**2nd SEM BBA**
**UNIVERSITY OF CALICUT**

# MARKETING MANAGEMENT

**Prepared by**
Shafeeka Chungath
Assistant Professor
Dept. Of Commerce

**CPA College of Global Studies**
**Puthanathani**

*SYLLABUS*
*BACHELOR OF BUSINESS ADMINISTRATION*
*BBA2B03 MARKETING MANAGEMENT*
*Time: 5 Hours per week Credits: 4*
*Internal: 20; External: 80*

*Objectives:*
*This course aims to orient the students with the marketing principles and also to familiarize them with the process of marketing in modern business firm.*
*Learning Outcome:*
*On completing the course students will be able to*
*1. Understand and develop insights and knowledge base of various concepts that driving marketing strategies.*
*2. Develop skills in organizing for effective marketing and in implementing the market planning process*
*Module I: Introduction: Marketing Concept and its Evolution; Nature, Scope and Importance of Marketing; Role of Marketing in Modern Business; Marketing Mix: Four Ps- Extended Ps; Marketing Information Systems; Strategic Marketing Planning – An Overview.*
*10 Hours*
*Module II: Consumer Behaviour: Concept and Determinants of Consumer Behavior - Buying Decision Process - Buying Motives - Buying Roles. Market Segmentation: Concept and Need; Principles; Basis for the Segmentation. Target Marketing and Positioning - Positioning Tools and Strategies.*
*15 Hours*
*Module III: Product and Price: Concept of Product; Consumer and Industrial Goods; Product Line and Product Mix Decisions; Product Life Cycle- Meaning and Stages; Product Planning and Development: Concept and Steps. Packaging- Role and Functions; Branding: Concept and Elements; Price: Concept and Importance, Factors Affecting Price. Pricing Strategies: Price Discrimination, Price Skimming, Penetration Pricing and Discounts. Pricing Methods: Cost Based, Competitor Based and Demand Based Pricing.*
*20Hours*
*Module IV: Promotion: Meaning and Importance, Promotion Mix: Advertising- Definition Features and Functions; Advertising Media Legal and Ethical Aspects of Advertising; Personal Selling: Meaning, Functions and Steps; Role of a Salesman in Selling Process - Characteristics of a Good Salesman; Publicity and Public Relations. Sales Promotion: Meaning, Nature and Functions; Types of Sales Promotion- Sales Promotion Techniques*
*20 Hours*
*Module V: Distribution: Meaning And Importance - Stages of Distribution - Product Distribution Channels: Concept and Functions of Channels; Role of Intermediaries- Retailing of Products: Formats- Unorganized and Organized; Department Stores, Supermarkets, Hyper Markets, Chain Stores, and Electronic Retailing*
*15 Hours*

# MODULE-I

# INTRODUCTION TO MARKETING MANAGEMENT

**Core Marketing Concepts (Basic Terms)**

To understand marketing, it is necessary to study some basic terms such as customers, needs, wants, demands, products, value, satisfaction, exchange, transaction, market etc. These are the core marketing concepts. These concepts may be briefly discussed as follows:

**Customers**

Customers provide payment to an organisation in return for the delivery of goods and services. Therefore, a customer from a central point for an organisation‘s marketing activities.

**Needs, Wants and Demands**

Marketing begins from customers‘ needs and wants. Every individual has needs.

Need simply means necessity.

Wants are things that satisfy our needs. These are deeper needs. Thus wants are different from needs. Wants emerge from needs.

Demand is a want for specific products that are supported by an ability and willingness to buy them. Wants become demands when the wants are backed by the ability to pay.

**Products**

Product is what a seller or marketer sells. A product is anything that can be offered to satisfy a need or want. Products include goods, services and ideas.

**Exchange and Transaction**

Exchange is a process of obtaining a desired offer by sacrificing something in return.
When an agreement is reached, we say transaction takes place. Transaction consists of a trade of value between buyer and seller. It indicates the completion of an exchange process between a seller and buyer. Thus, transaction is an event and not a process.

**Value and Satisfaction**

Value means utility per unit of price. It reflects the relationship of benefits to costs, or what we get for what we give. A consumer buys a product on the expectation that it will satisfy his or her need or want. He buys those products which give him more value. If the actual value is equal to the expected value he is satisfied. As the actual value increases, his satisfaction also increases.
If the actual value is less than the expected values he is dissatisfied.

**Market**

Market is the root word in the term marketing. The word ‗market‘ is derived from the Latin word ‗Marcatus. It means merchandise, trade or a place where business is conducted. In ordinary language, the term market means a place where goods are bought and sold. In the context of marking, a market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want. In the words of Duddy, ―Markets are people with money to spend and desire to spend it‖. Thus, market is an aggregate of people (individuals and organisations) who have a need for certain products and the ability and willingness to purchase such products.

**Meaning and Definition of Marketing**

Marketing is a comprehensive term. It comprises of all activities performed by firms to direct and facilitate flow of goods and services from producers to buyers. It is a two-way exchange process in which needs and wants of both buyers and sellers are satisfied. It is the exchange of value between buyer and seller. There are numerous definitions of marketing. Different authors have defined the term marketing in different ways. Some experts define marketing in simple terms. Barrett simply sees marketing as, ―primarily concerned with the management of choice‖. Enis (1974) defined marketing as, ―Marketing encompasses exchange activities conducted by individuals and organisation for the purpose of satisfying human wants‖.

**Difference between Marketing and Selling**

Many people believe that marketing and selling are one and the same. But it is not so. Marketing does not mean mere selling. It is more than selling. Selling is an important activity of marketing .In the words of Edward G.Koch ―the difference between selling and marketing is more than a semantic exercise. Selling means moving products while marketing means obtaining customer‖. The important points of difference between marketing and selling are summarised as follows:

1. Selling refers to transferring goods and services to customers. Marketing includes not only selling but also other activities connected with selling such as advertising, marketing research etc.
2. Selling focuses on the needs of seller, while marketing focuses on the needs of buyers.
3. Selling aims at maximum sales and profit. Marketing aims at earning profit through customer satisfaction.
4. Selling is concerned with distribution of goods already produced. But marketing begins before production and continues even after sales have been affected.
5. Selling emphasises on short term objective of profit maximisation, but marketing emphasizes on long term goals such as growth and stability.
6. Selling is an activity that converts product into cash, while marketing is a function that converts the consumer needs into products.

**The value of Marketing**

Marketing is the process by which a firm creates value for its customers. Marketing revolves around value. It is all about creating, communicating, delivering and exchanging products or services that have value for customers and society at large. Value is created by meeting customer needs. Marketing is the delivery of value to customers at a profit. Thus, the two core elements of marketing are value and profit, providing value and generating profit on sustainable basis is a characteristic of the most successful companies, such as Apple and Tesco.

Marketing creates five types of values. They are functional value, social value, emotional value, epistemic value and conditional value. These may be briefly explained as below:

1. **Functional value:** This is the perceived functional or physical performance utility received from the product‘s attributes. Reliability, durability and price are the attributes a product.
2. **Social value:** This the perceived utility acquired because of the association between one or more specific social groups (e.g., reference groups) and the product. For example, gifts, products used in entertainment etc. are driven by social values.

3. **Emotional value:** This is the capacity of a product to stimulate the consumer‘s emotions or feelings, For example, the consumer buying a Lifebouy soap expects an emotional value because he/she expects that the soap is capable of protecting the health of children or family members.

4. **Epistemic value:** This comes from the product‘s ability to foster curiosity, provide novelty and satisfy and desire for knowledge. A person buying a book is driven by epistemic value.

5. **Conditional value:** This comes from some particular situation or circumstances facing the customer. For example, Nescafe which is served at the hard day or on a lazy afternoon.

**New Marketing Realities**

The market place is not what it used to be. It is dramatically different from what it was 25 years back. Today major societal forces have created new marketing behaviours, opportunities and challenges.

Some of the important new marketing realities may be outlined as below:

1. **Network information technology:** The digital revolution has created an information Age that promises to lead to more accurate levels of production, more targeted communications, and more relevant pricing.

