SYLLABUS

Class – BBA. II Year

Subject – Marketing Management

UNIT – I	Nature and scope of marketing, Selling Vs Marketing, basic concepts and approaches, Marketing management philosophies, Concept of Holistic Marketing. Market segmentation, Marketing Mix, Marketing Environment, Marketing System
UNIT – II	Product Strategy. Product Classification & Product mix, branding and packaging decision, Integrated Marketing Communication. Promotion mix: Advertising, publicity, Selling, Sales Promotion and
UNIT – III	Pricing decision, methods of setting prices, pricing strategies, product promotion Rural marketing. Steps for taking lead in Startups. Modern Marketing, future marketing.
UNIT – IV	Service marketing - Introduction, Growth of service sector, Concept, Characteristics, Classification of service designing, Developing Human Resources. Marketing of services with special reference to 1. Financial services, 2. Health services 3. Hospitality services including travel, hotels, and tourism 4. Professional services 5. Public unity service 6. Educational services.
UNIT – V	Channel of distribution, Logistics supply chain management, Factors affecting choice of channel, Types of intermediaries and their roles. Types of Retailing. Retail Management, Internet marketing, Non profit Marketing.

UNIT – I

A. **Nature and scope of marketing**
B. **Selling Vs Marketing - basic concepts and approaches**
C. **Marketing management philosophies**
D. **Concept of Holistic Marketing.**
E. **Market segmentation,**
F. **Marketing Mix,**
G. **Marketing Environment,**
H. **Marketing System**

A. Nature and scope of marketing

DEFINITION OF MARKETING

Meaning of Marketing:
Marketing is a wide term embracing all resources and economic activities needed to direct the flow of goods and services from producers to consumers. It is a distribution process so far as businessmen are concerned.

"A total system of interacting business activities designed to plan, price, promote and distribute want-satisfying products and services to present and potential customers" —William J Stanton. It is a modern activity that has developed about the middle of the current century as a scientific process and organized activity and a body of knowledge.

The Committee of the American Marketing Association, 1960, defined marketing as **"the performance of business activities that direct the flow of goods and services from producers or suppliers to the consumers and end-users."**

It is the management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service and in moving the product or service to the final consumer or user so as to achieve the profit target or other objectives set by a company (U. K. Institute of Marketing).
Product-oriented Definition -Marketing may be narrowly defined as a process by which goods and services are exchanged and the valued determined in terms of money prices.

Customer-oriented Definition - According to Cardiff and Still. "Marketing is the business process by which products are matched with the markets and through which transfers of ownership are effected."

System-Oriented Definition -William J. Stanton has given a system oriented definition of marketing. "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants satisfying products to target markets to achieve organisational objectives.

Kotler's Definition -Kotler has defined marketing as a social and managerial process by which individuals and groups obtain what need and want through creating, offering and exchanging products of value with others.

Types of Marketing Entities

Anything which is sellable needs marketing.

Based on the above statement, the following is the list of entities to which marketing is a necessary function:

Goods: Any product manufactured in mass quantity, requires proper marketing to make it available to its consumers located in different places of the country or world.
For example*:* Mobile phones manufactured in China and sold all over the world

Services: An economic activity performed to meet the consumer's demand, needs, promotion and marketing.
For example*:* Ola cabs providing for local taxi services

Events: Various trade fairs, live shows, local events and other promotional events need marketing and publicity.
For example: Indian Fashion Expo is the event where leading fashion houses participate to display exhibit their creation needs marketing to reach customers, manufacturers and traders.

Experiences: It even organizes and customizes the impression made by certain goods and services to fulfil the customer's wish.
For example: A Europe trip package provided by makemytrip.com or tripadvisor.com

Persons: A person who wants to promote his skills, profession, art, expertise to acquire customers, take the help of marketing functions.
For example*:* A chartered accountant updating his profile over linkedin.com to publicise his skills and talent to reach clients.

Places: Marketing of tourist places, cities, states and countries helps to attract visitors from all over the world.
For example*:*India's Ministry of Tourism promoting India through 'Incredible India' campaign

Properties: It provides for selling of tangible and intangible properties like real estate, stocks, securities, debentures, etc.
For example*:* Real estate agents publicize the residential plots to investors

Organizations: Several corporations and non-profit organizations like schools, colleges, universities, art institutes, etc. create and maintain a public impression through marketing.
For example*:* Circulars and advertisements made by colleges as 'admission open.'

Information: Certain information related to healthcare, technology, science, media, law, tax, market, finance, accounting, etc. have to demand among the corporate decision-makers who are marketed by some leading information agencies.
For example*:* Bloomberg provides all current financial, business and market data

Ideas: Brands market their products or services through advertisements spreading a social message to connect with the consumers.
For example: Idea 4G's advertisement spreading the message of 'sharing our real side.'

NATURE OF MARKETING

Marketing is a complex function and does not sum up to sales alone.

Managerial Function: Marketing is all about successfully managing the product, place, price and promotion of business to generate revenue.
Human Activity: It satisfies the never-ending needs and desires of human beings.
Economic Function: The crucial second marketing objective is to earn a profit.
Both Art and Science: Creating demand of the product among consumers is an art and understanding human behaviour, and psychology is a science.
Customer Centric: Marketing strategies are framed with the motive of customer acquisition.
Consumer Oriented: It practices market research and surveys to know about consumer's taste and expectations.
Goal Oriented: It aims at accomplishing the seller's profitability goals and buyer's purchasing goals.
Interactive Activity: Marketing is all about exchanging ideas and information among buyers and sellers.
Dynamic Process: Marketing practice keeps on changing from time to time to improve its effectiveness.
Creates Utility: It establishes utility to the consumer through four different means; form (kind of product or service), time (whenever needed), place (availability) and possession (ownership).

Objectives of Marketing

Marketing majorly focuses on achieving consumer satisfaction and maximizing the profits.

Following are the illustration of different aims of marketing practices:

- **Customer Satisfaction**: The primary motive of a company is to satisfy the needs of customers.
- **Ensure Profitability**: Every business is run for profit and so goes for marketing.
- **Building Organizational Goodwill**: It portrays the product and the company's positive image in front of the customers.
- **Create Demand**: It works for generating the demand for products and services among the customers.
- **Increase Sales Volume**: It is a rigorous process of increasing the sale of product or service to generate revenue.
- **Enhance Product Quality**: Marketing initiates customer feedback and reviews to implement them for product enhancement.
- **Create Time and Place Utility**: It makes sure that the product or service is available to the consumer whenever and wherever they need it.

Functions and Scope of Marketing

Marketing is not just selling off goods and services to the customers; it means a lot more than that It starts with the study of the potential market, to product development, to market share capturing, to maintain cordial relations with the customers.

Following multiple operations of marketing helps the business to accomplish long-term goals:

- **Market Research**: A complete research on competitors, consumer expectations and demand is done before launching a product into the market.
- **Market Planning**: A proper plan is designed based on the target customers, market share to be captured and the level of production possible.
- **Product Design and Development**: Based on the research data, the product or service design is created.
- **Buying and Assembling**: Buying of raw material and assembling of parts is done to create a product or service.
- **Product Standardization**: The product is graded as per its quality and the quality of its raw materials.
- **Packaging and Labelling**: To make the product more attractive and self-informative, it is packed and labelled listing out the ingredients used, product use, manufacturing details, expiry date, etc.
- **Branding**: A fascinating brand name is given to the product to differentiate it from the other similar products in the market.
- **Pricing of the Product**: The product is priced moderately keeping in mind the value it creates for the customer and cost of production.
- **Promotion of the Product**: Next step is to make people aware of the product or service through advertisements.

- **Warehousing and Storage**: The goods are generally produced in bulks and therefore needs to be stored in warehouses before being sold in the market in small quantities.
- **Selling and Distribution**: To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected wisely.
- **Transportation**: Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.
- **Customer Support Service**: The marketing team remain in contact with the customers even after selling the product or service to know the customer's experience, and satisfaction derived.

B. Selling Vs Marketing - basic concepts and approaches

What is Marketing Concept and approach?

The marketing concept is typically a business idea that deals with the means and methods of placing a company's products and services ahead of its rivals. It pertains to the production, delivery and communication of higher customer value and satisfaction to the target market. Most market concept examples would have some common threads running through them. These threads or marketing elements are integrated marketing, target market, profitability and customer needs. In general, the marketing concept begins with specific demands and their nature, lays stress on customer needs, understands and coordinates the activities the influence the buying habits of customers, and allows for profits by satisfying an organisation's customers. Customer needs are the main point of focus in the marketing concept. All efforts of creating brand awareness, creating the buzz, advertising as well as selling processes are directed towards attaining maximum customer satisfaction.
Long term plans to product positioning, creating brand awareness, gaining customer loyalty, etc. make marketing a long-drawn process.

With the marketing concept being defined by different scholars, associations and marketers in different ways, it becomes essential to understand the main idea that goes into answering the question, "What do you mean by marketing?" Given below are five main points that explain a company's orientation towards the market place and guide their efforts towards concept marketing.
1. Introduction of a product.
2. Fixing the price of products in a manner that is profitable to the company.
3. Emphasising product benefits in ways that customers find specific products beneficial and worthy of their money.
4. Making the products readily available to customers.
5. Making the exchange of products with the customers for the money an easy affair.

The concept of market and marketing activities holds ground when a firm manages to attain its objective (both short and long term) of profit maximisation. This is made possible by identifying and working upon preferences and needs of current as well as prospective buyers. The core idea behind successful marketing concepts deals with the fulfilling of customer needs through the marketed product. Therefore, all marketing decisions taken by a company are targeted towards achieving maximum customer satisfaction.

What is the selling concept and approach?

The selling concept pertains to a business notion. This concept points out that if consumers and businesses are left unattended, then ample sale of the product manufactured by the industry will not take place. The main focus of the selling concept deals with the product, its pricing, distribution and purchase by customers to improve upon overall sales figures. Sales maximization is the primary goal of the selling concept.

Short-term plans are made with a view of impacting customer purchase behaviour in a competitive market space or when the sales figures are not matching up with the above-capacity production of an organization.

The selling concept deals with the exchange of a product for money with customers. Considered to be a subset of marketing, it is the final step in the entire marketing process. Selling is the result of marketing wherever there is a need that can be offered. It is the last step in satisfying the intent to purchase that includes product positioning, brand creation, encouraging awareness, generation of buzz, assurance of customer loyalty, etc. Selling converts the demand for a product into profitable revenue following the exchange of products/ services. It serves as the logical conclusion of the process of value-capturing for an organisation.

The selling concept states that in case, businesses and consumers are left in isolation. Then it will not be possible for consumers to buy ample products as manufactured by companies. The selling concept has to be diligently applied when an organisation is performing at 100% capacity (or more) and needs to sell its products in the face of low market demand.
In such scenarios, aggressive selling modes, promotional techniques and other selling concept characteristics have to be applied to induce customers to buy the produced goods. The various sales promotion means, such as advertising, personal selling, etc. have to be enforced. In a nutshell, modern selling concepts are led by the intent to sell whatever the company produces – be it through coaxing, convincing, persuading or luring buyers. These selling activities may or may not be targeted towards the goods desired by customers. Generation of profit through sales maximisation is the main objective behind the selling concept.

C. Marketing management philosophies

Each and every company has its own idea on how the company will do production, how it will sell and do the marketing of its product. For example, A company which makes caps of very high quality with high selling rates and invests lot of money to make their brand value (via marketing), this is their marketing management philosophy, how they will be producing, marketing and selling the product.

The five philosophies of marketing management are:

1. **Production Concept**

Production concept expresses that customers will favor products that are generally accessible and not very expensive. Achieving high efficiency in production, low cost as well as distribution on a mass scale is the usual focus of the managers. This sort of business orientation is efficient in developing nations where buyers are more attracted in getting the product than its attributes.

For instance, the local mobile handset producing organizations produce them at a lower cost than the branded companies. Thus, consumers in these countries would buy the handsets produced locally rather than the branded ones.

2. **Product Concept**
The product concept recommends that shoppers will favor items that have better quality, performance and attributes instead of an ordinary product.
Two organizations which stand separate from the crowd when we discuss the product concept are Apple and Google. Both of these organizations have strived hard on their products and offer rich, ground-breaking as well as different application products and individuals are passionate about these brands.
One issue which has been connected with the product concept is that it may additionally direct to marketing myopia. Hence, organizations need to consider developments and traits sincerely and give precedence to consumer needs.
3. **Selling Concept**
The selling concept basically reflects the possibility that customers won't buy enough of the organization's products unless comprehensive promotional as well as selling endeavors are undertaken by it.
This concept is utilized for merchandise which consumers do not normally purchase, unsought products like insurance and so on. These products are forcefully sold by finding the target fragment and sold on the high caliber of the product benefits.
This concept lives up to expectations under poor suppositions that if consumers are coaxed into purchasing a product then they will fundamentally like it. Regardless of the fact that they dislike it, they'll overlook their displeasure over a period of time and purchase the product later on.
4. **Marketing Concept**
Marketing concept has developed over time, it emphasizes on organizations to evaluate the demands of the consumers and produce products or services to fulfill these wants better than the opposition. It is totally contradictory to the 'manufacture' concept in addition to sales concept as it stresses on the consumers and their wants.
Example: The Head and Shoulders shampoo initially arrived in a standard formula and pack. In any case, with the progression of time the organization understood the needs of the shoppers and adjusted their item and brought in a variety in their cleanser line.
5. **The Societal Marketing Concept**
Societal Marketing has the observation that an organization must settle on great promoting choices in the wake of considering customer needs, the prerequisites of the organization and above all else the long term interests of the general public. Societal Marketing is really a branch of the idea of Corporate Social Responsibility and maintainable development. This concept urges organizations to accomplish more than having a trade association with consumers, to go past conveying products and work for the profit of the consumers and the society.
Example: The Body Shop International PLC is the first, common and moral excellence brand. The organization utilizes just plant based materials for its products. It is against Animal testing, backs group exchange; actuate Self Esteem, Defend Human Rights and general security of the planet. They have likewise their own philanthropy, The Body Shop Foundation, to support those attempting to accomplish advance in the ranges of human and social equality, ecological and animal security.

D. Concept of Holistic Marketing.

Holistic marketing concept

Holistic marketing concept is a part of the series on concepts of marketing and it can be defined as a marketing strategy which considers the business as a whole and not as an entity with various different parts.

According to holistic marketing concept, even if a business is made of various departments, the departments have to come together to project a positive & united business image in the minds of the customer. Holistic marketing concept involves interconnected marketing activities to ensure that the customer is likely to purchase their product rather than competition.

Example of Holistic marketing concept

An organization will have different departments like sales and marketing, accounting and finance, R&D and product development and finally HR and operations. Thus, if you want to implement a holistic marketing concept in your organization, you need to ensure that R&D and product development take the feedback from marketing and sales to launch the product which is most likely to attract customers.

On the other hand they need to work closely with accounting and finance to find out the exact budget for the project. Sales and marketing need to communicate to the HR the right kind of people that they need, and finally, admin and operations need to devise a plan to retain these people.

Thus, in the above manner, you get the right product at a right price with the right profits. Along with this you get the right people who will market your product in the right manner.

If you do all these things, you are sure to get the right customer to your doorstep. This is the complete essence of holistic marketing concept. By doing the right things together as an organization, your product and brand stands a far better chance in being successful than compared to these elements working individually without any holistic vision.

