

**6<sup>th</sup> SEM BTM**

**CALICUT UNIVERSITY**

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# **MARKETING FOR TOURISM AND HOSPITALITY**

**2019 ADMISSION**

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## **TTM6B12: Marketing for Tourism and Hospitality**

**Lecture Hours Per Week: 6 Credits: 4**

**Objective:** The course includes the operation techniques of tourism marketing. The students are expected to attain a basic knowledge of marketing principals, study to suitability of alternative promotional approaches to and formulate marketing plans and promotional approaches to tourism and other related organizations

**Pedagogy:** A combination of Lecture, Case Analysis, Group Discussion, Seminars, Assignments, Practical's and assigned readings.

### **Module I**

Introduction: Nature, scope and importance of marketing – Evolution of marketing concepts; Marketing mix, marketing environment. Consumer Behavior – Consumer buying process Factors influencing consumer buying decisions – Creating Customer Value – Satisfaction – Loyalty Market Selection Market segmentation – concept, importance and bases Target market selection Positioning concept importance and bases Product differentiation vs. market segmentation.

### **Module II**

Product: Meaning and importance Product classifications Concept of product mix –Branding – Creating Brand Equity packaging – labeling After sales services Product lifecycle. New Product Development – Pricing Significance Factors affecting price of a product Pricing policies and strategies.

### **Module III**

Promotion: Nature and importance of promotion – Communication Process Types of promotion – advertising personal selling – public Relations sales promotion mix and factors affecting promotion mix decisions Communication planning and control.

### **Module IV**

Marketing Channels and Value Networks meaning and importance Channel Levels Wholesaling and retailing – Factors affecting choice of distribution channel-Retailing Types of retailing – store based and non-store-based retailing chain stores specialty stores supermarkets retail vending machines mail order houses retail cooperatives Management of retailing operations Retailing in India: changing scenario – Market Logistics.

### **Module V**

Recent issues and developments in marketing: Social Marketing, Marketing ethics; recent developments in marketing – online marketing direct marketing green marketing relationship marketing of Services –Conceptual frame work –CharacteristicsofServices– ClassificationofServices–MarketingmixinServiceMarketing– Effective management of Services marketing.

**Reference:**

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2. Devashish Dasgupta: Tourism Marketing, Dorling Kindersley (India) Pvt Ltd , New Delhi  
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3. William M. Pride and O.C. Ferrell – Marketing.
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## MODULE 1

### INTRODUCTION TO MARKETING

Marketing is the process used to determine what products or services may be of interest to customers, and the strategy, and the strategy to use in sales, communications and business development. It is the process planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

#### Definition

The official definition of marketing is it is a philosophy **whose main focus is providing customer satisfaction.**

According to **Kotler and Kotler**, 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”

**Dr. Philip Kotler** defines marketing as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit.”

#### Core Marketing Concepts (Basic Terms)

**Customers:** He is a person who makes the decision to purchase a product and who pays for it.

**Needs:** Needs are the basic requirements of human being such as food, cloth, shelter, recreation, education etc.

**Wants:** Wants are the things that satisfy our needs. These are the needs directed to specific product or service.

**Demands:** Human wants that are backed by purchasing power (ability to pay) become demands.

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

**Exchange:** It is a process of obtaining a desired offer by sacrificing something in return.

**Value:** It refers to benefits likely to get from the product or service in relation to the cost involved in acquiring that product or service.

**Satisfaction:** It is expressed in terms of the Product’s perceived performance in relation to customer’s expectations.

**Market:** It means a place where goods are bought and sold.

#### Value Of Marketing

Marketing is the process by which a firm creates value for its customers. Marketing revolves around value. It’s all about creating, communicating, delivering and exchanging products or services that have value or customers and society at large. It creates five types of values;

1. Functional Value
2. Social Value

3. Emotional Value
4. Epistemic Value
5. Conditional Value

### **Nature Of Marketing**

- Managerial Function
- Human Activity
- Economic Function
- Both Art and Science
- Customer Centric
- Consumer Oriented
- Goal Oriented
- Interactive Activity
- Dynamic Process
- Creates Utility

### **Objectives Of Marketing**

- Customer Satisfaction
- Ensure Profitability
- Building Organizational Goodwill
- Create Demand
- Increase Sales Volume
- Enhance Product Quality
- Create Time and Place Utility

### **Functions Of Marketing**

- Market Research
- Market Planning
- Product Design and Development
- Buying And Assembling
- Product Standardization
- Product Packaging and Labelling
- Product Branding
- Pricing Of the Product
- Promotion Of the Product
- Selling And Distribution
- Warehousing And Storage
- Transportation
- Customer Support Service

### **New Marketing Realities**

- Network Information Technology
- Globalization

- Social Responsibility
- Deregulation
- Privatization
- Heightened Competition
- Industry Convergence
- Retail Transformation
- Disintermediation
- Consumer Buying Power
- Consumer Information
- Social Networking Sites
- Consumer Participation
- Consumer Resistance
- Sustainable Marketing

### **Importance Or Advantages of Marketing**

#### **A) Importance Of Marketing Society**

- Provides Employment
- Raises Standard of Living
- Creates Utilities
- Reduces Costs
- Solves Social Problems
- Makes Life Easier
- Enriches Society

#### **B) Importance Of Marketing to Companies**

- Helps In Income Generation
- Helps In Planning and Decision Making
- Helps In Distribution
- Helps In Exchanging Information
- Helps Adopt to Changing Environment
- Expands Global Presence
- Helps To Earn Goodwill

#### **C) Importance Of Marketing to Consumers**

- Provides Quality Products
- Provides Variety of Products
- Improves Knowledge of Consumers
- Helps In Selection
- Consumer Satisfaction

#### **D) Importance To Marketing to Economy**

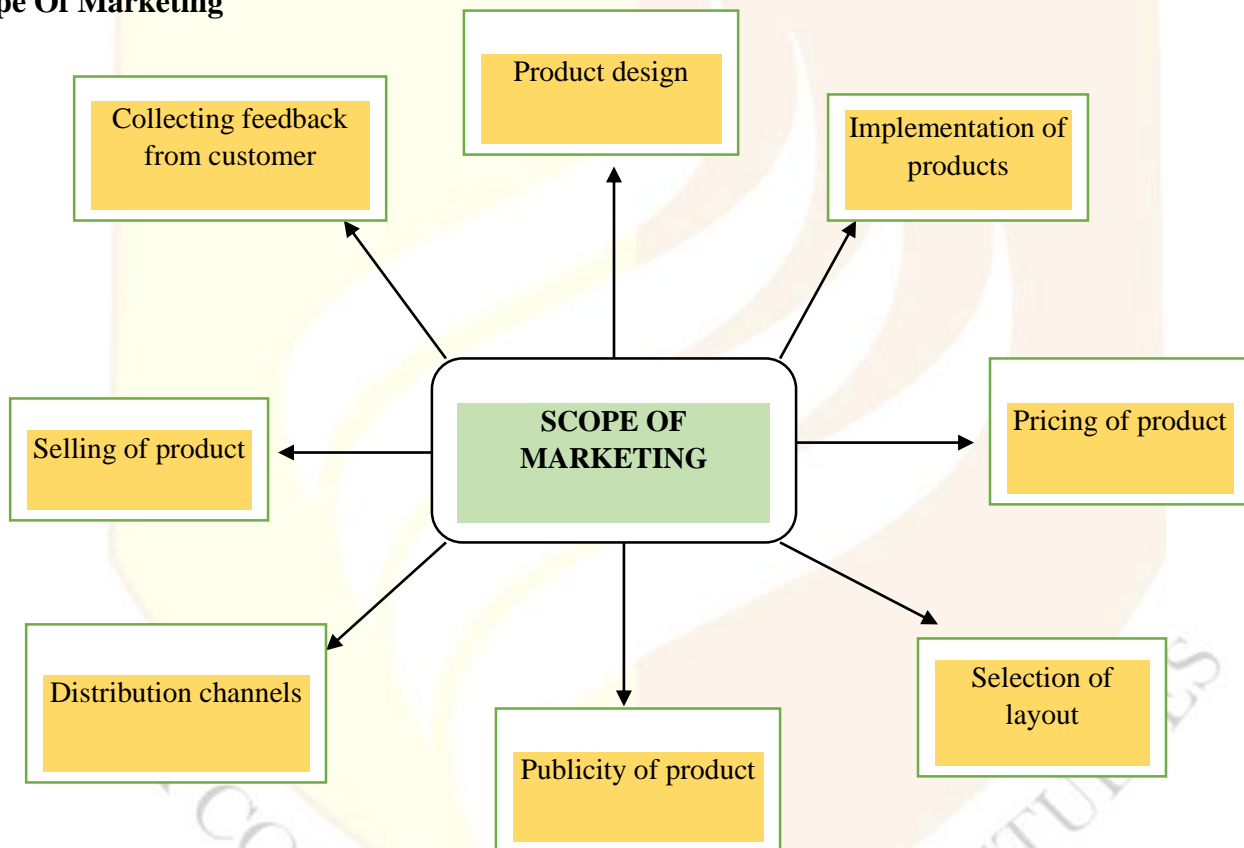
- Saves The Economy from Depression
- Increase In National Income
- Economic Growth
- Ploughing Back of Resources



### **E) Importance Of Marketing in Indian Economy**

- Increase In Employment Opportunities
- Balanced Growth of Economy
- Increase In Per Capita Income
- Increase In the Sale of Goods
- Increase In Profits
- Increase In Exports
- Increase In National Income
- Industrial Development
- Improvement Of Standard of Living
- Industrial Development

### **Scope Of Marketing**



### **MARKETING CONCEPTS**

The old concept of the marketing was simply selling the goods. But the modern concept is not confined to selling only. It takes into account an interaction of several business activities, the ultimate objective being the satisfaction of customer needs and desires.

### **Types of Marketing Concepts**

All marketing concepts can be broadly classified into two-traditional concepts and modern concepts.