2. **Globalization:** Technological advances in transportation, shipping, and communication have made it easier for companies to market in, and consumers to buy from, almost any country in the world. International travel has continued to grow as more people work and play in other countries.

3. **Deregulation:** Many countries have deregulated industries to create greater competition and growth opportunities. In the United States, laws restricting financial services, telecommunications and electric utilities have all been loosened in the spirit of greater competition. In India also the government adopted liberalisation policy from 1990 onwards.

4. **Privatisation:** Many countries have converted public companies to private ownership and management to increase their efficiency, such as the massive telecom company Telefonica CTC in Chile and the international airline British Airways in the United Kingdom

5. **Disintermediation:** The amazing success of early dot-coms such as AOL, Amazon.com, Yahoo!, eBay, E-TRADE, and others created disintermediation in the delivery of products and services by intervening in the traditional flow of goods through distribution channels.

**Importance of Advantages of Marketing**

Marketing is a very much part of our normal lives, wherever we live. Firms cannot exist without marketing wings. Peter Drucker said that marketing is everything. All other activities in the organisation are support services to the marketing strategy. Take research or design or purchase or production or finance- all these are support services to marketing. Marketing is inevitable for the company, government, society and the economy as a whole:-

**A. Importance of Marketing Society**

Marketing plays as important role in the development of a society. Marketing bridges the gap between firm and society. It has built a bridge between the farms and factories, which has benefited both agriculture and industry and also society as a whole. The advantages of marketing to society are as follows:-

1. **Provides Employment**: Marketing provides effective and continuous employment in the production, distribution and promotion of goods. A large number of males and females opt for career in marketing after graduation. It is estimated that out of 5 persons, 4 persons are employed in marketing.
2. **Raises standard of living:** Marketing improves the quality of life of people by satisfying varied and innumerable needs and wants of consumers.
3. **Creates utilities**: Marketing creates place, time and possession utilities. Transport creates place utility. Storage creates time utility. Exchange creates possession utility.
4. **Reduces costs**: Marketing ensures optimum production and optimum consumption. This reduces the cost of production. Thus the consumers get quality goods at cheaper prices.
5. **Solves social problems:** Marketing creates social awareness among people. We watch different advertisements related with family planning, ecological balance, pollution control, consumers‘ health, morals of the community etc. Societal marketing provides a proper platform to these problems.
6. **Makes life easier:** Marketing meets the changing needs and aspirations of people by providing goods of their choice at comfortable prices and places. Thus, marketing makes human life easier.
7. **Enriches Society:** Many firms encourage their employees to participate in activities that benefit their communities and invest heavily in socially responsible actions and charities.

**B. Importance of Marketing to Companies**

Marketing is said to be the eyes and ears of a business organisation. This is so because marketing keeps the business in close contact with its economic, political, social and technological environment and informs it of events that can influence its activities as per the requirements of the market. Following are the advantages of marketing to business firms.

1. **Helps in income generation:** Marketing helps in manufacturing products and services. No firm can survive unless it markets its products. Thus marketing helps in generating revenue or income for the firm. In short, marketing is the only revenue producing activity for the organization.
2. **Helps in planning and decision-making:** Marketing planning is an integral part of overall business planning. It helps in formulating marketing strategies and decisions.
3. **Helps in distribution:** Marketing helps the firm in selecting the distribution channels that deliver goods to the consumer conveniently at minimum cost.
4. **Helps in exchanging information:** Marketing gives up-to date information to the top management about nature and character of demand.

5. **Expands global presence:** Today many firms such as Honda, Sony, Nestle, Coca Cola etc. operate in almost all countries. This is made possible through marketing.
6. **Helps to earn goodwill:** Marketing earns goodwill for the company.

**C. Importance of Marketing to Consumers**

Marketing is very important for consumers also. The importance of marketing to consumers can be seen as under.

1. **Provides quality products:** Marketer undertakes research and development activities. This help in improving the quality of products. In this way, the consumers get better quality products.
2. **Provides variety of products:** Marketing facilitates production and distribution of a wide variety of goods and services for use by the consumers. On the basis of information collected form markets, the production department produces variety of products.
3. **Helps in selection:** Marketing provides variety of products to the consumers. These products are available in different sizes, designs, colours and prices. In this way, marketing provides various options to consumers.
4. **Consumer Satisfaction:** Today the goal of marketing is consumer satisfaction. Consumers can buy products according to their needs and wants.

**D. Importance of Marketing to Economy**

Marketing is a key ingredient in economic growth. It stimulates research and innovation. The importance of marketing to the economy may be studied as under.

1. **Saves the economy from depression:** Marketing makes fullest utilization of the existing capacity of the firms. During depression, the purchasing power of consumers is very low. Marketing develops new markets and adopts promotional tools to save the economy from depression.
2. **Increase in national income:** As already stated, marketing provides employment opportunities. This increases the income of the people. The higher income of the people facilitates expansion of markets. Thus production and consumption increases. This ultimately increases the national income.
3. **Economic growth:** The economic system moves forward with the marketing activities by using the scarce resources effectively to produce useful commodities and meet the consumption needs of the society. In this way, marketing facilitates economic growth.

**Marketing Concepts**

**Marketing concepts means the philosophy, belief or attitude of the management of a firm which guides its marketing efforts.**

**Types of Marketing Concepts**

All companies will not adopt the same marketing concept. There are different marketing concepts or marketing management philosophies under which business enterprises conduct their marketing activities. All marketing concepts can be broadly classified into two-traditional concepts and modern concepts.

**Traditional Concepts**

1. **Exchange concept**:

Exchange is the origin of marketing activity. When people need to exchange goods, they naturally begin a marketing effort. Wroe Alderson (a leading marketing theorist) has pointed out, ―It seems altogether reasonable to describe the development of exchange as a great invention which helped to start primitive man on the road to civilisations‖. The exchange concept holds that the exchange of a product between the seller and the buyer is the central idea of marketing.

2. **Production concept**:
   The production concept holds that the consumers prefer the goods which are easily available at lower prices. Therefore, it is necessary to produce in large quantities at lowers costs. Henry Ford is an example of production-oriented entrepreneur.
3. **Product concept**:
   It is a belief of the management that consumers favour the products of superior quality, better performance and innovative features. Therefore, successful marketing requires continuous product planning and development and improvement in quality standards. It is based on the assumption that‖ a good product will sell itself‖.
4. **Selling concept**:
   This concept assumes that consumers will not buy goods voluntarily. Theseller must, therefore, undertake a large scale selling and promotional efforts, Emphasizing upon the selling concept, Sergio Zymen, Coca-Cola‘s former Vice president of Marketing has said, ―The purpose of marketing is to sell more stuff to more people more often for more money in order to make more profits‖.

**Modern Concepts**

1. **Marketing concept**:
   This is the modern concept of marketing or marketing philosophy. This concept holds that the primary task of a business firm is to study the needs, desires and preferences of the potential consumers and produce goods which are actually needed by the consumers. When an organisation practices the marketing concept, all its activities are directed to satisfy the consumer. Successful companies realise that a satisfiedcustomer is the best advertiser for their product. Profits are generated not from their production, products or selling efforts, but from the satisfaction of consumers. Consumers are marketing assets.

**Features of Marketing Concept (Modern Concept)**

**a.** The consumer is the key. Therefore, the satisfaction of consumer is the prime object of an enterprise.
**b.** A business enterprise has dual objectives of customer satisfaction and profit maximisation. Profit is a by-product of supplying what the customer wants.
**c.** Needs and wants of customers must be identified properly and deeply before starting production.
**d.** Goods must be produced according to these needs and wants.
**e.** All the resources of production must be utilised to their best extent so that the cost of production may be minimised.

2. **Societal concept:** Modern business is regarded as an integral part of society. An activity which satisfies human needs may be detrimental to the interest of the society at large. Firms should not only consider consumer wants and profits but also society‘s interests while making their marketing decisions. Thus, societal marketing concept is

a management philosophy that takes into account the welfare of society, the organisation and its customers.