Today, customer mindset is changing. Wealth is becoming lesser and debt is high. Thus customer purchases are being made after lots of thinking. Customers search offline as well as online for the right product and have good knowledge of the product before they purchase. It is likely that the customer has already made a purchase decision even before he enters the showroom. Thus holistic marketing concept is needed at this hour to ensure that the customer chooses your product over everyone else.

A key driver of Holistic marketing is marketing communications. The job of marketing communications is to send the right message to the target group. By approaching various customer contact points, a uniform message can be sent to the customer. This consistency is likely to raise confidence in the customer for your company thereby raising the brand image.

Samsung is an example of Holistic marketing where the products are developed keeping the customer in mind, The showrooms are branded in the proper manner, the customer service is polite and the service is fast. Thus Samsung is an excellent example of Holistic marketing.

Some key concepts which are important in Holistic marketing are

Internal marketing – Marketing between all the departments in an organization
Relationship marketing – Building a better relationship with your customers, internal as well as end customers is beneficial for holistic marketing.
Performance marketing – Driving the sales and revenue growth of an organization holistically by reducing costs and increasing sales.
Integrated marketing – Products, services and marketing should work hand in hand towards to growth of the organization.

Thus Holistic marketing is a concept which is organization wide and helps the growth of the organization with the right marketing of the product. With the rise in competition and the limits placed on customers with finite financial resources, decisions will be scarce and as an organization we have to implement holistic marketing so that decisions are made by customers in our favour.

E. Market segmentation

MARKET SEGMENTATION

According to Stanton, "Market segmentation consists of taking the total, heterogeneous market for a production dividing it. into several sub-markets or segments, each of which tends to be homogeneous in all significant aspects."

According toKotler, 'tile purpose of segmentation is to determine difference among buyers which may be consequential in choosing among them or marketing to them.

FEATURES OR CHARACTERISTICS OF MARKET SEGMENTATION –

1. It consists of a group of customers who share a similar set of wants.
2. The marketer does not create the se^gments, but identify the segments and decide which one to target.
3. Market segmentation is the result of -modern marketing concept' and micro marketing.
4. Varied and complex buyer behavior is the root cause of market segmentation.
5. It is a method for achieving maximum market response from limited marketing resources by

recognizing differences in the response characteristics of various parts of the market.

6. It is being used as strategy of **'divide and conquer'.**
7. It enables the marketers to give better alternatives to the selection of customers and offer an appropriate marketing-mix.
8. To divide customers in homogeneous groups on the basis of their attributes and nature so that suitable marketing programs may be prepared for each segment (group).
9. To find out customers' preferences, their interests and buying habits so that it may be decided whether homogeneous marketing efforts would be suitable for all customers or not.
10. To find out areas where new customers may be made while making proper marketing efforts.
11. To find out purchase potential of different customer groups.
12. To make organization customer-oriented so that profit may be earned through customer satisfaction.
13. Market segmentation provides a basis for improved performance through correct application of selected marketing concepts and techniques.

FAVOURABLE CONDITIONS FOR EFFECTIVE MARKET SEGMENTATION

The use of the concept of market segmentation will be more useful in the following conditions:

1. The number of potential customers of the **target** market must be measurable.
2. The various required information and **data about** the target market must be accessible.
3. There must **be consumers in** sufficient number to provide profitable **sales volume to the compan**y.
4. The prospective target segment must be accessible itself through the existing channels of distribution of the company, the advertising media and sales-force to minimize cost and unnecessary wastage of efforts.

BASES FOR MARKET SEGMENTATION

BASES FOR MARKET SEGMENTATION

(A) Geographic Bases	**(B) Demographic Bases**	**(C) Socio-economic Bases**
(1) Climate	(1) Regional distribution of population	(1) Income levels
(2) Region	(2) Metros, urban, sub-urban and rural distribution of population	(2) Culture
(3) Topography:	(3) Age-group distribution of population	(3) Religion
(a) Plains	(4) Sex	(4) Social classes
(b) Hilly areas	(5) Education	(5) Ethnic groups
(c) Coastal areas	(6) Occupation	(6) Type of the family:
	(7) Language	(a) Joint
(d) Desert	(8) Nationality	(b) Nucleus

SELECTION OF TARGET SEGMENT

In evaluating different market segments, the firm must look at two factors: the segment's overall attractiveness, and the company's objectives and resources. In brief, the following points should be kept in mind while evaluating and selecting a target market:

1. **Size of the Segment.**
2. **Growth Potential.**
3. **Attractiveness.**
4. **Must be Measurable:**
5. **Accessible.**
6. **Resources.**

Stanton has suggested the following four guidelines about how to determine which segment should be the target markets:'

(1) The target market should be compatible with the organization’s goals and image.
(2) It should match with the market opportunity represented in the target market, with the company's resources.
(3) An organization should seek markets that will generate sufficient sale, volume at a low enough cost to result in a profit.

(4) A company ordinarily should seek a market where there are the least and smallest competitors.

F. Marketing Mix

The Marketing Mix
(The 4 P's of Marketing)

Marketing is simplistically defined as 'putting the right product in the right place, at the right price, at the right time.' Though this sounds like an easy enough proposition, a lot of hard work and research needs to go into setting this simple definition up. And if even one element is off the mark, a promising product or service can fail completely and end up costing the company substantially.
The use of a marketing mix is an excellent way to help ensure that 'putting the right product in the right place,…' will happen. The marketing mix is a crucial tool to help understand what the product or service can offer and how to plan for a successful product offering. The marketing mix is most commonly executed through the 4 P's of marketing: Price, Product, Promotion, and Place.
These have been extensively added to and expanded through additional P's and even a 4C concept. But the 4Ps serve as a great place to start planning for the product or even to evaluate an existing product offering.

THE FOUR P'S
Product
The product is either a tangible good or an intangible service that is seem to meet a specific customer need or demand. All products follow a logical product life cycle and it is vital for marketers to understand and plan for the various stages and their unique challenges. It is key to understand those problems that the product is attempting to solve. The benefits offered by the product and all its features need to be understood and the

unique selling proposition of the product need to be studied. In addition, the potential buyers of the product need to be identified and understood.

Price

Price covers the actual amount the end user is expected to pay for a product. How a product is priced will directly affect how it sells. This is linked to what the perceived value of the product is to the customer rather than an objective costing of the product on offer. If a product is priced higher or lower than its perceived value, then it will not sell. This is why it is imperative to understand how a customer sees what you are selling. If there is a positive customer value, than a product may be successfully priced higher than its objective monetary value. Conversely, if a product has little value in the eyes of the consumer, then it may need to be underpriced to sell. Price may also be affected by distribution plans, value chain costs and markups and how competitors price a rival product.

Promotion

The marketing communication strategies and techniques all fall under the promotion heading. These may include advertising, sales promotions, special offers and public relations. Whatever the channel used, it is necessary for it to be suitable for the product, the price and the end user it is being marketed to. It is important to differentiate between marketing and promotion. Promotion is just the communication aspect of the entire marketing function.

Place

Place or placement has to do with how the product will be provided to the customer. Distribution is a key element of placement. The placement strategy will help assess what channel is the most suited to a product. How a product is accessed by the end user also needs to compliment the rest of the product strategy.

CHALLENGES

Over the years, marketing managers have felt that the traditional marketing mix has its limitations in how it is structured. Several important elements have been grouped within four larger categories thereby belittling their true importance amid several factors. Two main criticisms and their solutions:

G. Marketing Environment

Marketing Environment

The marketing activities of the business are affected by several internal and external factors. While some of the factors are in the control of the business, most of these are not and the business has to adapt itself to avoid being affected by changes in these factors. These external and internal factors group together to form a marketing environment in which the business operates.

Marketing Environment is the combination of external and internal factors and forces which affect the company’s ability to establish a relationship and serve its customers.

The marketing environment of a business consists of an internal and an external environment. The internal environment is company specific and includes owners, workers, machines, materials etc. The external environment is further divided into two components: micro & macro. The micro or the task environment is also specific to the business but external. It consists of factors engaged in producing, distributing, and promoting the offering. The macro or the broad environment includes larger societal forces which affect society as a whole. The broad environment is made up of six components: demographic, economic, physical, technological, political-legal, and social-cultural environment.

"A company's marketing environment consists of the actors and forces outside of marketing that affect marketing management ability to build and maintain successful relationships with target customers". – Philip Kotler

Components of Marketing Environment

The marketing environment is made up of the internal and external environment of the business. While internal environment can be controlled, the business has very less or no control over the external environment.

Internal Environment

The internal environment of the business includes all the forces and factors inside the organization which affect its marketing operations. These components can be grouped under the Five M's of the business, which are:

- Men
- Money
- Machinery
- Materials
- Markets

The internal environment is under the control of the marketer and can be changed with the changing external environment. Nevertheless, the internal marketing environment is as important for the business as the external marketing environment. This environment includes the sales department, marketing department, the manufacturing unit, the human resource department, etc.

External Environment

The external environment constitutes factors and forces which are external to the business and on which the marketer has little or no control. The external environment is of two types:

Micro Environment

The micro component of the external environment is also known as the task environment. It comprises of external forces and factors that are directly related to the business. These include suppliers, market intermediaries, customers, partners, competitors and the public

- **Suppliers** include all the parties which provide resources needed by the organization.
- **Market intermediaries** include parties involved in distributing the product or service of the organization.
- **Partners** are all the separate entities like advertising agencies, market research organizations, banking and insurance companies, transportation companies, brokers, etc. which conduct business with the organization.
- **Customers** comprise of the target group of the organization.
- **Competitors** are the players in the same market who targets similar customers as that of the organization.
- **Public** is made up of any other group that has an actual or potential interest or affects the company's ability to serve its customers.

Macro Environment

The macro component of the marketing environment is also known as the broad environment. It constitutes the external factors and forces which affect the industry as a whole but don't have a direct effect on the business. The macro environment can be divided into 6 parts.

- **Demographic Environment:**The demographic environment is made up of the people who constitute the market. It is characterised as the factual investigation and segregation of the population according to their size, density, location, age, gender, race, and occupation.

- **Economic Environment**: The economic environment constitutes factors which influence customers' purchasing power and spending patterns. These factors include the GDP, GNP, interest rates, inflation, income distribution, government funding and subsidies, and other major economic variables.

- **Physical Environment:**The physical environment includes the natural environment in which the business operates. This includes the climatic conditions, environmental change, accessibility to water and raw materials, natural disasters, pollution etc.

- **Technological Environment:**The technological environment constitutes innovation, research and development in technology, technological alternatives, innovation inducements also technological barriers to smooth operation. Technology is one of the biggest sources of threats and opportunities for the organization and it is very dynamic.

- **Political-Legal Environment:**The political & Legal environment includes laws and government's policies prevailing in the country. It also includes other pressure groups and agencies which influence or limit the working of industry and/or the business in the society.

- **Social-Cultural Environment:**The social-cultural aspect of the macro environment is made up of the lifestyle, values, culture, prejudice and beliefs of the people. This differs in different regions.

Importance of Marketing Environment

Every business, no matter how big or small, operates within the marketing environment. Its present and future existence, profits, image, and positioning depend on its internal and external environment. The business environment is one of the most dynamic aspects of the business. In order to operate and stay in the market for long, one has to understand and analyze the marketing environment and its components properly.

Essential for planning

An understanding of the external and internal environment is essential for planning for the future. A marketer needs to be fully aware of the current scenario, dynamism, and future predictions of the marketing environment if he wants his plans to succeed.

Understanding Customers

A thorough knowledge of the marketing environment helps marketers acknowledge and predict what the customer actually wants. In-depth analysis of the marketing environment reduces (and even removes) the noise between the marketer and customers and helps the marketer to understand the consumer behavior better.

Tapping Trends

Breaking into new markets and capitalizing on new trends requires a lot of insight about the marketing environment. The marketer needs to research about every aspect of the environment to create a foolproof plan.

Threats and Opportunities

A sound knowledge of the market environment often gives a first mover advantage to the marketer as he makes sure that his business is safe from the future threats and taps the future opportunities.

Understanding the Competitors

Every niche has different players fighting for the same spot. A better understanding of the marketing environment allows the marketer to understand more about the competitions and about what advantages do the competitors have over his business and vice versa.

H. Marketing System

- What Is a Marketing System?

Marketers often talk about tasks, projects, campaigns, and events. These happen once, and the marketer's focus is nearly always on their successful completion. But what about the tasks or marketing activities that can be repeated? The ones that save marketers time and energy? Marketing systems can be used when you have repeatable tasks or projects, making the entire marketing process more efficient.

A marketing system is a repeatable, predictable routine a marketer uses to carry out their daily work.

Marketing systems are often employed by marketers hoping to replicate routines when communicating with clients, setting up social media campaigns, working with influencers, or even sending mailers to current clients. Each of these marketing activities can be improved by creating a set of steps that the marketer can follow so that they aren't starting from scratch every time they need to launch a campaign or marketing activity.

- Benefits of marketing systems

Some marketing activities are complex and bespoke, but even large events and wide-ranging campaigns can benefit from the use of marketing systems. For instance, if a company hosts a handful of large events each year, having a prescribed set of steps documented and ready to re-use can save time and resources across the marketing team. The marketing team would then automatically know what steps need to be taken and in what order in order to complete a successful event.

Marketers can reap even more benefits of time and energy savings when these systems are automated. Consider a marketer's daily or weekly routine of regularly contacting leads when they reach a certain stage in the funnel to send them more information and to nurture them along in the marketing process. Where those communications can be automated, a marketer is less likely to forget to send one of those pieces of information. More potential customers are brought through the marketing funnel toward the completion of the sale.

Many marketing departments use marketing software to create automated marketing systems that ensure that no lead is left uncontacted and no marketing task is left incomplete. Marketing software can ensure that reminders are sent when tasks are nearing their deadlines. Additionally, marketing managers can use marketing system tools to gain visibility across the entire marketing funnel. This will enable them to view granular details about each marketer's status on projects or lead nurturing, so they can address bottlenecks and roadblocks before they become problematic.

UNIT – II

A. **Product Strategy**
B. **Product Classification & Product mix**
C. **Branding and packaging decision**
D. **Integrated Marketing Communication.**
E. **Promotion mix: Advertising, publicity, Selling, Sales Promotion**

A. Product Strategy

PRODUCT

Introduction:

In simple words, the term, "Product" means an article which satisfies our wants. It is defined as a set of attributes, tangible, intangible & physical assembled in an identified manner.

Philip Kotler, defines the term product as "anything that can be offered to the market for consumption that might satisfy a need".

Features of a Product:

1. It has many utilities
2. It can either be tangible. Ex: soap, or intangible Ex: Insurance policy.
3. It is a combination, package, brand, etc
4. It is purchased because of its satisfying power.

New Product Development:

Introducing a new product is a difficult task, there is no guarantee that the new product developed is accepted in the market; hence, the risk if high. It is better to adopt a scientific approach for the development of new products. The following are the different stages of a new product development:

1. **Idea Generation:** New product development starts with an idea. The idea may come from any source. Ex: Competitors, Newspapers, Government, Research & Development, Department, etc.
2. **Screening Analysis:** Here the company evaluates all ideas. The intention here is to avoid unnecessary expenses by stopping further processing of unwanted ideas, which do not suit the company's requirements. An idea is evaluated with reference to various factors such as consumer needs, investments, profitability, technology, etc.
3. **Concept Testing:** In the stage the concept of the new is tested. The co. evaluates whether the concepts would suit the co., requirements.
4. **Business Analysis:** Here a detail financial analysis is done. It is carried out to find out the financial marketing competitive & manufacturing viability usually, they analysis is done by the experts. The task of the management is this step is to identify the product features, estimate the market demand & the products profitability. Those ideas, which promise more profits with minimum payback are selected.

