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college of commerce & management

Class:- B.COM- III Year

Subject: - MARKETING MANAGEMENT

**MARKETING MANAGEMENT**

**B.COM 3<sup>RD</sup> YEAR**

UNIT NO.	TOPICS
1	<b>INTRODUCTION:</b> MARKET AND MARKETING- DEFINITION; NATURE, SCOPE AND IMPORTANCE OF MARKETING, EVOLUTION OF MARKETING CONCEPTS, A VEDIC PERSPECTIVE OF MARKETING, MARKETING ENVIRONMENT, RECENT TRENDS IN MARKETING IN INDIA. HOLISTIC MARKETING ORIENTATION & CUSTOMER VALUE.
2	<b>PRODUCT MANAGEMENT-</b> TYPES OF CONSUMER AND INDUSTRIAL PRODUCTS, PRODUCT RELATED DECISIONS, PRODUCT LINE, PRODUCT-MIX, PRODUCT LIFE CYCLE AND NEW PRODUCT DEVELOPMENT, BRANDING LABELLING AND PACKAGING DECISIONS. NOW PRODUCT STRATEGIES, CONCEPT OF MARKETING-MIX MARKET SEGMENTATION CONCEPT, IMPORTANCE AND BASES, CONSUMER BEHAVIOUR - AN OVERVIEW: CONSUMER BUYING PROCESS; FACTORS INFLUENCING CONSUMER BUYING DECISIONS.
3	<b>PRICING:</b> PRICE IMPORTANCE OF PRICE, OBJECTIVES OF PRICING, FACTORS AFFECTING PRICING DECISIONS, APPROACHES OF PRICING, VARIOUS PRICING METHODS; PRICING POLICIES AND STRATEGIES, PRICE-SENSITIVITY; ETHICAL ISSUES CONCERNING PRODUCTS AND PRICING DECISIONS.
4	<b>SALES PROMOTION-</b> NATURE AND IMPORTANCE OF PROMOTION, PROMOTION TOOLS: ADVERTISING, PERSONAL SELLING, PUBLIC RELATION, PROMOTION MIX, FACTORS AFFECTING PROMOTION MIX DECISIONS, THE MARKETING COMMUNICATION, INTEGRATED MARKETING COMMUNICATIONS PROCESS ADVERTISING - DEFINITION, FEATURES, IMPORTANCE, FUNCTIONS OF ADVERTISING, CHANNELS OF DISTRIBUTION
5	<b>TRENDS IN MARKETING-</b> CONSUMER PROTECTION AND CONSUMERISM. RECENT CONCEPTS: GREEN MARKETING, VIRAL MARKETING, CUSTOMER RELATIONSHIP MANAGEMENT (CRM), DIGITAL MARKETING GLOBAL MARKETS CAUSE RELATING MARKETING; SOCIAL MARKETING; OTHER EMERGING TRENDS



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## **UNIT I**

### **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 value determined in terms of money prices.

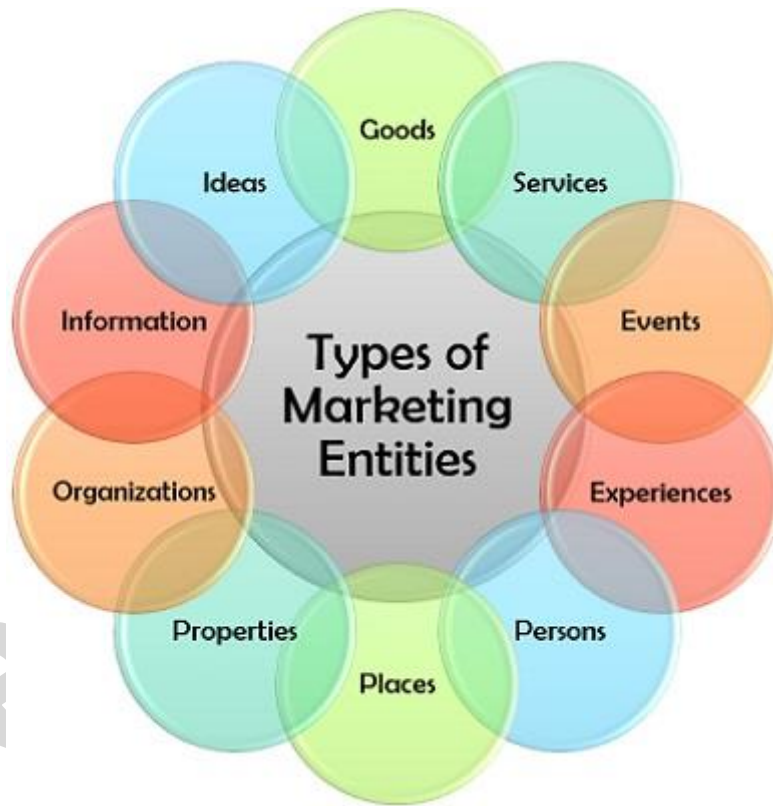
**Customer-oriented Definition** - According to Cardiff and Still. “Marketing is the business process by which products are matched with the markets and through which transfers of ownership are effected.”

**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.



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- **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.





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- **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.



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

1. **Market Research:** Complete research on competitors, consumer expectations and demand is done before launching a product into the market.
2. **Market Planning:** A proper plan is designed based on the target customers, market share to be captured and the level of production possible.
3. **Product Design and Development:** Based on the research data, the product or service design is created.
4. **Buying and Assembling:** Buying of raw material and assembling of parts is done to create a product or service.
5. **Product Standardization:** The product is graded as per its quality and the quality of its raw materials.
6. **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.
7. **Branding:** A fascinating brand name is given to the product to differentiate it from the other similar products in the market.
8. **Pricing of the Product:** The product is priced moderately keeping in mind the value it creates for the customer and cost of production.
9. **Promotion of the Product:** Next step is to make people aware of the product or service through advertisements.
10. **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.
11. **Selling and Distribution:** To reach out to the consumers spread over a vast geographical area, selling and distribution channels are to be selected wisely.
12. **Transportation:** Transportation means are decided for transfer of the goods from the manufacturing units to the wholesalers, retailers and consumers.
13. **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.



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### **Importance of Marketing-**

#### **(A) Importance of Marketing to the Society**

##### **1) Increase in Standard of Living**

The prime objective of marketing is to provide goods and services to the customers to satisfy their needs. **Paul Mazur** defined marketing as, “*The delivery of standard of living to the society*”.

Marketing helps to identify the needs of the customers and take an initiative to provide quality goods at cheaper prices. This will help to increase and maintain the standard of living of the customers.

In modern times, large-scale production of goods and services reduced its prices due to which even the poorer sections of society can attain a reasonable level of living.

##### **2) Provides Employment**

Modern marketing is a total system that covers almost all functions of organization such as buying, selling, financing, transport, warehousing, risk bearing, research, and development, etc.

To run this system there is a need of people. Thus, marketing gives job opportunities to people. In the modern era of automation, lesser employments are available in the production function and the role of marketing has widened. It gives more opportunities of employment in marketing.

**Converse, Huegy, and Mitchell** have rightly pointed out that “*In order to have continuous production, there must be continuous marketing, only then employment can be sustained and high level of business activity can be continued.*”

##### **3) Decreases Distribution Costs**

Marketing activities help to provide cheap goods and services to society. Effective utilization of channel of distribution can help in reducing the cost prices of the products and services.

Reduction of cost will help to increase the potential consumers for the products or services. It also assures timely availability of the product.

##### **4) Consumer Awareness**

Marketing helps society by informing and educating consumers. The function of marketing is to fulfill the needs of the consumers. Marketing helps consumers to know about new products and services available in the market and its usefulness to the customer.

Marketing provides satisfaction to society by supplying relevant information, goods, and services to the people of society according to their demands and taste. Marketing can also include more practical information to assist in making a purchase, such as addresses, phone numbers, product release dates, store hours, and Web addresses.

##### **5) Increase in National Income**

Every economy revolves around marketing, production, and finance to the industry. The scientifically organized marketing activities help in the economic development of the country. Effective marketing of products and services result into industrialization, more job, and makes the economy stronger and stable. Marketing can bring about rapid development of the country by integration of agriculture and industry.

##### **6) Managing Consumer Expectations**

Marketing research helps organizations to understand the needs of the consumers. It helps in developing products that fulfill customers' expectations. Customers' reviews collected through different sources can help the organizations to make necessary changes in the products.

Businesses use marketing to make consumers aware of major changes, such as mergers and transfers in ownership that affect product offerings or seek to improve quality. Government regulations prevent marketers from making false or misleading claims.



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**(B) Importance of Marketing to the Firm**

**1) Increases Awareness**

Marketing helps in creating awareness about the existing products, new arrivals as well as the company which sells a particular product in the market. This raises awareness among the potential consumers. It creates brand image among the consumers.

**2) Increases Sales**

Once marketing creates awareness about the products or services among the consumers, it attracts them to purchase the same. A successful marketing campaign helps to increase the sales of the organization. An increase in sales generates profit for the organization.

This income and profit are reinvested in the business to earn more profits in the future. In modern business, the survival of the organization depends on the effectiveness of the marketing function.

**3) Creates Trust**

People want to buy from a business that has a trustworthy reputation. Creating trust among the customers is a time-consuming process. Creating trust among the consumers helps the business to earn loyal customers. Once your business can establish this trust with your clients, it creates customer loyalty. Happy customers enhance the brand image in the market.

Effective marketing plays an important role in building a relationship between the customers and the organization. Effective pricing policy and timely after-sales services improve the image of the organization. A majority of the activities of the marketers are directed towards building the brand equity of the business.

**4) Basis for Making Decisions**

From the inception of an idea to delivering the final product to the customer, a businessman has to take several decisions. The businessman has to look after many problems such as what, how, and when. how much and for whom to produce? As the scale of operation increases, these decisions become more complex. Marketing helps to take right decision at right time.

**5) Source of New Ideas**

Marketing helps businesses to understand the needs of the consumers. Feedbacks from the consumers help in the improvement of the existing products. There is a rapid change in the tastes and preferences of people.

Marketing helps in understanding these changes. It helps to understand new demand patterns that emerged in the market. The research and development department develops products accordingly.

