align with the new role.
3. Leadership and Potential: Ability to lead teams, take on new responsibilities, and contribute to the organization's long-term success.
4. Company Needs: Alignment with the organization's current and future needs.

The decision-making process usually involves performance reviews, feedback from managers and peers, and sometimes formal assessments or interviews.

5.8.1 Promotion decisions involve several key components:

1. Performance Evaluation: Review of the employee's past performance, including achievements, productivity, and the ability to meet or exceed goals.

2. Skills and Competencies: Assessment of the employee’s skills, qualifications, and knowledge relevant to the new role.

3. Experience and Tenure: Consideration of the employee’s experience, length of service, and how well they have mastered their current role.

4. Potential and Readiness: Evaluation of the employee’s potential for growth, leadership capabilities, and readiness to take on additional responsibilities.

5. Company Needs and Fit: Alignment of the employee’s qualifications and potential with the company’s strategic goals and the specific needs of the new role.

6. Feedback and Recommendations: Input from managers, peers, and possibly subordinates, including any formal feedback or recommendations.

7. Training and Development: Consideration of any additional training or development the employee may need to succeed in the new role.

8. Organizational Impact: Assessment of how the promotion will affect team dynamics, departmental performance, and overall organizational structure.

These components help ensure that promotion decisions are fair, objective, and aligned with both employee and organizational goals.

he promotion mix refers to the combination of promotional tools and strategies used by a company to communicate with and persuade its target audience. It typically includes the following components:

1. Advertising: Paid, non-personal communication through various media channels such as TV, radio, print, online ads, and social media. It aims to reach a broad audience and build brand awareness.

2. Sales Promotion: Short-term incentives designed to encourage immediate purchases or actions. Examples include discounts, coupons, rebates, and special offers.

3. Public Relations (PR): Efforts to build and maintain a positive public image and

manage the company’s reputation. This can involve press releases, media relations, sponsorships, and community engagement.

4. Personal Selling: Direct, face-to-face interaction between sales representatives and potential customers to address specific needs, answer questions, and close sales.

5. Direct Marketing: Direct communication with potential customers through channels like email, direct mail, telemarketing, or text messages, targeting specific individuals with personalized messages.

6. Digital Marketing: Utilizing online platforms such as social media, search engines, and content marketing to engage with audiences through blogs, videos, and interactive content.

Each component of the promotion mix serves a distinct purpose and can be used in combination to effectively reach and influence the target market.

Lets sum up

Promotion decisions are a crucial aspect of marketing strategy, focusing on how to communicate a product’s value to potential customers and drive sales. These decisions involve selecting the most effective promotional mix, which typically includes advertising, sales promotions, public relations, and personal selling. **Advertising** involves paid, non-personal communication through media channels to reach a broad audience and build brand awareness. **Sales Promotions** include short-term incentives like discounts, coupons, or special offers designed to stimulate immediate sales and encourage trial.

1. Which promotional tool involves using paid, non-personal communication channels such as TV, radio, or online ads to reach a broad audience?

- A) Sales Promotions
- B) Public Relations
- C) Personal Selling
- D) Advertising

2. What is the primary purpose of sales promotions?

- A) To build long-term brand equity
- B) To manage the company's public image
- C) To stimulate immediate sales and encourage product trial
- D) To conduct face-to-face sales presentations

3. Which promotional strategy focuses on creating a positive company image and managing public perception through media and community engagement?

- A) Personal Selling
- B) Advertising
- C) Public Relations
- D) Sales Promotions

4. In which promotional approach does a sales representative interact directly with potential buyers to address their needs and close sales?

- A) Advertising
- B) Public Relations
- C) Sales Promotions
- D) Personal Selling

5. When making promotion decisions, what is a critical factor to determine for effective communication with the target audience?

- A) The product's production cost
- B) The promotional budget only
- C) The right message, media channels, timing, and budget
- D) The competitors' pricing strategies

5.9 integrated Marketing Communication (IMC)

Integrated Marketing Communication (IMC) is a strategic approach that ensures all forms of communication and messaging are carefully linked together. The goal is to create a unified and consistent brand message across all channels and touchpoints. Key aspects of IMC include:

1. Consistency: Ensuring that all communication messages and materials present a coherent and consistent brand image and message, regardless of the medium.

2. Coordination: Integrating various marketing channels and tactics (advertising, public relations, sales promotions, personal selling, digital marketing) to work together harmoniously.

3. Customer Focus: Tailoring messages to the target audience's needs and preferences, and ensuring that all communication efforts are designed to enhance the customer experience.

4. Channel Synergy: Leveraging multiple channels in a complementary manner to maximize the impact of the message, ensuring that each channel reinforces the others.