5. **Product Development:** In this stage, product on paper is converted into a physical product. This is done by the engineering department or by the research & development department. Proper care must be taken while developing the product, so that the new product does not become a waste. For this purpose, research reports, company's budget, product features, etc have to be studied carefully. Undue haste in developing a new product results in the premature death. On the other hand, if the time taken is to long, the company may lose the opportunity to the competitors.
6. **Test Marketing:** After developing the product, the next stage is to test its commercial viability. This process is known as test making.
   Test marketing is defined as "developing a temporary Marketing Mix & introducing the new product to a market called, the sample market to verify & analyze the market reaction for the new product". This is one of the most important steps because for the first time, the information on the new product acceptance by the market is collected.

   While, test marketing, the company changes the Marketing Mix namely, Product, Price, Promotion & Physical Distribution depending upon the test marketing results. If it is accepted, it chooses the best marketing mix for the product, otherwise the project is rejected.

   Advantages of Test Marketing:
   1. It helps to understand the market reaction to the new product.
   2. Customers perception on the marketing mix is understood.
   3. It avoids costly error of manufacturing, unwanted products. It reduces, the uncertainties relating to the new product.
   4. It helps in developing suitable marketing mix
   5. It helps in developing proper marketing strategies.
   6. Test marketing also highlights the weakness of the new product, which can be rectified before launching on a large scale.
   7. Test marketing gives better coordination between the company, intermediaries & the customers.
   8. It also helps to understand the intermediaries view on the new product.
   9. It brings down the overall cost of new product development by eliminating wastages.
      It should be remembered that the market chosen for test marketing must be proper in the sense that is should represent the entire country so that biased results are not considered.

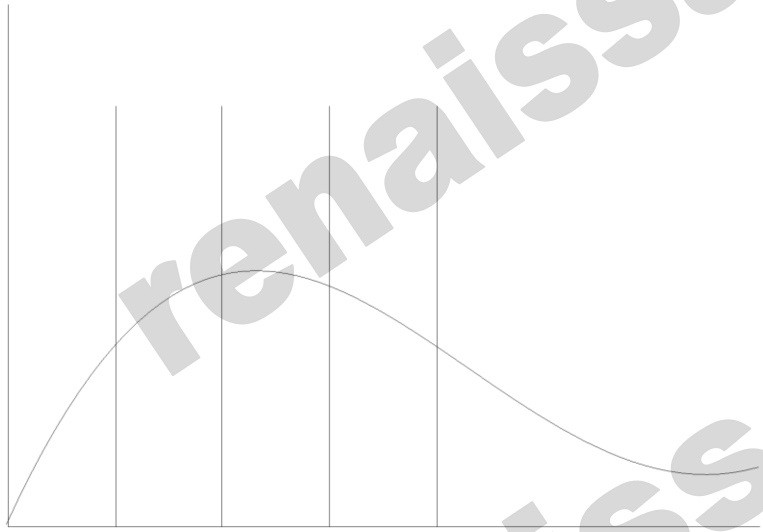
7. **Commercialization:** When once is successful in test marketing, i.e., when the market accepts the new product, it is launched in other markets on a large scale in a wider market is known as commercialization. It is from this stage that a new product is really born from the customer's point of view.

PRODUCT LIFE CYCLE

Product also has various stages of life as human beings. From the time a product is introduced, till it is withdrawn from the market, it goes through 5 stages. Analysis of these stages for the purpose of repositioning the product in the market is called Product Life Cycle management. The following are the stages in a product life cycle.

I. Introduction Stage
II. The Growth Stage
III. The Maturity Stage
IV. The Saturation Stage
V. The Decline Stage

The above stages can be shown in the following graph:



Life Cycle Stages

I. **Introduction Stages:** In this stage, a new product is introduced on a large scale for the first time. Market reacts slowly to the introduction. In other words, consumers take time to accept the new product. Initially, the company may suffer losses, sales improves gradually. Most of the products fail in this stage itself. Following are the characteristics of this stage:
   a. Consumers do not have the knowledge of the product
   b. Consumers may or may not be strongly in need of the new product.
   c. If there is a need for the product, the company gets readymade demand. Otherwise, it increases slowly.
   d. Sales are minimum
   e. The competition is less, in fact the company, which introduces new product is called as a Market Pioneer.
   f. The cost of it is very high because the company spends money heavily on Research & Development, Sales, Promotion, etc.

II. **Marketing Strategies during the Introduction Stage:** A company has to prepare the policies very carefully in the stages because it has a great impact on the image of a new product. Even a minor mistake results in the premature death of a product.

The following are the strategies that the company may adopt in this stage:

a. It may spend heavily on promotion & fix high price. This meets two objectives.
Firstly, heavy promotion creates large demand & high price, brings immediate profits. This strategy also helps to create brand preference in the minds of the consumer. It is normally followed when there is a great need for the product, when the product belongs to the richer class & when products are consumer specialties.
b. This second strategy is to fix high price but to spend less on promotion. This is preferred when the product has limited market, in which people have knowledge about the product & the competition is completely absent.
c. Another strategy is to charge low price & spend heavily on promotion. This is preferable when consumers are sensitive to the price & market is wide enough. This strategy brings good returns in the long run.
d. The company may charge low price & spends less on promotion. This is preferable when the consumers are informed about the product, market is very large & there is no competition for the time being.
In the introduction stage, the competitors are very cautious. They do not enter the market immediately. They study the strategies of a company & watch the reaction of the consumers. This helps them to find out the defects of the company's strategy.

III. **Growth Stage:** It is called the market acceptance stage. Following are its features:

a. Consumers & traders accept the product
b. Sales & profit increase
c. More competitions enter the market
d. The focus of competition is on the brand rather than the product
e. Competitors may introduce new features to the product
f. Distribution network increase
g. The price will be reduced marginally.

Marketing Strategies in the Growth Stage:

a. The company tries to impress upon the consumers that its brand is superior
b. It may introduce new models or improve the quality
c. It may enter new market & sell its products with new distribution channels
d. To attract more buyers, it may reduce the price.

IV. **Maturity Stage:** This stage indicates the capacity to face the competition, sales increases at a decreasing rate. Competition becomes severe. It is reflected in various ways such as offering discounts, modifying products etc.

Marketing Strategies during Maturity Period/Stage: In this stage, the manufactures have to take responsibility to promote his product. This strategy aims at creating brand loyalty.

V. **Saturation Stage:** This is the stage when the sales reach the peak point. Competition intensifies further & profit begins to decline. Small competitors may withdraw from the market because of their incapability to face the competition.

Marketing Strategies: This is the stage where the marketing manager must try to reposition his product. Most of the strategies in this stage are offensive in nature. Each manufacture tries to cut down his competitor's market share by aggressive promotion policy. The objective of marketing in this stage is to retain the present sales level.

VI. **Decline Stage:** For all products, sales invariably declines as new products enter the market. In this stage, there is a sharp decline in the profits, cost increases & market share comes down. Most of the manufactures withdraw from the market. Some may reduce production & concentrate only on a limited market

Marketing Strategies: This stage offers one of the greatest challenge to the marketing manager. He has to decide whether or not to continue with the product. The main task of marketing manager is to revitalize the demand instead of discontinuing the product immediately. It is better to withdraw gradually. Those channels of distribution, which are costly & unproductive maybe removed. In the meantime, the weak points of the marketing mix maybe identified & altered as required.

Reasons for the Failure of New Product:

1. Poor marketing research
2. Not using the up-to-date technology
3. High price or to costly products
4. Poor design
5. Inefficient marketing
6. Non-cooperation from the middlemen
7. Improper promotional techniques
8. Improper timing of introduction of the new product.

B. Product Classification & Product mix

What is Product Mix?

Product mix, also known as product assortment or product portfolio, refers to the complete set of products and/or services offered by a firm. A product mix consists of product lines, which are associated items that consumers tend to use together or think of as similar products or services.

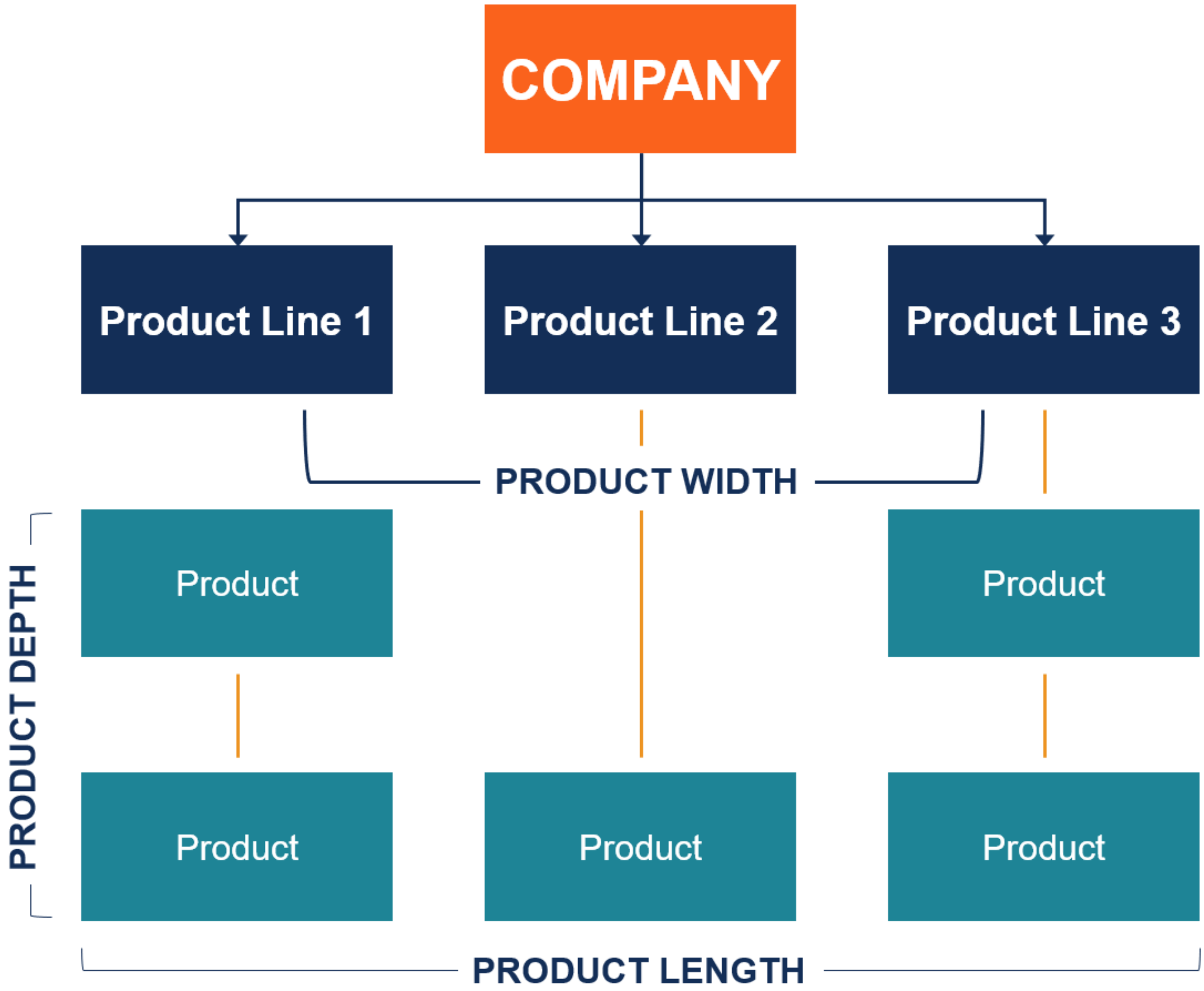
- ✓ **Dimensions of a Product Mix**

#1 Width
Width, also known as breadth, refers to the number of product lines offered by a company. For example, Kellogg's product lines consist of: (1) Ready-to-eat cereal, (2) Pastries and breakfast snacks, (3) Crackers and cookies, and (4) Frozen/Organic/Natural goods.

#2 Length
Length refers to the total number of products in a firm's product mix. For example, consider a car company with two car product lines (3-series and 5-series). Within each product line series are three types of cars. In this example, the product length of the company would be six.

#3 Depth
Depth refers to the number of variations within a product line. For example, continuing with the car company example above, a 3-series product line may offer several variations such as coupe, sedan, truck, and convertible. In such a case, the depth of the 3-series product line would be four.

#4 Consistency
Consistency refers to how closely related product lines are to each other. It is in reference to their use, production, and distribution channels. The consistency of a product mix is advantageous for firms attempting to position themselves as a niche producer or distributor. In addition, consistency aids with ensuring a firm's brand image is synonymous with the product or service itself.
Illustration of a Product Mix



In the illustration above, the product mix shows a:

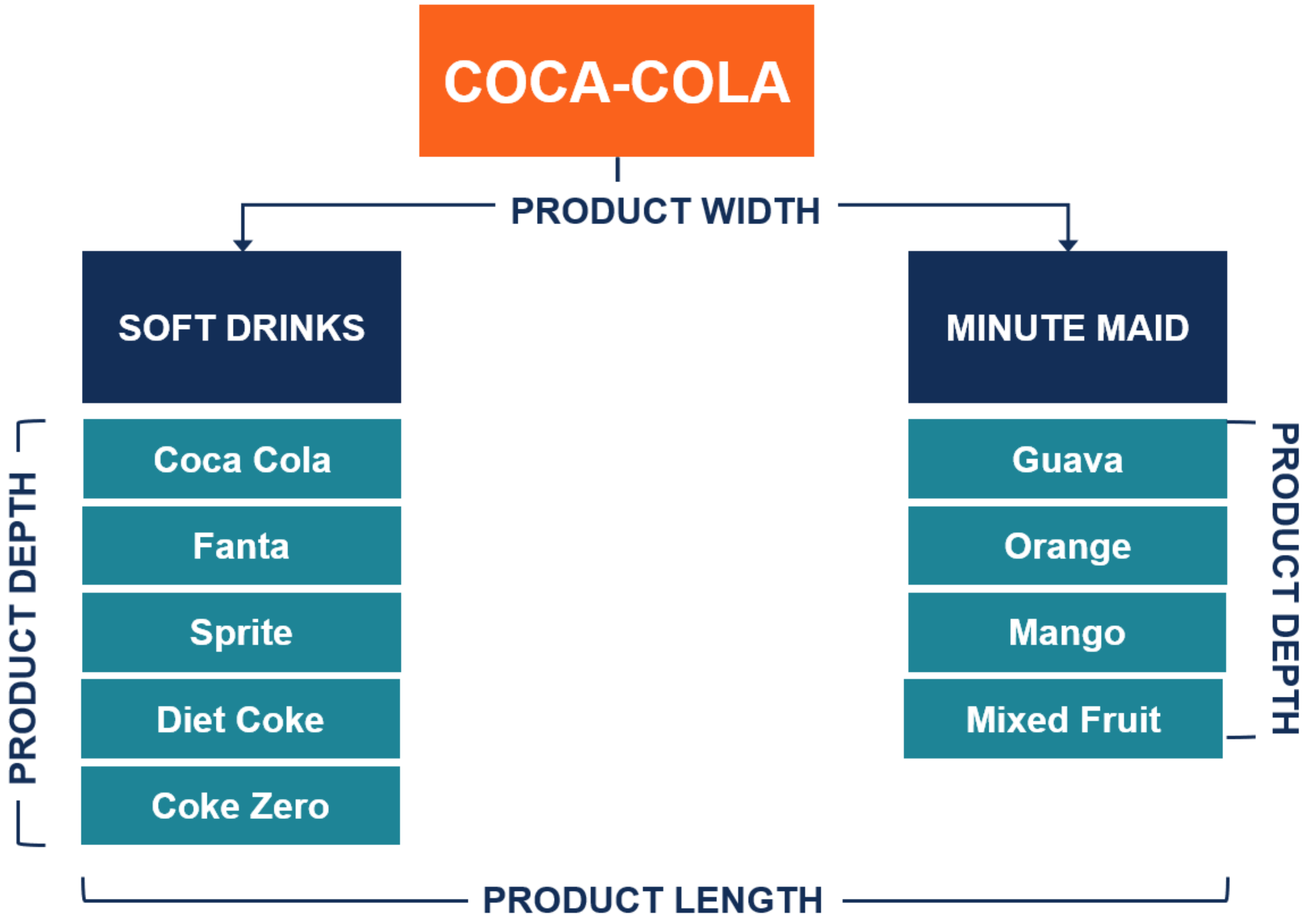
- Width of 3
- Length of 5
- Product Line 1 Depth of 2
- Product Line 2 Depth of 1
- Product Line 3 Depth of 2

The mix is considered consistent if the products in all the product lines are similar.