3. **Holistic marketing concept**:
   Holistic marketing concept is a new marketing concept. Holistic marketing recognizes that –everything matters‖ with marketing. There are four components of holistic marketing concept. They are relationship marketing, integrated marketing, internal marketing and social responsibility marketing. Holistic marketing concept is based on the principle that marketing is not a department but it is pervasive throughout the company.

**Marketing Management**

Successful marketing does not generally come about by accident. For this, marketing should be managed effectively.

**Meaning of Marketing Management**

Marketing management simply means the management of marketing activities. It is the application of management tools and techniques in the efficient utilisation of available marketing resources. It involves planning, implementation and control of marketing programmes included in the process of marketing.

In the words of Kotler and Keller, –Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value‖. Thus, marketing management is the process of planning, organising, directing, controlling and evaluating the efforts of an organisation for the purpose of achieving the marketing goals such as customer satisfaction and profit maximization.

**MARKETING MIX**

In the words of Philip Kotler, –Marketing Mix is the set of controllable variables and their levels that the firm uses to influence the target market.‖ Marketing mix is a combination of various elements, namely, Product, Price, Place (replaced by Physical Distribution) and Promotion.

PRODUCT: It is the thing possessing utility. It is the bundle of value the marketer offers to potential customers

PRICE: it is the amount of money asked in exchange for product. It must be reasonable so as to enable the consumer to pay for the product.

PLACE (PHYSICAL DISTRIBUTION): It is the delivery of products at the right time and at the right place. It is the combination of decision regarding channel of distribution (wholesalers, retailers etc. ), transportation, warehousing and inventory control.

PROMOTION: It consist of all activities aimed at inducing and motivating customers to buy the product.

NEW ELEMENTS INMARKEING MIX

- Packaging
- People
- public relation
- people

MARKETING INFORMATION SYSTEM (MKIS)

A marketing information system (MKIS) is a management information system (MIS) designed to support marketing decision making.

Need and importance of MkIS

- Anticipation of consumer demand
- Growing complexity of marketing
- Significance of economic indicators
- Changing competitive conditions
- Development of science and technology
- Consumerism and increasing consumer grievances
- Planning

**Strategic marketing planning**

Strategic marketing planning involves setting goals and objectives, analyzing internal and external business factors, product planning, implementation, and tracking your progress. ... The strategic marketing process puts all the pieces together so that everything you do contributes to the success of your business.

Need for Strategic marketing planning

- External factors
    - Shortage of resources
    - High inflation rates
    - Pressure from stakeholders for high RoI
    - Technological changes
    - Govt. regulations
    - Political instability
    - Increased competition
    - Sophistication of information system
    - Globalization and liberalization
- Internal factors
    - Limited growth prospects
    - More complex organizational structure
    - Increased commitment on the par of management
    - More sophisticated organizational skills through better techniques and well trained managers

Advantages or importance of Strategic marketing planning

- It allows organizations to be proactive rather than reactive and success of organization.
- It ensures effective utilization of resources.
- It increases operational efficiency.
- It helps to increase market share and profitability.
- It can make a business more durable and competitive
- It helps in managing changes

Strategic marketing planning process (steps)

1. Defining organizations mission
2. Setting up corporate objectives
3. Assessing organizational resources
4. Evaluating risk and opportunities
5. Making assumptions
6. Setting marketing goals.
7. Develop marketing strategies
8. Implementing a strategy through marketing plans
9. Monitoring and controlling the marketing plans

# CONSUMER BEHAVIOUR

Consumer is the reason why business exists. Without them a company can neither survive nor thrive. In their absence, an organisation does not have a ‗business‘ or purpose. The main business of a company is to satisfy consumers‘ needs and wants.

Customer satisfaction is the key to organizational success. Therefore, a marketer must have a clear understanding of his consumers and their behaviour. It is only through understanding consumers and their behaviour, a marketer can attempt to satisfy customers‘ needs and wants.

**Difference between Consumer and Buyer**

Everyone in this world is a consumer, from birth to death. The moment a person is born, he or she starts consuming products or services. In fact, consumption starts even before birth-a baby in a mother‘s womb is nourished by the food the mother consumes.

A consumer is a person who consumes or uses a product or service.

According to international Dictionary of Management, ―Consumers are purchasers of goods and services for immediate use and consumption‖.

Thus consumer is an ultimate user of a product. But buyer is a person who buys goods either for resale or for use in production or for use of somebody else. For example, if a man buys saree and his wife uses it, he is called a buyer. Therefore, the two terms ‗consumer‘ and ‗buyer‘ are different in the true sense. However, in the Consumer protection Act (1986), the term consumer includes buyer also.

**Difference between Consumer and Customer**

Customer is one who purchases a product or services either for his own consumption or for others. He is a person who regularly buys a particular product or buys regularly from a particular shop. For example, a mother buys baby food regularly for her baby. She is the customer and her baby is the consumer. There is another view about the difference between consumer and customer.

According to this, the term consumer is used to represent situations where a product can be directly consumed. The term customer is used to deal with situations where the products cannot be directly consumed. Thus we are consumers of food and drugs but customers in case of garments, durables, cars etc.

**Meaning and Definition of Consumer Behaviour (Consumer Buying Behaviour)**

Behaviour simply refers to doing of anything. In the words of Great Poet Goethe, ―Behaviour is a mirror in which everyone displays his/her image‖. Like learning and loving, buying is a type of behaviour that can be guided and modified by actions and reactions.

Consumer behaviour is a study of why people buy. It is the behaviour of the consumers at the time of buying or using goods or services.

In the words of Walters and paul, ―Consumer behavior is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services‖. Thus, consumer behaviour is the study of how people buy, what they buy, when they buy, and why they buy products or services. In short, consumer behaviour means the process as to how consumers make their purchase decisions to meet their needs.

**Difference between Consumer Behaviour and Buyer Behaviour**
Even though the terms consumer behaviour and buyer behaviour can be interchangeably used, these two terms are different in true sense.

Consumer behaviour involves the behaviour of ultimate consumes (i.e., individual consumers). But buyer behaviour involves the behaviour of industrial customers (organisational buyers). They make further value addition to the product to sell it to ultimate or final consumer or end users.

**Consumer Buying Process (Consumer Decision Making Process)**
Buying is a mental process. A decision to buy a product is taken after passing through different stages. Actual purchasing is only one stage of the process. In case of some productsthe consumer takes the buying decision immediately without much consideration. These are items of daily consumption. In case of some other products, mainly luxury or durable items,.the consumer thinks carefully before taking a buying decision.

Sometime the consumer consults others for arriving at a decision to buy. According to Robinson, Faris and Wind (in 1967)

The buying decision process involves the following five stages or steps:

1. **Recognition of an unsatisfied need (Problem recognition)**:

Every individual has needs. In fact, all buying decisions start with need recognition. People always seek to satisfy their needs. When a need is not satisfied (unfulfilled need), it creates tension in the individual. This tension drives people to satisfy that need. Then, the need becomes a motive. Thus motives arise from needs and wants. Suppose all friends of Raju have car. He has no car. Slowly a desire to have a car develops within him. This desire becomes a need. This need turns into a want and then into a motive.

2. **Identification of alternatives**:

After recognizing a need or want, consumers search for information about the various alternatives (or substitutes) available to satisfy it. If the needs is usual, such as hunger, thirst etc. the consumer may rely on past experience of what satisfies this need. For example, if we are thirsty, we may buy lemon juice because we know from past experience that this will satisfy our internally driven need.

3. **Evaluation of alternatives**:

By collecting information during the second stage, an individual comes to know about the brands (alternatives) and their features. Now he compares the alternative products or brands in terms of their attributes such as price, quality, durability etc.

4. **Purchase Decision**:

Finally, the consumer arrives at a purchase decision. Purchase decision can beone of the three, namely, no buying, buying later and buying now. If he has decided to buy now, he will decide the shop (dealer) to buy it from, when to buy it, how much money to spend etc. After deciding these, he will go to the shop chosen and buy the product of the brand chosen.