5. Strategic Alignment: Aligning all promotional activities with the overall business objectives and marketing strategy to ensure that every effort supports the broader goals

of the organization.

6. Measurement and Evaluation: Continuously assessing the effectiveness of communication efforts, gathering feedback, and making adjustments as needed to improve results and achieve objectives.

By integrating various communication tools and strategies, IMC aims to create a more cohesive and impactful brand presence, enhance customer engagement, and drive better business outcomes.

5.10 Advertising and sales promotion

Advertising and sales promotion are both essential components of a marketing strategy, but they serve different purposes and are used in distinct ways:

5.10.1 Advertising

1. Purpose: Build long-term brand awareness, establish a brand image, and communicate key messages to a broad audience.

2. Channels: Utilizes mass media such as TV, radio, print (newspapers, magazines), digital platforms (websites, social media, online ads), and outdoor media (billboards, transit ads).

3. Duration: Typically has a longer-term focus, with campaigns designed to sustain brand presence over time.

4. Content: Often emphasizes brand identity, product benefits, and company values. It aims to create an emotional connection or brand recall.

5. Costs: Generally involves higher costs due to the need for creative production and media placement.

Let sum up

Advertising and **sales promotions** are essential components of a marketing strategy aimed at driving product awareness and stimulating sales. **Advertising** involves creating and delivering paid, non-personal messages through various media channels such as television, radio, print, and digital platforms. Its primary goal is to build brand awareness, communicate the value of the product, and establish a strong market presence over the long term. **Sales promotions**, on the other hand, focus on providing short-term incentives to encourage immediate purchases and boost sales.

Check your progress

1. Which of the following is a primary objective of advertising?

- A) To provide immediate discounts
- B) To build brand awareness and long-term customer loyalty
- C) To manage the company's public image
- D) To offer limited-time special offers

2. Which promotional tool is designed to create urgency and encourage immediate purchase through short-term incentives?

- A) Advertising
- B) Public Relations
- C) Sales Promotions
- D) Personal Selling

3. Which of the following is an example of a sales promotion tactic?

- A) A TV commercial highlighting the benefits of a product
- B) A press release about a company's new product launch
- C) A coupon offering 20% off the next purchase
- D) A sales representative providing a product demo

4. In advertising, what is the main focus of the creative message?

- A) Generating immediate sales
- B) Building brand awareness and communicating value
- C) Managing customer service inquiries
- D) Handling public relations issues

5. Which type of advertising medium is typically used to reach a broad audience over a long period?

- A) Direct mail
- B) Social media ads
- C) Television commercials
- D) Trade shows

5.10.2 Sales Promotion

1. Purpose: Stimulate immediate sales or consumer actions, create urgency, and boost short-term engagement or purchases.

2. Tactics: Includes activities like discounts, coupons, rebates, contests, samples, buy-one-get-one-free offers, and point-of-sale displays.

3. Duration: Focuses on short-term actions and immediate results, often tied to specific

timeframes or events.

4. Content: Emphasizes value and incentives, such as savings or benefits, to encourage quick decision-making and purchases.

5. Costs: Usually involves lower costs compared to advertising, though it may require frequent adjustments and updates.

In summary, while advertising aims to build a strong, enduring brand image and reach a broad audience, sales promotions are designed to generate quick, measurable results and drive immediate consumer actions. Both are complementary and can be used together to enhance overall marketing effectiveness.

5.11 Sales force decisions

Sales force decisions involve strategic choices about how to manage and utilize a company's sales team effectively. Key aspects include:

1. Sales Force Structure:*Determining how to organize the sales team, such as by geography, product line, customer type, or a combination of these. This structure influences how sales efforts are aligned with business goals.

2. Recruitment and Selection: Identifying and hiring individuals with the right skills, experience, and attributes to meet sales objectives. This includes defining job roles, qualifications, and sourcing candidates.

3. Training and Development: Providing ongoing training and professional development to enhance the sales team's skills, product knowledge, and sales techniques. This helps ensure that salespeople are well-prepared to engage with customers effectively.

4. Compensation and Incentives: Designing compensation plans and incentive structures that motivate and reward sales performance. This can include base salaries, commissions, bonuses, and other rewards tied to achieving sales targets.

5. Sales Goals and Targets: Setting clear, achievable sales goals and performance targets to guide the sales team's efforts. This includes defining key performance indicators (KPIs) and tracking progress.

6. Territory Management: Assigning and managing sales territories to ensure coverage and optimize sales opportunities. This involves balancing workloads and ensuring that territories are effectively utilized.