The 4p's of marketing mix i.e. product, price, place, and promotion play a huge role in product development. Inventions and innovations are taking place as per the need of the Research and Development team of the business.

**6) Tackling the Competition**

There is increasing competition in almost all sectors of the economy. It is difficult for any business to create a monopoly for their products and services. The role of marketing is important to create a brand image in the minds of potential customers.

Marketing not only helps to communicate the products and services to the consumers but also motivates them to buy the same. Sound marketing strategies can portray a better image of the business than the competitors. Businesses can make use of modern technology for effective marketing.

**(C) Importance of Marketing to the Consumers**

**1) Promotes Product Awareness:**

Through different marketing activities, companies promote their products and services. This helps consumers to know about different products and services available in the market. It helps the consumer in making buying decisions.

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It also creates awareness among the consumers about different brands and features of the product available in the market. A consumer can compare product features, price, availability, and other essentials because of marketing. Marketing helps to improve the quality of life of the consumer.

### **2) Provides Quality Products**

There is increasing competition in the market. Consumers are getting easy access to information about the products and services available in the market.

It creates moral pressure on businesses to provide quality goods to consumers. Supplying defective products may create a negative image of the business which affects the consumer's loyalty.

### **3) Provides a Variety of Products**

Marketing creates awareness among the consumers about the product. At the same time, it attracts consumers to buy the same. With the customer population and preferences becoming wider, and the competitive options becoming more available, market segmentation has become critical in any business or marketing plan.

In fact, businesses launch products keeping market segmentation in mind. A businessman needs to provide a variety of goods to cater to the needs of the different market segments of the consumers. Variety may change according to the price, size, and quality of the product.

### **4) Helps in Selection**

A variety of products with different brands is available in the competitive markets. Marketing helps the consumer choose the best products and services from the different options available.

### **5) Consumer Satisfaction**

The first and foremost objective of any sound marketing policy is to satisfy the consumers with an assurance of good quality products. When an offering meets the customer's expectations, the customer is satisfied.

Marketing leads to consumer satisfaction through honest advertising, assurance of quality products, and availability of innovative products. Thus, marketing takes every effort to satisfy the consumer.

### **6) Regular supply of goods**

Through efficient distribution channel of marketing regular supply of goods is possible. It helps to maintain the balance between demand and supply. It results into stable prices.



## **PHILOSOPHY OF MARKETING/ EVOLUTION OF MARKETING CONCEPTS**

- **PRODUCTION CONCEPT:** Managers of production oriented organizations concentrate on achieving high production efficiency and wide distribution coverage.
- **PRODUCT CONCEPT:** The product concept holds that consumers will favour those products that offer the best quality, performance or innovative features.
- **THE SELLING CONCEPT:** The selling concept holds that consumers, if left alone, will ordinarily not buy enough of the organisation's products.



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- **THE MARKETING CONCEPT:** This is a customer oriented approach which points out that the primary task of a basis of latest and accurate knowledge of market demand, the enterprise must produce and offer the products which will give the desired satisfaction and services to the customer.

**It involves the following orientation →**

- **Customer orientation.**
- **Integrated approach.**
- **Marketing information system**
- **Profitability.**
- **Societal marketing concept**

### **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.



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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.

### **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:

1. Men
2. Money
3. Machinery
4. Materials
5. 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 characterized 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.

### 1. 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.

### 2. 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.



**3. 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.

**4. 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.

**5. 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.

**Recent trends in Marketing in India**

The recently followed trends in marketing include

- Internet Marketing
- Multilevel Marketing .
- CRM or Customer Relationship Management.
- Green Marketing
- Event Marketing
- Rural Marketing
- Global Marketing

**Digital Marketing**

- Any marketing that uses electronic devices to convey promotional messaging and measure its impact.
- Digital marketing typically refers to marketing campaigns that appear on a computer, phone, tablet, or other device.
- Digital marketing is often compared to “traditional marketing” such as magazine ads, billboards, and direct mail. Oddly, television is usually lumped in with traditional marketing.
- The marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media.
- Digital marketing extends beyond internet marketing to include channels that do not require the use of the internet.
- "Digital marketing is the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both parties.

**Multilevel Marketing**

- It is also known as network marketing, direct selling, referral marketing, pyramid marketing .
- It is a form of direct selling in which distributors of a product attempt to locate and sell to end users and to other who will become distributors.
- It is term that describes a marketing structure used by some companies as a [art of their overall marketing strategy.
- Multilevel marketing is simply direct sales, just one of the methods of marketing products and services.
- Multi-level marketing is a distribution model companies use to get their product to consumers. Instead of directly offering their products to consumers online or in brick-and-mortar stores, they use sales representatives to distribute and sell their products.
- Sales representatives typically work from home and buy inventory to sell at in-person or online parties. They aren't considered employees; instead, each sales representative owns their business. The multi-level aspect refers to each representative's ability to recruit and train other representatives to start their



own business. As recruits make sales and recruit their own representatives, each person above them earns a commission.

- Income earned in MLM comes from the commission earned on personal sales and a percentage of the sales earned by other reps recruited by you.

#### **CRM**

- CRM stands for “Customer Relationship Management” and refers to all strategies, techniques, tools, and technologies used by enterprises for developing, retaining and acquiring customers.
- Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle.
- The goal is to improve customer service relationships and assist in customer retention and drive sales growth.
- **Customer-** are the focal point of every business transaction. The business runs for its customers, to satisfy their needs.
- **Relationship-** in terms of business means a state involving mutual dealing between people.
- **Management-** is referred as managing of customer interactions.
- CRM is a comprehensive strategy and a process of acquiring, retaining and partnering with selective customers, to create superior value for the customer and company.
- In other words the purpose of CRM is to improve marketing productivity. Marketing productivity is achieved by increasing marketing efficiency and by enhancing marketing effectiveness.

#### **Green Marketing**

- It is a recent phenomenon in which manufacturers focus on producing environment friendly products.
- Green marketing is the marketing of products that are presumed to be environmentally safe - **American Marketing Association**
- It is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the same time do not have a detrimental impact on the environment.
- When a company showcases its eco-friendliness, that may include products:
  1. Manufactured in a sustainable fashion
  2. Not containing toxic materials or ozone-depleting substances
  3. Produced from recycled materials or able to be recycled
  4. Made from renewable materials
  5. Not making use of excessive packaging
  6. Designed to be repairable and not thrown away
- "Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment."

#### **Event Marketing**

- Event marketing is the promotion of a product, brand, or service through in-person interactions. There are many forms of event marketing and each can be catered to address a marketer's specific goals.
- Event marketing is a type of marketing that implies promoting a brand, product, or service by holding, participating in, or attending events. Event marketing helps build more profound relationships with customers and educate them about your product.



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**Rural marketing**

- Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.
- The Rural Marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.

**Global Marketing**

- Global marketing is defined as the process of adjusting the marketing strategies of your company to adapt to the conditions of other countries. Of course, global marketing is more than selling your product or service globally. It is the full process of planning, creating, positioning, and promoting your products in a global market.

**ASSIGNMENT QUESTIONS FOR UNIT 1**

1. How has the scope of marketing expanded in the digital age?
2. Why is marketing considered crucial for business success?
3. What are the major components of the marketing environment, and how do they impact marketing strategies?
4. What are the most significant recent trends in marketing within the Indian context?





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## UNIT II

### PRODUCT

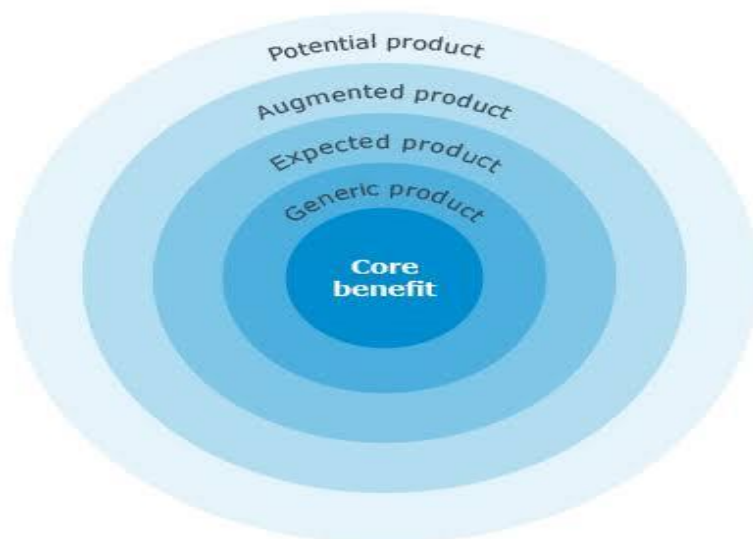
- A product is something that is manufactured for sale in the market. Customer needs are met by the usage of products. Product is one of the main components of marketing—all marketing activities revolve around the product.
- Products can be tangible or intangible. Tangible products are known as goods while intangible products are called services.
- A product may be defined as a bundle of utilities. It consists of various product features and accompanying services. The customer does not but merely the physical and chemical attributes of a product. A consumer is really buying a product for satisfaction.
- A product is a set of tangible and intangible attributes, including packaging color, price, quality and brand plus the services and reputation of the seller.
- A product is anything can be offered to a market for attention, acquisition, use Or consumption. It includes physical objects, services, personalities, place, organization and ideas. **- Philip Kotler**
- A product is a bundle of utilities consisting of various features and accompanying services.