Example of a Product Mix

Let us take a look at a simple product mix example of Coca-Cola. For simplicity, assume that Coca-Cola oversees two product lines – soft drinks and juice (Minute Maid). Products classified as soft drinks are Coca-

Cola, Fanta, Sprite, Diet Coke, Coke Zero, and products classified as Minute Maid juice are Guava, Orange, Mango, and Mixed Fruit.
The product (mix) consistency of Coca-Cola would be high, as all products within the product line fall under beverage. In addition, production and distribution channels remain similar for each product. The product mix of Coca-Cola in the simplified example would be illustrated as follows:



Importance of a Product Mix

The product mix of a firm is crucial to understand as it exerts a profound impact on a firm's brand image. Maintaining high product width and depth diversifies a firm's product risk and reduces dependence on one product or product line. With that being said, unnecessary or non-value-adding product width diversification can hurt a brand's image. For example, if Apple were to expand its product line to include refrigerators, it would likely have a negative impact on its brand image with consumers.

In regard to a firm expanding its product mix:

Expanding the width can provide a company with the ability to satisfy the needs or demands of different consumers and diversify risk.
Expanding the depth can provide the ability to readdress and better fulfill current consumers.

C. Branding and packaging decision

BRAND

Branding is a process which involves creating a specific name, logo, and an image of a particular product, service or company. This is done to attract customers. It is usually done through advertising with a consistent theme.

Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers. A brand is a name, term, symbol, or other feature that distinguishes an organization or product from its rivals in the eyes of the customer. Brands are used in business, marketing, and advertising.

- ✓ Features of Branding
- ▪ Targetability

Branding should be planned according to the targeted audience. No business firm can target the entire population. Business owners should identify the type of people who are buying their products and services. Research should be done on the basis of age, gender, income, the lifestyle of their customers, etc.

- ▪ Awareness

The percentage of people who are aware of a brand is known as brand awareness. Well established companies have the benefit of a high level of brand awareness. Brand awareness can be increased with the help of advertisement on TV, radio, newspaper or social media marketing and advertising. Logos also help companies build brand awareness, as people often recognize brands by these symbols or diagrams.

- ▪ Loyalty

Brand loyalty is the highest achievement or apex of any company. A customer who buys the product of a particular company extensively is known as a brand loyalist. Many consumers prefer using certain brands of clothing, deodorants or tubes of toothpaste, for example. They like how these brands benefit them. Brand loyalty can be build by staying in touch with the customers, asking them for their reviews.

- ▪ Consistency

Consistency is necessary for a brand. A brand must remain consistent. Small businesses make numerous promises in commercials and ads about their brands, and consumers expect companies to continue living up to these promises. Their products should also be effective

- ✓ The explanation for the branding and packaging decisions are as follows.

1. Brand Strategy Decision

Strategy is a goal-directed action for the firm, and branding strategy for a firm is the firm's decision. Brand strategy decisions are the central part of branding decisions. It is to identify and manage the number and nature of common & unique elements or value propositions adopted for a set of products sold by a firm. So, a brand strategy decision involves a set of decisions to add or maintain several brand elements to its product portfolio.

Whether to brand a product is a decision that can be taken only after considering the nature of the product and the estimated costs of developing the brand.
One of the essential factors for successful branding decisions for food & commodity categories strategies is the willingness to buy a branded product. They get the same quality in whichever retail shop they go to.
As a part of major brand strategy decisions, the brand manager can either create new brand elements for new products. Also, he can apply some existing brand elements to new products, or combine both new brand elements to existing and new products.
When a firm uses an established brand to introduce a new product, it is called brand extension.

- ✓ When a brand manager combines elements of an existing brand with a new brand, it is called a sub-brand.
- ✓ If an existing brand name is used for a new product category, the existing brand is called the parent brand.
- ✓ If the parent brand is associated with multiple products through brand extensions, it is called family branding.
- ✓ Brand extension can be done in two ways: Vertical extension and Horizontal extension.
- ✓ When the same brand name is taken to products very similar to the current offer, higher or lower in the same product line, it is called vertical extension or line extension. It can be step up and step down extensions also.
  — Step up line extension- High price with high quality.
  — Step down line extension- Low-quality product with low price.
- ✓ The horizontal extension is a process of taking an existing brand name to a newer product category. It is also known as category extension.

2. Brand Name Decision

Getting a brand name is one of the crucial decisions in branding decisions. It is a crucial decision testing on two dimensions:
i) The name, which satisfies several marketing criteria.
ii) The name should not be one another firm is already using.

A brand is defined as a composite set of beliefs & associations in the minds of consumers. So, a brand name is believed to indicate product benefits, be memorable & help reinforce the belief & associations in the consumer's psyche.

The name has to be unique. A simple brand name will be effective only if the overall brand personality supports the "I am a different brand promise."
Brand marketers have developed the following principles for branding decisions, which marketers should follow.

- ✓ It should be acceptable in social settings.
- ✓ Easy to Recognize.
- ✓ The brand names should reflect some aspects of products directly or indirectly.
- ✓ It should be distinctive so that consumers are never confused in identifying.
- ✓ Easy to pronounce and remember.
- ✓ Easy to memorize and recall.
- ✓ Legally protected.

3. **Brand Sponsorship Decision**

The brand Sponsor decision is an important branding decisions. It involves whether it should be a manufacturer's brand, a private brand, or partly manufacturers brand & partly private brand.

In most developed counties, where large chain/departmental stores dominate the retail distribution system, retailers buy the products from manufacturers & sell them under their brand.

It is a growing phenomenon in the Indian context as we see the emergence of a large number of super bazaars and chain stores coming up with different product categories. E.g., Mother Dairy, Amul, Food bazaars from Pantaloon, BPL Garage, Kids Kamp, and Crossroads are some of the upcoming supermarkets.

Thus, brand sponsorship decisions involve the branding decisions of using the brand manufactures name or the retailer's name. This decision largely depends on who has more power in the value network.

4. **Brand Quality Decisions**

The brand manager should decide on what kind of attributes and what quality level he should offer in his product to satisfy his consumers while considering branding decisions. Developing a matrix of such desirable attributes helps in both product & brand positioning. A marketeer has the option to position his brand in any segment of the market—top, bottom, or intermediate.

Single Branding Vs. Umbrella Branding
The brand manager needs to decide whether he will adopt the Umbrella branding or the Single boarding approach.

Umbrella Branding
All the products are branded with the same name. E.g., Godrej, Videocon, and L&T. It reduces the cost of launching, marketing, and promotional expenditure. The firm has to promote only one brand.

Single Branding

It suggests giving each product a different brand by name of its own. E.g., HUL sells its products under brand names like Rin, Surf, Annapurna, etc. Every product has a specific identity of its own.

5. **Brand Portfolio Decision**

A multi-product firm has to manage its brand portfolio so that each portfolio has distinct and unique features, differentiated value promises, and a distinct image in consumers' minds.

The portfolio branding decisions about a brand portfolio is guided by. Category Development Index explains the entry of the product category. Brand Development/Index explains the level of brand building in each category. Brand managers can decide about the combination of brands that a company should offer to the customers.

6. **Brand Repositioning Decision**

As the market situation changes and brands complete different life cycle stages, they become less attractive & redundant. It is relevant to save the brand and make it necessary to save the brand and make it more relevant to the consumers through repositioning branding decisions. Customers correspondingly move in the value life cycle with the ageing of brands. Unless brands are rejuvenated, they will not be able to sustain their market share & brand image.

D. Integrated Marketing Communication

Integrated marketing communication is the process of coordinating all this activity across different communication methods. Note that a central theme of this definition is persuasion: persuading people to believe something, to desire something, and/or to do something. Effective marketing communication is goal directed, and it is aligned with an organization's marketing strategy. It aims to deliver a particular message to a specific audience with a targeted purpose of altering perceptions and/or behavior. Integrated marketing communication (IMC) makes marketing activity more efficient and effective because it relies on multiple communication methods and customer touch points to deliver a consistent message in multiple means and in more compelling ways.

Integrated marketing communication refers to integrating all the methods of brand promotion to promote a particular product or service among target customers. In integrated marketing communication, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

Let us go through various components of Integrated Marketing Communication:

1. The Foundation - As the name suggests, foundation stage involves detailed analysis of both the product as well as target market. It is essential for marketers to understand the brand, its offerings and end-users. You need to know the needs, attitudes and expectations of the target customers. Keep a close watch on competitor's activities.

2. The Corporate Culture - The features of products and services ought to be in line with the work culture of the organization. Every organization has a vision and it's important for the marketers to keep in mind the same before designing products and services. Let us understand it with the help of an example.
   Organization A's vision is to promote green and clean world. Naturally its products need to be eco friendly and biodegradable, in lines with the vision of the organization.
3. Brand Focus - Brand Focus represents the corporate identity of the brand.
4. Consumer Experience - Marketers need to focus on consumer experience which refers to what the customers feel about the product. A consumer is likely to pick up a product which has good packaging and looks attractive. Products need to meet and exceed customer expectations.
5. Communication Tools - Communication tools include various modes of promoting a particular brand such as advertising, direct selling, promoting through social media such as facebook, twitter, orkut and so on.
6. Promotional Tools - Brands are promoted through various promotional tools such as trade promotions, personal selling and so on. Organizations need to strengthen their relationship with customers and external clients.
7. Integration Tools - Organizations need to keep a regular track on customer feedbacks and reviews. You need to have specific software like customer relationship management (CRM) which helps in measuring the effectiveness of various integrated marketing communications tools.

   Integrated marketing communication enables all aspects of marketing mix to work together in harmony to promote a particular product or service effectively among end-users.

E. Promotion mix: Advertising, publicity, Selling, Sales Promotion

The promotion mix refers to how marketers combine a range of marketing communication methods to execute their marketing activities. Different methods of marketing communication have distinct advantages and complexities, and it requires skill and experience to deploy them effectively. Not surprisingly, marketing communication methods evolve over time as new communication tools and capabilities become available to marketers and the people they target.

a) **Advertising:** Any paid form of presenting ideas, goods, or services by an identified sponsor. Historically, advertising messages have been tailored to a group and employ mass media such as radio, television, newspaper, and magazines. Advertising may also target individuals according to their profile characteristics or behavior; examples are the weekly ads mailed by supermarkets to local residents or online banner ads targeted to individuals based on the sites they visit or their Internet search terms.

Reaches large, geographically dispersed audiences, often with high frequency; low cost per exposure, though overall costs are high; consumers perceive advertised goods as more legitimate; dramatizes company/brand; builds brand image; may stimulate short-term sales; impersonal, one-way communication; expensive.

b) **Personal selling:** Personal selling uses people to develop relationships with target audiences for the purpose of selling products and services. Personal selling puts an emphasis on face-to-face interaction, understanding the customer's needs, and demonstrating how the product or service provides value. Most effective tool for building buyers' preferences, convictions, and actions; personal interaction allows for feedback and adjustments; relationship and networking-oriented; buyers are more attentive; owners time and sales labor cost represents a long-term commitment; most expensive of the promotional tools.

c) **Sales promotion:** Sales promotions are marketing activities that aim to temporarily boost sales of a product or service by adding to the basic value offered, such as "buy one get one free" offers to consumers or "buy twelve cases and get a 10 percent discount" to wholesalers, retailers, or distributors. May be targeted at the trade or ultimate consumer; makes use of a variety of formats including premiums, coupons, contests, etc.; attracts attention, offers strong purchase incentives, dramatizes offers, boosts sagging sales; stimulates quick response; short-lived; not effective at building long-term brand preferences.

d) **Publicity:** This method aims to sell products or services directly to consumers rather than going through retailers. Catalogs, telemarketing, mailed brochures, or promotional materials and television home shopping channels are all common traditional direct marketing tools. Email and mobile marketing are two next-generation direct marketing channels. Highly credible; very believable; many forms including news stories, news features, event sponsorships, etc.; reaches many prospects missed via other forms of promotion; dramatizes company or product; often the most underused element in the promotional mix; relatively inexpensive (certainly not "free" as many people think; there are costs involved).

e) **Digital marketing**: Digital marketing covers a lot of ground, from Web sites to search-engine, content, and social media marketing. Digital marketing tools and techniques evolve rapidly with technological advances, but this umbrella term covers all of the ways in which digital technologies are used to market and sell organizations, products, services, ideas, and experiences.

f) **Guerrilla marketing**: This newer category of marketing communication involves unconventional, innovative, and usually low-cost marketing tactics to engage consumers in the marketing activity, generate attention and achieve maximum exposure for an organization, its products, and/or services. Generally guerrilla marketing is experiential: it creates a novel situation or memorable experience consumers connect to a product or brand.

UNIT - III

A. **Pricing decision,**
B. **Methods of setting prices**
C. **Pricing strategies,**
D. **Product promotion Rural marketing.**
E. **Steps for taking lead in Startups.**
F. **Modern Marketing**
G. **Future marketing.**

A. Pricing decision

Price of a product is "its" value expressed in terms of money which the consumers are expected to pay. Form the seller's point of view, it is return on the exchange & in economic terms, it is the value of satisfaction.

Importance of Price:
Price is a key factor, which affects a company's operation. It plays an important role at all levels of activities of a company. It influences the wages to be paid, the rent, interest & profits. It helps in proper allocation of resources by controlling the price, the demand & supply factor may easily be adjusted.

Objectives of Pricing:

I. **To increase the profit:** this is the most common objective. A company may fix the price with the aim of earning certain percentage of profits
II. **Market Share Objective:** some companies fix the price with a view to capture new market or to, increase or maintain the existing market share. The objective here is to either avoid competition or to meet it.
III. **To Stabilize the Price:** This is usually followed in the oligopoly market by the market leaders. The objective here is to avoid the price war & fluctuations in price.
IV. **To Recover Cost:** To get back the cost incurred as early as possible, is another objective of pricing. It is for this reason that different prices are set for cash & credit sales for the same product.
V. **Penetration Objective:** The objective of penetration pricing is to fix a low-price so as to enter the new market.
VI. **To Maintain the Product Image:** In this case, the objective is to fix a higher price to create a perception that the product is of superior quality. This is called market skimming strategy.