5. **Purchase behaviour**:

Post purchase behaviour refers to the behaviour of a consumer after purchasing a product. After the consumer has actually purchased the product/brand he will be satisfied or dissatisfied with it. This satisfaction or dissatisfaction will result in certain consequences.
If he is satisfied with the product, he would regularly buy the brand and develop a loyalty. He recommends the brand to his friends and relatives. If he is dissatisfied with the product he may stop buying more products of that brand and develop a loyalty. He recommends the brand to his friends and relatives. If he is dissatisfied with the product he may stop buying more products of that brand and may also spread bad words about the brand (negative word of mouth). He feels mental tension also.

The negative feeling which arises after purchase causing inner tension is known as **cognitive dissonance (or post purchase dissonance).** It simply refers to the dissatisfaction of a consumer with his/her product/brand after purchasing it.

**Factors Influencing CONSUMER BUYING BEHAVIOUR**
**(Determinants of Consumer behaviour)**

Throughout the buying process, various factors may influence the buyer. All these factors which determine the buyer or consumer behaviour are broadly classified into six:-

1. Psychological factors,
2. Social factors,
3. Cultural factors,
4. Personal factors,
5. Economic factors, and
6. Environmental factors.

These may be discussed as follows:-

**A. Psychological Factors**

Consumers are influenced by psychological factors. We know that human behaviour is the outcome of an individual‘s mental process. This mental process (i.e., psychological factors) influences the consumer behaviour also. These psychological factors influence the reason or ‗why‘ of buying.

The following are the important psychological factors:

1. **Consumer needs and motivation**:
   Every individual has needs. In fact, all buying decisions start with need recognition. People always seek to satisfy their needs. When a need is not satisfied (unfulfilled need), it motivates or drives people to satisfy that need. Then, the need becomes a motive. Thus, motives arise from needs and wants. In other words, motive is a stimulated needs which and individual wants to satisfy. The force that converts needs into motives is called motivation. Thus, motivation is a driving force within an individual which impels him to action to satisfy their needs.

   Need → Motive → Drive → Action
   According to Maslow, there are 5 types of human needs (1954). They are:

**(a) Physiological needs:**
These are considered to be the basic needs. These include food, water, shelter, clothing, sex etc.
**(b) Safety or security needs:**
These include safety, protection etc.
**(c) Social needs:**
These include love and affection, sense of belonging, friendship etc.
**(d) Esteem or ego needs:**
This category includes need for self-esteem, recognition, status, respect etc. Most of the luxury items are purchased to satisfy these needs.
**(e) Self actualisation:**
These needs are the result of one's desire to get the maximum of one's capabilities. These include the need for self-development and realization of goals in life. The hierarchy explains that, first; individuals want to satisfy physiological needs. Once these needs are satisfied, individuals will seek to satisfy safety needs. As each level of need is satisfied, individuals move to the next level

2. **Perception**:
Our senses play a major role in the way we see things. Psychologists call it ‗perception'. Perception is the process of selecting, organizing and interpreting information in order to give meaning to the world or environment we live in. It means how we see the world surroundings us.

3. **.Learning**:
Learning greatly influences consumer behaviour. Learning is the process of acquiring knowledge. It is the changes in behavior though experience. Generally, learning results in four ways
– listening, reading, observing and experiencing.

4. **.Beliefs and Attitudes**:
Perception and learning teach the people to form beliefs and attitudes. These beliefs and attitudes influence buying behaviour. A belief is a descriptive thought that a person holds about something. Such thoughts are based on learning, opinion or faith. For example, a consumer believes that Maruti cars are less costly and fuel efficient.

**B. Cultural Factors**
Human beings live in a society and culture resides in every society. Culture determines and regulates our general behaviour. The type of products and services we buy are influenced by the overall cultural environment in which we grow. The various cultural factors influencing buying behaviour are briefly discussed as follows:

1. **Culture:** Culture simply refers to values and beliefs in which one is born and brought up.

**1. Sub-Culture:**
Culture within a culture is called sub-culture. Sub-culture is based on religion, language, geographic region, nationality, age, gender etc.

2. **Social Class:** There is a relationship between social class and consumption pattern. A social class is a group of people with similar values, interest and behaviour within a society. It is the group of people who share the equal economic position.

**C. Social Factors**
As Aristotle said, man is a social animal. Everyone wishes to associate with another. The social factors influence our general behaviour as well as buying behaviour.

The major social factors determining consumer behaviour are as follows:

1. **Reference group**: Consumer behaviour is influenced by various groups within society. These groups are known as reference groups. A reference group is a group of people with whom an ***individual*** associates.

2. **Role and status**: A person takes up many roles in different situations in his/her life. He can be son, husband, father, employee, friend, teacher and a club member. A role consists of the set of activities a person is expected to perform in a particular position. Each role has a status.

   In a modern society, status comes from achievements, source of income, materialistic ownership of products and properties. A person‘s role and status influence his general as well as buying behaviour. For example, a father who is a teacher wants to buy a laptop. But his son who has just entered college wants a motor cycle. Such a situation may have a bearing on an individual‘s buying behaviour.

3. **Family:** Family is one of the important factors influencing buying behaviour. In 4th century B.C, Aristotle defined family as, the association established by nature for the supply of man‘s every day wants.

   We can define family as two or more persons related by blood, marriage or adoption that live together. Families are sometimes referred to as households. But all households are not families. A household may include individuals who are not related by blood, marriage or adoption, For example, unmarried couple, family friends, roommates etc. are households but not families.

**D. Personal Factors**
A person‘s buying behaviour is shaped by his personal characteristics or personal factors.
These personal factors are unique to a particular person.
These factors include demographic factors.
Important personal factors influencing buyer behaviour are as follows:

1. Age
2. Stages in the life cycle (family life cycle)
3. Occupation and economic status
4. Life style
5. Personality
6. Self-image

**E. Economic Factors**
The various economic factors which determine consumer behaviour, may be briefly discussed as below:

1. Personal Income
2. Family Income
3. Income expectations
4. Savings
5. Liquidity position

6. Consumer credit

**F. Environmental Factors**

Consumer behaviour is influenced by environmental factors also. The environmental factors determining consumer behaviour are briefly discuses as follows:

1. Political situation
2. Legal forces
3. Technological advancement

## MARKET SEGMENTATION

Consumers are too many. They are widely scattered. They have different needs, wants, likes, attitudes, beliefs etc. They vary in tastesand choices, consumptions, and buying requirements. They represent different geographical locations. Their age, occupation, income, education etc. are different.

Companies divide the market or group customers on the basis of location, income, age, education, sex etc. so as to enhance satisfaction to consumers and profit to the marketer. This process is known as segmentation.

**Meaning and Definition of Market Segmentation**

The concept of market segmentation was introduced by Wendell R. Smith in 1956. Market segmentation is a ‗divide and rule' strategy. Market segmentation simply means dividing market or grouping of customers. It is the process of dividing a market into different groups of consumers having similar needs or characteristics. It refers to grouping of customers according to such characteristics as income, age, race, education, sex, geographic location etc. For example, a hotelier may sub-divide his customers as vegetarians and non-vegetarians.

According to Alan A Robert,–Market segmentation is the strategy of dividing markets in order to conquer them'.

According to Kotler, –Market segmentation is the subdividing of market into homogenous subsections of customers, where any subsection may conceivably be selected as a target market to be reached with a distinct marketing mix‖.

**Market Segmentation Process**

The steps in segmenting a market are as follows:

1. **Establish overall strategy or objectives**:
   The first step in the segmentation process is to establish the objectives of the firm's marketing strategy clearly.
2. **Decide the bases for segmenting the market**:
   This is a very important step in the segmentation process. There are several methods by which a market can be segmented. The marketer has to decide whether demographic or psychographic or some other bases | should be used for segmenting the market. For deciding this, the firm must have a clear idea about the market characteristics, consumers buying pattern, buying behaviour etc.
3. **Select segmentation variables**:
   After deciding the basis of segmentation, the firm has to select the segmentation variables. For example, if a firm has selected demographic as a basis, it may use age, sex, occupation, income etc. as variables for segmenting the market.
4. **Profile the segments**:

Profiling helps marketing managers to characterize large, identifiable groups within a market.