**- W. Alderson**

#### Characteristics of Product

- Tangible or intangible
- Associated attributes
- Exchange value
- Benefits or satisfaction
- Product differentiation

#### Levels of a Product

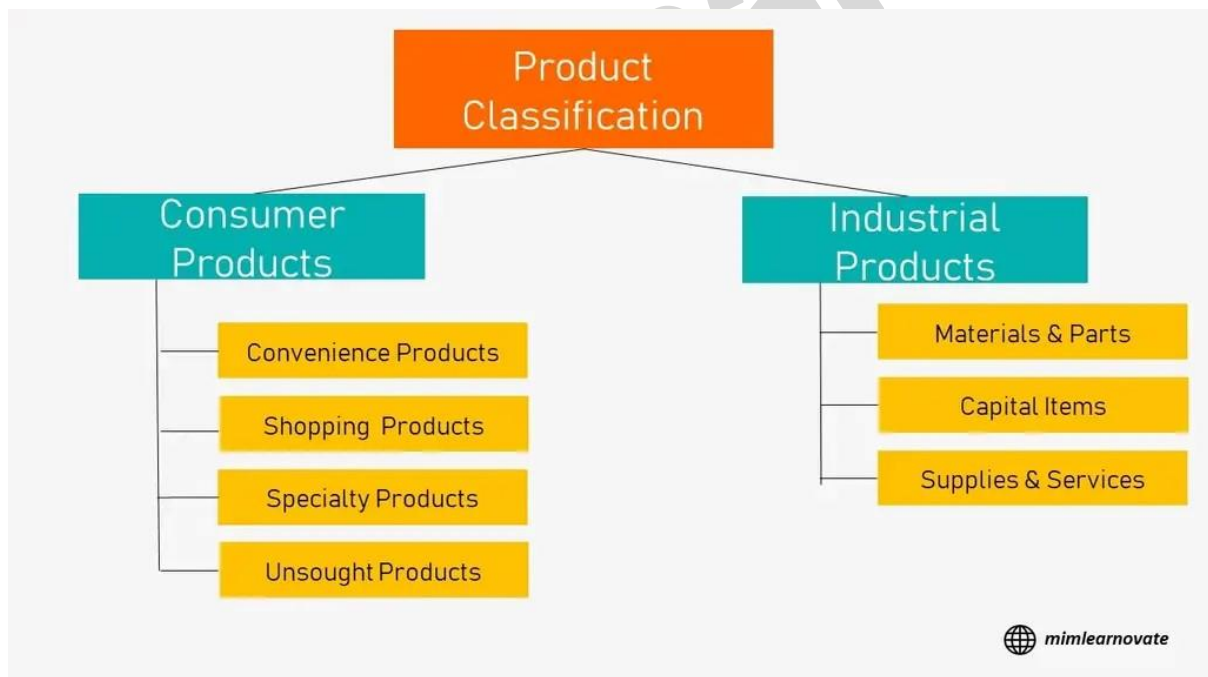




### **Types of Products**

There are two broad categories into which marketers have placed products and services depending on the types of customers that utilize them.

1. Consumer products
2. Industrial products



#### **1- Consumer products**

Consumer products are those purchased by ultimate consumers for their own use. These products are typically categorized by marketers using customer purchasing patterns.

These products are marketed differently because on how people choose to purchase them.

Consumer products include:

- Convenience products
- Shopping products
- Specialty products
- Unsought products



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### ► Convenience products

Convenience products are consumer goods and services that the consumer typically purchases frequently, right away, and with the least amount of research, comparison and buying effort.

Typically, they are inexpensive and widely accessible. Through numerous distribution channels, including all retail stores, these products are made available to the public.

#### Example of Convenience products

Soap, detergents, candy, newspapers, and foods including rice, wheat flour, salt, sugar, and milk.

### ► Shopping products

Consumers spend a lot of time and effort researching these products, comparing alternative brands carefully on suitability, quality, price, and style. Consumers buy these products less frequently.

These products are sold through a few selected distribution channels.

#### Example of Shopping products

Furniture, clothing, used vehicles, and major household appliances.

### ► Specialty products

Consumer goods with unique qualities or brand image are referred to as specialty products since a significant group of customers is willing to make a special purchase effort.

Normally, consumers do not compare specialty goods. They only devote the time required to travel to retailers offering the desired products.

Although these dealers do not require convenient locations, they nevertheless need to advertise their location to customers.

#### Example of Specialty products

Sports cars, designer clothing, exotic perfumes, expensive home entertainment systems, photography equipment, and luxury goods.



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### ► Unsought products

Unsought products are consumer goods that a consumer is either unaware of or aware of but does not typically consider buying.

Most innovations are unsought after until they are made known to the consumer through advertising. Unsought goods require a lot of advertising, personal selling, and other marketing efforts by their very nature.

#### Example of Unsought products

Life insurance, home security systems, reference books, funeral services, fire extinguishers and blood donations to the Red Cross.

### 2- Industrial products

Business organizations buy industrial products to employ in their operations or for further processing.

In general, industrial goods are produced for use in industries. The distinction between industrial and consumer products is made based on the use for which they are purchased.

#### Example of Industrial product

A lawnmower is a consumer product if it is purchased by a consumer for household purposes. The lawnmower is an industrial product if the same customer purchases it to be used in a landscaping business.

There are three categories of industrial products.

- Materials and parts
- Capital items
- Supplies and services



### ► Materials and parts

Industrial goods known as materials and parts are used in the buyer's product through further processing or as components.

They consist of components as well as raw materials and manufactured materials and parts.





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#### →Raw Materials

Many small farmers supply the products, which are then given to marketing intermediaries to process and market.

Natural products typically require a lot of transportation to get from the producer to the consumer because of their high bulk and low unit value. They are provided by fewer, larger producers, who frequently sell to industrial customers directly.

Farm products (wheat, cotton, animals, fruits, and vegetables) and natural products (fish, timber, crude petroleum, iron ore) consist of raw materials.

#### →Manufactured Materials and Parts

The majority of manufactured goods and components are sold straight to industrial customers.

The most essential marketing criteria are price and service, with branding and advertising typically playing a less major role.

Component materials (such as iron, yarn, cement, and wires) and component parts (small motors, tyres, castings) are included in manufactured materials and parts.

#### Example of Materials and parts

Examples of raw materials include agricultural products, crude oil, and iron ore. Produced materials include iron, yarn, cement, and wires. Component parts include small motors, tyres, and castings.

#### ►Capital items

Industrial products that aid in the production or operations of the buyers are referred to as capital items. Capital items consists of :

- Installations
- Accessory Equipment

#### →Installations

Installations are typically purchased directly from the maker following a thorough decision-making process because they are large purchases.

Buildings (factories, offices) and fixed machinery (generators, drill presses, large computers, lifts) composed of installations.

#### →Accessory Equipment

These products are not included in the final package. They serve just as production aids and have a shorter lifespan than installations.

Because the market is divided geographically, there are many customers, and the orders are often small, the majority of accessory equipment dealers employ intermediaries.

Portable factory equipment and tools (hand tools, lift trucks), as well as office equipment, are examples of accessory equipment (fax machines, desks).



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### ►Supplies and Services

Industrial products like supplies and services never make it into the final product.

#### →Supplies

*Supplies* includes:

- Operating supplies (lubricants, coal, computer paper, and pencils)
- Repair and maintenance items (paint, nails, brooms)

Since supplies are typically purchased with little effort or comparison, they are the convenience goods of the industrial field.

#### →Services

Business services include:

- Maintenance and Repair services (such as window washing and computer repair).
- Business advisory services (legal, management consulting, advertising).

Typically, these services are provided under a contract. Small producers frequently offer maintenance services, while original equipment manufacturers frequently offer repair services.

### PRODUCT MIX-

It is the set of all products offered for sale by a company. A product mix has typical 4 dimensions-

1. **Width-** it is the number of different product line found within the company.
2. **Depth-** it is the average number of items offered by a company within each product line.
3. **Length-** it is the sum total of all the items produced within different product lines by the company.
4. **Consistency-** it means how closely the various product lines are related in terms of consumer behaviour, production requirements, channels of distribution or in some other ways.

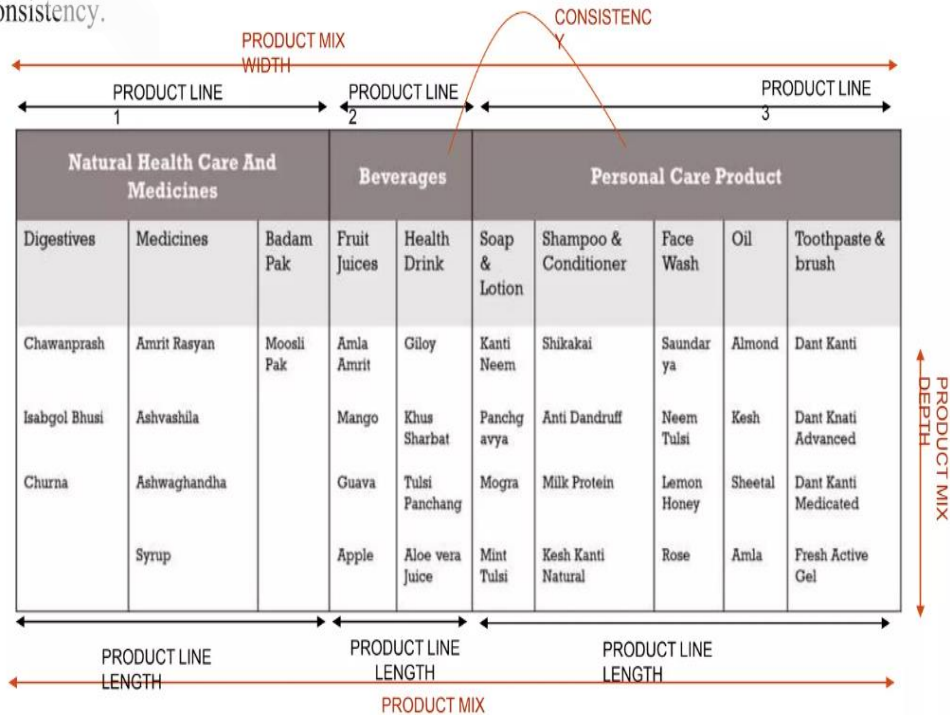
### Product Line-

Product lines are often part of a marketing strategy. Companies keep adding more products to attract buyers. Specifically, they want to attract buyers who are familiar with the brand. A marketing strategy exists when you combine all your marketing goals and objectives into one comprehensive plan.

Product line is a broad group of products, intended for similar uses and having similar characteristics. Group of products that company creates under a single brand.



and Consistency.