Factors Influencing the Price Decisions:
The decision to fix the price is influenced by many factors which are controllable & uncontrollable. They are:

a. Product Characteristics.
b. Demand Characteristics.
c. Manufacturer's Objectives.
d. Cost of the Product.
e. Economic Condition.
f. Government Regulation.

1. **Product Characteristics:**
    1. **Product Life Cycle:** A product manufacturer charges the price depending upon the stages of the life cycle of the product. Eg: If he has introduced a new product, he may charge a lower price & increase it when it enters the growth stage.
    2. **Perishability:** According to the general principle, other things being equal, if a product is perishable, the price will be lower because it has to be sold as early as possible.
    3. **Product Substitution:** If there is a substitute in the market, then the price will be either equal to or lower than the price of the substitute, because if the price is more that the substitute, people may purchase the substitute product only.

2. **Demand Characteristics:** It is one of the most important factors influencing the price. The company must forecast demand for its products & its elasticity before fixing the price. Demand estimation helps a company to prepare sales & the expected price, the consumers are willing to pay. The expected price of the market is the influencing factor here. According to the general principle, the final price fixed must neither be lower nor higher than the expected price.

3. **Manufacturer's Objective:** If the manufacturer wants to increase the market share, he has to fix the competitive price. In other words, he has to offer more discounts etc. On the other hand, if his objective is to increase profits, he may fix a higher price.

4. **Cost of the Product:** Most of the companies fix the price on the basis of cost. Accordingly, selling price is equal to total cost plus profit. Total cost includes manufacturer's cost, administrative cost & selling cost.

5. **Economics Condition:** According to the general economic theory, prices will not be lower during the depression & higher during the inflationary period. The company has no control over this factor because it is the result of general conditions prevailing in the entire country.

6. Government Policy / Regulation: If the government thinks it necessary, it may fix the minimum price for a product. If it wants to discourage consumption, it may increase the price & reduce it to encourage consumption.

B. Methods of setting prices

Pricing Policies & Pricing Methods or Determination of the Price:

1. **Cost Plus Pricing:** In this method, the cost of manufacturing a product serves as the basis to fix the price, the desired profit is added to the cost & the final price is fixed. Most of companies follow this method. Following are various methods of cost + pricing.
   a. **Price Based on the Total Cost:** Here a percentage of profit is added to the cost to calculate the selling price. It is usually followed by the whole sellers & the retailers. For industries such as construction, printing, repair shops, etc. this method is more suitable.
   b. **Price Based on the Marginal Cost:** It is the method of pricing where the price is fixed to recover the marginal cost only. Marginal cost is the extra cost incurred to produce extra units. Hence, this method is suitable only when pricing decisions are to be taken to expand the market to accept the export orders etc.
   c. **Break Even Pricing:** Under this method, the price is fixed first to recover the total cost incurred to produces the product. It is fixed in such a manner that the company neither earns profit nor does it suffer losses. This method is suitable during depression when there is acute competition, when a new product is to be introduced or when the product enters the declining stage of its life.

Advantages of Cost + Pricing:

i) This method is simple & hence price can be easily determined.
ii) Companies, which cannot estimate the demand may follow this method.
iii) It is suitable for long-term pricing policies

Dis-advantages of Cost + Pricing:

i) It neglects the demand factor of the product
ii) It is difficult to determine the exact cost.

2. **Pricing Based Upon Competition:** Competition based pricing is defined as a method where a company tries to maintain its price on par with its competitors. It is suitable when the competition is serve & the product in the market is homogenous. This price is also called the going rate price. The company cannot take risk of either increasing the price or decreasing it. Following are some of the methods based upon competition:
   a. **Pricing Above the Competition:** It is usually followed by well-recognized manufacturers to take advantage of their goodwill. The margin of profits is too high. This method is useful to attract upper class & upper middle class consumers.
   b. **Pricing Below Competition Level:** This type of pricing is followed by the wholesalers & the retailers. They offer various kinds of discounts to attract consumers. Even established companies follow this method to maintain or to increase their sales during the off season.

3. **Pricing Based on Markets:** Depending upon the market of product, the manufacturers may fix the price for their products. In a perfect market, he has to go for the expected price in the market. It is also called the market price or going rate price. In case of monopoly, he is free to fix the price & can effectively practice the price discrimination policy.

   In oligopoly where there are few sellers, the price is fixed by the largest seller called the market leader & others follow him. If price is above this level, he loses sales considerably & if he reduces it, sales may not increase because competitors immediately react & reduce their price also.

C. Pricing Strategies

In the entire marketing mix, price is the one element that produces revenue; the others produce costs. Price is also one of the most fexible elements: It can be changed quickly, unlike product features and channel commitments. Although price competition is a major problem facing companies, many do not handle pricing well. The most common mistakes are these: Pricing is too cost-oriented; price is not revised often enough to capitalize on market changes; price is set independent of the rest of the marketing mix rather than as an intrinsic element of market-positioning strategy; and price is not varied enough for different product items, market segments, and purchase occasions.

What is a Pricing Strategy?

A pricing strategy is an approach taken by businesses to decide how much to charge for their goods and services. The interaction between margin, price, and selling level is given specific consideration while pricing products. Therefore, it's important and complicated to design a proper pricing plan that ensures business success.

The price is a component that affects a company's revenue significantly. It forms the key variable in the company's financial modeling and affects its income, profits, and investments in the long term. Price reflects the idea of a business and shows its behavior towards competitors and the value it gives customers.

Pricing is about making decisions. It starts with assessing the business requirements and the goals it aims to achieve. The next step is market research and evaluation of the level of competition. After that, an effective pricing strategy will help the business stand up. The final research stage involves speaking with the target audience—the consumers—about their views regarding the brand, product, or service.

Setting a price varies from pricing strategy. It employs factors that are not taken into consideration while selecting a price. For example, the approach considers the timing of the market, the seasonality of demand, and the customer's preferences and purchasing patterns in addition to the analysis of the products available in the market. However, the strategy is most beneficial when consumers are heterogeneous (varying tastes and preferences). And when demand variability and uncertainty are high, especially with stable production levels (a chance to reap greater profits).

The following are a few pricing strategies that businesses adopt:-

#1 – Price Skimming:

A skimming pricing strategy is a pricing technique in which a business sets its initial price high and gradually lowers it when more competitors enter the market. This is ideal for businesses that are entering an emerging market. Here, businesses maximize profit utilizing the price demand of certain markets. They possess the first-mover advantage, where they are the first to introduce or market the product or service. The skimming pricing strategy makes a profit in the early stages of the product or service's market until other competitors enter and supply increases.

#2 – Pricing for market penetration:

It is the opposite of price skimming. Skimming starts with huge prices, and the penetration pricing strategy uses low prices to enter the market. This is done to attract the existing consumer base of the competitors. Once there is establishment of a reliable pool of consumers, the costs slowly increase. Penetration pricing strategy depends mostly on the ability of the business to bear the losses made in the initial years. Big MNCs especially employ this to get a strong footing in developing countries' markets.

#3 – Premium pricing:

Premium pricing strategy involves businesses that create high-quality products and market them to high-income or net-worth individuals. The key here is to manufacture unique, high-quality designs and products that convince the users to pay such huge amounts. The premium pricing strategy targets the luxury goods market.

#4 – Economy pricing:

The strategy targets customers who prefer to save money. Big companies employ the strategy to make customers feel they are in control. Walmart in the U.S. is an example where they offer deals that please customers. This does depend on the overhead costs and the value of the products.

#5 – Bundle pricing:

As the name suggests, it is a strategy where a business sells a bundle of goods together. Typically, the total of the goods is lower than the individual products sold separately. This helps in moving the inventory and selling the stocks that are left over. The strategy has the potential to make profits (or save from losses) on low-value items.

#6 – Value-based Pricing:

A concept is similar to premium-based pricing. Here, the business decides the price based on the customer's valuation of the product's worth. This is best suited for unique products.

#7 – Dynamic Pricing:

A dynamic pricing strategy in marketing involves changing the price of the items based on the present market demand.

Take a look at these examples to get a better idea:

Example – #1

Starbucks, a big American multinational chain of coffeehouses and roaster reserves, employs Value-based Pricing. It has been increasing prices despite Dunkin' Donuts and Folgers (its competitors in the market) lowering their costs due to the declining price of Arabica beans in 2015. Starbucks' customers buy coffee for convenience, brand loyalty, flavor, and caffeine addiction. In addition, the brand value it has created for itself is huge. It does not sell coffee as small or large. They have rebranded the sizes as "Grande and Venti," making them popular. For the loyal base, it has hardly ever noticed the price change. Therefore, they would buy the coffee for the value they have as a perceived-an elite brand.

D. Product promotion rural marketing

Many times rural product marketing is misinterpreted as rural marketing. Rural marketing primarily views rural population as consumers, whereas rural product marketing focuses mainly on marketing of the products manufactured by rural population. A clear distinction between these concepts helps in developing a better marketing and branding strategy for rural products. Since the rural products are being consumed by both rural and urban consumers who differ significantly in terms of their education, awareness, income, lifestyle, taste and preferences; therefore, there is a need to develop customized marketing strategies for both these categories of consumers. Rural marketing is an umbrella term which involves the process of developing, pricing, promoting, distributing products and services primarily to rural consumers. However, the source of these products or services may be anywhere (i.e.in both rural as well as urban areas).

- A lot of emphasis is needed on generating awareness about various products, brands and qualities of rural products. All channels of communication and promotion viz. TV FM Radio, cinema and point of purchase advertising, audiovisual publicity vans, events like melas, festivals, fairs, dance and drama shows, temple festivals, regional celebrations, group meetings etc., may be used depending upon the target segment. Use of local language should also be context and region-specific. With the rise in smartphones and internet penetration in India (both rural as well as urban), there has been a rising trend towards the use of social media for communication. Therefore, due emphasis may be given by the marketers on leveraging such social platforms namely Li n ked I n, Facebook, Twitter, Whatsapp, other media portals etc., for promotion and marketing of rural products. Large scale events, fairs, exhibitions, and conferences may also be utilised for promoting these products.
- Digital and online marketing should be leveraged immensely as these provide huge benefits in terms of reaching to the customers across the globe. Online government platforms can also be very useful for such transactions.
- Direct marketing for rural products using SHGs and other community-based enterprises may help in the growth of market for these types of products. Adequate trainings may be arranged to handle the activities like door-to-door sampling, marketing and product promotion in a culturally sensitive manner.

Customers come through schemes like Buy 1-Get 1 Free, discounts, exchange offers etc. These schemes attract customers towards the product and the customers end up purchasing the products. In context of rural marketing, the following pull-up product promotional strategies can work well −

- Free Distribution of Samples : Distributing free samples among rural people not only popularize the product but also gain huge acceptance among them. When the company decides to enter into new market and launch the new product, in such cases free distribution of samples is an effective pull-up sales promotional activity. As compared to urban consumers, the tendency to try the new product is low in case of rural consumers because they have lack of faith about the new products. Free samples encourage trial purchase among consumers.
- With-pack Premiums : Here, a free product is given either inside the pack or outside the pack. This attracts the rural customers to purchase the product. This is successful only when the free product is either complementary or useful to the consumers. For example, a free toothbrush that comes complementary with toothpaste.
- Price-off Premiums : This refers to the cut-price technique for a product. This is useful not only in case of FMCGs but also in case of consumer durables if the discount is appropriate.
- Money Refund Premiums : It refers to the price of the product, which is partially refunded to the consumers on the repurchase of same product by showing of proof of previous purchase like cash memo, empty wrapper, poly packs etc.
- Exchange Premiums : It is quite similar to the above strategy, under which instead of refund of money a new product is given to consumers on showing of proof of previous purchase.
- Interactive Games : Innovative fun-filled games generate interest among the rural crowd. The winner of the game can be rewarded with the product of the company which sponsored such games. Sometimes such games ensure high customer involvement and also increase the interaction between the marketer and target customers.
- Fairs and Exhibitions : Fairs are a part of rural people’s life. For the rural people, they are the source of entertainment and a good opportunity to launch their products for the marketers in the rural market. It has mass appeal as several villagers come to fairs. Customers may be attracted by using the mass media like organizing folk songs competition, folk dances, magic shows, puppetry shows, street theatre, acrobatic skills, juggler, etc. Another important thing is the use of vibrant colors in the company’s stalls. This pulls the crowd towards buying the product.
- Village Haats : Haats are the weekly markets from where rural people buy the items of daily necessities, garments, farm inputs etc. They are the source for rural people and a place of social gettogether. The existence of haats can be traced back to ancient times — the times of Chandragupta Maurya. Haats provide to the marketers an opportunity to display their products. Consumers are ready to try the product by overcoming all inhibitions and can get the touch and feel of the product and this will further generate sales as most of the people come to the haats with an intention to buy.
- Melas : Melas are again the essential element of India’s culture and pull masses. In a trade mela, one can find variety of products. Melas are held usually in festive seasons like Dussehra, Diwali, Holi, Eid

etc. During melas, marketers get to interact with a large number of consumers and encourage for trial purchase. These melas help the marketers target large audience.

- Mandis : Mandis are the place for agricultural produce and inputs. Mandis can be a good platform for manufacturers of agri-inputs — both durables and non-durables. Durable are tractors, pump sets, threshers etc. Non-durable includes seeds, fertilizers etc.

E. Steps for taking leads in startups

Today's business world is a very different game everyone seems to want a piece of the startup action, but many fail to go from startup to scale up. Steps to successfully run and scale a startup:

1. Integrate Hard And Soft Skills With Horizontal Leadership

Successfully-run startups move away from a traditionally patriarchal organizational structure and benefit from horizontal leadership. Setting a horizontal mindset facilitates a role-agnostic approach to collaboration and creates an environment where everyone's thoughts are valued. This helps lead to making decisions in the best interests of the business rather than based on hierarchy. This transformational leadership style coupled with a team of individuals who encompass both hard and soft skills is what it truly takes to shift a successful startup to scale up.

2. Understand Your Data

Data is the fundamental core of a startup. Use external data from software (like Google Trends, Keywords Everywhere, SEM Rush, Ahfres) as a base for exploration. Begin archetyping ideal consumer personas and build a flexible marketing strategy around what's trending in your industry, your competitors and potential consumers. Be wary; the caveat to these tools is that they only offer an estimate. They rely on a myriad of factors that may not be relevant to your niche or the way your business operates. To mitigate this, use internal data from Google Analytics, your CRM, marketing campaigns and other business intelligence (BI) and contract research organization (CRO) tools to understand what specifically works for your business.

3. Create A Repeatable Sales Process

The fastest way to win consistent business and the best way of cultivating a high-performing sales function is creating a repeatable sales process. By default, startups are often like the "Wild Wild West" when it comes to sales, with an attitude of "let's throw something and see what sticks." While yes, on occasion, having a flexible sales process (at least in the early stages of the venture) can lead to short-term gains, your ship still needs to have a course in order to perform at its peak.

4. Align Your Marketing And Sales Functions

Marketers and salespeople have skills that intertwine; when regular sound boarding is facilitated between them, information, knowledge and experience is transferred and magic happens. The lines are so blurred between the two functions that polarizing them fails to take advantage of an efficient and effective flow of conversions. In a startup, high rates of conversion are crucial to keep a business out of flux. When sales and marketing are siloed, startups are in danger of creating poor operational habits where marketing-qualified leads are not smoothly transitioned to sales-qualified leads, and ultimately sales conversions.