**a) Traditional concepts**

1. Exchange concept
2. Production concept
3. Product concept
4. selling concept

**b) modern concept**

1. marketing concept
2. Societal concept
3. holistic marketing concept

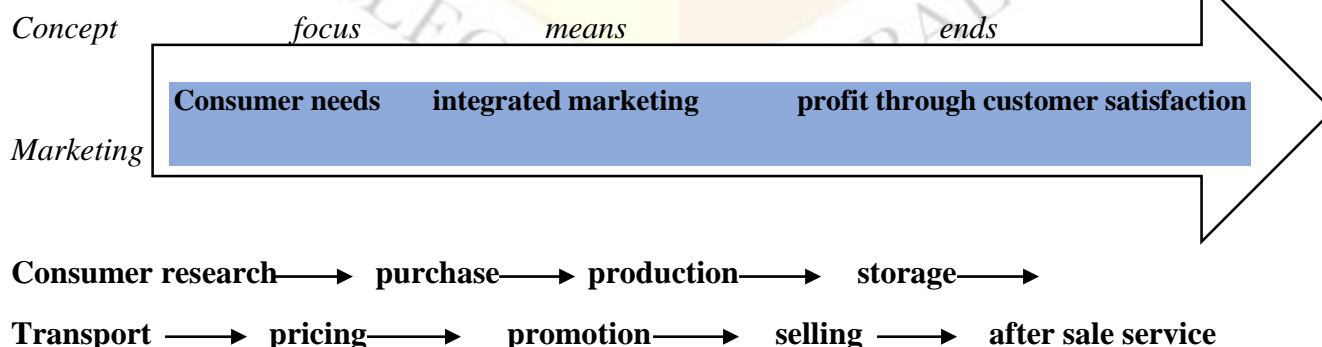
**Difference between traditional concept and modern concept**

Traditional concept	Modern concept
Focus is on product only	Focus is on customers' needs and wants
Objective is profit maximization	objective is customer satisfaction and customer delight
Short term oriented	Long term oriented
Less promotional activities	Sustained promotional activities
Narrow concept	Broader concept

**Old/ Selling/Traditional Concept**



**Marketing/ Modern concept**





## **EVOLUTION OF MARKETING CONCEPT**

<b>Period years</b>	<b>concept</b>	<b>Leading idea</b>	<b>Main goal</b>	<b>Ability to use</b>
1860-1920	Improvement of production	Production of what can be produced, philosophy “do and sell”	Improving production, achieving of high production efficiency, reducing production costs, increasing sales, maximizing profits, mass distribution of products.	Demand for goods exceeds supply; the cost of the product is too high and needs to be reduced. Which requires increased productivity
1920-1930	Improvement of the product	Production of quality goods, the philosophy of “make and sell”	Improvement of consumer properties of goods, improving the quality of goods, the focus on the seller’s needs	There was a quantitative saturation of the market
1930-1950	Intensification of commercial efforts	Development of distribution network, distribution channels	Intensification of sales of goods at the expense of marketing efforts for the promotion and sale of goods	Goods of passive demand and goods-attributes; sphere of noncommercial activity
1950-1980	Integrated marketing	Production of what the consumer needs, understand and respond philosophy	Satisfy the needs target markets, focus on the needs of customers, marketing orientation, ahead of the market	For consumer goods; use by large enterprises

1980-1995	Social and ethical marketing	Production of what is necessary for the consumer, taking into account the requirements of society	Satisfying the needs of consumers of target markets, according to preserving human, material, energy resources and environmental protection	Providing long term prosperity of consumers and society.
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Depending on the character of the economy, the concept of marketing developed gradually passing through the following stages:

1. The stage of economic self sufficiency
2. The stage of primitive communism
3. The stage of simple barter
4. The stage of local markets
5. The stage of money economy
6. The stage of early capitalism
7. The stage of mass production
8. The stage of affluent society
9. The stage of value-based marketing

### **FACTORS RESPONSIBLE FOR THE GROWTH OF MODERN CONCEPT OF MARKETING**

- Population growth
- Growing number of households
- Increase in disposable income
- Change in attitude towards life
- Technological developments
- Growth of marketing channels
- Growth of mass communication media
- Globalization
- Increased standard of living

### **Objectives Of Marketing**

- Increasing consumption
- Cost reduction
- Price stability
- Profit through customer satisfaction
- Ensure growth
- Providing wide choice of goods

- Improving quality of life
- Retaining customers.
- Achieving a certain market share
- Reaching a certain level of sales
- Increasing sales in existing markets
- Market development

Marketing objectives should be **SMARTER**

**Specific** : state exactly what the target is

**Measurable** : establish a form of measure

**Attainable** : with the resources available

**Realistic** : in terms of the market and competition

**Time based** : a specific time when they will be achieved

**Evaluated** : constantly throughout the planning cycle

**Reviewed** : in case the market, competitive or economic situation changes.

### **Features Of Modern Marketing**

- Modern marketing is consumer oriented
- Modern marketing begins and ends with the consumers
- Modern marketing precedes and succeeds production
- Modern marketing is the guiding element of business
- Modern marketing is competition oriented
- Modern marketing strategy is target marketing
- The distribution policy under modern marketing is direct marketing and direct selling
- Modern marketing relies on information
- Modern marketing emphasizes mutually of benefits
- Business networks
- Emphasis on retaining customers
- Marketing on the net (cyber marketing)

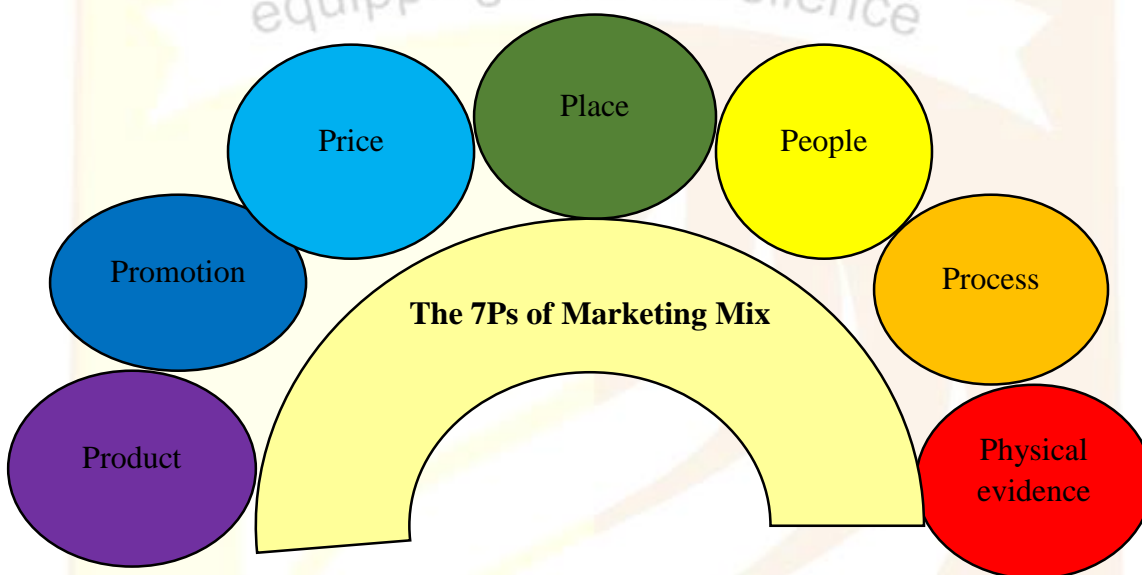
### **MARKETING MIX**

The term “marketing mix” is a foundation model for businesses, historically centered around product, price, place, and promotion.

The marketing mix has been defined as the “**set of marketing tools that the firm uses to pursue its marketing objectives in the target market**”

The 4 Ps of marketing -**Product, Price, Place, Promotion**-are often referred to as the marketing mix. These are the key elements involved in marketing a good or service, and they interact significantly with each other.

It is a set of actions a business takes to build and market its product or service to its customers. It helps to make sure that you are able to offer your customers the **right product, at the right time and the right place for the right price.**



### **The factors determine the marketing mix**

#### **a) Internal factors**

- Nature of products
- Product stages in its overall life cycle
- Availability of funds
- Company objectives

#### **b) External factors**

- Degree of competition
- Efficiency of channel
- The buying behavior of a consumer
- Control from the government side

#### **c) Marketing factors**

- Marketing planning
- Brand policy
- Package policy
- Advertisement policy
- Distribution channels
- Physical distribution policy

- Pricing policy
- Market research
- Product life cycle
- Market segmentation

**d) Market factors**

- Consumer behavior
- Competition
- The pattern of distribution system
- Government control.

**Importance of 4Ps marketing**

- It creates synergy
- It helps in understanding the important tasks of marketing
- It is an important tool of marketing program
- Promotes better utilization of limited resources
- Provides customer satisfaction
- Helps in goal achievement
- Facilitates communication
- Helps establish relationship with customers
- Helps develop new products
- Creates the competitive strength
- Brand loyalty and value
- Serves as a link
- Enables proper integration
- Guides decision
- Higher sales volume

**Elements of marketing mix**

1. **Product:** The product is not a physical entity alone; it captures the whole tangible and intangible aspects like services, personality, organization, and ideas.
2. **Price:** Price is the monetary value that has to be paid by a customer to acquire or own the product by a customer to acquire or own the product of a company.
3. **Promotion:** The promotion mix will include the various means that can use to communicate with the target audience. It informs the potential customers about product and persuades them to buy product.
4. **Place:** Place or physical distribution deals with the transfer of ownership of the product from the manufacturer to the customer.
5. **People:** It refers to the staff and salespeople who work for our business
6. **Process:** It refers to the processes involved in delivering our products and services to the customer. It is also about being 'easy to do business with'.
7. **Physical evidence:** It refers to everything our customers see when they interacting with our business. This includes;
  - The physical environment where we provide the product or service

- The layout or interior design
- Our packaging
- Our branding.
- It can also refer to our staff and how they dress and act.

## **MARKETING ENVIRONMENT**

A Marketing Environment encompasses all the internal and external factors that drive and influence an organization's marketing activities. Marketing managers must stay away of the marketing environment to maintain success and tackle any threats or opportunities that may affect their work. A marketing environment is vast and diverse, consisting of controllable and uncontrollable factors.

A good grasp of marketing environment helps to;

- Identify opportunities
- Identify threats
- Manage changes

### **Features of marketing environment**

- Dynamic
- Relative
- Uncertain
- Complex

### **Types of marketing environment**

#### **1. internal marketing environments**





## 2. external marketing environment



### **ENVIRONMENTAL SCANNING AND ANALYSIS**

It simply refers to collection of information and screening it to anticipate and interpret changes in the environment. It is the systematic collection of information about various environmental factors that have an impact on business to identify threats and opportunities and formulate appropriate strategies.

#### **Benefits/ importance of environmental scanning and analysis**

- It enables to know the customer's needs
- It helps to anticipate the strategies of competitors
- It helps to establish marketing objectives easily
- It provides a basis for forecasting
- It facilitates product innovations
- It helps in market segmentation and designing of marketing mix.

### **CONSUMER BEHAVIOUR**

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.

According to **Walters and Paul** "consumer behaviour is the process whereby individuals decide what, when, where, how and from whom to purchase goods and services".

#### **Characteristics of Consumer Behaviour**

- It is the process by which individuals decide what, when, from whom, where and how much to buy.
- It comprises of both mental and physical activities of a consumer

- It is an integral part of human behaviour
- It is very complex and dynamic and therefore constantly changing
- An individual's buying behaviour is influenced by internal factors such as needs, habits, attitudes, motives etc. and also by external factors like family, social groups, culture, status, economic and business conditions etc.
- It starts before buying and goes even after buying
- It involves both psychological and social process

### **Need / importance of study of consumer Behaviour**

- To make better strategies for increasing profit
- To take into consideration customer's health, hygiene & fitness
- To know the buying decisions and how consumer make consumption
- Consistent change in consumer's tastes or preferences
- Consumer Behaviour study is necessary to make pricing policies
- To avoid future market failures

### **Types of consumer Behaviour**

1. Complex buying behaviour
2. Dissonance reducing buying behaviour
3. Variety seeking buying behaviour
4. Habitual buying behaviour

### **Buying motives**

It is a strong feeling, instinct, desire or emotion that makes the buyer buy a product. According to **D.J. Duncan**, "buying motives are those influences or considerations which provide the impulse to buy, induce action or determine choice in the purchase of goods and services". In short, **a buying motive is the reasons why buyers buy.**

### **Types of buying motives**

1. Product and patronage motives
2. Emotional and rational motives
3. Inherent and learned motives
4. Psychological and social motives

### **Consumer Buying Process**

According to **Robinson, Faris and Wind** the buying decision process involves the following five stages;

1. Recognition of an unsatisfied need
2. Identification of alternatives
3. Evaluation of alternatives
4. Purchase decision
5. Post purchase Behaviour

### **Factors influencing Consumer Behaviour/ Buying Decision (Determinants of Consumerization)**

#### **A. Psychological Factors**

1. consumer needs and motivation

- Physiological needs
- Safety or security needs
- Social needs
- Esteem or ego needs
- Self-actualization

2. Perception

3. Learning

4. Beliefs and attitudes

**B. Cultural factors**

1. culture

2. sub culture

3. social class

**C. Social factors**

1. Reference group

2. Role and status

3. Family

**D. Personal Factors**

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**

1. Personal income

2. Family income

3. income expectations

4. savings

5. Liquidity positions

6. Consumer credit

## **F. Environmental factors**

1. Political situation
2. Legal forces
3. Technological advancement
4. Ethical Considerations

## **CREATING CUSTOMER VALUE**

Creating value for customers means providing useful products and services that customers consider worthy of their time, energy and money. For customers to find value in a product or service, its perceived benefits need to outweigh its cost. Creating value means maximizing benefits within an acceptable price point.