7. Sales Tools and Resources: Providing the necessary tools, technology, and resources (such as CRM systems, sales collateral, and marketing support) to help the sales team perform efficiently and effectively.

8. Performance Evaluation: Regularly assessing and reviewing sales performance, providing feedback, and making necessary adjustments to improve effectiveness and address any issues.

These decisions are crucial for maximizing the productivity and effectiveness of the sales force, ultimately contributing to the company's overall sales and revenue goals.

5.11.1 Selection

Selection in the context of managing a sales force refers to the process of choosing the right candidates to fill sales positions. Key steps and considerations in the selection process include:

1. Job Analysis: Define the roles, responsibilities, and required qualifications for the sales position. This helps in creating accurate job descriptions and understanding the skills needed.

2. Recruitment: Attract potential candidates through job postings, recruitment agencies, networking, and other sourcing methods. Ensure that the recruitment strategy aligns

with the needs of the sales role.

3. Screening Resumes: Review resumes and applications to shortlist candidates who meet the minimum qualifications and experience required for the role.

4. Interviews: Conduct structured interviews to assess candidates' skills, experience, and fit for the sales role. Interviews can be one-on-one, panel-based, or even include role-playing scenarios to gauge sales skills.

5. Assessment Tests: Use various assessment tools, such as aptitude tests, personality assessments, and sales simulations, to evaluate candidates' suitability for the role and their potential performance.

6. Reference Checks: Verify candidates' previous work experience and performance through references from past employers or colleagues.

7. Decision Making: Evaluate candidates based on their interview performance, assessment results, and reference checks. Compare them against the job requirements and each other to make the final selection.

8. Offer and Negotiation: Extend a job offer to the chosen candidate and negotiate terms such as salary, benefits, and start date.

9. Onboarding: Once hired, provide comprehensive onboarding to help new sales representatives understand the company's products, culture, and processes, ensuring they are well-prepared to start their role effectively.

Effective selection ensures that the sales team comprises individuals who are not only qualified but also well-aligned with the company's goals and culture, ultimately contributing to higher sales performance and team cohesion.

5.11.2 Training

Training* for a sales force is critical for enhancing their effectiveness and performance. It involves equipping salespeople with the skills, knowledge, and tools needed to succeed in their roles. Key components of sales training include:

1. Product Knowledge: Providing comprehensive information about the company's products or services, including features, benefits, and competitive advantages. This helps salespeople confidently address customer queries and highlight value propositions.

2. Sales Techniques and Strategies: Teaching effective sales methods and strategies, such as consultative selling, negotiation skills, and closing techniques. Training should cover how to engage prospects, handle objections, and convert leads into sales.

3. Customer Relationship Management: Training on how to build and maintain strong relationships with customers, including techniques for understanding customer needs, managing accounts, and providing excellent customer service.

4. Use of Sales Tools: Instruction on using sales-related tools and technologies, such as CRM systems, sales analytics software, and other digital resources that support the sales process.

5. Market and Industry Knowledge: Providing insights into the market landscape, industry trends, and competitive analysis to help salespeople position their offerings effectively and stay informed about market changes.

6. Compliance and Ethics: Educating sales staff about legal regulations, company policies, and ethical standards relevant to their role. This ensures that sales practices comply with legal and company guidelines.

7. Role-Playing and Simulations: Engaging in role-playing exercises and sales

simulations to practice real-world scenarios and receive feedback. This helps reinforce learning and build confidence.

8. Ongoing Development: Offering continuous training and development opportunities to keep sales skills sharp and address emerging challenges. This may include workshops, seminars, and e-learning modules.

9. Performance Evaluation: Regularly assessing the effectiveness of training programs and individual performance. This helps identify areas for improvement and adjust training content as needed.

Effective sales training not only improves individual sales performance but also contributes to overall team success and alignment with organizational goals.

5.12 Compensation and control

Compensation and control* in the context of sales force management involve structuring financial rewards and overseeing sales activities to ensure alignment with organizational objectives and effective performance.

Lets sum up

Compensation and **control** are integral components of an effective management strategy within organizations. **Compensation** refers to the remuneration and benefits provided to employees for their work, encompassing salaries, bonuses, commissions, and non-monetary rewards. A well-structured compensation plan motivates employees, aligns their efforts with organizational goals, and helps attract and retain top talent. It should be equitable, competitive, and aligned with both market standards and the company's financial capabilities.