5. **Evaluate segment attractiveness**:
   This is done by estimating the profit contribution expected from each segment.
6. **Select Segment/s (or target market)**:
   As already stated, marketer cannot serve all segments even if the segments are profitable. Normally, a firm selects only the most profitable segment where it can serve more effectively. This process is called target marketing.

**Need for segmentation**

The need for segmenting market arises due to the following:

1. Varieties of products are available in the market. Different people prefer different products.
2. It is necessary to plan the products as per the targeted group of customers‘ need and wants
3. It is necessary to develop pricing strategy.
4. it is required to develop pricing strategy
5. It is necessary to arrange physical distribution as well as selection of channels.
6. It is needed for packing a product as well as for developing an appropriate packaging.
7. It is needed for selection of brand ambassador.
8. It is necessary to get competitive advantage.

**Importance (or Advantages or Benefits) of Market Segmentation**

According to Sheth, ―Market segmentation is the essence of modern marketing‖. Market segmentation is advantageous to firms as well as consumers.

**A. Advantages to Firms**

1. Increases sales volume
2. Helps to prepare effective marketing plan
3. Enables to take decisions
4. Helps to understand the needs of consumers
5. Helps to win competition
6. Makes best use of resources
7. Achieves marketing goals
8. Expands markets
9. Specialised marketing
10. Creates innovations
11. Higher market share

**B. Advantages to Consumers**

1. Customer oriented
2. Quality products at reasonable price
3. Other benefits

**Patterns of Segmentation (Market Coverage or Segmentation Strategies)**

After having identified the various segments in a market, the next steps in to decide which target segments or target markets the manufacturer will focus on. This is decided after taking into consideration certain factors such as size of the segment, the strength of the competitors and the amount of time and money needed to reach potential buyers.

The manufacturers can adopt one or other of four important strategies.

1. **Undifferentiated marketing:**
   Under this strategy, the producer or marketer does not differentiate between different types of customers. He has only one marketing strategy for several market segments

and has only one type of product to be produced and marketed. In short, under undifferentiated marketing, one marketing mix is used for the whole market. Soft drinks like Campa-Cola, Thums-Up etc. come under this head.

2. **Differentiated marketing**:
   In the case of differentiated marketing, a number of market segments are identified and a different marketing mix (or strategy) is developed for each of the segments. This is probably the most popular segmentation approach. Particularly for consumer products.
3. **Concentrated marketing**:
   Concentrated marketing is concerned with the concentration of all marketing efforts (or sources) on one selected segment within the total market. The producer or marketer selects a market where there is a little or no competition and it can do the best in that segment.
4. **Customised or personalised marketing**:
   In this case the firms view each customer as separate segments customise marketing programmes to that individual‘s specific requirements. This approach necessary in certain types of industrial markets where the product cannot be standardised. For example, civil engineering firms must design each bridge or road to meet the specific requirements of the customers. This approach is also used for many consumer services such as interior design and home repairs.

These concepts can be classified in the following diagrams:

**BASES OF MARKET SEGMENTATION (METHODS OF MARKET SEGMENTATION)**

Market can be segmented in a number of ways. In other words, there are several bases for Segmenting a market.

All bases of segmentation (of consumer markets) can be broadly put into four categories:
(1)Demographic segmentation,
(2) Psychographic segmentation,
(3) Geographic segmentation, and
(4) Behavioural segmentation.

1. **Demographic Segmentation**:
   The word Demography is derived from two Greek words – _demos‘ and _graphein‘. Demos means people and graphein means to measure or to study. Thus demography means study of people or population. It is the statistical, study of human population and its size, density, location, age, sex, race, occupation, education etc. Demographic variables or characteristics are the most popular bases for segmenting the market.

Some of the demographic variables used area as follows:
**1.** Age
**2.** Sex
**3.** Family life cycle
**4.** Religion
**5.** Income
**6.** Occupation

**7.** Family size
**8.** Education

2. **Geographic Segmentation**:
   This is the simplest form of segmenting the market. Here, the marketer divides the market into different geographical units. Generally, international companies segment market geographically. The theory behind this strategy is that people who live in same area have some similar needs and wants and that these needs and wants differ from those of people living in other areas. For instance, in India, South Indians prefer rice whereas North Indian prefers chapattis.

Consumers can be classified on the basis of geographical area, climatic conditions, density of population etc.
(a) Area:
(b) Climate
(c) Population density

3. **Behavioural Segmentation**:
   Another way to segment a market is to classify customers on the basis of their knowledge of product, attitude towards the product, use of the product, response to products or product characteristics. This approach is known as behavioral segmentation. In short, behavioural segmentation is based on buyer behaviouri. e. the way people behave during and after purchase.

The market is segmented on the basis of the following factors.
(a) Attitude
(b) Product segmentation
(c) Occasion segmentation
(d) Benefit segmentation
(e) Volume segmentation
(f) Loyalty segmentation

**4. Psychographic Segmentation**:
Demographic segmentation is the study of people from the outside.But psychographic segmentation is the analysis of people from the inside. The term _psychographic‘ was coined by marketing researcher Emanuel Demby. Psychographic segmentation refers to grouping of people into homogeneous segments on the basis of psychological makeup namely personality and life style. In addition to personality and life style, psychographics include attitude, interest and opinion. In short, when segmentation is based on personality and life style characteristics, it is called psychographic segmentation.

Under psychographic segmentation market is segmented on the basis of the following factors:
**(a)** Life style
**(b)** Personality
**(c)** Social class

## TARGET MARKETING

These days the firms find it difficult to practice mass marketing. There are several submarkets which differ each other significantly. Hence many companies resort to target marketing. Under this strategy, marketers develop a separate product for each target market. They adjust the pricing, distribution and advertising to reach the target market most efficiently.

### Meaning of Target Marketing

A target market is a group of customers at whom the entire marketing efforts are directed. It is a specific group of buyers on whose needs and wants a company focuses its marketing efforts.

In target marketing, the seller identifies the parts (or segments) of the market, selects one or more of them and develops suitable products and other elements (price, place, promotion) for each target market selected.

Thus, target marketing (or targeting) is the process of assessing the relative worth of different market segments and selecting one or more segments in which to compete. These become the target segments.

### Approaches for Selecting Target Markets (Target Marketing Strategies)

Once a firm understands its markets and the appropriate bases for segmenting those markets, it must choose an approach for selecting its target markets. There are three different approaches for selecting target markets.

They are as follows.

1. **Total market approach**: In the total market approach, a company develops a single marketing mix and directs it at the entire market for a particular product.
2. .**Concentration approach**: Under this approach, an organisation directs its marketing efforts towards a single market segment through a single marketing mix. The total market may consist of several segments, but the organisation selects only one of the segments as its target market.
3. **Multi-segment approach**: In this approach, an organisation directs it marketing efforts at two or more segments by developing a marketing mix for each segment. This approach is used by Coca-Cola, P & G, Toyota, General Foods, Sony etc.

### Advantages of Target Marketing

1. Since the resources are limited, a firm cannot go to the entire market.

   By adopting target marketing it can put all of its efforts on one or more segments selected.

   2. It enables a firm to tap marketing opportunities better.

   3. The firm can offer the most suitable product to each target market. Thus it caserve the target audience (customers) better. This enables to develop new developnew loyal customers.

   4. Through target marketing a firm can expand the market share.

   5. It is possible to build up company image in the target market.

   6. Target marketing is particularly suitable in case of services.

**Steps in Target Marketing**

Target marketing involves the following four major steps:

1. **Market Segmentation**:
   Segmentation is the basis of target marketing. Markets are segmented on the basis of certain characteristic such as sex, education, income, age, life style, geographical area etc.
2. **Market targeting**:
   Market targeting refers to evaluating each market segment‘s attractiveness and selecting one or more of the segments to enter. Thus target marketing and market targeting are not one and the same. Market targeting is only a step in target marketing.
3. **Designing the marketing mix**:
   After selecting the segment, the next step is to design a suitable product and other marketing mix elements for each segment selected.
4. **Product positioning**:
   Market segmentation strategy and market positioning strategy are like two sides of a coin. In other words, target marketing begins with segmentation and ends with positioning.