## PRODUCT MIX AND PRODUCT LINE DECISIONS

LO3

	Product Lines Product line breadth				
	Oral Care	Personal Care	Household Care	Fabric Care	Pet Nutrition
Product Categories	Toothpaste (Colgate Total) Toothbrush (Colgate Plus) Kids' products (Colgate Barbie Bubble Fruit toothpaste) Whitening products (Colgate Simply White) Floss (Colgate Total Dental Floss) Oral first aid (Colgate Orabase)	Deodorants (Speed Stick) Bar soap (Irish Spring) Body wash (Soft Soap) Hand wash (Soft Soap) Men's toiletries (Skin Bracer Aftershave)	Dishwashing liquid (Palmolive) Automatic dishwashing liquid (Palmolive) Household cleaners (Ajax) Dish wipes (Palmolive)	Laundry detergents (Fab) Fabric softener (Fleecy)	Hill's Pet Nutrition, Inc.—subsidiary Dog food (Science Diet) Cat food (Science Diet)
Product line depth					

Source: <http://www.colgate.com>.

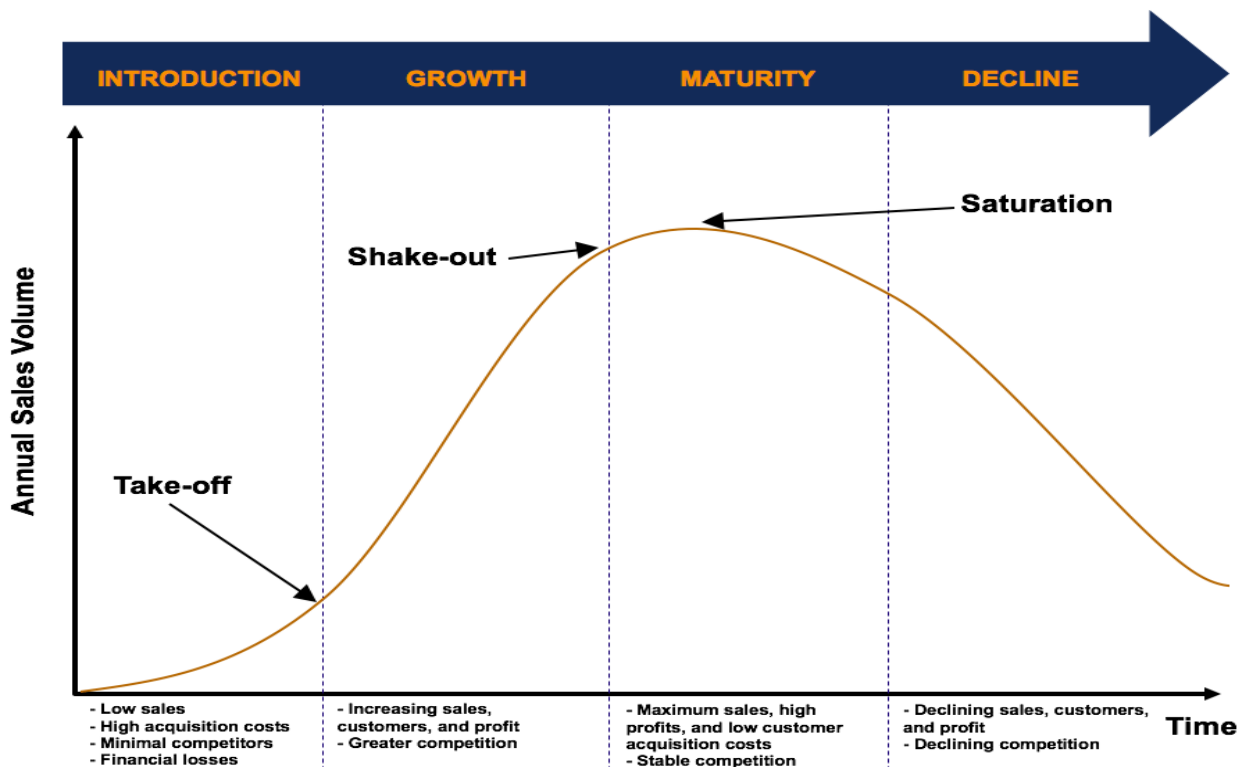


### PRODUCT MIX DECISIONS-

1. Reviewing the mix of existing product lines.
2. Adding new lines to and deleting existing lines from the product mix.
3. Determining the relative emphasis on new versus existing product lines in the mix,
4. Determining the appropriate emphasis on internal development versus external acquisition in the product mix.
5. Forecasting the effects of future external change on the company product mix.

### WHAT IS THE PRODUCT LIFE CYCLE?

The Product Life Cycle (PLC) defines the stages that a product moves through in the marketplace as it enters, becomes established, and exits the marketplace. In other words, the product life cycle describes the stages that a product is likely to experience. It is a useful tool for managers to help them analyse and develop strategies for their products as they enter and exit each stage.







## **Stages in the Product Life Cycle**

The four stages in the product life cycle are:

1. Introduction
2. Growth
3. Maturity
4. Decline

### **1. Introduction Stage**

When a product first launches, sales will typically be low and grow slowly. In this stage, company profit is small (if any) as the product is new and untested. The introduction stage requires significant marketing efforts, as customers may be unwilling or unlikely to test the product. There are no benefits from economies of scale, as production capacity is not maximized.

The underlying goal in the introduction stage is to gain widespread product recognition and stimulate trials of the product by consumers. Marketing efforts should be focused on the customer base of innovators – those most likely to buy a new product. There are two price-setting strategies in the introduction stage:

- **Price skimming:** Charging an initially high price and gradually reducing (“skimming”) the price as the market grows.
- **Price penetration:** Establishing a low price to quickly enter the marketplace and capture market share, before increasing prices relative to market growth.

### **2. Growth Stage**

If the product continues to thrive and meet market needs, the product will enter the growth stage. In the growth stage, sales revenue usually grows exponentially from the take-off point. Economies of scale are realized as sales revenues increase faster than costs and production reaches capacity.

Competition in the growth stage is often fierce, as competitors introduce similar products. In the growth stage, the market grows, competition intensifies, sales rise, and the number of customers increases. Price undercutting in the growth stage tends to be rare, as companies in this stage can increase their sales by attracting new customers to their product offerings.

### **3. Maturity Stage**

Eventually, the market grows to capacity, and sales growth of the product declines. In this stage, price undercutting and increased promotional efforts are common as companies try to capture customers from competitors. Due to fierce competition, weaker competitors will eventually exit the marketplace – the shake-out. The strongest players in the market remain to saturate and dominate the stable market.

The biggest challenge in the maturity stage is trying to maintain profitability and prevent sales from declining. Retaining customer brand loyalty is key in the maturity stage. In addition, to re-innovate itself, companies typically employ strategies such as market development, product development, or marketing innovation to ensure that the product remains successful and stays in the maturity stage.



#### **4. Decline Stage**

In the decline stage, sales of the product start to fall and profitability decreases. This is primarily due to the market entry of other innovative or substitute products that satisfy customer needs better than the current product. There are several strategies that can be employed in the decline stage, for example:

- Reduce marketing efforts and attempt to maximize the life of the product for as long as possible (called milking or harvesting).
- Slowly reducing distribution channels and pulling the product from underperforming geographic areas. Such a strategy allows the company to pull the product out and attempt to introduce a replacement product.
- Selling the product to a niche operator or subcontractor. This allows the company to dispose of a low-profit product while retaining loyal customers.

#### **Reasons for the Failure of New Product:**

1. Poor marketing research
2. Not using the up-to-date technology
3. High price or too 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.

#### **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 is 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 detailed financial analysis is done. It is carried out to find out the financial marketing competitive & manufacturing viability usually, this analysis is done by the experts. The task of the management in this step is to identify the product features, estimate the market demand & the product's 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 premature death. On the other hand, if the time taken is too 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 it 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.

**New Product Development Strategies**

Product Development strategies are branched out into two types, a Proactive Product Development Strategy, and a Reactive Product Development Strategy.

**1. Proactive Product Development Strategy**

Proactive means creating or controlling a situation rather than just responding to it after it has happened. That is the essence of a proactive product development strategy. This strategy analyzes the market trends and anticipates the need for a product or feature before its launch.

This gives the company a head start against the competition. Companies following this strategy invest a great deal in market research for the product development process. They don’t shy away from taking risks and embrace entrepreneurship.

**2. Reactive Product Development Strategy**

Reactive means acting in response to a situation rather than creating or controlling it. A reactive product development strategy is followed when there is a change in the industry or demand.

There are four approaches to a reactive product development strategy:

- Responding to customer requirements
- Responding to competition in the market
- Upgrading the product to stay ahead of competitors
- Reducing the product price to make market penetration difficult



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To sum it up, a successful product cannot thrive alone on a brilliant idea. It needs a stable product development process & a great strategy to leave a mark in the market. Launching a great product can sound daunting, thus performing due diligence and creating a solid process & strategy will be your best friends in the entire product development life cycle.

## **BRANDING**

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**

#### **1. 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.

#### **2. 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.

#### **3. 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.

#### **4. 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.

### **Steps of Branding Process-**

#### **1. Identify Your Target Customers**

If you believe you do not have a defined set of target consumers, or the whole world is your target audience, then you are probably not focusing on determining your customers. There have been various studies determining that clearly defined target clients help bring profit to the company. In fact, the narrower the focus, the faster the growth will be and vice versa.

Filtering your customers on the basis of their age, interest, demographics, behavior, gender, etc., will prove helpful in customizing your mission and message to meet their needs.

#### **2. Determine Brand Purpose**

The vision and mission of your organization should depict the purpose of your business' existence. This will help you present an authentic image of your company in front of your customers. Everything from your brand logo to the tagline should reach your audience in a positive light.





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The answers to questions like “why have you started your business?”, “what are your goals?”, “what is the purpose of your brand?” etc., should be on your tips. This is because this information will form the foundation of your branding through slogans, taglines, messaging, stories, and much more.

### **3. Research About Your Present Competitors**

It is preferable to conduct thorough research into your competitors and determine what they are offering to their customers. After this, think about how your business can provide better products or services or what can make your business stand out in the crowd.

In case there are a large number of competitors filled in the market, try to tweak your branding process with different communication strategies. This will be fruitful in making your customers convinced that you are the best amongst the crowd.

### **4. Market Your Brand**

The brand managers should actively participate in marketing their brand by sponsoring events, participating in numerous promotional events, and indulging in various marketing aspects and business facets. It is important for your brand to stand out and leverage its USP's qualities and other crucial factors.