Benefits and cost are the two key components of customer value. Benefits can include aspects like quality, popularity, accessibility, convenience and longevity. Increasing your benefits without increasing your cost can raise the value of your product or service for your customers.

Creating value for customers is important because it can increase your brand's reputation, profits and long-term success. Providing valuable goods and services can increase customers' confidence and trust in your company's offerings. Customers who feel they've made a good purchase are more likely to buy from you again and share their positive experience with others. Taking the time to learn what benefits your customers value can help you improve your product, increase sales and encourage customer loyalty.

### **14 Tips for creating value for customers**

1. Improve the buying process
2. Focus on brand perception
3. Get customer feedback
4. Make a unique product
5. Provide a positive experience
6. Prioritize quality over price
7. Identify your strengths
8. Adjust your marketing strategy
9. Educate customers
10. Identify your target audience
11. Run enticing campaigns
12. Reward loyalty
13. Provide valuable content
14. Get involved

### **Creating Customer Satisfaction**

To improve customer satisfaction, follow these steps:

- Offer multi-channel support
- Make collecting feedback a company process
- Measure customer satisfaction regularly
- Ask for feedback across all touchpoints
- Actively ask customers for feedback
- Share feedback across all your teams

- Reply to all feedback
- Act on complaints and negative reviews

### **Creating Customer Loyalty**

Businesses need to create a loyal customer base to stay afloat and propel the growth of their brand. Especially now, we can't undersell the importance of customer loyalty efforts. And it's important to go about it the right way, guided by your company values and a commitment to deliver for your customers. You need to earn your customers trust so they continue to support to your brand even as the market ebbs and flows over time.

Simply put, customer loyalty happens when customers give a company repeat business over time. If you provide great value in your product or service, and the customer experience stays consistently good, then your business will reap the benefits of customer retention. That means less effort spent on customer acquisition (though of course you'll always seek out that new customer).

#### **Ways to build customer loyalty:**

1. Communicate your values
2. Provide exceptional customer service
3. Activate loyalists to help spread the word
4. Show your appreciation with a loyalty program
5. Connect in a deeper way
6. Ask for feedback
7. Continually improve

### **MARKET SELECTION**

Market Selection is **the process of deciding which markets to invest in and pursuing**. One of the major criteria to be kept in mind while doing a market selection is the growth potential of the market i.e., what is the potential for company's revenue to grow by investing in a particular market.

#### **Market selection process can be done in the following steps:**

1. Determine the objectives or goals of market selection
2. Determine the parameters to be used for market selection
3. Do a preliminary screening of the market
4. Do a detailed investigation of this screening and short list the best fit
5. Evaluate the shortlisted markets and select one or two

The parameters for market selection can either be firm related, i.e. dependent highly on your company say your business strategy and objectives, market related i.e. the given market environment, say the demand, supply, competition, distribution channels available etc. or some general environmental factors that play a key role in selecting a market for example the economic policy of the country, business regulations, currency stability, ethnic and political factors, infrastructure, bureaucracy etc.

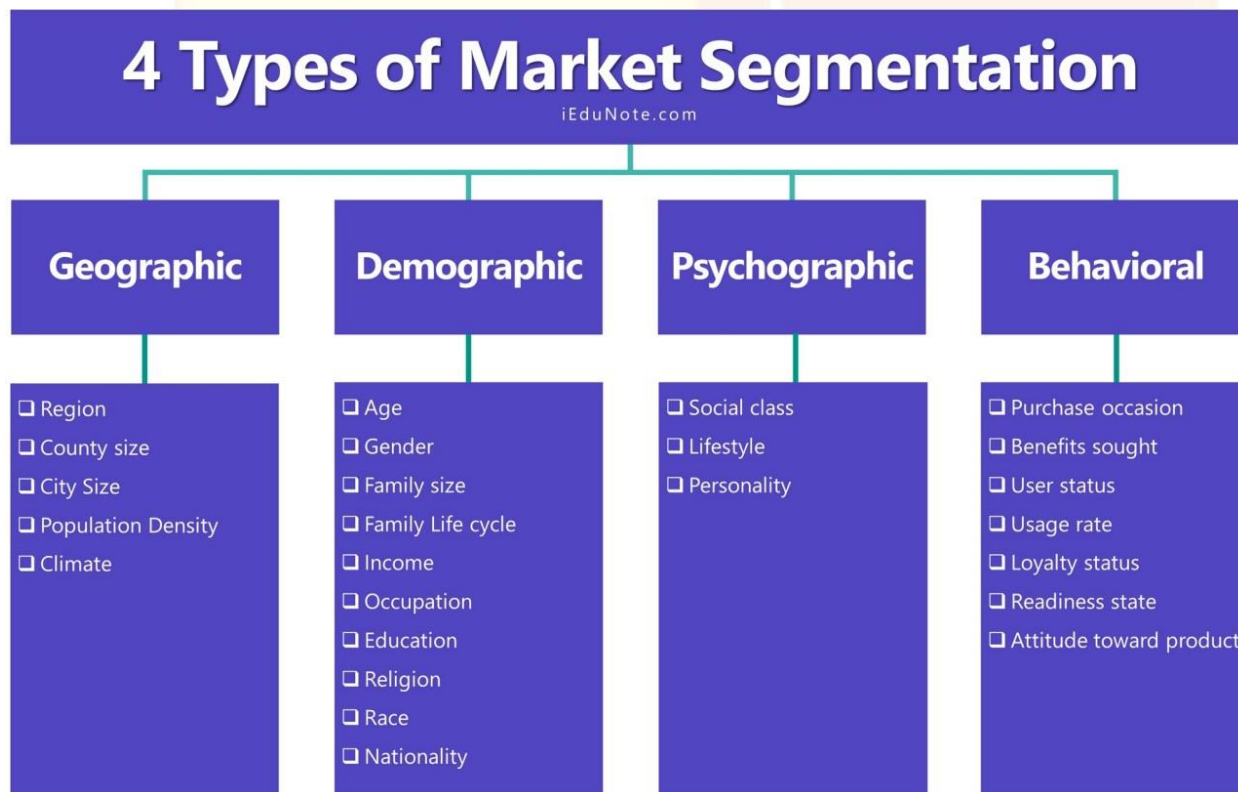


## MARKET SEGMENTATION

market segmentation is **the practice of dividing your target market into approachable groups**. Market segmentation creates subsets of a market based on demographics, needs, priorities, common interests, and other psychographic or behavioural criteria used to better understand the target audience. It was introduced by **Wendell R. Smith** in 1956.

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 homogeneous 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

1. Establish overall strategy or objectives
2. Decide the bases for segmenting the market
3. Select segmentation variables
4. Profile the segments
5. Evaluate segment attractiveness
6. Select segment/s (or target market)

### Criteria For Successful Segmentation

- Homogeneity



- Measurability
- Substantiality
- Accessibility
- Profitability
- Responsiveness
- Growth potential

### **Need For Segmentation**

- different people prefer different products
- it is necessary to plan the products as per the targeted group of customer's needs and wants
- it is necessary to develop pricing strategy
- it is required to develop different promotional programs
- it is necessary to arrange physical distribution as well as selection of channels
- it is needed for packing a product as well as developing an appropriate packaging
- it is needed for selection of brand ambassador
- it is necessary to get competitive advantage.

### **Importance / Advantages / Benefits of Market Segmentation.**

#### **A) advantages to firms**

- increases sales volume
- helps to prepare effective marketing plan
- enables to take decisions
- helps to understand the needs of the consumers
- helps to win competition
- makes best use of resources
- achieves marketing goals
- expands markets
- specialized marketing
- creates innovations
- higher market share

#### **B) Advantages to consumers**

- customer oriented
- quality products at reasonable prices
- other benefits

### **Levels Of Market Segmentation**

1. segment marketing
2. niche marketing
3. local marketing
4. individual marketing (customized marketing)

### **Market Coverage Strategies (Strategies for Market Targeting)**

1. undifferentiated marketing
2. differentiated marketing
3. concentrated marketing
4. customized or personalized marketing

### **Bases Of Market Segmentation**

#### 1. Demographic segmentation

- age
- sex
- family life cycle
- income
- occupation
- family size
- education

#### 2. Geographic Segmentation

- area
- climate
- population density

#### 3. Behavioural Segmentation

- Attitude
- Product segmentation
- Occasion segmentation
- Benefit segmentation
- Volume segmentation
- Loyalty segmentation

#### 4. Psychographic segmentation

- Life style
- Personality
- Social class

### **Limitations of Market Segmentation**

- Cost of production is high
- Heavy advertisement and other promotional expenses are needed
- More working capital and storage expenses are required

- Administration expenses are also higher
- Segmentation variables are too many and diverse
- It is difficult to get skilled and experienced marketing researchers for measuring segmentation variables.

## **MARKET TARGETING**

Market targeting is a process of selecting the target market from the entire market. Target market consists of group/groups of buyers to whom the company wants to satisfy or for whom product is manufactured, price is set, promotion efforts are made, and distribution network is prepared.

- We can define the term as: Market targeting is a process of selecting the target market from the entire market. Target market consists of group/groups of buyers to whom the company wants to satisfy or for whom product is manufactured, price is set, promotion efforts are made, and distribution network is prepared.
- It involves basically two actions – evaluation of segments and selection of the appropriate market segments. In this relation, market targeting can be defined as: Market targeting is an act of evaluating and selecting market segments.
- Finally, we define market targeting as: Market targeting consists of dividing the total market into segments, evaluating these segments, and selecting the appropriate segments as the target market.

### **Target Marketing Strategies (Approaches for selecting Target Markets)**

1. Total market approach
2. Concentration approach
3. Multi-segment approach.

### **Advantages of Market Targeting**

- **Tailoring of products** to meet the needs of particular groups of consumers. If a product meets the needs of a consumer, sales will increase.
- **Sale of products in the most appropriate places** to reach the chosen target audiences. This can maximize sales.
- **Pricing will be set to reflect what a target market will be willing to pay** for a product or service. This can maximize profits.
- **Tailoring of marketing and promotion techniques** to entice a company's target market. This will prevent money being wasted on ineffective marketing.
- It is particularly suitable in case of services
- It is possible to build up company image in the target market
- Through market targeting a firm can expand the market share.

### **Steps in Market Targeting**

1. market segmentation
2. segment evaluation
3. Designing the marketing mix
4. product positioning

## **PRODUCT POSITIONING**

Product positioning is **a form of marketing that presents the benefits of your product to a particular target audience**. Each audience will find the product appealing for different reasons, which is why it's important to tailor marketing messages to focus on the benefits each audience values most.

It refers to the place the product occupies in consumer's mind in relation to competing products. Act of placing the product in the minds of the potential customers and stressing that the product is different from and better than competitors' products known as product positioning.