# MODULE III
# PRODUCT

INTRODUCTION

The marketing mix, which is the means by which an organisation reaches its target market is made up of product, pricing, distribution, promotion and people decisions.

According to Jobber (2004), ― A product is anything that has the ability to satisfy a consumer need.‖

In the words of Dibb et al ,‖ A product is anything, favourable and unfavourable that is received in exchange.‖

**CLASSIFICATION OF PRODUCTS:**

A. **Classification on the basis of durability or tangibility**
    - Non- durable goods
    - Durable goods
    - Services
B. **Classification on the basis of consumption**
    - Consumer goods
        1. Convenience product
        2. Shopping Product
        3. Specially Products
        4. Unsought Product
    - Industrial goods
        1. production facilities and equipments,
        2. raw materials
        3. production supplies and management materials.
        4. Accessory parts
        5. Industrial or professional services
        6. Component parts

**PRODUCT LINE**:

Product lining is the marketing strategy of offering for sale several related products. A line can comprise related products of various sizes, types, colors, qualities, or prices. Line depth refers to the number of product variants in a line. Line consistency refers to how closely related the products that make up the line are.

**PRODUCT LINE MODIFICATION**

1. Product Line Contraction
2. Product Line Expansion
3. Changing Models or Styles of the Existing Products
4. Quality variation
    - Trading up
    - Trading down

PRODUCT SIMPLIFCATION

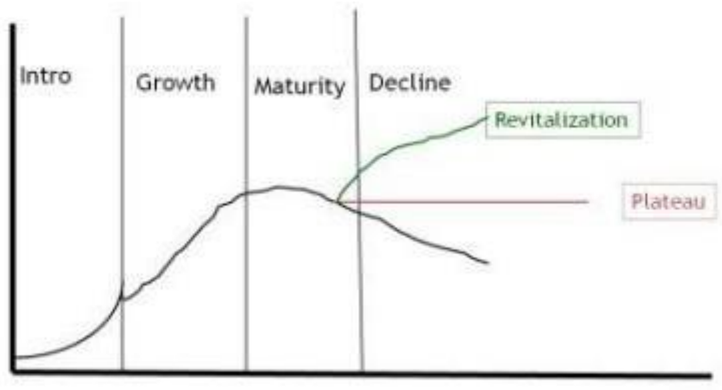
Product Simplification means limiting the number of products a dealer deals.

Sometimes it becomes necessary for a company to stop the production of unprofitable products.

PRODUCT DIVERSIFICATION
Product diversification means adding a new product or products to the existing product. It is a strategy for growth and survival in the highly complex marketing environment.
PRODUCT DIFFERENTIATION
Product differentiation involves developing and promoting an awareness in the minds of customers that the company‘s products differ from the products of competitors. This is made by using trade mark, brand name, packaging, labeling etc.

**PRODUCT MIX**
The number of different product lines sold by a company is referred to as width of product mix. The total number of products sold in all lines is referred to as length of product mix.
**FACTORS INFLUENCING PRODUCT MIX**
 Change in demand.
 Marketing influences.
 Production efficiencies.
 Financial influence.
 Use of waste.
 Competitor’s strategy.
 Profitability.
NEW PRODUCT DEVELOLOPMENT
New product development tends to happen in stages:
1. Idea Generation
2. Idea screening
3. Concept development and testing
4. Business development
5. Product development
6. Market testing
7. Commercialization

**THE PRODUCT LIFE CYCLE**
Products often go through a life cycle. Initially, a product is introduced.




Product Introduction/ Development Stage:
This is the first stage in product life cycle. Before a new product is introduced in the market place, it should be created first. The processes involve in this stage include generation of idea, designing of the new product, engineering of its details, and the whole manufacturing process.

Product Growth Stage –
This is a period where rapid sales and revenue growth is realised. However, growth can only be achieved when more and more consumers will recognize the value and benefits of a certain product.

Product Maturity and Saturation Stage:
In the maturity stage, the product reaches its full market potential and business becomes more profitable. During the early part of this stage, one of the most likely market scenarios that every business should prepare for is fierce competition.

Product Decline Stage:
The decline stage is the final course of the product life cycle. This unwanted phase will take place if companies have failed to revitalize and extend the life cycle of their products during the maturity stage‘s early part. Once already in this phase, it is very likely that the product may never again recover or experience any growth, eventually dying down and be forgotten.

**BRANDING**
Branding means giving a name to the product by which it could become known and familiar among the public. When a brand name is registered and legalised, it becomes a Trade mark. All trade marks are brands but all brands are not trade marks. Brand , brand name, brand mark, trade mark, copy right are collectively known as the language of branding.
TYPE OF BRANDS-

- Manufacturer Brands: These are developed and owned by the producers, who are usually involved with distribution, promotion and pricing decisions for the brands. For example, Apple computers.
- Dealer Brands: These are brands initiated and owned by wholesalers or retailers.
- Generic Brands: It indicates only the product category and do not includes the company name or other identifying terms.
- Family Brands: A single brand name for the whole line closely related items. For example, Amul for milk products.
- Individual Brands: Each product has a special brand name such as surf etc.
- Co-Brands: It uses two individual brands on a single product.
- Licensed Brands: It involves licensing of trade marks. For example, P&G licensed its camay brand of soap in India to Godrej for a few years.

BRAND LOYALTY
It simply means loyality of a buyer towards a particular brand.Wilkie defined loyality as, ― A favourable attitude and consistent purchase of a particular brand.‖
BRAND EQUITY
It simply refers to value associated with a brand. It is the Marketing and financial value associated with a brand‘s strength in a market.

PACKAGING AND LABELLING

- Packaging and Labelling are among the most important areas in product management. Packing means putting article into small packets, boxes or bottles for sale to ultimate consumers or for transport.
- Labelling is defined as a slip or tag attached with the product or with its package which provides necessary information about the product and its producer.

# PRICING

–Price is the amount of money or goods for which a thing is bought or sold‖.

TYPES OF PRICING POLICIES

There are many ways to price a product.

.  Cost Based Pricing Policies: Setting price on the basis of the total cost per unit.
There arenfour methods as follows:

1. Cost Plus Pricing- cost plus a percentage of profit
2. Target Pricing- cost plus a pre determined target rate of return
3. Marginal Cost Pricing- fixed plus variable costs
4. Break-Even Pricing- at break-even point i.e, where
 total sales=total cost{no profit,no loss point}

 Demand Based Pricing Policies: Setting price on the basis of the demand for the product.
There are two methods as follows:

1. Premium Pricing-Use a high price where there is a uniqueness about the product or service.
This approach is used where a substantial competitive advantage exists. Such high prices are
charged for
2. Differential Pricing-Same product is sold at different prices to different consumers.

 Competition Based Pricing Policies: Setting price on the basis of the competition for the
product. There are three methods as follows:

1. Going Rate Pricing-Many businesses feel that lowering prices to be more competitive can be disastrous for them (and often very true!) and so instead, they settle for a price that is close to their competitors.
2. Customary Pricing- Prices for certain commodities get fixed because they have prevailed over a long period of time.
3. Sealed Bid Pricing-Firms have to quote less price than that of competitors. Tenders , winning contracts etc.

 Value Based Pricing Policies: It is based on value to the customer. The following are
the pricing method based on customer value.

1. Perceived- Value Pricing: This is the method of judging demand on the basis of value
perceived by the consumer in the product. This method is concerned with setting the price on the basis of value perceived by the buyer of the product rather than the seller‘s
cost.
2. Value Of Money Pricing: Price is based on the value which the consumers get from the product they buy. It is used as a competitive marketing strategy.