Use different promotional channels like social media, blogs, websites, magazines, newspapers, etc., continuously to promote your brand.

### **5. Create a Tagline, Logo, and Other Elements**

This step of the branding process involves working on the tagline, logo, fonts, typography, etc. These aspects should be enticing and eye catchy to grab the attention of your customers instantly. It should be kept in mind that these logos and taglines will be incorporated into every promotional material and marketing collateral.

### **PACKAGING-**

Packaging is the act of enclosing or protecting the product using a container to aid its distribution, identification, storage, promotion, and usage.

According to Kotler –

*Packing constitutes all the activities of designing and producing the container for a product.*

In simple terms, packaging refers to designing and developing the wrapping material or container around a product that helps to

- Identify and differentiate the product in the market,
- Transport and distribute the product,
- Store the product,
- Promote the product,
- Use the product properly.

### **Importance of Packaging**

#### ***Importance Of Packaging For The Seller***

- **Distribution:** Good packaging makes it possible for the seller to transport the product from the manufacturing unit to the final selling point and then to the customer. The seller uses different packaging for the same – transport packaging to transport the products and consumer packaging to aid the consumer in consuming the product.
- **Storage:** Warehousing comes with its own risks of product spoilage, spillage, and mishandling. Proper packaging helps the seller store and assort the products better.



- **Promotion:** Packaging forms a vital marketing element that the brand uses to differentiate the product using attractive, colourful, and visually appealing packages and inform the buyer about the product's performance, features, and benefits.
- **Safety:** Good packaging aids in product safety before it reaches the final consumer. For example, a Tetra Pak prevents the milk from getting spoilt before its expiry date.

***Importance Of Packaging For The Buyer***

- **Identification:** Packaging and labelling help the customers identify the product and differentiate it from other products in the market.
- **Usage:** Often, packaging, like that of a toothpaste, that forms a part of the product aids in its usage and consumption.
- **Safety:** It also protects the consumer from the dangers that the product comes with. For example, an acid bottle protects the user from getting acid burns.

**Functions Of Packaging**

Packaging plays a crucial role from the time a product is developed to the time a product is fully consumed. These functions of packaging include:

1. **Contains the product:** Most products need to be contained either during transportation, storage, or consumption. Packaging makes sure the product is contained as and when required.
2. **Protects the product:** Packaging protects the product and its quality, features, utility, etc. from being damaged or contaminated during transportation, storage, and consumption.
3. **Aids product handling and usage:** Proper packaging aids product handling and makes it easy to transport, ship, and even use the product.
4. **Differentiates the product and makes it stand out:** Packaging makes it easier for the customer to identify and differentiate it from other products. Moreover, attractive packages have a property to stand out and attract customers towards it.
5. **Forms a part of product marketing strategy:** An attractive and/or informative package makes the product stand out and have a promotional appeal. Packaging also acts as the final touchpoint that helps in product promotion and sale.
6. **Provides customer convenience:** Packaging is also a convenience tool that makes it convenient for the customer to carry, transport, and use the product.
7. **Acts as a communication medium:** Packaging along with labelling helps communicate the brand identity, brand message, and product and company information to the customer.
8. **Adds to the aesthetic value:** Packaging can make a simple product look attractive or a unique product look ordinary. It's an important aesthetic touchpoint that can make or break a sale.

**MARKETING MIX**

- The process of marketing or distribution of goods requires particular attention of management because production has no relevance unless products are sold. Marketing mix is the process of designing and integrating various elements of marketing in such a way to ensure the achievement of enterprise objectives.
- The elements of marketing mix have been classified under four heads—product, price, place and promotion. That is why marketing mix is said to be a combination of four p's
- According to Philip Kotler, 'marketing mix is the mixture of controllable marketing variable that the firm uses to pursue the sought level of sales in the target market'



## Elements of Marketing Mix



### Product

The product is either a tangible good or an intangible service that is seen 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, then 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.



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### **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:

#### **Lack of Focus on Services**

The conventional marketing mix tends to be applicable to tangible goods i.e. the traditional definition of products. Services or intangible goods are also a vital customer offering and can be planned for in much the same way as physical products. To cater to the unique challenges of services, the 4P model has been supplemented with 3 additional categories which are:



- **Physical Evidence** is proof and a reassurance that a service was performed
- **People** are the employees who deliver the service
- **Processes** are the methods through which a service is executed and delivered to the customer

### **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 to Kotler,** 'the purpose of segmentation is to determine difference among buyers which may be consequential in choosing among them or marketing to them.

Market segmentation is the process of dividing a target market into smaller, more defined categories. It segments customers and audiences into groups that share similar characteristics such as demographics, interests, needs, or location.



Market segmentation enables a business to conduct strong market research into customers. It also enables in-depth market-based research. It reveals consumer experience insights, product development innovation approaches, suggestions for boosting customer loyalty, and more.

### **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 segments, 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**

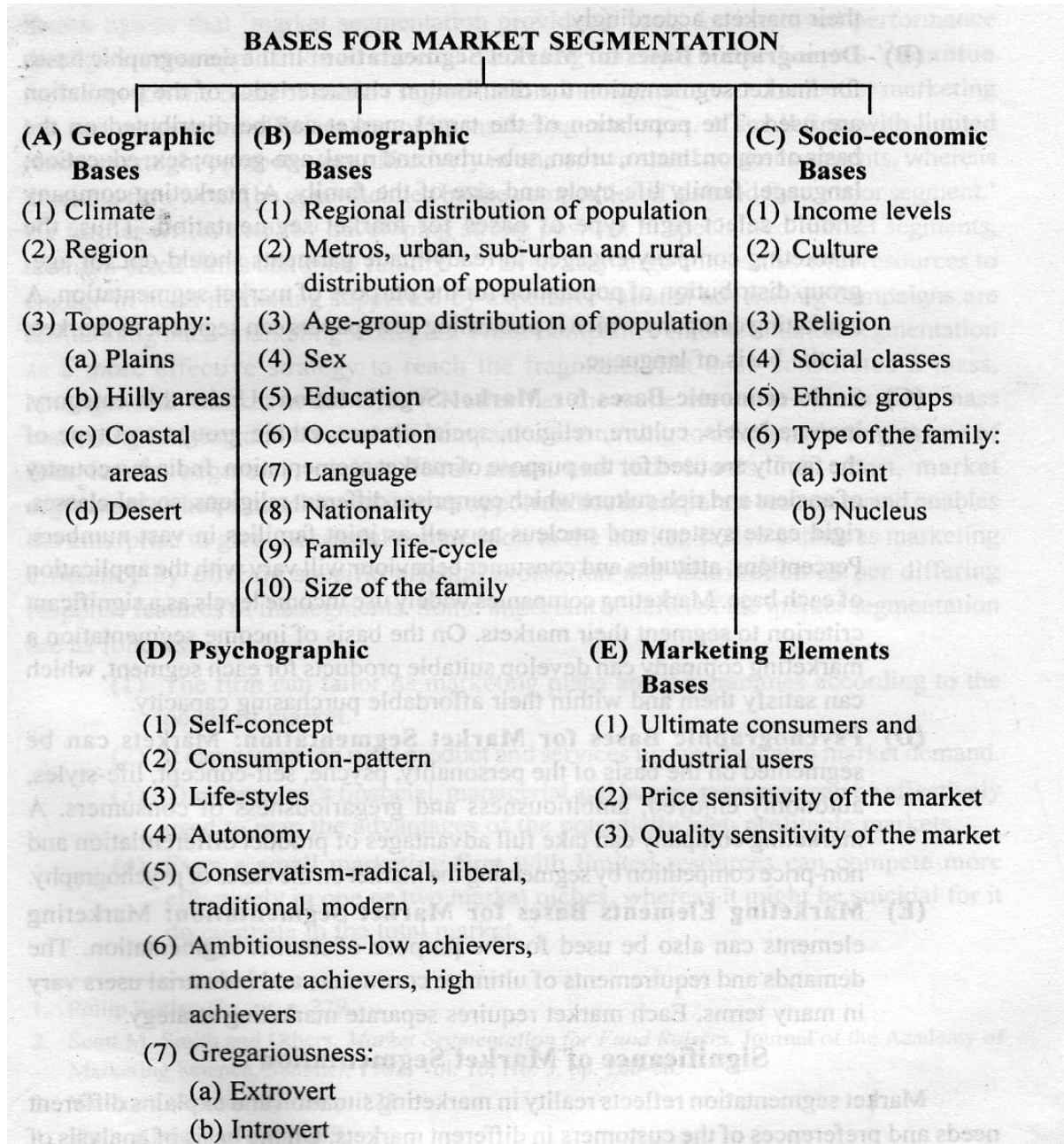
The use of the concept of market segmentation will be more useful in the following conditions:

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 company**.
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



## SELECTION OF TARGET MARKET

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.**



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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.

### **CONSUMER BEHAVIOUR**

Consumer behavior is the study of the way people seek, purchase, use, evaluate and dispose of products and services. It is the psychology of marketing, and it is used to determine why consumers seek one product alternative from the other.

But why do consumers seek and purchase products? This is linked to the ideology of needs and wants. Needs and wants exist if a consumer is unsatisfied, consumers seek and purchase the products that can provide them with maximum satisfaction. Consumer behavior can be used by marketers to create the marketing strategy; targeting each consumer effectively once they understand their needs and wants through the research of consumer behavior.