Check your progress

1. Which of the following best describes the primary purpose of a compensation plan?

- A) To manage organizational budgets
- B) To reward and motivate employees
- C) To control operational processes
- D) To set company-wide performance standards

2. What type of compensation includes salaries, bonuses, and commissions?

- A) Non-monetary compensation
- B) Direct financial compensation
- C) Indirect financial compensation
- D) Performance-based compensation

3. Which of the following is a key element of an effective control system within an organization?

- A) Setting performance metrics and standards
- B) Increasing employee salaries
- C) Offering health insurance benefits
- D) Conducting market research

4. In which type of compensation plan are employees rewarded based on their individual performance and contributions?

- A) Base salary only
- B) Commission-based pay
- C) Profit-sharing plan
- D) Salary with benefits

5. Which control mechanism involves comparing actual performance against

established standards to ensure goals are met?

- A) Budget planning
- B) Performance appraisal
- C) Training and development
- D) Employee engagement surveys

5.12.1 Compensation

1. Base Salary: A fixed amount paid to salespeople regularly, providing financial stability. It is often used to attract and retain talent.

2. Commission: A performance-based reward calculated as a percentage of sales revenue or profit generated by the salesperson. It incentivizes higher sales and aligns salesperson interests with company goals.

3. Bonuses: Additional payments based on achieving specific sales targets, milestones, or performance metrics. Bonuses can be structured as quarterly or annual incentives.

4. Incentives: Non-monetary rewards such as trips, gifts, or recognition programs. These can motivate salespeople and acknowledge exceptional performance.

5. Benefits: Health insurance, retirement plans, and other perks that enhance overall compensation packages and support employee well-being.

6. Commission Structures: Varying plans like tiered commissions, which increase the percentage earned based on reaching higher sales levels, or residual commissions, which provide ongoing rewards for repeat business.

5.12.2 Control

1. Performance Monitoring: Regularly tracking sales activities, results, and adherence to

targets through reports and metrics. This helps identify high performers and those needing improvement.

2. Sales Metrics: Using key performance indicators (KPIs) such as sales volume, conversion rates, and customer acquisition costs to evaluate effectiveness and guide decision-making.

3. Territory Management: Ensuring that sales territories are assigned and managed effectively to balance workloads and maximize opportunities. This helps prevent overlap and ensures coverage.

4. Sales Process Adherence: Monitoring compliance with established sales processes and methodologies to maintain consistency and quality in sales activities.

5. Feedback and Coaching: Providing regular feedback and coaching to salespeople based on performance data. This helps improve skills and address challenges.

6. Reporting Systems: Utilizing CRM systems and other tools to collect and analyze sales data, track performance, and streamline reporting processes.

7. Compliance and Ethics: Ensuring that sales practices adhere to legal and ethical standards, and that any deviations are addressed promptly.

Effective compensation and control strategies ensure that salespeople are motivated to perform at their best while aligning their activities with the company's objectives and maintaining operational efficiency.

5.13 Publicity and personal selling

Publicity and personal selling are distinct components of a marketing strategy, each with its own focus and methods:

5.13.1 Publicity

1. Definition: Publicity refers to the generation of positive media coverage and public awareness through unpaid channels. It aims to shape public perception and enhance the brand's image.

2. Methods:

   - Press Releases: Announcements about new products, events, or company milestones distributed to media outlets.
   - Media Relations: Building and maintaining relationships with journalists and influencers to secure favorable coverage.
   - Events and Sponsorships: Hosting or sponsoring events to gain media attention and public interest.
   - Publicity Stunts: Creative activities designed to attract media coverage and public attention.
   - Social Media: Using platforms to share news and engage with audiences in a way that can attract media interest.

3. Objectives: Increase brand awareness, improve brand reputation, and influence public perception without direct payment for media space.

4. *Control:* Less control over the message and timing compared to paid advertising, as media outlets choose how and when to cover the news.

5.13.2 *Personal Selling*

1. Definition: Personal selling involves direct, face-to-face interactions between a salesperson and a potential customer to persuade and guide them toward making a purchase.

2. Methods:

   - Sales Meetings: One-on-one or group meetings where salespeople present products and address customer needs.
   - Product Demonstrations: Showing the product in action to highlight its features and

benefits.

- Negotiations: Engaging in discussions to resolve objections and reach mutually agreeable terms.
- Follow-up: Maintaining contact with potential and existing customers to nurture relationships and drive sales.

3. Objectives: Build relationships, address specific customer needs, and close sales through direct engagement and personalized service.

4. Control: Greater control over the communication process and the ability to tailor messages and responses based on customer feedback and needs.

In summary, while *publicity* focuses on gaining media attention and shaping public perception without direct payment, *personal selling* involves direct interactions with potential customers to drive sales and build relationships. Both play crucial roles in a comprehensive marketing strategy, complementing each other to enhance brand visibility and customer engagement.