In the words of **Kotler**, "Positioning is the act of designing the company's offer and image so that it occupies a distinct and valued place in the target customers' minds"

### **Steps In Product Positioning**

1. identifying potential competitive advantages
2. identifying the competitor's positions
3. choosing the right competitive advantages
4. communicating the competitive advantages
5. monitoring the positioning strategy

### **Elements of positioning**

1. The product
2. The company
3. The competitors
4. The consumers

### **Techniques of Product positioning (Strategies of product positioning/ Approaches to product position)**

1. Positioning by corporate identify
2. Position by brand endorsement
3. Positioning by product attributes and benefits
4. Position by use, occasion and Time
5. Position by price and quality
6. Position by product category
7. Positioning by product user.
8. Positioning by competitor
5. Positioning by symbols

## **REPOSITIONING**

The term, "Repositioning," refers to **the process of changing a target market's understanding or perception of a product or service**. A product's positioning involves what customers think about its features and how they compare it to competing products.

## **PRODUCT DIFFERENTIATION**

Product differentiation is **what makes your product or service stand out to your target audience**. It's how you distinguish what you sell from what your competitors do, and it increases brand loyalty, sales, and growth. Focusing on your customers is a good start to successful product differentiation.

**LO<sup>4</sup>**

### **Market Segmentation and Product Differentiation**

**Market segmentation** is the separation of a market into groups based on different demand curves associated with each group.

**Product differentiation** is a marketplace condition in which consumers do not view all competing products as identical to one another.

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CPA COLLEGE OF GLOBAL STUDIES



## MODULE 2

### PRODUCT

The product is the first and the basic in the marketing mix. All begin with the product. If there is no product, there will be no pricing, no physical distribution and no promotion.

#### **Definition**

A product can be defined as “**everything the purchaser gets in exchange for his money**”.

According to **Jobber**, “A product is anything that has the ability to satisfy a customer need”.

In the words of **Dibb et al** “a product is anything, both favourable and unfavourable that is received in exchange”. In short, a product is anything offered by a firm to the market.

#### **Product Concept**

The term product concept was used by **Theodore Levitt**. According to him, ‘it refers to the augmented product or the aggregate of satisfaction that a user obtains’. Augmented product is the formal product plus the various services accompanying it, such as installation, service maintenance, free delivery, warranty and the psychological benefits.

#### **Classification of products/ goods**

1. non-durable goods
2. durable goods
3. services

On the basis of consumption, goods can be classified into two;

1. consumer goods
2. industrial goods

#### **Characteristics of consumer goods**

- Final consumption
- Finished products
- Utility
- Associated services
- Brand name
- Symbolism
- Communication packages
- Numerous buyers
- Small quantity purchase
- Personal consideration

#### **Classification of consumer goods**

- Convenience goods
- Shopping goods
- Specialty goods
- Unsought goods



- Brown goods
- White goods
- Red goods
- Orange goods
- Yellow goods

## **PRODUCT LINE**

The broad product groups within the product mix are called product lines. It refers to a group of closely related products or product items that are physically similar or are intended for a similar market. Eg; Godrej has a product line of toilet soaps comprising Cinthol, Vigil, Fresca, Ganga etc.

### **Factors determining Product Line Decisions**

- Consumer's preferences
- The strategies and tactics of competitors
- The firm's cost structure
- Change in demand
- Buying habits and patterns
- Marketing influences
- Product influences
- Company objectives
- Product specialization
- Line modernization

### **Product Line Modification**

- a) Product line contraction
- b) Product line expansion
- c) Changing models or styles of the existing product
- d) Quality variation
  - i) trading up
  - ii) trading down

### **Product simplification**

Product simplification is the discipline of merging the greatest performance functionality into the fewest number of parts using the most suitable and cost-effective materials and manufacturing processes.

### **Product diversification**

Product diversification is the practice of expanding the original market for a product. This strategy is used to increase the sales associated with an existing product line, which is especially useful for a business that has been experiencing stagnant or declining sales.

### **Product Mix**

Product mix, also known as product assortment, refers **to the total number of product lines a company offers to its customers**. For example, the company may sell multiple lines of products. The product lines may be fairly similar, such as dish washing liquid and bar soap, which are both used for cleaning and use similar technologies. Or the product lines may be vastly different, such as diapers and razors.

**The four dimensions to a company's product mix include width, length, depth and consistency.**

- Width: Number of Product Lines. ...
- Length: Total Products. ...
- Depth: Product Variations. ...
- Consistency is Relationship. ...
- Product Market Mix Strategy.

#### **6 types of Product Mix pricing to push products in the market**

- Product line pricing.

Product line pricing **involves the separation of goods and services into cost categories in order to create various perceived quality levels in the minds of consumers.** You might also hear product line pricing referred to as price lining, but they refer to the same practice.

- Optional feature pricing.

Optional product pricing is when **a business decides to sell their product for a much cheaper price than they ordinarily would** and rely on the sales of optional products to make up for the difference.

- Captive product pricing.

Captive product pricing is the **pricing of products that have both a “core product” and a number of “accessory products.”** It's a pricing strategy that takes advantage of a product that will be used primarily to attract a large volume of customers.

- Two-part pricing.

Two-Part Pricing (also called Two Part Tariff) **a form of pricing in which consumers are charged both an entry fee (fixed price) and a usage fee (per-unit price).** Amusement parks often charge an admission fee and an additional price per ride.

- By Product pricing.

By-product pricing refers **to setting a price for by-products to make the main product's price more competitive.** Often, these by-products (as singly sold products) would not have any value and getting rid of them is costly. This would then increase the price of the main product.

- Product bundling pricing.

price bundling (product bundling or product-bundle pricing) is **a marketing strategy that combines two or more products to sell them at a lower price than if the same products were sold individually.** The bundle pricing technique is popular in retail and eCommerce as it offers more value for the price.

The primary advantage of a product mix is **to give the company more opportunities to reach customers**. and broaden the current products, as seen at Small Business Marketing Plans. Many products in a product mix are related, so customers may feel an affinity for the brand and will purchase similar products.

## **BRANDING**

The term brand refers to a business and marketing concept that helps people identify a particular company, product, or individual. Brands are intangible, which means you can't actually touch or see them. As such, they help shape people's perceptions of companies, their products, or individuals. Brands commonly use identifying markers to help create brand identities within the marketplace. They provide enormous value to the company or individual, giving them a competitive edge over others in the same industry. As such, many entities seek legal protection for their brands by obtaining trademarks.

- A brand is an intangible marketing or business concept that helps people identify a company, product, or individual.
- People often confuse brands with things like logos, slogans, or other recognizable marks, which are marketing tools that help promote goods and services.
- Brands are considered to be among a company's most important and valuable assets.
- Companies can protect their brands by registering trademarks.
- Types of brands include corporate, personal, product, and service brands.

### **Reasons/ objectives/ functions of Branding**

- It plays an important role in demand creation.
- It makes the product attractive and popular
- It helps in identifying the product and distinguish it from the goods of competitors.
- It helps in advertising and sales promotion programs
- It ensures uniformity of quality and satisfaction to buyers
- It helps the seller or manufacturer to earn goodwill or prestige
- It develops brand loyalty and consumer preference

### **Essentials/characteristics of good brand**

- the word selected for branding must be simple and easy to pronounce
- it should be simple and memorable
- it must be attractive to the eyes and pleasing to ears
- the trade names must provide necessary suggestion about the product's benefits
- the name should be appropriate and suitable to the product
- it should suggest some product quality
- it should be illustrative and clearly distinctive from other brands
- it should not be outdated.

## **Types of Brands**

- manufacturer brands
- private distributor brand (dealer brands)
- generic brands
- family brand
- individual brand
- co-brand
- licensed brand

## **Advantages / Importance of Branding**

### **a) advantages to manufactures**

- it enables producers to popularize the product easily
- it creates goodwill for the product
- manufactures can directly control the prices of articles
- by branding the product, market expenses can be reduced
- it widens the market for the product through demand creation
- it facilitates introduction of new product
- it creates brand loyalty

### **b) advantages to consumers**

- it helps evaluating the quality of products
- it helps in preventing adulteration of goods by middleman
- consumers can get products of uniform standard and design
- it enables the consumers to make easy buying
- it assures fixed prices to consumers

### **c) advantages to distributors**

- it reduces the selling efforts
- it helps in advertising and sales promotion programs
- it reduces cost of distribution
- it helps to find out quick moving products easily
- this reduces risk in business

## **limitations of Branding**

- it is expensive
- it is not easy to build up brand reputation and loyalty
- brand names do not always assure good quality
- it leads to some kind of monopoly known as 'Brand Monopoly'
- it promotes unfair competition
- branded goods are priced higher than unbranded goods
- consumer may get confused while selecting a particular product out of numerous brands in the market place

## **Branding**

Branding is the process of creating a strong, positive perception of a company, its products or services in the customer's mind by combining such elements as logo, design, mission statement, and a consistent theme throughout all marketing communications. These include consistent imagery and logos.

## **Brand loyalty**

It simply means the loyalty of a buyer towards a particular brand. It is a consistent preference for one brand over all others. It is the strong attachment of a buyer towards a particular brand.

## **Advantages of brand loyalty**

- it is repeat purchase made by the consumer out of commitment to the product
- brand loyal customers start building a relationship with the brand
- loyal customers are more profitable customers
- they may become advocates of the brand by their positive word-of-mouth
- the marketing cost of reaching loyal consumers are much lower

## **Determinants of loyalty and satisfaction**

- people
- product and service delivery
- plan
- product features
- price
- policies and procedures
- promotion and advertising.

## **Value of branding**

- brand facilitates purchasing
- brands establish loyalty
- brands protect a firm from competition and price competition
- brands reduce marketing costs
- brands are assets
- brands have market value

## **Brand Equity**

Brand equity refers to a value premium that a company generates from a product with a recognizable name when compared to a generic equivalent. When a company has positive brand equity, customers willingly pay a high price for its products, even though they could get the same thing from a competitor for less. A brand with strong brand equity is a valuable asset. A powerful brand has high brand equity. Brand equity simply refers to value associated with a brand. It is the marketing and financial value associated with a brand's strength in a market.



## **Elements brand equity**

1. brand awareness
2. perceived quality or perceived value
3. brand associations
4. brand loyalty

## **Create Brand Equity**

1. **Identity:** Build Awareness.
2. **Meaning:** Communicate What Your Brand Means and What It Stands for.
3. **Response:** Reshape How Customers Think and Feel about Your Brand.
4. **Relationships:** Build a Deeper Bond with Customers.

## **PACKAGING**

Packaging relates to the 'look' or physical appearance of a product when it is presented or sold to customers. Packaging refers to the activities of wrapping or enclosing the product in a container like bottle, tin, jar, bag etc. to facilitate transportation, storage, sale or consumption.

Packing means putting articles into small packets or boxes or bottles for sale to ultimate consumers or for transport.

## **Objectives/ Role/ Functions of Packaging**

- Protection
- Convenience
- Promotion
- Identification
- Branding
- Information

## **Advantages of Packaging**

### **A) Advantages to marketer**

- Protects the products from being damaged or spoiled
- Promotes product
- Facilitates storage and transportation
- Helps in branding
- Enhances goodwill
- Acts as silent salesman

### **B) Advantages to Middleman**

- Easy display
- Facilitates storage and transportation
- Keeps the product fresh and clean
- Self-advertising



### **C) Advantages to consumer**

- Convenient handling
- Less possibility of adulteration
- Information regarding use and upkeep
- Easy identification

### **Requisites of a good package**

- A package should suit to the product.
- It must protect the contents.
- It must meet the requirements of different segments of consumers who have different levels of income.
- It must be attractive.
- It must be durable.
- Its cost should be reasonable.