SKIMMING PRICING:

- This is done with the basis idea of gaining a premium from those buyers who always ready to pay a much higher price than others.
- It refers to the high initial price charged when a new product is introduced in the market

PENETRATION PRICING:

The price charged for products and services is set artificially low in order to gain market share.
Competitive pricing:
The producer of a new product may decide to fix the price at competitive level. This is used when market is highly competitive and the product is not differentiated significantly from the competitive products.
PREDATORY PRICING:
When a firm sets a very low price for one or more of its products with the intention of driving its competitors out of business.
ECONOMY PRICING:
This is a no frills low price. The cost of marketing and manufacture are kept at a minimum.
Psychological Pricing. This approach is used when the marketer wants the consumer to respond on an emotional, rather than rational basis.
PRODUCT LINE PRICING.
Where there is a range of product or services the pricing reflect the benefits of parts of the range.
CAPTIVE PRODUCT PRICING Where products have complements, companies will charge a premium price where the consumer is captured.
Geographical Pricing.
Geographical pricing is evident where there are variations in price in different parts of the world.
Value Pricing.
This approach is used where external factors such as recession or increased competition force companies to provide 'value' products and services to retain sales.

<u>FACTORS INFLUENCING PRICING POLICIES</u>

(1) Costs
(2) Competitors
(3) Customers
(4) Business Objectives
Possible pricing objectives include:
• To maximize profits
• To achieve a target return on investment
• To achieve a target sales figure
• To achieve a target market share
• To match the competition, rather than lead the market

STRATEGIC IMPLICATIONS OF PRODUCT LIFE CYCLE
According to the product life cycle a product passes through 4stages, they are:
- Introduction: Product has been just introduced to the market – so the price will typically be at the higher end;
- Growth: This is the stage in which a products sales increases rapidly – price is set high at the growth phase to skim the market.
- Maturity & saturation: Here the product reached optimal sales and plateaus out – price is gradually reduced to maintain market share and meet the threat of competition;
- Decline: The product ceases to be popular due to a variety of reasons and decline sets in – price cutting is in full swing to make sure that all inventory is exhausted before market demand runs out, a type of harvesting the market.

**Methods of pricing:-**

1. Cost-based pricing policies
    - Cost-plus pricing
    - Target pricing
    - Marginal cost pricing
    - Break even pricing
2. Demand based pricing policies
    - Differential pricing
    - Premium pricing
3. Competition based pricing
    - Going rate pricing
    - Customary pricing

# MODULE IV

## PROMOTION

In the words of Masson and Ruth, ‖Promotion consists of those activities that are designed to bring a company‘s goods or services to the favorable attention of customers‖

Importance of Promotion**:**

1. Importance to Business:- Now a days, it is very necessary to communicate information regarding quality, features, price uses etc. of the product to the present and potential customers. Then only the consumers will select the product from a wide range of competing products. Most modern institutions cannot survive in the long run without performing promotion function effectively.
2. Economic importance: In economic sense, it helps to generate employment opportunities to thousands of people. As a result of promotion sales will increase and it brings economies in the production process and it reduces the per unit cost of product.
3. Social importance: Promotion has become an important factor in the campaign to achieve some socially oriented objectives. For eg. Ad against smoking, drinking etc. It also helpful to provide informative and educational service to the society
4. Importance to non- business organizations: The non business organizations like govt. agencies, religious institutions, educational institutions etc also realized the importance of promotion and they are using the various elements of promotion mix very widely.

PROMOTION MIX

Firms select a mix of promotional tools to effectively communicate with their target customer group. The different elements of this group are:

1. Advertising
2. Personal selling
3. Sales Promotion
4. Public relations and
5. Direct Marketing

FACTORS TO BE CONSIDERED WHILE SELECTING A PROMOTION MIX:

1. Nature of the Product:- The product may be consumer product or industrial product, convenient goods or specialty goods, simple or technical goods etc. In each case, the promotion mix element may vary.
2. Overall marketing strategy:- It means, whether the firm wishes to ―push‖ the product or create –pull‖ for the product. Depending upon the strategy, the elements of promotion mix will vary.
3. Buyer readiness stage:- The choice of different elements of promotion mix is depend on the buyer‘s readiness and awareness of the brand.
4. Product life cycle stages:- Different elements of promotion mix were used in different stages of product life cycle.
5. Market size: -In narrow market, direct marketing is more effective. For a market having large number of buyers the promotion tool is mainly advertising.
6. Cost of Promotion elements:- The cost of different tools is very important while selecting the Promotion mix.

ADVERTISING:-

American Marketing Association defined it as, –Any paid form of non –personal presentation of ideas, goods, or services by an identified sponsor.‖

Features of Advertising:

1. It is a mass communication medium.
2. It is a salesmanship in print.

3. It is a paid form of communication by an identified sponsor.
4. It is a non- personal communication.
5. It helps to stimulate sales.
6. It may be written or spoken.

ROLE/ ADVANTAGES /IMPORTANCE OF ADVERTISING:-

1. Manufactures and Advertising(Advantages to Manufactures):
a. It maintains the existing market and explores the new.
b. It increases the demand for the product
c. It helps to build up or increase goodwill of the company.
d. It controls product price.
e. It helps to introduce a new product into the market .

2. Middlemen and Advertising(Advantages to Middlemen):
a. It guarantees quick sales
b. It acts as a salesman.
c. It increases the prestige of the dealers.
d. It makes retail price maintenance possible.
e. It enables the dealers have a product information.

3. Sales-force and Advertising(Advantages to salesmen)
a. It creates a colourful background for a salesmen to begin his work.
b. It reduces his burden of job.
c. It helps to develop self confidence and initiative among the salesmen.

4. Consumers and Advertising(Advantages to consumers):
a. It ensures better quality product at reasonable price.
b. It provides product related information to the customers and thereby makes the purchasing an easy task.
c. It helps the consumers to save time by providing information related to the availability of product.
d. Helps the consumers in intelligent buying.

5. Society and Advertising(Advantages to society):
a. It helps to uplifts t he living standards
b. It helps to generate gainful employment opportunities.
c. It provides new horizons of knowledge.
d. It up-holds the culture of a nation.

PERSONAL SELLING

According to American Marketing Association,‖ Personal selling is the oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales; it is the ability to persuade the people to buy goods and services at a profit to the seller and benefit to the buyer‖.

In the words of Garfield Blakde, ‖Salesmanship consists of winning the buyers confidence for the seller‘s house and goods, thereby winning the regular and permanent customer.‖

FEATURES OF PERSONAL SELLING

1. It is one of the important tools for increasing sales.
2. It is a two way communication between salesmen and the prospect.
3. It is a persuading process to buy the goods and services.
4. The objective of personal selling is to protect the interest of both seller and buyer.

5. The essence of personal selling is interpretation of product and service features in terms of benefit and advantages.

PROCESS OF PERSONAL SELLING

1. Prospecting: It is the work of collecting the names and addresses of persons who are likely to buy the firm‘s product of services. While collecting the details, _suspects‘ must be separated from _prospects‘ to avoid waste of time.
2. Pre approach: Pre approach is to get more detailed facts about a specific individual to have effective sales appeal on him or her. It is closer look of prospects like habits, financial status, social esteem, family background, material status, tastes and preferences etc.
3. Approach: Approach means the meeting of the prospect in person by the salesmen. It is a face to face contact with the prospect to understand him better.
4. Presentation and demonstration: A good sales presentation is one that not only gives all the benefits that the prospect gets but also proves to the latter that he or she will better off after the product is bought and used. An effective sales presentation demands the sales person use skills like presentation and explanation.
5. Managing objections: This is the most important stage of personal selling. For every action of salesman there is prospect‘s pro action or reaction, ie, approval or disapproval. An efficient sales man has the ability to identify the reasons for raising objections by the prospects and the ways to overcome these objections.
6. Sale: If all the above stages have been concluded successfully, then the next stage is ultimate sale of the product.