Lets sum up

Publicity involves generating media coverage and public attention for a product, service, or company without direct payment. This can be achieved through press releases, media appearances, events, and other public relations activities. The primary goal of publicity is to build a positive image and generate awareness through third-party endorsements, which can lend credibility and reach a broad audience. **Personal Selling** refers to direct, face-to-face interactions between sales representatives and potential customers. This approach is highly personalized, allowing for tailored presentations and discussions based on the specific needs and preferences of the customer.

Check your progress

1. Which of the following best describes the role of distribution management?

- A) Designing product packaging
- B) Managing the delivery of products from manufacturers to consumers
- C) Conducting market research
- D) Developing advertising campaigns

2. What is the primary purpose of inventory management in distribution?

- A) To design new products
- B) To ensure optimal stock levels and minimize costs associated with excess inventory or stockouts
- C) To develop marketing strategies

3. Which distribution channel involves selling products directly to consumers without intermediaries?

- A) Wholesale distribution
- B) Retail distribution
- C) Direct distribution
- D) Indirect distribution

4. What does a distribution strategy typically focus on?

- A) Creating promotional materials
- B) Optimizing the network of distribution channels and partners
- C) Setting product development goals
- D) Conducting customer satisfaction surveys

5. Which of the following activities is included in logistics management?

- A) Developing product features
- B) Managing transportation and warehousing
- C) Conducting competitor analysis
- D) Designing advertising campaigns

5.14 Distribution management

Distribution management* involves overseeing the movement of goods from manufacturers to end consumers, ensuring that products are delivered efficiently and effectively. It encompasses various activities and strategies to optimize the supply chain and logistics process. Key components include:

1. Channel Design: Establishing the structure of distribution channels, including direct (e.g., company-owned stores) or indirect (e.g., wholesalers, retailers) methods to reach target markets.

2. Logistics and Transportation: Managing the movement of products through various modes of transport (road, rail, sea, air) and optimizing routes and schedules to minimize costs and delivery times.

3. Inventory Management: Ensuring that inventory levels are maintained at optimal levels to meet customer demand while minimizing holding costs. This includes forecasting demand, replenishing stock, and managing warehousing.

4. Warehousing: Overseeing the storage of goods in warehouses or distribution centers, including handling, sorting, and preparing products for shipment.

5. Order Fulfillment: Managing the process of receiving, processing, and delivering customer orders, ensuring accuracy and timeliness.

6. Distribution Network Management: Coordinating and managing relationships with distributors, wholesalers, and retailers to ensure smooth operations and alignment with distribution goals.

7. Customer Service: Providing support to customers regarding delivery issues, order tracking, and returns. Effective customer service enhances satisfaction and loyalty.

8.Technology and Systems: Implementing and managing distribution-related technology, such as Warehouse Management Systems (WMS), Transportation Management Systems (TMS), and Enterprise Resource Planning (ERP) systems to streamline operations and improve efficiency.

9. Performance Monitoring: Tracking and analyzing key performance indicators (KPIs) such as delivery times, order accuracy, and cost efficiency to assess the effectiveness of the distribution strategy and identify areas for improvement.

10. Compliance and Risk Management: Ensuring that distribution practices comply with regulations and standards, and managing risks related to transportation, inventory, and supply chain disruptions.

Effective distribution management ensures that products are available to customers when and where they need them, contributing to overall business success and customer satisfaction**.**

Lets sum up

Distribution management involves overseeing the process of delivering products from the manufacturer to the final consumer. It encompasses a range of activities aimed at ensuring products are available in the right quantities, at the right locations, and at the right time.

Check your progress

1. Which distribution strategy involves selling products through intermediaries such as wholesalers and retailers?

- **A) Direct Distribution**
- B) Indirect Distribution
- C) Exclusive Distribution
- D) Intensive Distribution

2. What is the primary function of a distribution center?

- A) To design new product packaging
- B) To store and manage inventory, and coordinate the movement of goods to retail locations
- C) To conduct market research
- D) To develop promotional materials

3. Which of the following is a key consideration when selecting distribution channels?

- A) The company's advertising budget
- B) The cost of product development
- C) The ability of the channel to reach the target market effectively
- D) The number of product features

4. In a distribution network, which term describes the process of managing the flow of goods from suppliers to customers?

- A) Logistics
- B) Marketing

- C) Product Design
- D) Sales Promotion

5. Which distribution approach focuses on making products available in as many locations as possible to maximize reach and convenience for consumers?