### **LABELING**

A label is that part of a product that carries information about the product and the seller. It is the display of important information on a product package. It contains name of producer, name of product, qualities of product, quantity of product, ingredients, date of production, expiry date, instructions for use and storage.

In the words of **Mason and Rath**, “The label is an informative tag, wrapper or seal attached to a product or product’s package”

Thus, label may be defined as a slip or tag attached with the product or with its package which provides necessary information about the product and its producer.

### **Kinds of Labels**

1. Brand label
2. Grade label
3. Descriptive label
4. Information label

### **Advantages/ functions/ purposes of labelling**

- it identifies the product or brand
- it announces product description and useful information
- it grades the product
- it contains the prices of the product which cannot be varied by the sellers
- it helps advertising

### **Disadvantages of labelling**

- it is of no use to the illiterate people.

- it increases the cost of the product.
- it is effective only where standardization is necessary
- as it helps the customers to compare the merits and demerits of the product, the lower quality products are sure to be discarded by them.

### **AFTER SALE SERVICE SUPPORT**

After-sales support, sometimes called after-sales service, is any service provided after a customer has purchased a product. After-sales support may be provided by a retailer, manufacturer, or a third-party customer service or training provider. Typically, examples of after-sales service include support regarding warranty service, training, or repair and upgrades. After-sales support may also be considered to be part of a company's overall marketing strategy. Some customers might seek out a company's products based on its after-sales service, for example, Best Buy Co.'s Geek Squad or Apple Inc.'s Apple Care.

- After-sales service is any support provided to a customer after the product or service has already been purchased.
- Companies use after-sales support as a business strategy as it typically leads to higher customer satisfaction, brand loyalty, and even word-of-mouth-marketing.
- Examples of after-sales service include warranty service, training, or repair for a product.

#### **most common types of after sales service**

- Pre-Installation services
- User training
- Warranty services
- Online support
- Return/Replacement
- Features and benefits
- Upgrades

### **WARRANTIES AND GUARANTEES**

Warranties and guarantees are supposed to give the customer assurance that the product they are purchasing will not only last, but will also perform optimally during the warranty period.

#### **Warranty**

A warranty is a promise by a manufacturer that a certain product is free from defects and that it will perform optimally as required. It implies a formal assurance given to the customer about the state of the product are true and declares that the manufacturer will be responsible for the repair or replacement, if found defective

#### **Types of warranty**

- express warranty
- implied warranty

## Guarantee

A guarantee is an assurance by the manufacturer that a certain product is of high quality. It is a commitment given by the seller concerning the product quality. The guarantee serves as a promise made by the manufacturer, to the buyer, that in case the product is below quality, it will be repaired, replaced or the money deposited will be refunded.

## Need for warranties and guarantees

Warranties and guarantees may allow the companies to get feedback from customers on the exact manufacturing defects associated with their products. Warranties and guarantees have become an important selling point and a means of product differentiation in a competitive market, they also considered as promotional devices.

## Key Differences between Warranty and Guarantee

The main difference between warranty and guarantee is that while the former is written, the latter is implied. To some extent, guarantee and warranty resemble each other, but they are not the same thing, the major differences between guarantee and warranty are described below;

BASIS FOR COMPARISON	GUARANTEE	WARRANTY
Meaning	The guarantee serves as a promise made by the manufacturer, to the buyer, that in case the product below quality, it will be repaired, replaced or the money deposited will be refunded.	Warranty is a written assurance that the facts specified in the product is true and genuine, but if they are not it will be repaired or replaced.
What is it?	Commitment	Assurance
Applicable to	Product, service and persons.	Product only.
Condition of sale	May or may not be a condition of sale	Subsidiary condition of sale, which may be expressed or implied.
Validity	It can either be oral or written.	It is generally written and so it is easy to prove.
Cost	Free of cost	The buyer has to pay for warranty.
Term	Varies from item to item	Long term
Money back (in case of default)	Yes	No

## **MARKETING MYOPIA**

Marketing myopia is the failure & narrow-minded approach of marketing management of a company; which only focuses on certain attributes of the product or service while completely ignoring the long terms goals such as product quality, customers need, demand and satisfaction.

Myopia is nearsightedness, or a lack of ability to look at the big picture and consider complex or long-term ideas. Nearsightedness is an example of myopia. A lack of intellectual knowledge or curiosity is an example of myopia.

## **PRODUCT AND SERVICE DIFFERENTIATION**

Product differentiation refers to the process of making a product or service different in some respects from the competitive products or services. It is the process of distinguishing a product or service from others, to make it more attractive to a particular target market.

Product differentiation involves developing and promoting an awareness in the minds of customers that the company's products differ from the products of competitors.

### **Importance of product and service differentiation**

- helps to attract customer attention in the face of alternative products
- helps the consumers to identify the products and eliminate the confusion for them
- helps to build competitive advantage over other brands
- satisfies the demand of different segments of the market
- encourages non- price competition
- helps in facing competition from competitors' products
- helps to maintain control over the price of the product

### **Methods/ ways of product or service Differentiation**

- benefits
- design
- price
- quality
- customer service
- availability

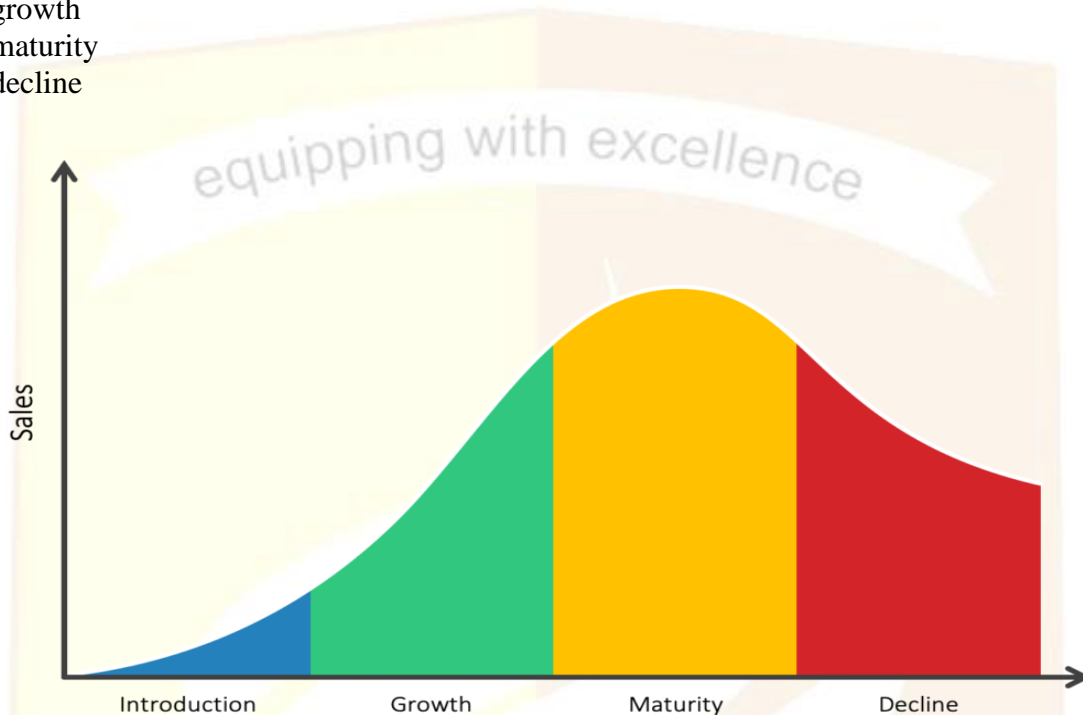
## **PRODUCT LIFE CYCLE**

A product life cycle is the length of time from a product first being introduced to consumers until it is removed from the market. Product life cycles are used by management and marketing professionals to help determine advertising schedules, price points, expansion to new product markets, packaging redesigns, and more. These strategic methods of supporting a product are known as product life cycle management. They can also help determine when newer products are ready to push older ones from the market.

## **Product life cycle stages**

A product's life cycle is usually broken down into four stages;

1. introduction
2. growth
3. maturity
4. decline



## **Advantages of PLC**

- It helps in planning new products
- It enables a producer to estimate the profits in different stages of the PLC
- It helps in determining the cost of product development
- It helps in designing different strategies for different stages of the PLC
- It helps in allocation of resources among different products
- It helps in setting prices
- It helps in product differentiation
- It is helpful in sales promotion

## **Limitations of PLC**

- It is impossible to determine the particular stage in which a product is
- The determination of length of each stage in the life cycle is a complicated process
- It is not necessary that all stages can be applicable to every product
- Product life cycle alone cannot be device for marketing success
- PLC doesn't really consider the competitive position
- Some product in market remains 100 years or more without being outdated. The products never enter into decline stage.



## **Marketing strategies in different stages of PLC**

### **1) introduction stage**

#### **a) product strategies**

- Basic product offering
- Quality
- Product trial
- Attractive packaging

#### **b) pricing strategies**

- Rapid skimming strategy
- Slow skimming strategy
- Rapid penetration strategy
- Slow penetration strategy

#### **c) distribution strategies**

- Selective distribution
- Strengthening channel

#### **d) promotion strategies**

- Heavy advertisement
- Introductory promotion
- Sales promotion

### **2) Growth stage**

#### **a) product strategies**

- Improving the quality of the product
- Product improvement
- New models
- Product flanking
- Entering new market segments
- Product differentiation
- Improved packaging

#### **b) pricing strategies**

- Skimming strategy
- Penetration strategy
- Parity pricing

#### **c) distribution strategies**

- Intensive distribution
- Own retail outlets

#### **d) promotion strategies**

- product conviction

- unique product positioning
- brand image

### **3) maturity stage**

#### **a) product strategies**

- market modification
- product modification
- innovation
- diversification

#### **b) pricing strategies**

- keeping the price rigid
- cost based pricing strategy
- raising prices
- cutting prices

#### **c) distribution strategies**

- more intensive distribution
- new type of distribution channels

#### **d) promotion strategies**

- launching a better advertisement campaign
- aggressive sales promotion
- customer service
- personal selling
- entering new segments

### **4) decline stage**

#### **a) product strategies**

- maintain
- harvest
- repacking or remarketing the product
- divesting strategy
- drop

#### **b) pricing strategies**

- break even pricing
- price discrimination

#### **c) distribution strategies**

- reducing distributing outlets
- developing new distributors

#### **d) promotion strategies**

- reduce promotion expenditure
- no extra expenditure to revitalize the product
- economy packs
- credit facility

## **NEW PRODUCT DEVELOPMENT**

It is concerned with development and commercialization of new products according to product planning. It also modification of existing products and elimination of unprofitable products.

According to **Stanton** “Product development encompasses the technical activities of product research, engineering and designing.”

### **Stages in new product development**

1. idea generation
2. idea screening
3. concept development and testing
4. business analysis
5. product development
6. market testing
7. commercialization (product launch)

## **PRICING STRATEGIES**

It is a special kind of plan formulated in order to meet the challenge of external factors particularly from the policies of competitors.