MERITS OF PERSONAL SELLING

1. Flexibility and adaptability
2. Minimum waste
3. Acts as feedback
4. Creates lasting impression

LIMITATIONS OF PERSONAL SELLING:

1. It is expensive
2. Difficulty of getting right kind of salesman
3. More administrative problems

**SALES PROMOTION**

According to American Marketing Association,‖ those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display, shows and exhibitions, demonstrations and various non-recurrent selling effort in the ordinary routine.‖

ROLE/ADVANTAGES OF SALES PROMOTION

1. Manufacturers and sales promotion:
(i) It helps to retains the existing customers
(ii) It helps to create new customers.
(iii) It promote sales
(iv) It helps to enhance the goodwill of the firm
(v) It helps to slashes down the cost
(vi) It helps to face the competition.
2. Middle men and sales promotion:
(i) It reduces strain of the middlemen to a greater extend.
(ii) It helps to increase the sales of middlemen
(iii) It builds and enhance the goodwill of the shop

(iv) It gives some personal benefits to the middle men.
3. Consumers and sales promotion:
(i) It helps to improve the standard of living of people by making available goods and services at least cost.
(ii) It gives knowledge of new products available in the market.
(iii) It gives both cash and non cash incentives.
(iv) It helps to get more credit facility and special concession because of his brand and store loyalty.

DISADVANTAGES OF SALES PROMOTION.

1. It has the shortest life impact as promotion tool like advertisement..
2. It is only a supplementary device of personal selling and advertising
3. In most of the cases, too much sales promotion may damage the brand image.
4. Sales promotion techniques are non-recurring in their nature.

SALES PROMOTION TOOLS (TYPES/KINDS OF SALES PROMOTION)

1. Dealer promotion/Trade promotion: Trade promotion objectives are to motivate market intermediaries to invest in the brand and aggressively push sales. It includes
(a) Price deals: Under this method, special discounts are offered over and above the regular discounts.
(b) Free goods: Here, the manufactures give attractive and useful articles as presents to the dealers when they buy a certain quantity.
(c) Ad Materials: In this case, the manufacturer distributes some ad materials for display purpose.
(d) Trade allowance: It includes buying allowance, promotional allowance and slotting allowance.
(e) Dealer contests: It is a competition organized among dealers or salesmen.
(f) Trade shows: Trade shows are used to familiarize a new product to the customers.
2. Consumer Promotion: The broad objective of consumer promotion is to create pull for the brand and it includes-
(a) Rebates: Simply it is a price reduction after the purchase and not at the retail shop.
(b) Money refund offer: Here, if the customer is satisfied with the product, a part or whole of the money will be refunded.
(c) Samples: While introducing a new product, giving samples to the customers at their doorstep.
(d) Price packs: In this method the customer is offered a reduction from the printed price of product.
(e) Premium offer: Here goods are offered at a lower price or free as an incentive to purchase a special product.
(f) Consumer contests: Various competitions are organized among the customers. The winners are given prizes.
(g) Free trials: In this case, inviting the buyers to try the product without cost.
3. Sales force promotion: It includes
(a) Sales force contests: Sales contests are declared to stimulate the sales force increase their selling interest.
(b) Bonus to sales force: Bonus is the extra incentive payment made for those who cross the sales quota set for a specific period.
(c) Sales meeting conventions and conferences: Sales meeting and conferences are conducted with a view to educate, train and inspire the salesmen.

**PUBLIC RELATION**

According to UK Institute of Public relation, ― It is the deliberately planned and sustained efforts to establish and maintain mutual understanding between the organisation and its public.‖

Advantages of Public relations:

1. Credibility
2. Cost
3. Lead Generation
4. Image Building
5. Ability to reach specific groups
6. Stimulate awareness

Functions of public relations

1. Creating awareness for a company or client and building a positive image for them through articles and stories in the various channels of media.
2. Keeping an eye on all media channels for any public feedback on the client company or its products.
3. Crisis management in cases where the company may be endangered.
4. Building goodwill and rapport with customers through special events, charity and community work.

Types of public relation tools:

The important types of tools available to carry out the public relations function include:

1. Media Relations
2. Media Tours
3. Newsletters
4. Special Events
5. Speaking Engagements
6. Sponsorships
7. Employee Relations
8. Community Relations and Philanthropy

FACTORS AFFECTING PROMOTION MIX DECISIONS

1. Nature of the Market
2. Nature of the Product
3. Market size
4. Buyer readiness stage
5. Overall marketing strategy
6. Product life cycle stages
7. Cost

**DIRECT MARKETING**

Direct marketing has been defined by the Institute of Direct Marketing as ‗The planned recording, analysis and tracking of customer behaviour to develop a relational marketing strategies‖

**Direct Marketing Channels**

1. Email Marketing: Sending marketing messages through email is one of the most widely used direct-marketing methods. According to one study email is used by 94% of marketers, while 86% use direct mail.
2. Mobile Marketing: Through mobile marketing, marketers engage with prospective customers and donors in an interactive manner through a mobile device or network, such as a

cell phone, smart phone , or tablet. Types of mobile marketing messagesinclude: SMS: (short message service) — marketing communications are sent in the form of text messages, also known as texting. MMS: (multi-media message service)
3. Direct Mail: The term "direct mail" is used to refer to communications sent to potential customers or donors via the postal service and other delivery services. Direct mail is sent to customers based on criteria such as age, income, location, profession, buying pattern, etc.
Direct mail includes advertising circulars, catalogs, free-trial CDs, pre-approved credit card applications, and other unsolicited merchandising invitations delivered by mail to homes and businesses.
4. Telemarketing: Another common form of direct marketing is telemarketing in which marketers contact customers by phone. The primary benefit to businesses is increased lead generation, which helps businesses increase sales volume and customer base. 5. Voicemail Marketing: Voicemail marketing emerged out of the market prevalence of personal voice mailboxes, and business voicemail systems. Voicemail marketing presented a cost effective means by which to reach people directly, by voice

# MODULE V
# DISTRIBUTION

According to Phillip Kotler,‖It is a set of independent organizations involved in the process of making a product or service available for use or consumption.‖

ROLE/IMPORTANCE OF PHYSICAL DISTRIBUTION SYSTEM

1. Creation of Utilities
2. Improved consumer services
3. Cut in distribution cost
4. Increased market share
5. Price stabilization

LEVELS OF CHANNEL

1. Zero level channel:- Here the goods move directly from producer to consumer. That is, no intermediary is involved. This channel is preferred by manufactures of industrial and consumer durable goods.
2. One level channel: In this case there will be one sales intermediary ie, retailer. This is the most common channel in case of consumer durable such as textiles, shoes, ready garments etc.
3. Two level channel: This channel option has two intermediaries, namely wholesaler and retailer. The companies producing consumer non durable items use this level.
4. Three level channel: This contains three intermediaries. Here goods moves from manufacture to agent to wholesalers to retailers to consumers. It is the longest indirect channel option that a company has.

FACTORS DETERMINING THE LENGTH OF THE CHANNEL:

1. Size of the market
2. Order lot size
3. Service requirements
4. Product variety

TYPES OF INTERMEDIARIES

1. Merchant middlemen, who take title to the goods and services and resell them.
   - Wholesalers
   - Retailers

**Retail formats**

- Super market
- Hyper market
- Super bazars
- Combination stores
- Chain stores(multiples shops)
- Department stores

2. Agent middlemen, who do not take title to the goods and services but help in identifying potential customers and even help in negotiation.
3. Facilitators, to facilitate the flow of goods and services from the producer to the consumer, without taking a title to them. Eg. Transport companies

FACTORS INFLUENCING CHOICE OF DISTRIBUTION CHANNEL:

1. Nature of Product

2. Nature of market
3. Competitors' Channel
4. The financial ability of channel members
5. The Company's financial position
6. Cost of Channel
7. Economic factors
8. The legal restrictions
9. Marketing policy of the company

ELECTRONIC MARKETING

It is a form of direct marketing which uses electronic mail as a means of communicating commercial or fund-raising messages to an audience

INTERNET MARKETING

It is also known as digital marketing, web marketing, online marketing,search marketing or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. I-Marketing is used as an abbreviated form for Internet Marketing.