- A) Selective Distribution
- B) Exclusive Distribution
- C) Intensive Distribution
- D) Direct Distribution

5.15 Channel management

Channel management involves the planning, implementation, and control of distribution channels to ensure that products reach customers efficiently and effectively. It focuses on optimizing the relationships and operations within the distribution network. Key aspects include:

1. Channel Design: Developing the structure of the distribution network, which includes choosing the types of channels (e.g., direct, indirect, dual distribution) and establishing relationships with intermediaries such as wholesalers, retailers, or agents.

2. Channel Selection: Identifying and selecting appropriate channel partners based on factors such as market reach, expertise, and alignment with company goals. This involves evaluating potential partners and negotiating terms of cooperation.

3. Channel Coordination: Ensuring that all channel partners work harmoniously towards common goals. This includes coordinating activities, sharing information, and aligning strategies to avoid conflicts and optimize performance.

4. Channel Strategy: Developing strategies to manage the distribution channels effectively, including pricing strategies, promotional activities, and market coverage

plans. The strategy should align with overall business objectives and market demands.

5. Performance Monitoring: Tracking and evaluating the performance of each channel partner using metrics like sales volume, market share, and customer satisfaction. This helps identify successful channels and areas needing improvement.

6. Channel Conflict Resolution: Addressing and resolving conflicts that may arise between channel partners, such as competition for market share or disputes over pricing and territories. Effective conflict management ensures smooth operations and maintains strong relationships.

7. Training and Support: Providing channel partners with necessary training and support to enhance their performance. This may include product training, marketing resources, and technical assistance.

8.Incentives and Motivation: Designing incentive programs to motivate channel partners and align their efforts with company goals. Incentives can include financial rewards, recognition programs, and exclusive deals.

9. Channel Adaptation: Adjusting channel strategies based on changes in the market environment, consumer preferences, and technological advancements. This involves continuous assessment and flexibility to adapt to evolving conditions.

10. Channel Conflict Management: Addressing and resolving conflicts between different channels or within the same channel, such as disputes over market territories or pricing strategies.

Effective channel management helps optimize the distribution process, enhance market coverage, and improve overall customer satisfaction by ensuring that products are available through the most efficient and effective channels.

Lets sum up

channel management involves overseeing the process of delivering products from the manufacturer to the final consumer. It encompasses a range of activities aimed at ensuring products are available in the right quantities, at the right locations, and at the right time

Check your progress

1. What is the primary goal of channel management?

- A) To design promotional materials
- B) To oversee and optimize the distribution channels through which products reach customers
- C) To set product prices
- D) To conduct market research

2. Which of the following refers to the process of selecting, managing, and evaluating distribution partners?

- A) Channel Design
- B) Channel Strategy
- C) Channel Management
- D) Channel Conflict Resolution

3. Which type of channel conflict arises when manufacturers and intermediaries have disagreements over pricing strategies?

- A) Horizontal Conflict
- B) Vertical Conflict
- C) Multi-Channel Conflict
- D) Cross-Channel Conflict

4. What is the purpose of channel intermediaries?

- A) To create new products
- B) To serve as the link between producers and consumers, facilitating the distribution process
- C) To set advertising budgets
- D) To conduct employee training

5. Which of the following best describes a "dual distribution" strategy?

- A) Selling through a single channel to reach customers
- B) Using multiple distribution channels simultaneously to reach different customer segments
- C) Focusing solely on direct sales without intermediaries
- D) Exclusively using online channels for distribution

5.15.1 Cooperation and conflicts management

Cooperation and conflicts management in channel management are crucial for maintaining effective relationships and ensuring smooth operations within a distribution network. Here's how each can be handled:

5.15.2 *Cooperation*

1. Clear Communication: Foster open and transparent communication with channel partners to align goals, share information, and address concerns promptly. Regular meetings and updates help maintain mutual understanding.

2. Shared Goals: Establish common objectives and incentives that align the interests of all parties. This can involve joint marketing efforts, shared sales targets, or collaborative product development.

3. Support and Training: Provide channel partners with the necessary support, including training on products, marketing strategies, and sales techniques. This helps them perform better and aligns their efforts with company expectations.

4. Resource Sharing: Offer resources such as marketing materials, technical support, and access to data. Sharing these resources can enhance partner performance and strengthen relationships.

5. Recognition and Rewards: Acknowledge and reward channel partners for their contributions and successes. Recognition programs and performance-based incentives can motivate partners and reinforce cooperation.

6. Regular Feedback: Gather and act on feedback from channel partners to improve processes, address issues, and enhance collaboration. This shows that their input is valued and helps build stronger partnerships.

5.15.3 Conflict Management

1. Identify Sources of Conflict: Understand the underlying causes of conflicts, such as competition for market share, disagreements over pricing, or territorial disputes. Accurate diagnosis is essential for effective resolution.