According to Cundiff and Still, “Pricing strategies are adaptations of pricing policies- individualized tailoring of pricing decisions to fit particular competitive situation encountered by specific products”

### **Steps in pricing strategies**

1. studying target markets
2. selecting the pricing objective
3. determining demand
4. estimating costs
5. analyzing prices of competitors
6. selecting the pricing method
7. setting the final price

### **Objectives of pricing**

- to maximise profit
- to maintain or improve the market share
- to achieve a desired rate of return on investment
- to meet or prevent competition
- to stabilize the product prices
- to mobilise resources for development and expansion
- to build image and enhance goodwill

### **Important pricing strategies**

- psychological pricing
- geographical pricing
- base point pricing
- zone pricing
- dual pricing
- administered pricing
- mark-up pricing
- product line pricing
- captive product pricing
- price bundling

### **Factors influencing pricing decisions/pricing policies**

#### **A) internal factors**

- costs
- objectives
- organizational factors
- marketing mix
- product differentiation
- product life cycle

#### **B) external factors**

- demand
- competition
- distribution channels
- general economic conditions
- govt. policy

### **Price adjustment strategies**

- discount pricing and allowances
- discriminatory pricing
- psychological pricing
- promotional pricing
- value pricing
- geographical pricing
- international pricing

### **Other pricing strategies / tactics**

- price lining
- prestige pricing

### **Methods of pricing**

#### **a) cost based pricing policy**

- cost plus pricing
- target pricing
- marginal cost pricing
- break even pricing

#### **b) demand-based pricing**

- differential pricing
- premium pricing

#### **c) competition-based pricing policy**

- going rate pricing
- customary / conventional pricing

### **Methods or strategies of pricing of new products**

- Skimming price policy
- Penetration price policy

### **Steps in pricing strategies**

- Selecting target markets
- Studying consumer behaviour
- Identifying competition
- Assigning price, a role in the marketing mix
- Relating costs and demands
- Determining strategic prices

### **Important pricing strategies**

1. Psychological pricing
2. Geographical pricing
3. Base point pricing
4. Zone pricing
5. Dual pricing
6. Administrated pricing
7. Mark up pricing
8. Product line pricing
9. Captive product pricing
10. Price bundling



### **Price adjustment strategies**

1. Discount pricing and allowances
2. Discriminatory pricing
3. Psychological pricing
4. Promotional pricing
5. Value pricing
6. International pricing

### **Pricing for Rural markets**

- Low price
- Simple packaging
- Reusable or refill packaging
- Credit facility
- Value engineering
- Price discounts

### **Methods of Pricing for Rural markets**

- Cost plus pricing
- Value pricing
- Power price points
- Penetration pricing

## **MODULE 3**

### **PROMOTION**

Promotion is one of the four elements in the marketing mix. The main object of promotion is to move forward a product, service or idea in a channel of distribution. Promotion means pushing an idea or information towards target customers to persuade them to move towards the market offer.

#### **Definition**

According to Masson and Ruth, “Promotion consists of those activities that are designed to bring a company’s goods or services to the favourable attention of customers”

#### **Nature of promotion**

- It communicates marketing information to consumers, users and resellers
- It persuades and convinces the buyer and influences his/ her behaviour to take the desired action
- Promotional efforts act as powerful tools of competition, providing the cutting edge of its entire marketing programme.

#### **Objectives of promotion**

- Informing
- Persuading
- Reminding
- To create awareness
- To stimulate demand
- To help distributors or agents
- To stabilize sales
- To popularize brand name
- To become market leader
- To retain loyal customers.

#### **Importance of promotion**

- Business importance
- Economic importance
- Social importance
- Importance to non-business organizations

#### **Promotion mix (Communication mix) / Types of promotion**

- Advertising
- Personal selling
- Public relations
- Sales promotion
- Direct marketing
- Internet and online marketing

### **Factors affecting promotion mix**

- Type of product
- Use of product
- Complexity of product
- Purchase quantity and frequency
- Fund available for market promotion
- Type of market
- Size of market
- Stage of PLC

### **ADVERTISING**

one of the most important elements of the promotion mix, advertising involves reaching a large audience through a variety of mediums to build brand awareness, promote special offers and build customer loyalty.

#### **Features**

- it is a paid form of communication
- it is a non- personal presentation of message
- the purpose of advertising is to promote idea about the products and services of a business
- advertisement is issued by an identified sponsor.
- It is a promotional
- It is persuasive
- It is part of an overall marketing strategy
- It is targeted
- It is an investment
- It is original
- It is creative
- It is consistent
- It is impersonal presentation
- Speedy and mass communication
- Identified sponsor

#### **Objectives**

- Introduce a product
- Introduce a brand
- Awareness creation
- Acquiring customers or brand switching
- Differentiation and value creation
- Brand building
- Positioning the product
- Product and brand recall

- Increase sales
- Increase profit
- Create desire
- Call to action

### **Advertising strategy**

The purpose of advertising is to reach people who are willing to pay to buy your product and service. And a strategy is a step-by-step plan to persuade your service over the product or services of your competitors. An effective advertising strategy gives you maximum return on investment. Therefore, it is necessary to choose the right advertising strategy to promote your products and services.

### **Steps of advertising strategy**

1. determine the purpose of advertising
2. determine your target audience
3. decide your advertising budget size
4. selecting media for advertising and deciding the schedule
5. implementation of the advertising program
6. measure the effectiveness of advertising

### **Types of Advertising media**

- Paid search advertising  
Involves bidding on keywords so that advertisements related to specific keywords are placed at the top of the search engine results page.
- Social media advertising  
It allows for a little more freedom to release a brand's personality, as social media tends to be a more relaxed platform than a paid search advertisement or a television commercial.
- Native advertising  
It come in the form of articles or videos on websites that are already hosting similar materials
- Display advertising  
It can be designed to be animated or stagnant, and are typically found along the top or sides of web pages.
- Print advertising  
Includes, newspapers and magazines, brochures, directories, flyers and posters, direct mail, postcards and letters
- Broadcast advertising  
It is sharing promotional messages about the product or service via television or radio.
- Outdoor advertising  
It is simply any advertisement made visible to a consumer outside of their home.
- Mobile advertising
- Display ads
- Video ads
- Email marketing

- Podcasts and radio
- Direct mail advertising
- Banners

### **Kinds of advertising**

- Product advertising  
Focuses on a particular product or brand
- Institutional advertising  
Create an image or reputation of the firm
- Advocacy / cause advertising  
Intended to promote a company's view or philosophy on an issue with the ultimate goal of influencing public opinion, legislation.
- Comparative advertising  
Stresses on comparative features of two or more specific brands
- Reinforcement advertising  
It assures current users that they have made the right brand choice and tells them how to get the most satisfaction from the brand.
- Shortage advertising  
Used when there is short supply of product
- co-operative advertising  
where manufactures, wholesalers and retailers jointly sponsor and share the expenditure on advertising.
- commercial advertising  
concerned with selling products or ideas to increase the sales volume
- non- commercial advertising  
used by non- profit organizations, for instance, inviting donations, financial aids etc.
- surrogate advertising  
strategy used by companies and advertisers to promote a product secretly, because the law of the country may not permit the advertising of that particular product.

### **Advantages of advertisement**

- introduce a new product in the market
- expansion of the market
- increased sales
- fights competition
- enhances goodwill
- educates the consumers
- elimination of middlemen
- better quality products
- supports the salesmanship
- more employment opportunities
- reduction in the prices of newspapers and magazines
- higher standard of living



### **limitation of advertising**

- deferred revenue expenditure
- misrepresentation of facts
- consumer's deficit
- barriers to entry
- wastage of national resources
- increased cost
- product proliferation
- multiplication of needs

### **Factors Governing the Selection of Advertising Media**

- the nature of product
- advertising objectives
- potential market
- business unit
- message to be sent
- the extend of competition
- availability of media
- cost of advertisement

### **PERSONAL SELLING**

It is also known as face-to-face selling in which one person who is the salesman tries to convince the customer in buying a product. It is a promotional method by which the salesperson uses his or her skills and abilities in an attempt to make a sale.

#### **Features**

- uses person to person communication
- to sell an offering
- using a personalized sales strategy
- human contact
- development of relationship
- two -way flow of information
- quick communication
- flexibility
- satisfaction
- persuasion

#### **objectives**

- build brand and product awareness
- increase sales
- building close long-term relationship
- supporting the customers
- stimulating the offering's demand

- reinforcing the brand

### **Importance**

- immediate feedback
- flexible
- demonstration
- most suitable for technical and industrial products
- minimum wastage of selling efforts
- clarification of doubts, queries and objections
- performs entire selling job
- more customer satisfaction
- very suitable for marketing of services
- creation of demand
- promote new products
- increase knowledge of customers
- collects market information
- increase employment
- helpful in facing competition
- helpful in relationship marketing

### **Types of personal selling**

- order takers
- order getters
- order creators
- retail stores
- door-to-door sales
- B2B outreach

### **Personal selling process**

- Prospecting
- Qualifying leads
- Pre-approach
- Approach
- Sales presentation
- Handling objections
- Closing sales
- Following up

### **advantages**

- convey more information
- creates more impact
- supports two-way communication
- boosts relationship with the customer

### **Disadvantages**

- expensive
- labour extensive
- limited reach

### **PUBLIC RELATIONS (PR)**

PR is a strategic communication process companies, individual, and organization use to build mutually beneficial relationships with the public.

A public relations specialist drafts a specified communication plan and uses media and other direct and indirect mediums to create and maintain a positive brand image and a strong relationship with the target audience.

### **Objectives**

- promote goodwill
- promote a product or service
- prepare internal communications
- lobby
- counteract negative publicity
- give advice and counsel
- calling attention
- influencing government legislation

### **Importance**

- building image and brand equity
- launching new products
- smooth functioning of business
- press relations
- media relations
- event planning
- corporate social responsibility

### **Functions**

- anticipating, analyzing and interpreting the public opinion and attitudes of the public towards the brand and drafting strategies which use free or earned media to influence them
- drafting strategies to support the brand's every campaign and new move through editorial content
- writing and distributing press releases
- speech writing
- planning and executing special public outreach and media relation events
- writing content for the web
- developing a crisis public relations strategy
- handling investor relations

- dealing with government and legislative agencies
- counselling the employees of the organization with regards to policies, course of action, responsibility etc.
- handling the social media presence of the brand

### **Types of Public Relations**

- media relations
- investor relations
- government relations
- community relations
- internal relations
- customer relations
- marketing communications

### **Advantages**

- credibility
- reach
- cost effectiveness
- better communication

### **Disadvantages**

- no direct control
- hard to measure success
- no guaranteed results

## **SALES PROMOTION**

It is the tools and techniques to promote sales. Sales promotion offers an extra value or inducement to customers, dealers and sales force with the objective of creating an immediate sale. In short, sales promotion includes all those activities which are directed towards promoting sales

### **Advantages**

- promote sales
- helps in creating the demand for new products
- helps in getting new customers
- creates differentiation
- creates community opportunity
- creates word of mouth
- creates a platform to cross-sell and upsell
- creates a reason to buy
- creates a focused marketing approach
- creates greater revenue
- creates a source of information

### **limitations**

- it is only a short -term activity
- it alone cannot produce desired results
- too many sales promotions may adversely affect the brand image
- the discounts are not real, because price of the products has already been raised
- sales promotion techniques are non-recurring in their use
- customers expect sales promotions all the time
- wholesalers and retailers do not always deliver their promise when given incentives

### **Difference Between Advertisement and Sales Promotion**

<b>Advertising</b>	<b>Sales promotion</b>
Aims at attracting the ultimate consumers	Aims at attracting not only customers but also middleman and sales employees
Attempts to create brand image	Attempts to get quick sale or induce trial
Appeals are emotional	Appeals are rational
Effective in the long run	Effective in the short run
Indirect approach	Direct approach
Part of sales promotion	Induces advertising
It uses pull strategy	It uses push strategy

### **Kinds of Sales Promotion**

#### **a) consumer promotion**

- samples
- coupons
- rebates
- money refund offers
- price packs
- premium offer
- buy-back allowance
- free trials
- prizes
- demonstrations
- consumer contests
- sweepstakes
- exhibitions and trade fairs
- buy one, get one free
- frequency programmes

#### **b) trade promotions**

- price deals
- free goods
- advertising materials



- trade allowances
- specialty advertising
- dealer contests
- sales training programmes
- trade shows
- co-operative advertising

**c) sales force promotion**

- bonus to sales force
- sales force contests
- sales meetings, conventions and conferences
- character merchandising

**DIRECT MARKETING**

It is a type of promotion that offers the transfer of information about a product, service, or company directly to the company. Thus, target audience receives all advertising information without intermediaries and third parties

**Types of direct marketing**

- email notifications
  - promotional emails
  - newsletters
  - trigger mails
- mobile marketing
- push notifications
- messenger marketing

**Advantages**

- boost the process of attracting leads
- allows to spend personalized content
- promotes effective marketing of services and products
- easy to measure the performance
- high segmentation and targeting
- optimize marketing budget
- increase sales with current and former clients
- upgrade loyalty strategies
- create new business opportunities
- tests and analyzes results
- target a niche audience
- provide detailed information
- easily track response rates
- informative
- affordable
- measurable

### **Disadvantages**

- it can target many people who have no interest
- it is often uninvited
- it can often look very cluttered
- it often has very low response rates
- it takes up a lot of time
- response rates are typically low
- cost can add up

### **PERSONAL SELLING / SALESMANSHIP**

The process of selling is ensured by personal selling supported by advertisement and sales promotion. It is the direct communication between a sales representative and one or more prospective buyers in an attempt to influence each other in a purchase situation

It is the process of contacting the perspective buyers personally and persuading them to buy the products.