5. Understand Your Resources Versus Outsourcing Needs

Time is money. Invest money in things you cannot do well and spend time on the things you can. Understand the capabilities of each team member and only give them relevant tasks — outsource the rest. With outsourcing platforms (like Outsource Accelerator, Upwork and Fiver) making the best offshore talent available at a fraction of regional salaries, you can get things done quickly and to a high standard. Getting together a solid outsourced team of low-cost, high-quality designers, coders, administrators, IT specialists, marketers and thinkers will expedite projects and allow you to optimize every aspect of your business. Proceed with caution; elements that impact your business foundation and overall function, like strategy building, should be left to regional consultants and credible contacts. It's still a case of you-get-what-you-pay-for.

F. Modern Marketing

Modern concepts of marketing are broad concepts. It means finding out the consumer and make the goods as per their needs rather than to provide them what the seller has made. Thus it is very essential for the seller to get the answer of the question what are the things which the consumer want? And how these things can be made available to them? Only then he can survive in the market and earn profit. There are 6 modern concepts of marketing which are very important from the point of view of marketer.

a) Production concept: – The companies which use the production concept generally focus too narrowly on their own activities because according to this concept the companies think that consumer will buy the product which comes in the market.

b) Product concept: – As per this concept companies give importance to the features or the quality of the product because in long run the product exists only with the quality it is giving to the consumer.

c) Selling concept: – it is not sufficient for the manufacturer to made the goods and wait for the customers. Thus, according to this concept it is very important to inform the consumer about the product which can be done through different ways of promotion.

d) Marketing concept: – consumer now a day is treated as "GOD". So it is very important for the manufacturer to produce the product which the consumer wants, so that consumer get satisfaction and manufacturer earns profit.

e) Consumer concept:- now not only marketing concept is sufficient rather the companies are using consumer concept which means to give attention to individual consumer it can be done through one to one marketing.

f) Societal marketing concept: – this concept means that company should not only work for the consumer but also for the society. So the company should make balance between company's profits, consumer wants and society welfare.

Modern marketing provides a framework that acknowledges the challenges of the industry's shifting reality and prepares organizations to meet unpredictability with agility. It provides organizations with a grounding for where they are today and a clear path forward for tomorrow.

The modern marketing concepts are:

- Knowing who your target consumer is
- Learning and comprehending the wants/needs of the consumer through online interaction
- Creating products that meet the needs of the target consumer
- Leading the competition in customer satisfaction
- Making sure a business' efforts make a profit for the organization

G. Future Marketing

The face of marketing has changed drastically in the past decade. And with digitalization growing by the minute, the past few years have brought immense changes to the industry.
Additionally, with the ripple effects of the worldwide pandemic still spreading, people working in marketing have to learn to be flexible, and even when it's over, consumer behavior will never be the same again.This is why marketing experts from around the world are trying to calculate upcoming changes and help others stay one step ahead, ready for anything at the drop of a hat.

Even before the pandemic, the world was shifting slowly but surely in the direction of more conscious consumption. The pandemic accelerated this change further, so today, no matter what companies were planning, they're bound to move along these changes.

- ✓ The organic trend has tripled in the past year because more people are focusing on their health and well-being on a daily basis than ever. Customers are drawn to purpose-driven, sustainable, transparent, and ethical brands.

- ✓ Additionally, for most people, working from home has become the new standard and seemingly will remain this way for the coming year for many people. This and the newly established "Digital Nomad" lifestyle (and other various newly introduced work styles) have impacted marketing immensely.

- ✓ Almost all businesses have had to reestablish their marketing strategies, as they need to hurry through most of their milestones, as well as implement a lot of new tools and software. Agile methods were born, helping brands reach their goals in a matter of months rather than years.

- ✓ Another big element of marketing transformation is shortening the customer journey, cutting out middle elements that are ultimately dispensable. This not only makes the consumer journey faster and more efficient, but most of these methods even foster a more personal approach that people value.

- ✓ Digital investments also grew this past year greatly. New tools, software, and capabilities were introduced, and companies had a short amount of time to take advantage of these. These have become pillars of the evolution of marketing, and they will grow even stronger in a few years.

- ✓ These tools help brands create better, more quality outcomes and also help customers reach their goals faster, whether that's a purchase or a service. This also allows audiences to experience a higher level of transparency and relatability, as they can now gain a closer look into the workings of their favorite brands and companies.The higher quality experience with the added bonus of a much better outcome will help companies stay afloat in these trying times.

Future marketing is coming up with the following mantra; Experiences are the method, Outcomes are the goal, and Time to Value is the metric. Without these, it will become harder and harder to stay one step ahead.

Unit IV - Service marketing - Introduction, Growth of service sector, Concept, Characteristics, Classification of service designing, Developing Human Resources. Marketing of services with special reference to 1. Financial services, 2. Health services 3. Hospitality services including travel, hotels, and tourism 4. Professional services 5. Public unity service 6. Educational services.

UNIT-4
SERVICE MARKETING

➢ INTRODUCTION TO SERVICE MARKETING

The world economy nowadays is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as indicative of a country's economic progress. Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service
sector as the main stay of the economy. This shift has also brought about a change in the definition of goods and services themselves. No longer are goods considered separate from services. Rather, services now increasingly represent an integral part of the product and this interconnectedness of goods and services is represented on a goods-services continuum.

❖ Definition of Services

"Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods" (American Marketing Association, Committee "Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser" (Quinn, Baruch and Paquette, Service is the action of doing something for someone or something. It is largely intangible i.e. not material). A product is tangible (i.e. material) since you can touch it and own it. A service tends to be an experience that is consumed at the point where it is purchased, and cannot be owned since is quickly perishes.

➢ Meaning and definition of Service Marketing

Services marketing is marketing based on relationship and value. It may be used to market a service or a product Marketing a service - base business is different from marketing a product - base business.

Services marketing is a sub-field of marketing, which can be split into the two main areas of goods marketing (which includes the marketing of fast-moving consumer goods (FMCG) and durables) and services marketing. Services marketing typically refer to both business to consumer (B2C) and business-to-business (B2B) services, and include marketing of services such as telecommunications services, financial services, all types of hospitality services, car rental services, air travel, health care services and professional services.

- **Definition**

Service marketing is defined as "the integrated system of business activities designed to plan, price, promote and distribute appropriate services for the benefit of existing and potential consumers to achieve organisational objectives". The perception of services marketing focuses on selling the services in the best interest of the customers. It is a systematic and coordinated effort of a service organisation to expand
its market by delivering the best possible services. The objects of services marketing are the achievement of organisational goals like making profits, establishing leadership, long term survival and growth and the satisfaction of consumers by rendering excellent services. The concept of services marketing covers the following aspects: selling services profitably to target consumers and prospects delivering maximum satisfaction to consumers of services; and positioning the service firm in the market. Marketing is thus an integral part of service management. The managerial decisions are not found to be effective in the absence of a time bound implementation of marketing principles. Of late, customer satisfaction is found to be a focal point of the marketing decisions service the marketing process--can help in offering the right services to the right persons at the right time. Marketing simplifies the process of transforming prospects into actual customers of services.

- **Objectives**

The four primary objectives of service marketing: building trust, empowering service delivery personnel, establishing uniform processes, and promoting customer satisfaction.

1) Building Trust
Since services are intangible, determining value and quality can be difficult. This is particularly true for services such as insurance, which may be purchased years before any benefit other than peace of mind is realized. As such, service customers look for tangible signs of quality to make purchasing decisions. Building trust in customers eyes through tangible signs of quality is one of the principles objectives of service marketing. Cynthia Coldren, managing partner of rethink

Marketing, identifies several tangible indicators of quality and value, including "personal interaction, trusted recommendations, clear communications, equipment used or processes followed, pricing, and the physical environment in which the business operates."

2) Empowering Personnel

The production and consumption of services are inseparable, meaning that a customers experience of a service occurs simultaneously with its delivery. As such, service delivery personnel play a critical role in customer satisfaction and retention. Service marketing should focus on empowering these key players to ensure that they are able to communicate effectively with customers, respond appropriately to feedback, and instill confidence throughout the service delivery process. As Jeffrey Tarter, executive director of the Association of Support Professionals, notes, "Our perception of the service company's people largely defines how we feel about the service itself."

3) Establishing Uniform Processes

The provision of services is inherently variable, since each instance is distinct from all others, varying by service delivery personnel, the circumstances of delivery, and the service environment. In order to minimize variation, service marketers must establish uniform processes to provide consistent delivery services. Cynthia Coldren recommends service marketers achieve consistency by developing special service packages tailored to the differing levels of service required by differently situated customers. Additionally, she suggests that service marketers can overcome customer concerns about consistency by leveraging case studies and positive customer recommendations to build trust, by responding quickly to remedy customer complaints, and empowering personnel to make customer-focused decisions.

4) Promoting Customer Satisfaction

Services are perishable, meaning they cannot be stored for later use. If the ticket you purchased for a concert goes unused, its value is lost. Greg Clarke, managing director of Smarter Marketing Ltd., suggests that the transient nature of services requires service marketers to manage the peaks and valleys of supply and demand to ensure optimal business performance. According to Clarke, the best way to manage variable demand is by cultivating repeat business from satisfied customers. Kim Gordon, marketing coach at Entrepreneur.com, points out, "it costs considerably less to keep a customer than to win a new one," so promoting customer satisfaction should be a primary goal of service marketers.

- **The Special Characteristics of Services:-**
    - Intangibility
    - Inseparability of production and consumption
    - Heterogeneity
    - Perishability

1) Intangibility: - Services are activities performed by the provider, unlike physical products they cannot be seen, tasted, felt, heard or smelt before they are consumed. Since, services are not tangibles, they do not have features that appeal to the customers' senses, their evaluation, unlike goods, is not possible before actual purchase and consumption. The marketer of service cannot rely on product-based clues that the buyer generally employs in alternative evaluation prior to purchase. So, as a result of this, the services are not known to the customer before they take them. The service provider has to follow certain things to improve the confidence of the client. The provider can try to increase the tangibility of services. For example, by displaying a plastic or a clay model showing patients an expected state after a plastic surgery.

The provider can emphasize on the benefits of the service rather than just describing the features. Not all the service product has similar intangibility. Some services are highly intangible, while the others are low i.e. the goods (or the tangible component) in the service product may vary from low to high. For example: Teaching, Consulting, Legal advices are services which have almost nil tangible components; While restaurants, fast food centers, hotels and hospitals offer services in which their services are combined with product (tangible objective) , such as food in restaurants, or medicines in hospitals etc.

2) Inseparability:- Services are typically produced and consumed simultaneously. In case of physical goods, they are manufactured into products, distributed through multiple resellers, and consumed later. But, in case of services, it cannot be separated from the service provider. Thus, the service provider would become a part of a service. For example: Taxi operator drives taxi, and the passenger uses it. The presence of taxi driver is essential to provide the service. The services cannot be produced now for consumption at a later stage / time. This produces a new dimension to service marketing. The physical presence of customer is essential in services. For example: to use the services of an airline, hotel, doctor, etc a customer must be physically present.

3) **Heterogeneity**:- Services are highly variable, as they depend on the service provider, and where and when they are provided. Service marketers face a problem in standardizing their service, as it varies with experienced hand, customer, time and firm. Service buyers are aware of this variability. So, the service firms should make an effort to deliver high and consistent quality in their service

4) **Perishability:**- This is attained by selecting good and qualified personnel for rendering the service. Services are deeds, performance or act whose consumption take place simultaneously; they tend to perish me the absence of consumption. Hence, services cannot be stored. The services go waste if they are not consumed simultaneously i.e. value of service exists at the point when it is required. The perishable character of services adds to the service marketers problems. The inability of service sector to regulate supply with the changes in demand; poses many quality management problems. Hence, service quality level deteriorates during peak hours in restaurants, banks, transportation etc. This is a challenge for a service marketer. Therefore, a marketer should effectively utilize the capacity without deteriorating the quality to meet the demand.

➢ **Concept for Service marketing**

✓ The concept of marketing was not given much attention by most of the service organizations hitherto. Some service organizations like educational institutions, hospitals etc. once had so much demand that they did not need marketing until recently. Still others (legal, medical and accounting practices) believed that it was unethical to use marketing.

✓ With the passage of time the service economy has gained momentum and has achieved growth far exceeding the growth of the industrial economy especially in the developed countries. Services marketing ideas and techniques have thus grown alongside the growth of the service economy. Like manufacturing businesses, service firms ultimately felt the need to use marketing principles to position themselves strongly in the chosen target markets.

✓ The multi-faceted developments in the service sector and in the mounting intensity of competition have been engineering a strong foundation for the application of modern marketing principles in service organizations.

The following facts make it clear that the application of modern .- marketing principles by service generating organisations would pave avenues for qualitative and quantitative transformation: Increase in the Disposable Income The disposable income of the people has been found increasing in recent years. This trend is also visible in developing countries like India. The increase in income in turn leads to demand for a number of services and thereby, new opportunities are created in the service sector.

The positive developments in the service sector open new doors for an increase in disposable income. The moment an increase in the disposable income is found, the process of demand generation gains a rapid momentum creating more opportunities for the development of services sector. The intensity of competition is found at its peak and this necessitates application of marketing principles. Increasing Specialisation Organisations have now no option but to promote specialisation since this helps them to be cost effective. The firms prefer to engage specialists for almost all purposes. Experts and professionals like consultants; legal advisors, financial experts, technocrats etc. play a decisive role in managing an organisation. Greater specialisation in management requires the services of experts and consultants in almost all areas. It is right to mention that due to growing specialisation, service generating organisations would need a new culture influenced by corporate culture, and marketing practices can do a lot towards this end. Changing Lifestyles With the development of corporate culture and the emergence of a well established services sector there would be a basic change in the lifestyles. The busy working environment and increased personal stress and strain would pave the way for development of innovative personal services like healthcare, fashion-designing, recreational centres, beauty parlours etc. The change in lifestyles creates new waves in the demand for specialised services and marketing can play a vital role in meeting the new aspirations of the consumers.

- **<u>GROWTH AND EVOLUTION OF SERVICE MARKETING</u>**

REASONS FOR THE GROWTH OF SERVICES IN INDIA:

1. Economic affluence: One of the key factors for the growth of demand for services is the economic affluence. According to the NCAER study the size of the middle income consumer is raising fast and the percentage of the very poor household's declining. The rural household in the upper income category is growing at a much faster pace than the urban households in the corresponding categories. The Economic liberalisation Process has had a positive impact on the Indian households. Their income as well as their expenditure has been pushed, creating a demand for many goods and services.

2. Changing Role of Women: Traditionally the Indian woman was confined to household activities. But with the changing time there has been a change in the traditional way of thinking in the society. Women are now allowed to work. They are employed in defence services, police services, postal services, software services, health services, hospital services, entertainment industries, Business Process Outsourcing and so on.
The percentage of working women has been growing rapidly. The changing role of women has created a market for a number of product and services. Earning women prefer to hire services in order to minimise the innumerable roles that they are required to perform. The demand by woman is forcing service organisations to be more innovative in their approach.

3. Cultural Changes: Change is the underlying philosophy of culture place of change in Indian culture is not uniform. However, during the last century the factors of change are prominent. The emergence of the nuclear family system in place of the traditional joint family system creates a demand for a host of services like education, health care, entertainment, telecommunication, transport, tourism and so on. There has' been a marked change in the thought Processes relating to investment, leisure time perception and so on which has created a huge demand for services.