2. Mediation and Negotiation: Use mediation and negotiation techniques to address conflicts. This involves facilitating discussions between conflicting parties to reach a mutually acceptable solution.

3. Conflict Resolution Policies: Develop and implement clear policies and procedures for handling conflicts. This includes setting guidelines for dispute resolution and outlining the steps for escalation if needed.

4. Fair and Transparent Processes: Ensure that conflict resolution processes are fair

and transparent. All parties should feel that their concerns are addressed impartially and equitably.

5. Adjustments and Compromises: Be willing to make adjustments or compromises to resolve conflicts. This might include revising terms of agreements, adjusting territories, or altering pricing strategies.

6. Training in Conflict Resolution: Provide training for sales managers and channel partners on conflict resolution skills. This helps them handle disputes more effectively and maintain positive relationships.

7. Monitor and Evaluate: Regularly monitor the channel network for potential conflicts and evaluate the effectiveness of conflict resolution strategies. Continuous improvement helps prevent future issues.

8. Legal and Contractual Measures: When necessary, utilize legal agreements and contracts to define roles, responsibilities, and dispute resolution mechanisms clearly. This provides a framework for managing conflicts and protecting interests.

Effective management of cooperation and conflicts ensures that channel relationships remain productive and aligned with business goals, leading to improved performance and better outcomes for all parties involved.

5.15.4 Vertical, horizontal, and multichannel distribution systems:

Vertical Marketing Systems (VMS)

Definition: A vertical marketing system is a distribution channel where the manufacturer, wholesaler, and retailer operate as a unified system. This can be achieved through vertical integration (ownership) or contractual agreements.

5.15.4 Consumer Protection:

1. Consistent Quality: Ensures consistent product quality and service standards across the entire channel, as all levels are controlled or closely coordinated.

2. Clear Communication: Provides clear and reliable product information, as the channel members are aligned and can ensure accurate and consistent messaging to consumers.

3. Efficient Service: Streamlines processes such as returns, warranties, and customer service, leading to more effective problem resolution and support for consumers.

4. Fair Pricing: Helps maintain fair pricing strategies and avoids practices like price gouging, as the system aims for uniform pricing across all retail outlets.

5.15.6 Horizontal Marketing Systems

Definition: A horizontal marketing system involves collaboration between companies at the same level of the distribution chain, such as multiple retailers or wholesalers working together to achieve a common goal.

5.15.7Consumer Protection:

1. Enhanced Product Availability: Can increase product availability and variety by combining resources, which benefits consumers by offering more choices and better access.
2. Shared Best Practices: Promotes the sharing of best practices among businesses, which can lead to improved customer service and operational efficiencies.

3. Price Competition: Encourages price competition among participating businesses, which can lead to better prices and deals for consumers.

4. Standardization: Ensures that all participating businesses adhere to industry standards and regulations, enhancing product safety and reliability.

5.15.8 Multichannel Marketing Systems

Definition: A multichannel marketing system involves using multiple channels to reach consumers, such as physical stores, online shops, and mobile apps.

5.15.9 Consumer Protection:

1. Increased Accessibility: Provides consumers with multiple avenues to purchase products, making it easier for them to access goods and services in a way that suits their preferences.

2.Transparency: Enhances transparency by allowing consumers to compare prices and products across different channels, which can lead to more informed purchasing decisions.

3. Consistent Policies: Ensures that consumer protection policies (e.g., return policies, warranties) are consistent across all channels, although implementation may vary slightly depending on the channel.

4. Integrated Support: Offers integrated customer support across channels, allowing consumers to seek help through various touchpoints and ensuring a consistent experience.

5. Data Privacy: Requires robust data protection measures to secure consumer information across multiple channels and prevent unauthorized access or misuse.

In all systems, consumer protection involves ensuring product quality, fair pricing, clear communication, and effective resolution of issues. Companies must implement policies and practices that safeguard consumer interests, regardless of the distribution system in use.

5.15.10Awareness of consumer rights

Awareness of consumer rights in the marketplace is crucial for ensuring that consumers can make informed decisions and protect themselves from unfair practices. Here are key aspects of consumer rights awareness and how they impact the marketplace:

Key Consumer Rights

1. Right to Safety: Consumers are entitled to products that are safe to use and free from defects. This includes protection from harmful or dangerous goods.

2. Right to Information:Consumers should have access to accurate and clear information about products and services, including pricing, ingredients, and terms of sale.

3. Right to Choice: Consumers should be able to choose from a range of products and services and should not be pressured or manipulated into making purchases.