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how

- The psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers);
- The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media);
- The behavior of consumers while shopping or making other marketing decisions;
- Limitations in consumer knowledge or information processing abilities influence decisions and marketing outcome;
- How consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and
- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

One "official" definition of consumer behavior is "The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." it brings up some useful points:

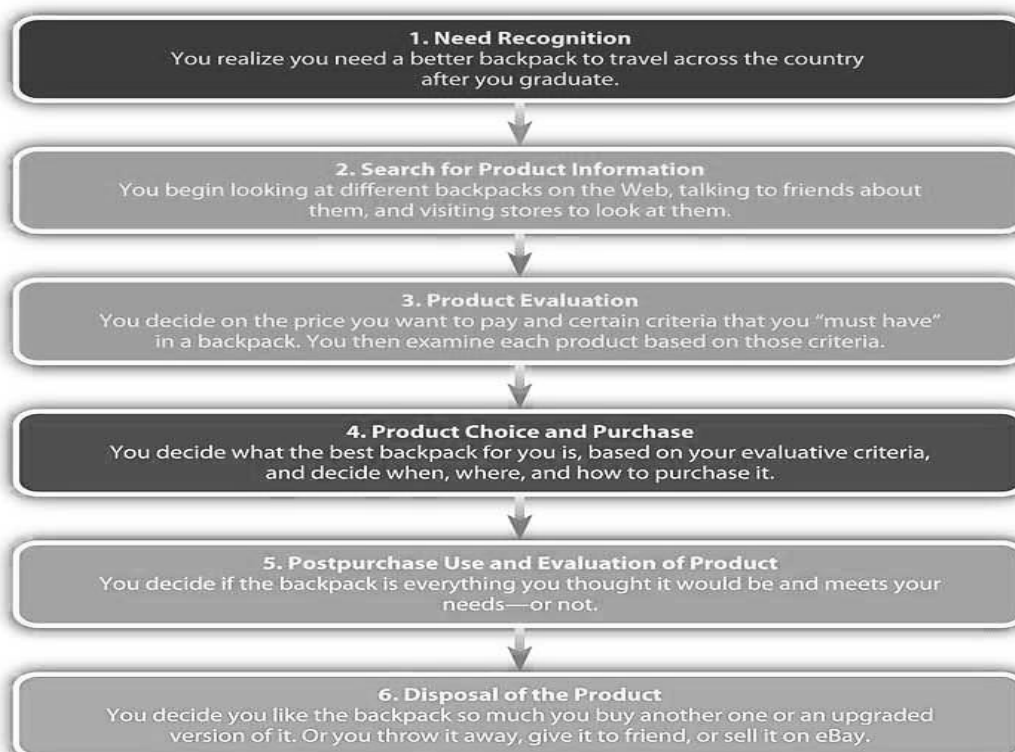
1. Behavior occurs either for the individual, or in the context of a group (e.g., friends influence what kinds of clothes a person wears) or an organization (people on the job make decisions as to which products the firm should use).
2. Consumer behavior involves the use and disposal of products as well as the study of how they are purchased. Product use is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. Since many environmental problems result from product disposal (e.g., motor oil being sent into sewage systems to save the recycling fee, or garbage piling up at landfills) this is also an area of interest.
3. Consumer behavior involves services and ideas as well as tangible products.
1. The impact of consumer behavior on society is also of relevance. For example, aggressive marketing of high fat foods, or aggressive marketing of easy credit, may have serious repercussions for the national health and economy.



There are four main applications of consumer behavior:

1. The most obvious is for marketing strategy—i.e., for making better marketing campaigns. For example, by understanding that consumers are more receptive to food advertising when they are hungry, we learn to schedule snack advertisements late in the afternoon. By understanding that new products are usually initially adopted by a few consumers and only spread later, and then only gradually, to the rest of the population, we learn that (1) companies that introduce new products must be well financed so that they can stay afloat until their products become a commercial success and (2) it is important to please initial customers, since they will in turn influence many subsequent customers' brand choices.
2. A second application is public policy. In the 1980s, Accutane, a near miracle cure for acne, was introduced. Unfortunately, Accutane resulted in severe birth defects if taken by pregnant women. Although physicians were instructed to warn their female patients of this, a number still became pregnant while taking the drug. To get consumers' attention, the Federal Drug Administration (FDA) took the step of requiring that very graphic pictures of deformed babies be shown on the medicine containers.
3. Social marketing involves getting ideas across to consumers rather than selling something. Marty Fishbein, a marketing professor, went on sabbatical to work for the Centers for Disease Control trying to reduce the incidence of transmission of diseases through illegal drug use. The best solution, obviously, would be if we could get illegal drug users to stop. This, however, was deemed to be infeasible. It was also determined that the practice of sharing needles was too ingrained in the drug culture to be stopped. As a result, using knowledge of consumer attitudes, Dr. Fishbein created a campaign that encouraged the cleaning of needles in bleach before sharing them, a goal that was believed to be more realistic.
4. As a final benefit, studying consumer behavior should make us better consumers. Common sense suggests, for example, that if you buy a 64 liquid ounce bottle of laundry detergent, you should pay less per ounce than if you bought two 32 ounce bottles. In practice, however, you often pay a size *premium* by buying the larger quantity. In other words, in this case, knowing this fact will sensitize you to the need to check the unit cost labels to determine if you are *really* getting a bargain.

## COUNSUMER DECISION MAKING PROCESS



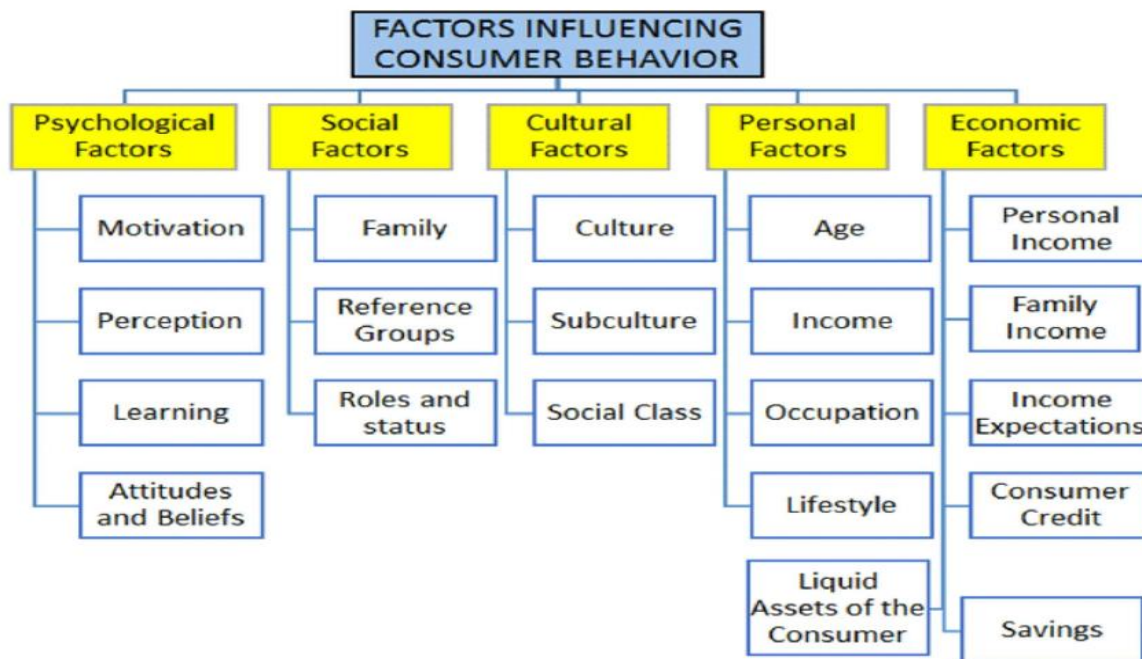




### Factors Influencing Consumer Buying Behaviour

Factors altering and influencing consumer behavior and the consumer buying process include:

1. Personal Preferences: It includes customers' demographic details, age, sex, lifestyle, etc.
2. Social Factors: This involves a person's family, friends, and colleagues' impact on his buying decision — word-of-mouth and referrals are examples.
3. Cultural Factors: Your customer's values, beliefs, preferences, and needs center around their cultural background.
4. Psychological Factors: The intent to buy a product and what buyers think of your product fall into this category.
5. Economic Factors: Your customer's income and financial stability are counted here.





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**ASSIGNMENT FOR UNIT 2**

1. How do consumer and industrial products differ in terms of marketing strategies and buyer behavior?
2. How do companies manage their product portfolios to maximize profitability and market share?
3. How do branding, labeling, and packaging influence consumer perception and buying behavior?
4. How can companies use market segmentation to better understand and target their customer base?
5. What are the key stages of the consumer buying process, and how do they vary across different types of products?
6. How **reliance** does segmentation to sell their different variety of products to their customer and what marketing strategies do they follow?
7. Prepare a chart which shows the different product lines of any company including- product length, width, depth and consistency. Use proper pictures of product and use drawing sheet for the above.





### **UNIT III**

#### **PRICING**

Price of a product is “its” value expressed in terms of money which the consumers are expected to pay. From 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.

- Price affects demand
- Price affects savings
- Price regulates factors of production
- Pricing a major government activity
- Determining the revenue and profits
- Deal with competition
- Non price competition

#### **Objectives Of Pricing:**

- 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
- 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.
- 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.
- 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.
- Penetration objective: the objective of penetration pricing is to fix a low-price so as to enter the new market.
- 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 determination:**

The decision to fix the price is influenced by many factors which are controllable & uncontrollable.

1. Product characteristics.
  2. Demand characteristics.
  3. Manufacturer’s objectives.
  4. Cost of the product.
-



5. Economic condition.
6. Government regulation.

### **1. PRODUCT CHARACTERISTICS:**

- **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.
  - **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.
  - **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 than 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, price 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 condition prevailing in the entire country.
  6. **GOVERNMENT POLICY / REGULATION:** if government thinks necessary, it may fix minimum price for a product. If it wants to discourage consumptions, it may increase the price & reduce it to encourage consumption.

### **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 the 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

**Disadvantages 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.

**WHAT IS PRICE SENSITIVITY?**

- Price sensitivity is a measurement of how much the price of goods and services affects customers' willingness to buy them.
- For example, imagine you sell cupcakes. If you add \$0.10 to the price of a cupcake and your customers immediately start to visit the bakery across the block instead of yours, they're exhibiting high price sensitivity.
- Price sensitivity varies a lot. It's influenced by the kind of goods and services you sell, the kind of customer you have, and the wider market factors, such as social and economic trends.
- Price sensitivity is a measure that shows how different prices for products or services influence consumers' purchasing behaviors. Simply put, it indicates how product demand changes with an increase or decrease in a product price. It helps companies determine how product



alterations will affect their sales volume and uncover possible revenue by maximizing their price band.