4. I.T. Revolution: For the last 15 years India is occupying a vital position in the area of Information Technology. IT became one of the key service businesses of the country. India has the largest software skilled population in the world. The domestic market as well as the international market has grown substantially. Realising the potential for this area many state governments have made IT as their most, prioritized segment states such as Karnataka, Andhra Pradesh, Madhya Pradesh, Maharashtra and Delhi have already achieved substantial progress in Information Technology the In Ile years to come 'Lille IT enabled se Aces will have a bright future. The growths of population, industrialisation and indiscriminate consumptions have affected the, natural resources, environment and the ecological balance. Due to this there is an imbalance of the ecology various service organisations have been promoted in order to take up social marketing. Thousands of crores of rupees are being spent on safeguarding the rare animals and birds, water pollution, conservation of oil & energy and research to develop new technologies that can promote effective use of natural resources and safeguard the environment.

5. Development of Markets: During the last few decades the wholesaler and the retailer population has grown in the country. Urban India has become a cluster of wholesaling and retailing business. In the Semi – urban areas, retailing has spread to the nooks and corners of the streets and in the rural areas retail business is significantly present. A new breed of organisations, offering marketing services has come up. The government also offers marketing services to the small-scale agricultural farmers, artisans and other traditional business sectors such as promotion of regulated markets, export promotion councils, development boards etc.

6. Market orientation: The changing competitive situation and demand supply positions has forced the manufacturing organisation to shift their philosophy from production orientation to market orientation. Market is a service function that has been added in the organisation. The pressures in the market has further forced the manufacturing organisations to have marketing research, accounting, auditing, financial management, human resource management and marketing research divisions all of which are services functions.

7. Health-Care Consciousness: In India, the healthcare market has grown substantially. The increased life expectancy is the result of the consciousness of the people regarding the health issues. The growth of fitness clubs, diagnostic centres, medical counselling, health-related information sites are the reflections of the growing demands for health care services. The government as well as the social organisations has taken up the mass campaigns in order to create awareness among the illiterate persons and the rural population on health service. Hence, the growth of health related services.

8. Economic liberalisation: The economic liberalisation of the 1991 has brought many changes in the Indian scenario. With the Disinvestment and the Privatisation policies the state owned monopolies in many service areas came to an end Multinationals were permitted to enter the Indian market. Liberal lending policies and lower interest rates motivated many people to become self-employed. Different sectors like Banking, Insurance, Power projects, Telecommunication, Hospitality sector, Health Services, Entertainment, Air transport, and Courier services witnessed intense competition, due to the entry of multinationals. The flow of time-tested service technology from various parts of the world changed the attitude of the Indian consumer towards sources.

9. Rampant migration: One of the important reasons for the growth of services in India is the rampant migration of rural to semi-urban and urban areas. Migration to urban areas for the want of jobs and livelihood has resulted in the expansion of cities and townships due to which businesses like real estates, rentals, transportation and infrastructure services are rapidly expanding.

10. Export potential: India is considered to be a Potential source for services. There are a number of services that India offers to various parts of the world like banking, insurance, transportation co data services, accounting services, construction labour, designing, entertainment, education, health services, software services and tourism. Tourism and software services are among the major foreign exchange earners of the country and that the growth rate is also very high as compared to the other sectors.

- **Classification of Service Designing**

Service Marketing can be classified according to the market to which they are offered - (1) Services sold in the consumer market, (2) Services sold in the business market.Please note that we have many services common to both market, e.g., financial, insurance, transport and communication services.

Various attempts have been made for classification of service marketing of which some as guides with diversity of firms in the service sector.

Five schemes bases presented to classify services in ways that provide strategic insights for allowing firms to outperform in competition. Noted marketing author Christopher Lovelock, provides following classification schemes.

A. Consumer Service Marketing –

1. Food Service 2. Hotels and Motel 3. Personal Care Services 4. Medical and Surgical Services 5. Educational Services 6. Household Services 7. Automobile Services 8. Entertainment Services 9. Transport Services 10. Communication Services 11. Insurance Services 12. Financial Services 13. Personal Security Services.

B. Industrial Service Marketing –

1. Engineering Services 2. Warehouse Services 3. Advertising and Promotional Services 4. Office Services 5. Management Consultancy Services 6. Marketing Research Services 7. Manpower Selection and Training.

Additionally, also learn about the other classifications of service marketing:-

A. On the Basis of Degree of Involvement of the Customer – 1. People Processing 2. Possession Processing 3. Mental Stimulus Processing 4. Information Processing

B. On the Basis of Service Tangibility – 1. Highly Tangible 2. Services Linked to Tangible Goods 3. Tangible Goods Linked to Services 4. Highly Intangible.

C. On the Basis of Skills and Expertise Required – 1. Professional Service Marke

ting 2. Non-Professional Service Marketing

D. On the Basis of the Business Orientation of the Service Provider – 1. Commercial Organisation 2. Non-Profit Organisation

E. On the Basis of the Types of End Users – 1. Consumer Service Marketing 2. Business to Business Service Marketing 3. Industrial Service Marketing.

- **Developing Human Resources**

The success of service marketing is highly dependent on human resources (HR) due to the direct involvement between service providers and consumers.
Service Company HR Management : Realizing that HR plays an important role in service companies, we no longer see this resource with one eye. There is negligence in the planning, development, implementation, as well as supervision of HR which is owned by will harmful company. Therefore, companies need to pay attention to human resource management through several aspects, namely aspects of internal marketing and customer service. It requires a high commitment from the whole element which gets involved in it in a way that management is aware of HR is something activity thorough a from a company that involves the relationship between the organization and the employees who become major wealth in service marketing . At this time there is a growing view that if you want to be able to market services well to consumers outside the company there needs to be an effort in meeting the needs internal company first, especially for HR company.

Developing A Service Culture : In order for the performance of each human resource to satisfy consumers, company management must be able to create a pattern that is the same. In service companies, internal marketing provides various benefits in achieving marketing success because it is more integrative and is a continuous process. These benefits include:

1. Facilitating innovation, because internal marketing is a continuous process and motivates employees to think creatively.
2. An effective means for developing the company's competitive advantages is internal marketing provides an atmosphere of openness, thus enabling the extraction of information, especially regarding potential human resources.
3. Reducing conflict, because every program is planned and participation is emphasized in decision making.

The company's success in satisfying its internal environment will bring success also to the external environment. In fact, the company will be able to create an integrated marketing pattern in the long term, both for employees and for consumers. In a service company, of course, it is rather difficult to get a standard of service the same in the eyes of consumers, this requires accuracy in managing human resources so that their performance is optimal and satisfies consumers.

- **Marketing of Services with special reference to :**

A.) Financial Services :

Financial services marketing is the process of promoting products and services of companies in the financial and banking sectors. The goal of financial services marketing is to generate awareness, attract prospects and turn them into devoted customers through a series of continuing marketing activities. Financial companies that may take advantage of financial services marketing include commercial banks, financial technology companies, financial advisory firms, credit unions, accounting companies, insurance companies, investment banks, and mutual funds.

Marketers in finance create content for specific target audiences, including individual customers, commercial businesses, healthcare facilities, and educational institutions. There are two main strategies for marketing financial services: digital marketing, which uses both inbound and outbound channels, such as blogs and PPC advertisements, and traditional marketing, which uses TV, radio, and print.

The majority of financial services firms combine traditional and digital marketing methods. Nevertheless, most companies rely on traditional advertising because of legacy practices. At the same time, digital marketing strategies are gaining popularity as they are proving to be effective methods of connecting with customers. For example, financial organizations can interact with potential customers directly through social media and provide online support. Furthermore, digital channels allow sales and marketing teams to create more personalized experiences tailored to each user's preferences and demands and help facilitate customer loyalty.

B.) <u>Health Services :</u>

The specificity of healthcare marketing is that there are services and markets but no money equivalent. This means the effectiveness of its application can be found in the image of a healthy population, the detection of a chronically ill category of people, ensuring the treatment of ill people by going through the whole rehabilitation process, professional reintegration, social reintegration of ill people, etc. The application of marketing in the field of healthcare was imposed by the problems in the health of the society. An effective marketing approach involves in-depth investigation of the patients' needs, identifying latent needs and offering new health services that patients have not explicitly requested.

Hospital and health care service marketing has only come its own during the last decade. The latest service sector in the marketing band wagon

is health care. With the mushrooming of private hospitals, competition is bound to be stiff. Considering the stiff competition and heavy investment in these organisations, they are forced to market their services either directly or indirectly.

Health marketing is defined as "creating, communicating, and delivering of health information and interventions using customer-centered and science-based strategies to protect and promote the health of diverse populations." Health marketing follows the framework of the "marketing mix", including the same concepts of the Four P's of traditional marketing (product, price, place, and promotion), yet tailored to different social demands.

Healthcare marketing is classified into two categories namely social marketing and commercial marketing.

- Social marketing relates to family planning, child immunization and health, and family welfare. It is mostly carried out by governments.
- Commercial healthcare marketing relates to the hospitals entering into an agreement with the corporate sector for the treatment of their employees. Marketing strategies of health care service adopted by hospitals imply the methods through which the hospitals promote their health care service or attract patients. Medical insurance facilities and its promotion is also a part of health service marketing.

C.) <u>Hospitality Services including Travel, hotels and tourism:</u>

Hospitality marketing is focused on customer satisfaction and providing the best possible experience. Tourism marketing centers on the destination and activities the traveler can enjoy on their trip. Combining the two allows you **to** expand your target audience and offer customers a complete travel experience.

Your potential customers are looking for ways to care for themselves. Adapt your branding and marketing to let them know your focus is on them. Ensure your target audience feels cared for and show them that their experiences matter to you. Your marketing plan should be as unique as your location. While there is no single strategy that guarantees success, a combination of the following strategies will certainly give you a solid foundation from which you can grow. Travel insurance is also a part of the hospitality service. The best way to promote service marketing in this field is to engage your clients or customers by digitally promoting your services and handling their quires online and using social media platforms by posting their happy travel stories with companies supporting and satisfying services.

D.) <u>Professional Services:</u>

Professionals of all types now aggressively use marketing tools. For example, many newspapers, magazines, and Yellow Pages directories are filled with advertisements for lawyers, dentists, optometrists, and accountants. At the same time, storefront legal, dental, and tax-preparation clinics have become accepted as part of the suburban shopping center scene. Furthermore, newsletters, press releases, and other public relations tools are widely used by accounting, law, architectural, engineering, and management consulting firms. And, in a less visible way, professional service firms of all types and sizes are employing marketing research and strategic planning with increasing frequency.
s competition intensifies, many professionals are discovering the limits of conventional marketing wisdom. They are finding that marketing concepts and approaches employed by organizations selling toothpaste, cereal, and other tangible products, or even other types of services, aren't readily transferred to professional services. Indeed, marketing such services *is* different.

professional firms can mix service provision and marketing and mix pleasure seeking and marketing. This can often be done in a subtle manner, such as when accounting firms use tax experts on audit teams to give them an opportunity to discuss their more specialized services with clients. Firms can also use this type of cross-selling of services to a degree through the recommendations made by professionals in final reports or closing presentations.

E.) <u>Public utility services:</u>

The public sector organizations can use marketing not only to acquire new customers or retain the existing ones but also to position themselves in the target market. The role of marketing becomes more important particularly when the interests of partners and internal clients are involved along with the pricing policy.

Furthermore, a modified form of marketing can be considered suitable for public utility service providers. In fact, marketing is gaining importance among various government and local administration bodies. Marketing campaigns are now being developed by such bodies which are proving to be helpful in attracting investors, encouraging the conservation of energy protection of the environment, and fighting against causes like smoking and drinking, Public utilities are that business undertaking which provide necessary services to society. The undertakings deal with the supply of electricity, gas, power, water and transport etc.

F.) <u>Educational Services:</u>

The role of service marketing in education is to:
- investigate the market, its definition and understanding and identifying potential consumers of goods and services;
- providing appropriate products and services to customer's needs at the time, place and right price;
- providing customers with optimal, quality and reputation educational services;
- attracting consumers by targeting their needs and aspirations intuition.

Educational marketing has several functions, namely:
- research of the market by trying to find the main consumers of education;
- marketing policies linking the main requirements of the education market;
- adapting education services to the needs, expectations and demands of consumers for products and educational services;
- promoting optimal efficient management, using materials and information resources in order to achieve the main objectives set.

UNIT - IV

A. **Channel of distribution**
B. **Logistics supply chain management,**
C. **Factors affecting choice of channel,**
D. **Types of intermediaries and their roles.**
E. **Types of Retailing.**
F. **Retail Management,**
G. **Internet marketing,**
H. **Non profit Marketing.**

A. Channels of Distribution (Physical Distribution)

Introduction:

One of the important problems of marketing is the distribution of goods & services to the right place, person & the right time. Manufacturers often find it difficult to decide about an effective distribution system. The channel of distribution refers to the group of intermediaries, which perform the distribution functions.

Definition:

According to Philip Kotler, “The distribution is the set of all firms & individuals that assist in the transferring the little of goods & services as they move from producers to customers.”
It is also defined as “The root through which goods move from the place of production of the place of consumption.”

Functions of the Channels:

- Channels of distribution helps, the goods & services to move from the place of production to the place of consumption, hence they create place utility.
- Goods are brought by the channels when they are needed. Hence they create time utility.
- A channel reduces complexity in the distribution system
- Inclusion of channel reduces the financial burden of the producers
- They provide various services such as standardization, grading, etc.
- They supply the market information to the producers
- They help producers in promoting their sales.

Types of Channels

- **Zero-level channel (producer to consumer):** It is also called as direct marketing or direct selling. This channel consists of the producer who directly sells his products to the ultimate consumers. This is the shortest, simplest, & cheapest form of distribution. Producers are benefited by increased profit, whereas consumers are benefited by reduced price. This is possible because it eliminates the middleman completely. With the development of sophisticated & efficient retailing like supermarkets, chain-stores, automatic selling machine are financially sound follow this channel of distribution. For products like jewelry & industrial goods like machinery, this is the best channel.

- **One-Level Channel(Producers → Retailers Consumers or producers → Wholesalers → Consumers):** This is a short channel where the manufacturer may himself perform some of the wholesaler. This is considered to be the best channel as it eliminates some of the marketing intermediaries & at the same time gets advantages of inclusion of retailers. In case of perishable goods, this is the best channel. When there is large scale promotion, inelastic demand & when manufactures are financially sound this channel is preferred.
- **Two-Level Channel (Manufactures → Wholesalers → Retailers → Consumers):** This is the traditional channel. It is more useful in the case of buyers, sellers, & manufactures who operate in small scale. The manufacturer sells his products in large quantities to a wholesaler who in turn sells in small quantities to retailers & finally retailers sell to ultimate consumers. Products which have low unit value & which are purchased frequently may be distributed through this channel.
- **Three Level Channel (Manufactures → Wholesalers → Agents Retailers → Consumers):** In this method manufactures appoint agent such as consignees to sell their products. It is preferable for exporters or MNCs.

B. Logistics supply chain management,

Logistics Management – Boundaries and Relationships

Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply/demand planning, and management of third party logistics services providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution--strategic, operational and tactical. Logistics management is an integrating function, which coordinates and optimizes all logistics activities, as well as integrates logistics activities with other functions including marketing, sales manufacturing, finance, and information technology.

Supply Chain Management and Logistics Management are sometimes confused and used interchangeably, however they are two aspects of a process. Supply chain refers to a large network of organisations that work collaboratively to deliver products from a supplier to a customer. Logistics Management, on the other hand, is the coordination and moving of resources, and forms part of the supply chain.