4. Right to Redress: Consumers have the right to seek redress or compensation for faulty goods or services. This includes the right to return products, get refunds, or receive repairs or replacements.

5. Right to Privacy: Consumers' personal information should be protected from misuse, and businesses must handle data responsibly and transparently.

6. Right to Fair Treatment: Consumers should be treated fairly and should not be subjected to discriminatory practices or deceptive marketing tactics

5.15.11 Promoting Awareness of Consumer Rights

1. Education and Information: Providing consumers with information about their rights through public awareness campaigns, educational programs, and accessible resources. This includes online resources, brochures, and community workshops.

2. Regulatory Bodies: Strengthening the role of regulatory agencies that enforce consumer protection laws and provide support to consumers. These bodies often offer

resources and channels for filing complaints.

3. Consumer Advocacy Groups: Supporting organizations that advocate for consumer rights and provide assistance with issues related to unfair practices, disputes, and legal matters.

4. Transparency: Encouraging businesses to be transparent about their policies and practices, including clear terms of service, pricing, and product information. Transparency helps consumers make informed choices.

5. Accessible Complaint Mechanisms Ensuring that consumers have easy access to mechanisms for reporting issues, seeking redress, and resolving disputes with businesses. This can include customer service hotlines, online complaint forms, and mediation services.

6. Legislative Measures: Enacting and enforcing consumer protection laws that safeguard rights and provide legal recourse for consumers. Regular updates to these laws ensure they remain relevant in changing market conditions.

7. Training for Businesses: Providing training for businesses on consumer rights and ethical practices, helping them understand their obligations and how to handle consumer issues effectively.

By increasing awareness and understanding of consumer rights, both consumers and businesses can contribute to a fairer and more transparent marketplace.

Unit summary

This unit covers essential aspects of product policies, including consumer and industrial product decisions, branding, and packaging. It explores new product development and strategies throughout the product life cycle. Pricing strategies are analyzed, along with promotion decisions, emphasizing the promotion mix and integrated marketing communication. The role of advertising, sales promotion, and sales force management—including selection, training, and compensation—are discussed.

GLOSSARY:

Aggressive marketing is a bold approach that uses high-pressure tactics to rapidly promote and sell products or services.

Referral programs incentivize existing customers to refer new customers, typically offering rewards for successful referrals.

Budget valuation is the process of estimating the financial worth of a project or asset based on projected costs and revenues.

Lifecycle PPM (Product Portfolio Management) refers to managing a product's lifecycle stages to optimize its value and performance within a portfolio.

Self – Assessment Questions:

5-Mark Questions

1. Define the difference between consumer and industrial products. Provide an example of each.
2. What are the key elements of effective branding? Briefly explain why branding is important for a product.
3. List three main functions of packaging and explain one in detail.
4. What are the stages of the product life cycle? Briefly describe the marketing focus for each stage.
5. Identify two pricing strategies and discuss one advantage of each.

10-Mark Questions

1. Discuss the new product development process. What are the key stages, and what activities occur at each stage?
2. Evaluate the importance of packaging and labeling in the marketing mix. How can they influence consumer purchasing decisions?
3. Analyze the factors influencing pricing decisions in a competitive market. How can businesses determine the optimal price for their products?
4. Discuss the various elements of the promotion mix. How can a company effectively integrate these elements to achieve its marketing objectives?
5. Explain the different types of distribution channels available to businesses. Discuss the advantages and disadvantages of using multi-channel distribution

ANSWER FOR CHECK YOUR PROGRESS:

Module 1

1. B
2. B
3. B
4. B
5. B

Module 2

1.C

2.B

3.C

4.B

5.C

Module3

1.B

2.A

3.B

4.C

5.C

Module 4

1.C

2.B

3.C

4.C

5.C

Module 5

1.C

2.C

3.C

4.C

5.C

Module 6

1.C

2.C

3.C

4 D

5.B

Module 7

1.D

2.B

3.B

4.B

5.B

Module8

1.C

2.B

3.4

4.A

5.B

Module 9

1.D

2.C

3.C

4.D

5.C

Module 10

1.B

2.C

3.C

4.B

5.C

Module11

1.B

2.B

3.A

4.B

5.B

Module 12

1.B

2.B

3.C

4.B

5.B

Module 13

1.B

2.B

3.C

4.A

5.C

Module 14

1.B

2.C

3.B

4.B

5.B

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4. "Influence: The Psychology of Persuasion" by Robert Cialdini - Examines the principles of persuasion and how to apply them in marketing.

5. "This Is Marketing" by Seth Godin - Offers a fresh perspective on how to approach marketing in today's world.