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- Price sensitivity varies a lot. It's influenced by the kind of goods and services you sell, the kind of customer you have, and the wider market factors, such as social and economic trends.
- In economics, price sensitivity is described in terms of elasticity of demand – a numerical figure that's worked out using the following equation:

**PRICE ELASTICITY OF DEMAND = % CHANGE IN QUANTITY DEMANDED / % CHANGE IN PRICE**

The relationship between elasticity and price sensitivity is important to understand. Essentially, when there is high elasticity, you can increase the price without seeing much of a corresponding decrease in demand. When there is low elasticity, when the price goes up, demand goes down.

#### **Why is price sensitivity important?**

- Keeping track of price sensitivity is vital because it allows you to understand the impact an increase or decrease in price will have on your profits, and how to time any pricing changes you have planned to best take advantage of the current mood among your customers.
- There are multiple, ever-changing factors that drive price sensitivity, meaning it's wise to track it on an ongoing basis so that you have the necessary information to hand whenever you need it.
- When setting prices, the ideal is to achieve the perfect balance (equilibrium) where your price is as high as you can make it without adversely affecting demand from your customers. Hitting that precise point and staying there is likely impossible, but careful price sensitivity analysis can help make sure you get as close as you can to your goal.

#### **What factors affect price sensitivity?**

Price sensitivity drivers vary, but here are some of the most common factors involved.

##### **1. Type of product or service**

Certain classes of goods and services are by nature more sensitive than others. Examples include things like bread, milk, gasoline, toothpaste – the items people need to live life and do their jobs. You can expect to see demand for these kinds of goods holding steady no matter the economic climate. However, when times are tough, price sensitivity may increase as people try to get the best possible deal on these essentials.

On the other end of the scale, there are things that show high price elasticity of demand because they're less essential, and demand for them is more affected by other factors such as quality, brand equity, or style. These might include things like trips to the movies, vacations, designer clothing and luxury cars.





## **2. Reference price**

In a crowded marketplace, customers can shop around among competing vendors to find the best deal. They will hold in mind a price reference – a general understanding of the “going rate” for something based on their observations and comparisons. When there are a lot of companies offering the same kind of thing, provided what is offered is sufficiently like-for-like, they may be more willing to switch suppliers on the basis of price.

Businesses can play a role in setting the reference point by harnessing the power of price anchoring. This is a form of cognitive bias where the price of something seems large or small relative to the prices around it. If you’ve ever purchased a subscription or service that’s presented in a tier of offerings, you’ll have seen this in action: compared to a “gold” or “platinum” package at \$100, your “basic” \$25 subscription seems cheap, even if you hadn’t intended to spend any money when you started out.

## **3. Uniqueness of product**

If a business has cornered the market, for example with a patented device or recipe that nobody else can replicate, a customer may be more tolerant of price increases. This is especially true in the case of essentials, such as medicine or healthcare provision. If only one business offers it, you will pay what it costs because there’s no real alternative.

Uniqueness also comes into play when the brand equity is high. Brand-based uniqueness makes it harder to compare items and assess a fair like-for-like reference price. A pair of Nike trainers, for example, is less likely to be substituted for a generic pair of sneakers than a quart of milk from supermarket A is to be traded for a cheaper one from supermarket B.

## **4. Ease of switching**

Sometimes price sensitivity level stems from practical concerns about switching from one supplier to another. There may be fears and doubts associated with moving from one broadband provider to another. If for example your current supplier is a known and trusted brand and the alternative is a newcomer, you may have worries about security, support, and consistency of supply. That might make you choose to stick with your original provider despite a rise in rates.

## **5. Available income**

When there is less money in the bank, price sensitivity is bound to increase, especially for more expensive items. This factor can be seen on a person-to-person level, and at a societal one, for example during a recession.

## **6. Customer attitude**

Price sensitivity varies a lot between individuals. Where one person makes a decision based primarily on price, another might also take into account quality, looks, durability, and brand reputation and be less price-sensitive as a result. The importance of other demand factors will affect price sensitivity according to that person’s temperament, values and life experiences.

## **7. The take-home:**

Price is one of several factors that influence purchase decisions, and price sensitivity always exists as part of a wider matrix of factors affecting demand.





## Ethical Issues Concerning Products and Pricing Decisions:

Ethical issues surrounding products and pricing decisions in business are crucial considerations for companies seeking to maintain a positive reputation, customer trust, and legal compliance. Here are some key ethical concerns related to products and pricing decisions:

1. **Deceptive Marketing:**
  - **Issue:** Misleading advertising or false claims about a product's features or benefits.
  - **Ethical Concern:** Misrepresentation can harm consumers and erode trust.
2. **Price Gouging:**
  - **Issue:** Unfairly inflating prices during emergencies or crises.
  - **Ethical Concern:** Exploitative pricing can take advantage of vulnerable consumers.
3. **Unfair Pricing Practices:**
  - **Issue:** Unfairly manipulating prices to gain an advantage over competitors.
  - **Ethical Concern:** Unethical competition may harm both consumers and competitors.
4. **Discriminatory Pricing:**
  - **Issue:** Charging different prices based on factors like race, gender, or socioeconomic status.
  - **Ethical Concern:** Discrimination goes against principles of fairness and equality.
5. **Counterfeit Products:**
  - **Issue:** Producing or selling fake or substandard products.
  - **Ethical Concern:** Can lead to safety risks for consumers and damage brand reputation.
6. **Environmental Impact:**
  - **Issue:** Ignoring or downplaying the environmental impact of production.
  - **Ethical Concern:** Failing to address environmental concerns can harm the planet and future generations.
7. **Exploitative Labor Practices:**
  - **Issue:** Using unethical labor practices in the production process.
  - **Ethical Concern:** Exploitation of workers violates principles of fair labor and human rights.
8. **Unsustainable Pricing:**
  - **Issue:** Pricing products in a way that is economically unsustainable.
  - **Ethical Concern:** Unsustainable pricing can lead to long-term harm to the company and stakeholders.
9. **Price Discrimination:**
  - **Issue:** Charging different prices to different customers without valid reasons.
  - **Ethical Concern:** Unjust price discrimination can be seen as unfair and unethical.
10. **Product Safety:**
  - **Issue:** Selling products that are known to be unsafe without proper warnings.
  - **Ethical Concern:** Failing to prioritize consumer safety can lead to harm and legal repercussions.
11. **Inadequate Quality Control:**
  - **Issue:** Neglecting quality control measures in the production process.
  - **Ethical Concern:** Providing substandard products can result in harm to consumers.
12. **Transparency:**
  - **Issue:** Lack of transparency in product information or pricing structures.



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- **Ethical Concern:** Transparency is crucial for building trust with consumers.

Companies that prioritize ethical considerations in their products and pricing decisions are more likely to build long-term customer loyalty and maintain a positive public image. Additionally, adherence to ethical practices can help businesses comply with legal regulations and avoid potential legal consequences.

### **ASSIGNMENT FOR UNIT 3**

1. How does pricing influence consumer perception and behavior in different markets?
2. How do pricing objectives differ between new product launches and established products?
3. How can psychological pricing tactics be used to influence consumer purchasing decisions?
4. What are the key elements of effective pricing policies, and how do they contribute to a company's overall marketing strategy?
5. How does price sensitivity vary among different consumer segments, and how can businesses use this information to optimize their pricing strategies?



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## **UNIT 4**

### **Promotion**

- Promotion is an important part of marketing. Marketing promotion is defined as a way of communication between buyer and seller in which a buyer persuades his audience to buy his/her products.
- The main aim of Promotion is to create awareness of product/services, create interest, sales and increase brand loyalty. Promotion is an element of 7 p of marketing which is considered as the most important part of marketing strategy. Promotion is also an element of the promotional mix.
- Promotion is a type of communication between the buyer and the seller. The seller tries to persuade the buyer to purchase their goods or services through promotions. It helps in making the people aware of a product, service or a company. It also helps to improve the public image of a company. This method of marketing may also create interest in the minds of buyers and can also generate loyal customers.

### **Nature and Importance of Promotion**

The importance of promotion can be briefly shown below:

- **Sales of the goods in imperfect market:** Promotion helps in the sales of the goods in imperfect market. In the imperfect market conditions, the product cannot be sold easily only on the basis of price differentiation. It is the promotional activity that provides information about the differences, characteristics and the multi-use of the products of various competition in the market. The customer is attracted to purchase the goods on the basis of such information successfully.
- **Filling the gap between producers and consumers:** Promotion helps in filling the gap between producers and consumers. Due to the tough market condition, mass selling is quite impossible without promotional activities. The distance between producers and consumers has so widened in present days to get them touched with the product that promotional activities are necessary.
- **Facing intense competition:** Promotion helps in facing intense competition in the market. When a manufacturer increases his promotional spending and adopts an aggressive strategy in creating a brand image, others are also forced to follow the suit. This leads to 'promotional war'. Without promoting the goods, the competition is not possible in the market. So, it is necessary to face the competition in the market with the help of promotional activities.
- **Large scales selling:** Promotion helps in the large selling of goods and services. Sales promotion is the result of large-scale production. It can be achieved only by appropriate methods of large scale selling. Large scale selling is possible with the help of promotional activity. Due to the large selling of goods, there will be more chance of promotion of goods. So, it is necessary to sell lot of goods in the market for promotional activities.
- **Higher standard of living:** Promotion helps in the rising standard of the people. The promotional activities increase the standard of living by providing the better goods at a lower rate due to large scale production and selling. It help to increase the standard of living in a good way. People can raise their standard of living with the help of promotional activity. As the promotional activities increases, the standard of living of people also increases. So, the promotional activity has a great role in the increment of a standard of people so that they can live a good and happy life.



### **Promotion Mix**

- The Promotion Mix refers to the blend of several promotional tools used by the business to create, maintain and increase the demand for goods and services.
- The fourth element of the 4 P's of Marketing Mix is the promotion; that focuses on creating the awareness and persuading the customers to initiate the purchase. The several tools that facilitate the promotion objective of a firm are collectively known as the Promotion Mix.
- The Promotion Mix is the integration of Advertising, Personal Selling, Sales Promotion, Public Relations and Direct Marketing.
- The marketers need to view the following questions in order to have a balanced blend of these promotional tools.
  1. What is the most effective way to inform the customers?
  2. Which marketing methods to be used?
  3. To whom the promotion efforts be directed?
  4. What is the marketing budget?
  5. How is it to be allocated to the promotional tools?