#### **Features**

- it is a process of direct communication between the sales person and a prospect buyer
- it involves the sale of goods and services personally
- it is a most effective tool of increasing the sale
- protect and promote interest of both seller and buyer
- it gives an opportunity to the salesperson to study the consumer behaviour, expectations, nature of target market etc.

### **INTERNET AND ONLINE MARKETING**

It refers to marketing that occurs only online. It is the process promoting product or service online. It is the process of promoting a brand or business and its products or services to customers through digital channel such as search engines, email, websites, and social media.

#### **Types of internet marketing**

- Search engine optimization (SEO)  
It is the process of adjusting a website and digital content to improve its organic or natural placement in search rankings.
- Content marketing  
It is the creation and distribution of relevant online content in a way that's strategically designed to attract and convert consumers
- Social media marketing
- Influencer marketing
- Email marketing

- Affiliate marketing

It describes any revenue sharing plan where an online automated marketing program lets bloggers and website owners place an advertiser's banner ads, buttons, or other advertising media on their own website

- Paid advertising

### **Advantages**

- Accessing to greater number of customers
- Exposing the property
- Advertising and promoting
- Communicating better
- Providing online reservation
- Identifying and targeting customers easily
- Being a source of information
- Saving costs and time
- Free from borders
- Inexpensive
- Flexible and convenient
- Globalizing products and services
- Increasing customer interaction
- Allowing one-to-one marketing
- Accessible 24 hours and 365 days

### **Disadvantages**

- Cost involved in constructing, maintaining and updating
- Security, privacy and confidentiality
- Cultural differences
- Training, lack of knowledge, ignorance
- High competition
- Loss of personal touch
- Alienation of the potential customers
- Telecommunication infrastructure

## **MODULE 4**

### **MARKETING CHANNELS**

#### **Meaning**

A marketing channel consists of the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products get to the end-user, the consumer, and is also known as a distribution channel.

#### **Objectives**

- Place utility
- Time utility
- Form utility
- Information utility

#### **Importance**

- Timely delivery of products
- Maintain stock of products
- Provides market information
- Promotion of goods
- Provide finance
- Generates employment
- Distribution of risk
- Better co-ordination
- Better management
- Marketing of products
- Contacting customers
- negotiation

#### **Characteristics**

- It is a route or pathway through which goods and services flow from the manufactures to consumers
- The flow of goods and services is smooth and sequential and usually unidirectional
- It is composed of intermediaries
- Not include partner services such as shipping companies, railway companies, road transporters, banks etc.
- It performs functions which facilitate transfer of ownership title and possession of goods and services from manufactures to consumers
- The intermediaries are paid in the form of commission for the services rendered by them.

#### **Types of marketing channels / Levels of channel (length of channel)**

- Direct marketing channel / zero level channel

Direct marketers can use a number of channels for reaching prospects and customers. These include face to face selling, direct mail, catalogue marketing, telemarketing, TV and other direct response media, kiosk marketing and online marketing

- Indirect marketing channels;

- One level channel

- When the product is not sent directly from the producer to the consumer but the producer sells the product to the retailer who, in turn, sells to the consumer. This channel is also known as distribution through retailers

- Two level channels

- This channel encompasses two intermediary levels- a wholesaler and a retailer

- Three level channels

- Includes wholesalers, retailers, and direct – to- consumer sales

### **Factors determining the marketing channels**

#### **a) product related factors**

- nature of product
- perishability
- unit value of the product
- product complexity

#### **b) company related factors**

- financial available
- core competency
- degree of control

#### **c) competitive factors**

- competitor's channel of distribution
- distribution policy

#### **d) market related factors**

- market size
- geographical concentration
- quantity purchased

#### **e) environmental factors**

- legal environment
- economic conditions

### **functions of marketing channels**

- sorting
- allocation
- product promotion
- risk taking



- accumulation
- assorting
- negotiation
- helpful in price determination
- to manage finance
- create various utilities
- instrument of marketing information system
- to make the process of distribution easy
- promotional activities
- reduce administrative burden
- helpful in communication
- matching of demand and supply

## **WHOLESALEERS**

- it is the first intermediary in the channel of distribution
- he is a trader who deals in large quantity
- he purchases the goods from manufacturer in bulk quantity and sells it to retailers in small quantity
- he stands in between the manufacturer and the retailer
- he generally deals in one or a few classes of goods

### **Function**

- assembling of varieties of goods from different manufactures
- storing of goods in proper warehouses till they are sold to the retailers
- distribution of goods to retailers
- transporting of goods first from the place of producers to his warehouse and from there to the retail stores
- financing the retail trade by selling the goods to retailers on credit basis
- grading of goods according to quality, size, quantity, color etc.
- assuming of risks resulting from the change in price, change in demand, and from spoilage etc.
- stabilizing the prices

### **Services Rendered by wholesaler**

#### **a) to manufacturers**

- information on demand
- a large size of product
- facility of sales organization
- a facility of advertisement
- financial assistance
- inventory of goods
- standardization of goods

**b) to retailers**

- finance assistance
- market information
- risk bearing
- stock of goods
- warehousing and transport
- regular supply
- sales promotion

**c) to society**

- specialization of marketing activities
- introduce fashion and new style
- undertake market research

**RETAILORS**

- the sale of goods in small quantities to ultimate consumers
- works in between wholesaler and consumer
- retail store is a business which regularly offers goods for sale to ultimate customer
- it is the last link in the chain of distribution
- he engaged in the sale of goods to the ultimate consumers

**Functions**

- collection and assembling of variety of goods from different wholesalers
- undertaking transport for carrying the goods purchased
- selling of products in small quantities for the convenience of consumers
- sorting and grading of goods
- giving credit facilities to regular customers
- cultivating personal relationship with the customer
- undertaking some sales promotion through displaying of goods in the shop
- undertaking the risk of fire, theft, and damage of goods while in stock
- keeping ready stocks of large number of items
- collecting the marketing information and supplying it to wholesalers

**services rendered by retailers**

- buying and assembling
- warehousing or storing
- selling
- credit facilities
- risk bearing
- grading and packing
- collection and supply of market information
- helps in introducing new products

## kinds of retailers



## Modern Types Retail Stores

### 1. General Merchandise Retail Stores

- supermarket
- hypermarket
- discount stores

### 2. specialty stores

- specialty retail stores
- off-price retailers
- category killers

### 3. shopping malls

### 4. destination stores

### 5. retail chain

### 6. mom and pop stores

### 7. e-tailors

## NON- STORE RETAILING

- direct selling
- direct marketing
- automatic vending
- online marketing

## **DIRECT SELLING**

It is the selling of products in a non- retail setting. Example; home, online, or other venues that are non -store.

### **Types**

- single level direct sales
- host or party plan sales
- multi- level marketing

### **Advantages**

- more profit margins
- no expense of store maintenance
- personal contact with customers
- no advertising and marketing expense
- personalized approach for each customer
- visible customers' reaction
- product demonstration
- feedback directly from customers

### **Disadvantages**

- difficult to reach a wide audience
- affects personal life
- rejections
- risk of failure

## **AUTOMATIC VENDING**

It means of retailing products to consumers via vending machines. These are the automatic machines that serve the purpose of selling general merchandise like soft drinks, burgers, snacks etc. to customers in the absence of any retailers

## **MARKET LOGISTICS**

it involves planning, delivering and controlling the flow of physical goods, marketing materials and information from the producer to the market. It is a business process to ensure an efficient flow of finished goods, services and product information to the distributor, retailer and end customers

### **Components**

- Customer profiling
- Goods distribution
- Transportation
- Packaging & information
- Customer service
- Reverse logistics

## **Classification Of Logistics Activities**

- Inbound logistics
- Outbound logistics

## **Objectives**

- Improving customer service
- Decreasing cost of total distribution
- Speedy response
- Consistent and reliable delivery performance
- Least product damages
- Creating additional sales
- Stability of cost
- Lifecycle support
- Inventory reduction
- Movement consolidation
- Upgrading quality
- Generating places and time utilities.

## **Key activities involved in logistics**

1. Network design
2. Order processing
3. Procurement
4. Material handling
5. Inventory management
6. Packaging and labelling
7. Warehousing
8. Transportation

## **Importance**

- Cost reduction and profit maximization
- Time utility and place utility
- Competitive edge
- Effective communication system
- Sound inventory management
- Customer satisfaction

## **Advantages**

- Improving customer experience
- Optimizing operational cost
- Boosting profitability
- Better intermodal operations
- Greater delivery productivity and efficiency
- Intelligent route planning



### **Disadvantages**

- Transportation issues
- Port sector issues
- Tax structure and warehousing problems
- Technological and skill problems
- Fuel costs
- Customer services
- Driver shortage & retention.

### **RETAIL SCENARIO- INDIA**

The Indian retail industry is one of the fastest growing in the world. Retail industry in India is expected to grow to US\$ 111.25 billion by 2019 from US\$ 70.45 billion in 2016.

India is the fifth largest preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier -III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanization, changing consumer tastes and preferences are the other factors driving growth in the organized retail market in India

## **MODULE 5**

### **RECENT ISSUES AND TYPES OF MARKETING**

Like most things in life, the world of marketing is dynamic. Even over the last decade, there have been many innovations in marketing. The fact remains that marketing is constantly evolving and redefining itself.

#### **INNOVATIONS IN MARKETING**

1. Demarketing
2. Meta marketing
3. Mass marketing
4. Mega marketing
5. Reciprocal marketing
6. Event marketing
7. Morph marketing
8. Guerrilla marketing
9. Word of mouth marketing
10. Viral marketing
11. Frequency marketing
12. One-on-one marketing
13. Partnership marketing
14. Re-branding
15. Product churning
16. Galimatias marketing
17. Database marketing
18. Green marketing

#### **SOCIAL MARKETING**

It is an approach used to develop activities aimed at changing or maintaining people's behavior for the benefit of individuals and society as a whole. It has a social purpose rather than a profit like commercial marketing. It integrates marketing concepts to drive behavior change for the long-term benefit and well being of society. It attempts to change people's behavior for the benefit of the market and business profits.