Logistics Management focuses on the management of daily operations concerning the final product of the organisation. Logistics Management's main aim is to allocate the right amount of a resource at the right time.

It is also ensuring that it gets to the set location in a proper condition while delivering it to the correct internal or external customer.

Why Is Logistics Management Important?

Logistics Management can be reduced to the fundamentals of the most efficient and effective ways to move resources and products to the customer. This ultimately provides the best service to customers who are ever demanding faster and more efficient services.

Logistics management is also able to create visibility within an organisation's supply chains, provide data on real-time movements and therefore advise on and implement change that directly affects the organisation as a whole.

C. Factors affecting choice of channel

Factors Affecting the choice of Channel
The selection of a particular channel depends on various factors. They are:

- **Market Factors:**
  - **Nature of the market:** When manufacturers produce consumer goods, the channel will be lengthy because the market will be large & spread throughout the country. Moreover, demand may be inelastic. In the case of industrial goods, he can sell directly because buyers are concentrated in a few places.
  - Number of Companies: In case buyers are limited in number, the manufacturer can directly sell to them. If consumers are scattered the manufacturers should go for larger channels.
- **Product Factor:**
  - **Unit Value of the Product:** Lower the value of the product longer will be the channel. Eg: Matchboxes, salt, etc.
  - **Perishability:** In case of perishable products, the shortest channel should be used because they should be sold as quickly as possible. Eg: Fruits, Vegetables, Milk, etc.
  - **Nature of Product:** If the product is highly technical in nature, the manufacturer sells it to the buyers. Eg: Computers, because such products require before & after sales services, which wholesalers, & retailers cannot provide. In case of consumer goods, which are technical in nature he may appoint sales agent. Eg: Motor Vehicle, TV, etc.
- **Company Factors:**
  - **Finance:** If the company is financially sound, it can sell its products directly to its consumers by maintaining its own warehouse, retail shops, etc.
  - **Management Capability:** If the management is capable of handling the distribution function efficiently, it can prefer a shorter channel.

Methods of Distribution:

- **Intensive Distribution:** It is a method of selling whereby a manufacturer distributes his products through a large number of retailers & in, as many places as possible. In this case, retailers control the distribution system. Usually, consumer's necessities are sold through this system.
- **Selective Distribution:** In this case, manufacturer sells their products through few retailers. Even though this method is suitable to sell all products, it is usually followed in case of industrial goods & consumer shopping & luxury goods. Ex: Motor vehicle.
- **Exclusive Method of Distribution:** In this case, the manufacturer sells his products only through a particular wholesaler or retailer. In other words, the manufacturer gives him the exclusive rights to distribute the products such a distributor is usually prohibited in dealing to the competitor's product.

D. Types of intermediaries and their roles.

Types of Channel Members:

A channel includes many middlemen. The term middlemen mean those individuals or institutions, which assists a producer in the transfer of ownership of goods to consumers. Following are some of the various kinds of middlemen:

- **Agents:** These are the middlemen assist the buyers & the sellers in buying & selling of the goods without taking the ownership.
- **Brokers:** These are the agents whose main function is to bring into contact between buyers & sellers. Their powers are limited as they cannot fix price, terms of sale, etc.
- **Wholesalers:** The wholesaler is a middleman who buys from the producer directly & sells it to the retailers on a small scale for the purpose of resale.

Discount House: It is a kind of retail business dealing with consumer durables competing on the basis of price appeal with low margin & minimum consumer services.

Elimination of Middlemen or are middlemen necessary in the channels:

The channels of distribution are the means through which goods are passed on to consumers. In the process thy look on various marketing functions like financing, transportation, grading, standardization, risk-bearing, etc. to perform these functions they have to incur losses. Hence, the services of middlemen will have to be paid either by the manufacturer or the consumer. Many manufacturers are trying to eliminate middlemen and have opted for direct selling because of improvement in retail techniques like automatic selling machines, telemarketing etc. It should be noted that even though Manufacturers can eliminate middlemen, they can't eliminate their functions. In other words functions performed by them must be taken over by the producers if the goods are to be maid available in the market.

Manufacturers try to eliminate middlemen to perform the functions of middlemen at the lowest possible cost and to serve the consumer best.

Arguments in Favor of Middlemen:

- If there were no Middlemen, it would have been difficult for the producers and consumers to meet personally to buy and sell. Hence inclusion of middlemen reduces the complexities of the distribution function.
- Many producers do not have the resources to sell their products directly to the consumers.
- They perform some of the important marketing functions like standardization, grading, transportation, warehousing, etc this makes producers concentrate on their production activities.
- It is the Middlemen who help in stabilizing the prices
- It brings down the cost of production of some of the functions of the producers as they are taken over by the middlemen.
- As they purchase on large scale they also bring down the storage cost
- They provide important marketing information to the producers.
- They create place and time utilities.

Arguments Against Middlemen:

1. They are considered parasites who for one reason or another prevent the direct contact between producers and consumers. This mistake producer is ignorant of consumers' grievances which results in customer dissatisfaction which may bring down the sale.
2. Middlemen also manipulate the economy. This misleads both the consumers and producers.
3. Middlemen are also referred to as cost escalators. In other words, they unnecessarily increase the price of the product.
4. They often dictate the terms of marketing. In fact, the term 'Black Market' was the creation of middlemen.
5. They are also referred to as fair weather Friends. In other words, they only sell those products which gives them maximum profits. They go on changing their Loyalties depending on profitability.
6. In practice they do not perform any marketing function. They simply transfer ownership without shouldering any responsibility. To conclude, it can be said that many manufacturers regard middlemen as Evils. But, all of them can't eliminate middlemen. Hence they are considered as necessary Evil.

E. Types of Retailing.

Retailing Definition: Retailing is a distribution process, in which all the activities involved in selling the merchandise directly to the final consumer (i.e. the one who intends to use the product) are included. It encompasses sale of goods and services from a point of purchase to the end user, who is going to use that product.

Any business entity which sells goods to the end user and not for business use or for resale, whether it is a manufacturer, wholesaler or retailer, are said to be engaged in the process of retailing, irrespective of the manner in which goods are sold.

Retailer implies any organization, whose maximum part of revenue comes from retailing. In the supply chain, retailers are the final link between the manufacturers and ultimate consumer.

Types of Retailing

- **Store Retailing**: Department store is the best form of store retailing, to attract a number of customers. The other types of store retailing includes, speciality store, supermarket, convenience store, catalogue showroom, drug store, super store, discount store, extreme value store. Different competitive and pricing strategy is adopted by different store retailers.
- **Non-store Retailing**: It is evident from the name itself, that when the selling of merchandise takes place outside the conventional shops or stores, it is termed as non-store retailing. It is classfied as under:
    - **Direct marketing**: In this process, consumer direct channels are employed by the company to reach and deliver products to the customers. It includes direct mail marketing, catalog marketing, telemarketing, online shopping etc.
    - **Direct selling**: Otherwise called as multilevel selling and network selling, that involves door to door selling or at home sales parties. Here, in this process the sales person of the company visit the home of the host, who has invited acquaintances, the sales person demonstrate the products and take orders.
    - **Automatic vending**: Vending machines are primarily found in offices, factories, gasoline stations, large retail stores, restaurants etc. which offer a variety of products including impulse goods such as coffee, candy, newspaper, soft drinks etc.
    - **Buying service**: The retail organization serves a number of clients collectively, such as employees of an organization, who are authorized to purchase goods from specific retailers that have contracted to give discount, in exchange for membership.
- **Corporate Retailing**: It includes retail organizations such as corporate chain store, franchises, retailer and consumer cooperatives and merchandising conglomerates. There are a number of advantages that these organizations can achieve jointly, such as economies of scale, better and qualified employees, wider brand recognition, etc.

With the emergence of new forms of retailing, competition is also increasing between them. It is one of the fast-growing and challenging industry.

F. Retail Management

Retail management is the process of running and managing retail outlets' day-to-day activities surrounding the selling of goods and services to customers. It is the process that aims to make sure that customers are happy with the goods and services they purchase and that retail outlets run smoothly and remain profitable. Retail management is crucial to the success of any retail store. Key to any effective retail management strategy are the individual store managers. They take care of store employees, help achieve sales goals, assist with maintaining customer satisfaction, oversee the daily activities of the retail outlet, and empower colleagues who may be potential retail store managers in the future.

The process of retail management has evolved from managing a physical store in one location to handling retail outlets around the world, concentrating efforts on virtual shops or online shopping.

The retail management process, as we know it today, entails several key concepts in the fields of business administration, finance, and marketing.

Retail Management is one of the most recent branches of sales management. It is mainly focused on enhancing the customer's experience through different techniques to create every stimulus possible for a purchase to be made. Retail managers focus on developing an engaging environment through the use of color, variety, sizes, room temperature, shelve height and width, product placement or bundle offerings, among many other strategies are employed set up the best stage possible for more sales to occur. Availability is also a crucial element addressed by retail management.

Stores should put a lot of effort to guarantee that everything the client needs is properly displayed and customer service representatives should be capable to provide whatever the customer is asking for quickly. This practice has proven to be very profitable for companies and it is now widely implemented. Big brands that sell retail products negotiate certain spaces with retail establishments to get better visibility and enough space to display the merchandise attractively. Also, they employ people to supervise the way products are placed, to make sure the look as appealing as possible to serve as elements of persuasion for customers passing by.

G. Internet Marketing

Internet marketing is an all-inclusive term for marketing products and services online. This includes a variety of methods and platforms for communicating with customers, such as website, email, social media, and online advertising.

Internet marketing refers to the strategies used to market products and services online and through other digital means. These can include a variety of online platforms, tools, and content delivery systems, such as:

- Website content and design
- Email marketing
- Social media
- Blogging
- Video/podcasting
- Online ads
- Sponsorships and paid promotions

While internet marketing's apparent purpose is to sell goods and services, or advertising over the internet, it's not the only reason a business will do it.

A company may be marketing online to communicate a message about itself (building its brand) or to conduct research. Online marketing can also be an effective way to identify a target market, discover a marketing segment's wants and needs, build long-term relationships with customers, or establish authority and expertise within an industry.

- **Alternate names**: E-marketing, web marketing, digital marketing.

How does Internet marketing work?

Internet marketing uses customers' online activity to connect them with a business by reaching them in a variety of places on the internet. The types of internet marketing a business uses will depend on the business model, types of products, target customers, budget, and more.

Website Content and Design

A business website allows customers to:

- Find your business online
- Learn your business's location or contact information
- Discover your products or services
- Sign up for your email list
- Request more information
- Make purchases

Websites often use search engine optimization (SEO) to ensure that their content will rank high on search engines and be easy for customers to find.

Email Marketing

You can use email for sending direct mail electronically, rather than through the post office. Collect customer emails either through purchases or website sign-ups, then use emails to share important information, encourage purchases, and build relationships.

Email allows you to reach customers individually and personally. A 2019 retail study looking at more than one billion shopping sessions found that email marketing had a conversion rate of 2.5%, compared to only 1.1% for social media. (The highest conversation rate was direct referral, at 3.0%)[11]

Social Media

Most consumers use some kind of social media, though the type you will focus on will depend on the behavior of your target market.

More than 90% of 18 to 29-year-olds use social media of some kind, and while use decreases with age, it can still be used to reach consumers in all age brackets. More than 60% of those over age 65 use some kind of social media, and those numbers are likely to keep growing.[2]

Older consumers are more likely to use a platform like Facebook, for example; millennials often use Instagram; and younger consumers are more interested in video platforms, such as TikTok or YouTube.

Find out where your ideal customers spend their time and focus your efforts there.

Blogging

Blogging allows you to increase your website's SEO by adding articles and posts around certain targeted keywords. This increases the likelihood that customers will find and visit your website as a result of online search.

You can also write for other people's blogs, magazines, or websites. This can increase your audience and put your business in front of more potential customers.

Video and Podcasting

Some creators who make videos or podcasts use that as their sole business. Other times, businesses use these platforms to establish expertise, connect with others in the industry, and create a funnel for new customers to find and develop an interest in their products or services.

Podcasts especially are growing in popularity. More than 100 million Americans listen to podcasts every month.[3]

Online Ads

Online ads can take a variety of forms.

Pay-per-click advertisements placed in search engines target particular search terms that potential customers might use. Targeted ads on social media are designed to reach specific segments of the platform's users who might be interested in your business's products, services, and promotions.

You can also place sidebar ads on other people's websites or in their email marketing. Online ads are most effective when they are "congruent," or relevant to where they appear or what the target audience is searching for.

Personalization can also increase the response rate to online ads, especially at the early stages of consumers' decision-making process. However, personalization is most effective when ads appear in congruent locations.

Sponsorships and Paid Promotions

You can take advantage of an audience that someone else has built with sponsorship or paid promotions. These marketing campaigns allow you to pay someone whose audience matches your target market to discuss, use, promote, or share your products and services with their followers.

This can both increase brand awareness and drive sales, especially if you pair the campaign with a targeted promo code or special offer.

H. Non profit Marketing

Marketing is critical to the success of nonprofits in advancing their missions. Marketing for nonprofits is a way for nonprofits to identify potential supporters, make sure supporters know about all the great work a nonprofit is doing, and give them opportunities to be involved, like volunteering or donating.

Non profit marketing is the use of marketing tactics by a nonprofit organization. Marketing goals may include promoting the organization and its message, raising funds, encouraging membership, engaging volunteers, and driving political or social change.

Marketing is as important for nonprofit organizations as it is for businesses and uses many of the same marketing strategies to connect with donors and volunteers.

How Nonprofit Marketing Works ?

Nonprofit marketing works by serving multiple functions in keeping charitable organizations running.

1. **Creating awareness.** Like any business brand, a nonprofit must make its audience aware of the organization and the causes it supports.
2. **Promoting a cause and services.** Donors, volunteers, and groups the nonprofit works with need to know about the work the organization is doing.

3. **Fundraising.** Nonprofits rely on donations in order to pursue their charitable initiatives. Fundraising is an essential function of nonprofit marketing, and it can take the form of encouraging general donations or promoting specific fundraising events or campaigns.
4. **Encouraging memberships and recurring donations.** Nonprofit marketing should be used to encourage long-term membership. This increases the relationships that the nonprofit can draw on for fundraising initiatives and helps provide recurring donations.
5. **Engaging volunteers.** Most nonprofits need people to take action or participate in initiatives, as well as donate.
6. **Driving political and social change.** Skillful nonprofit marketing can put pressure on opinion leaders, politicians, and ordinary people to create social and political changes addressing the nonprofit's causes.

Examples of Nonprofit Marketing

No matter what specific goals are pursued using nonprofit marketing, most campaigns fall into one of four categories.

1. **Traditional fundraising** asks consumers to make a monetary donation to a cause or charitable campaign. Some businesses partner with nonprofits to create long-term fundraising around causes that their employees care about.
2. **Consumer charity** is a partnership with a for-profit business that encourages consumers to use their purchasing power to assist charitable organizations. This usually takes the form of cause marketing, in which consumers buy products because part of the purchase price will be donated to a specific cause.
3. **Message-focused campaigns** attempt to build awareness, encourage political change, or affect consumer behavior. They are generally paired with or followed by specific fundraising or volunteer sign-up campaigns.
4. **Event marketing** is focused around a single charitable drive or promotional event, usually one at which donations will be collected or the cost of admission will go directly to the nonprofit. These marketing initiatives often include a special guest or celebrity partner whose public image and connections are used to drive attendance.

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