##### **Importance**

- It is essential to society, the environment, and business.
- It helps to maximize profits for the organization
- creates a long- term relationship with customers.
- Encourages developing products that benefit society in the long run and satisfies consumers.

##### **Objectives**

- To maintain a long- term relationship with customers
- To create a better image in the society for the company than its competitors
- To carry out its social responsibilities

- Developing community awareness towards its brands
- To increase the consumer base and market share

### **Social marketing process**

1. Identification of goal for social cause
2. Target audience definition for social marketing
3. Creating of message and channels be used
4. Events, activities, seminars etc. to be used in social marketing
5. Implementation of activities and events
6. Evaluation of effectiveness and improving goals.

### **Benefits**

- It helps to build a better image for the company
- It gives a competitive advantage over the competitors
- Useful in customer retention and long-term relationship
- Increases sales and market share
- Facilitates expansion and growth in the long term
- Products and company policies should prioritize social welfare and society in general
- Economic resources are properly used
- Societal marketing raises the living standard of people
- It ensures economic planning more significant and more fruitful to society.

### **Social Marketing Mix**

- Product
- Price
- Distribution
- Promotion

### **Difference Between Commercial Marketing and Social Marketing**

<b>Commercial marketing</b>	<b>Social marketing</b>
The aim is profit	The main aim is social welfare
Targeted at people with purchasing power	Targeted at poorest and or less educated people
Products have clean and strong identities in terms of brand	Establishing an identity is not possible
Generally, involves positive purchasing action	Sometimes involves avoidance behavior
Products are often immediately satisfying	Social products are less satisfying immediately.

### **MARKETING ETHICS**

Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. Marketing ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing.

### **Characteristics**

- Equitable
- Right
- Proper
- Good
- Fair
- justice

### **Importance**

- Long term gains
- Customer loyalty
- Increased credibility
- Increased leadership qualities
- The satisfaction of basic human wants and needs
- Display of a rich culture
- The attraction of the right talent at the right place
- Reaching financial goals
- Enhancement of brand value in the market

### **Objectives**

- Providing ethical frameworks
- Developing, understanding about what is right and what is wrong
- Ensuring ethical behavior
- Ensuring practical utility of business ethics
- Stakeholder approach of business organizations.

### **Factors influencing ethics**

- Norms
- Beliefs
- Ethos
- Moral
- Morality
- Moral norms
- Moral values
- Moral behavior

### **Benefits**

- Reputation
- Customer satisfaction
- Increased sales
- Improved standard of living

### **Issues in marketing ethics**

- Market research
- Market audience
- Advertising and promotion
- Pricing ethics

### **RECENT DEVELOPMENTS IN MARKETING**

- More leisure time
- Changing role of women
- Growth of women
- Growth of services
- Social emphasis
- Non-business marketing
- More and more competition
- Marketing on the Net
- More concern about quality
- Retaining customers
- Concentrating in rural markets
- Shift from customer satisfaction to consumer delight and to customer astonishment
- Discount shopping
- Seducing shopping
- The robot in marketing
- The internet mania
- The brand movement
- Herbal world
- Marketing crunch.

### **ONLINE MARKETING**

Simply means marketing through internet. It is the use of the internet and related digital technologies to achieve marketing objectives and support the modern marketing concept.

#### **Features**

- Not subject to the limitations of time and domain
- Rich media
- Interactive
- Consumer satisfaction degree feedback and other activities
- Personalization
- Go on growing
- Integration
- Advancement



### **Advantages**

- more information is provided to customers
- it has large customer base because marketing can be done on a global basis
- customer can compare prices
- distribution channels are shorter
- there is a direct interaction between the marketer and the customers
- cost of operation is lower
- it allows customers to shop online at their convenience from home or work place

### **Limitations**

- there are certain products, which cannot be digitalized
- there is no touch and feel experience to customers
- customer's personal information and financial matters are likely to be misused.
- It doesn't cover a substantial portion of population
- Service back up
- Problems associated with returned products, payment, and performance complaints

### **DIRECT MARKETING**

It is oriented towards finding, getting, keeping and developing customers one-to -one. Here companies communicate directly with their target customers to generate a response and or transaction. It is the use of direct media to reach a target audience

### **Features**

- it goes directly to an identified person or a household
- it is interactive
- it makes use of customer database
- the response can be accurately measures
- it creates direct relationship between marketers and customers

### **Forms Of Direct Marketing**

- catalogue marketing
- direct -response marketing
- television home shopping
- kiosk marketing
- telemarketing
- social media marketing

### **Advantages**

- it is very convenient
- it saves lot of time
- it provides more choice
- it provides information for better buying decisions

- it gives an opportunity to express needs and wants of customers
- helps to develop brand loyalty
- it helps in market segmentation
- it is cost efficient and quick
- it helps to collect information regarding customers
- it is flexible and can be adjusted as per the needs and requirements of the customers
- customers can be approached easily

### **Disadvantages**

- customers may be cheated and misled by giving false, exaggerated, or incomplete information
- initial cost is high
- it encroaches the privacy of consumers
- it may create irritation among consumers
- it is very difficult to get and keep the customers' loyalty and patronage
- it may upset the existing intermediaries

### **GREEN MARKETING**

It includes marketing of products that are phosphate free, replenishable, eco- friendly, ozone friendly and recyclable. It is the specific development, pricing, promotion and distribution of products that do not harm the environment. A product with the Eco mark is a green product because its use or its disposal significantly reduces the harm to the environment.

### **Difference Between Traditional Marketing and Green Marketing**

<b>Traditional marketing</b>	<b>Green marketing</b>
Short term oriented	Long term oriented
anthropocentric	Biocentric
Involves no ecological costs	Involves ecological costs
Limited product risk	More product risk
Focus on industrial function	Focus on industrial processes
Focus on tangible goods	Focus on products as services

### **Importance**

- satisfy human needs
- protect the environment
- utilize the resources efficiently
- creates opportunity in market
- take competitive advantage
- reduce government pressure
- minimize the cost and maximize profit
- create customer social responsibility

### **Advantages**

- there is sustainable long -term standing growth together with high profit
- it helps to gain new markets

- employees feel proud and responsible to work in an environmentally responsible organization
- organizations can charge a high price for products that are environment friendly
- it helps to build brand equity and gain customer loyalty
- it helps to increase product/ service value

### **Problems**

- green products require renewable and recyclable material, which is costly
- requires a technology, which requires huge investment in R & D
- water treatment technology, which is too costly
- majority of the people are not aware of green products and their uses
- majority of the consumers are not willing to pay a premium for green products.

### **RELATIONSHIP MARKETING**

It is about building relationships. It simply refers to building relationship with customers. It is building a whole network of relationship with parties or organizations that are keys to the success of a company. They include customers, suppliers, referrals, employees, potential employees and recurring agencies etc. Thus, relationship marketing means establishing and maintaining long term satisfying relations with both internal and external customers as well as suppliers.

### **Features**

- every customer is treated as an individual person or unit
- activities of the company are directed towards existing customers
- it is based on interactions and dialogues
- the company tries to achieve profitability through the decrease of customer turnover and the strengthening of customer relationships

### **Importance**

- increase sales volume
- low advertisement cost
- high profit better price
- creates brand image
- customer retention
- gain a competitive edge

### **strategies of relationship marketing**

- know your customer
- frequency marketing programs
- club marketing programs
- adding social benefits and financial benefits
- adding structural ties as well as financial and social benefits
- customer service
- email marketing
- customer awareness and education

- customer feedback
- SMS marketing
- Online marketing
- Social media
- Loyalty/ referral program
- ERP and CRM technology
- Surveys and questionnaires.

### **Difference Between Transactional marketing and Relationship marketing**

<b>Transactional marketing</b>	<b>Relationship marketing</b>
Oriented towards single sale	Oriented towards repeat sale
Limited direct contact between supplier and customer	Close, frequent contact between marketer and customer
Focus on product benefits	Focus on value to customer
Emphasis on short term performance	Emphasis on long term performance
Limited level of customer service	High level of customer service
Aim is customer satisfaction	Aim is customer delight

### **Steps in relationship marketing**

1. Locating prospects
2. Turning customer into clients
3. Turning the clients into advocates

### **Factors responsible for the emergence of Relationship Marketing**

- Rapid technological advancements, especially in IT
- Adoption of total quality programs by companies
- Growth of the service economy
- Organizational development process leading to empowerment of individuals and teams
- Increased competition leading to concern for customer retention
- An increase in the levels of customer awareness and education
- An increase in the level of customer expectation

### **CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

It means keeping a track of customer choices, predicting their desires and requirements in future and providing them before competitors do.

Key application areas are;

- Marketing automation
- Sales force automation
- Call centers
- Help desk system
- Customer service

## **SERVICE MARKETING**

### **Service**

A service is an intangible product that provides benefits to customers and involves human or mechanical effort. Examples;

- A plumber mending a broken pipe
- An accountant auditing company account
- A doctor visiting a sick patient
- A taxi journeys
- Hair cutting

### **Characteristics of services (elements)**

- Intangibility
- Lack of ownership
- Inseparability
- Perishability
- Variability
- Simultaneity

### **Classification of services**

#### **a) classification of service based on Tangible Action**

- Service for people
  - Health care
  - Restaurants
  - Saloons
- Services for goods
  - Transportation
  - Repairs and maintenance
  - Dry cleaning

#### **b) classification of services based on intangibility**

- Services directed at people's mind
  - Education
  - Theatres
  - Information services
- Services directed at intangible assets
  - Banking
  - Legal services
  - Insurance

### **Difference Between Goods and Services**

<b>Goods</b>	<b>Services</b>
It is an object, a device, a thing	It is deed, a performance, an effort



Tangible or physical	Intangible or non-physical
Can be carried and stored	Cannot be carried home or stored
Non-perishable	Perishable
Can be standardized	Difficult to standardize
Quality can be measured and controlled	Difficult to control and measure the quality
Goods delivered can be replaced	Serve delivered cannot be replaced
Have resale value	Have no resale value
Can be displayed	Cannot displayed

### **Service Marketing**

Marketing management also cover the marketing of services. Some of the tangible services where both the goods and services are provided to the customer like restaurants and super markets also come under the purview of service marketing.

It can be defined as the process of identifying, pricing, promoting and providing of the right services in the right time to the customers with a view to satisfy their requirements and the objectives of service provider.

### **Service Marketing Mix**

- Product
- Place
- Price
- Promotion
- People
- Physical evidence
- Process
- Professionalization
- Productivity
- Proactiveness

### **Classification of service marketing**

- a) consumer service marketing
- b) industrial service marketing

### **Difference Between Product Marketing and Service Marketing**

<b>Product marketing</b>	<b>Service marketing</b>
Tangibility	Intangibility
May standalone to fulfill customer's needs and wants	Selling a relationship. Customer needs to perceive the value of the service
Tend to involve multiple products to make up a line	Usually serve a single option
Evaluate before purchasing	Becomes very difficult to evaluate before buying
Can advertise effectively	Cannot advertise effectively

Price is determined on the basis of cost of production	Determining the cost of producing and delivering a service is very difficult
No immediate consumption	Produced and consumed simultaneously
Possible to standardize	Not possible to standardize

**Special problems of service marketing**

- The feature of intangibility places a special burden on the sellers of service
- The feature of inseparability imposes some special marketing problems. The scope of selling services is limited
- The feature of variability imposes some problems where many services cannot be standardized.
- The feature of perishability brings a problem that services which are unavailed are lost for ever
- There is a limit on the size of geographical area being covered by services