### **Types of Promotion**

#### **Advertising**

Advertising means to advertise a product, service or a company with the help of television, radio or social media. It helps in spreading awareness about the company, product or service. Advertising is communicated through various mass media, including traditional media such as newspapers, magazines, television, radio, outdoor advertising or direct mail; and new media such as search results, blogs, social media, websites or text messages.

#### **Direct Marketing**

Direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media including cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted television, newspaper and magazine advertisements as well as outdoor advertising. Among practitioners, it is also known as a direct response.

#### **Sales Promotion**

Sales promotion uses both media and non-media marketing communications for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

#### **Personal Selling**

The sale of a product depends on the selling of a product. Personal Selling is a method where companies send their agents to the consumer to sell the products personally. Here, the feedback is immediate and they also build a trust with the customer which is very important.

#### **Public Relation**

Public relation or PR is the practice of managing the spread of information between an individual or an organization (such as a business, government agency, or a nonprofit organization) and the public. A successful PR campaign can be really beneficial to the brand of the organization.

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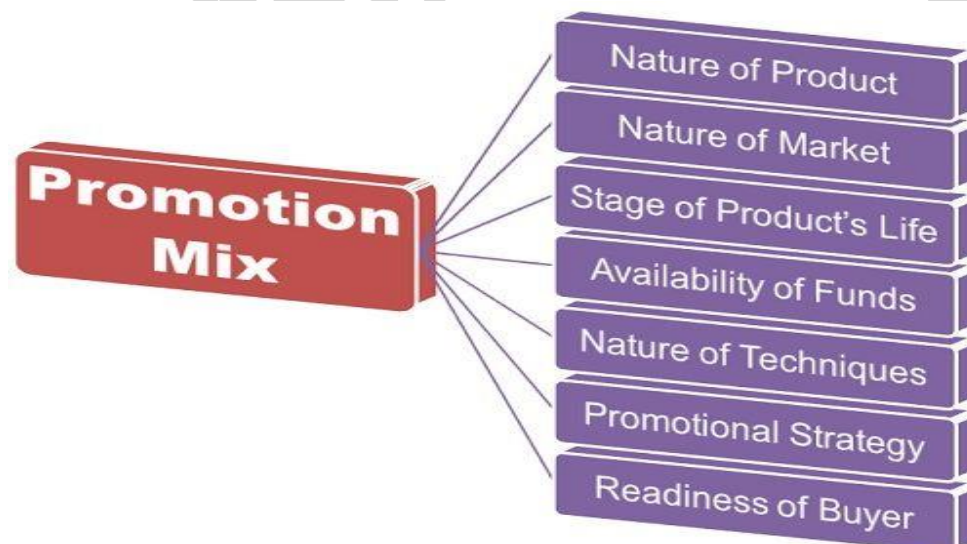
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### Factors Affecting Promotion Mix Decision

**Definition:** The **Promotion Mix** is the blend of several promotional activities (Advertising, personal selling, sales promotion, public relations, direct marketing) used by business to create, maintain and increase the demand for a product.

The management must consider the following factors in determining the promotion mix, these are:







1. **Nature of Product:** The **different type of product** requires different promotional tools. Such as, for the industrial products Viz. Machinery, equipment or land personal selling is more appropriate as a great deal of pre-sale and after-sale services is required to sell and install such products. On the other hand, advertising and publicity are more suitable for the consumer goods, especially the convenience goods.
2. **Nature of Market:** The **number and location of customers** greatly influence the promotion mix. In case the group of potential customers is small and are concentrated in a particular locality, then personal selling is more likely to be effective. Whereas, if the customer base is large and widespread, then the blend of advertising, personal selling, and the sales promotion is required to sell the product.

Also, the type of customers influences the managerial decisions of the promotion mix. The type of promotion for the urban, educated and institutional customers would be different as compared to the rural, illiterate and household customers.

3. **Stage of Product's Life:** The **promotion mix changes as the product moves along its life cycle**. During the introduction stage, the principal objective of the promotion is to create the primary demand by emphasizing the product's features, utility, etc. therefore, the blend of advertising and publicity is required. As the product reaches its maturity stage the advertising and personal selling is required to maintain the demand of the customers. And finally, during the decline stage the expenses on other promotional activities are cut, and more emphasis is laid on sales promotion with the intent to push up the declining sales.
4. **Availability of Funds:** The **marketing budget** also decides the promotion mix. If the funds available for the promotion are large, then the blend of promotional tools can be used, whereas in the case the funds are limited then the management must choose the promotional tool wisely.
5. **Nature of Technique:** **Each element of the promotional mix has unique features** that significantly influences the purpose of promotion. Such as, the advertising is an impersonal mode of communication that reaches a large group of customers. Its expression can be amplified with the use of colors and sound that helps in developing the long-lasting brand image in the minds of the customer.  
The personal selling involves face to face interaction that helps in developing cordial and personal relations with the customers. Likewise, the sales promotion is short-term incentives given to the customers with the intent to boost sales for a shorter period of time.
6. **Promotional Strategy:** The promotion mix **largely depends on the company's promotional strategy**, i.e. whether it accepts the **Push Strategy** or a **Pull Strategy**. In a Push strategy, the manufacturer forces the dealers to carry the product and promote it to the customer, i.e. convince the potential buyers to buy it. Here, personal selling and trade promotion are likely to be more effective.  
In the case of a Pull Strategy, the consumers ask the dealers to carry the product, i.e. customers themselves purchase the product. Here, advertising and consumer promotion are more appropriate.
7. **Readiness of Buyer:** Different promotional tools are required at **different stages of buyer readiness**. Such as, at the comprehension stage, the blend of advertising and personal selling plays a vital role. Whereas at the conviction stage, personal selling is more effective. At the time of sales closure, the blend of sales promotion and personal selling is likely to be more effective.

Hence, the advertising and publicity are more effective at the early stages of buying decision process while the sales promotion and personal selling are more effective during the later stages.

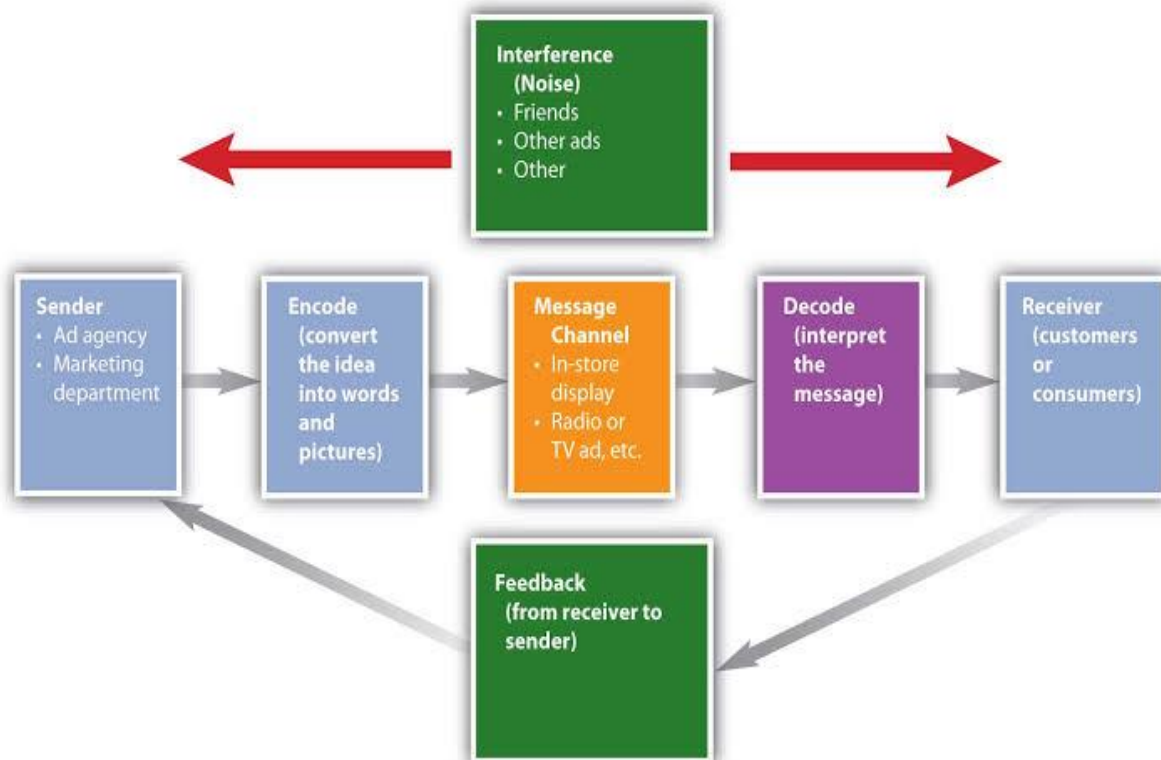


## Integrated Marketing Communication

- Integrated Marketing Communications (IMC) is a concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear and consistent message.
- It aims to ensure the consistency of the message and the complementary use of media.
- IMC is an integration of all marketing tools, approaches and resources within a company which maximizes impact on the consumer mind resulting in maximum profit at minimum cost.
- It uses several innovative ways to ensure that the customer gets the right message at the right place and right time.

## Marketing Communication Process

- Marketing communication involves sharing of meaning, information and concepts by the source and the receiver about the products and services and also about the firm selling through the devices of promotion via, advertising, publicity, salesmanship and sales promotion.
- In marketing the source is the marketer who desires to promote the product. Marketer delivers a message to a receiver, who is the target market segment. Message is received and integrated by consumers and if their predisposition becomes favorable, they decide to purchase. Feedback is the reverse flow of communication to the marketer.





### **Advertising:**

Advertising is any paid form of communication from an identified sponsor or source that draws attention to ideas, goods, services or the sponsor itself. Most advertising is directed toward groups rather than individuals, and advertising is usually delivered through media such as television, radio, newspapers and, increasingly, the Internet. Ads are often measured in **impressions** (the number of times a consumer is exposed to an advertisement).

According to **William J. Stanton**, “Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization.”

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services of an identified sponsor. The message which is presented or disseminated is known as ‘advertisement’.

According to **Kotler and Armstrong** – “Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor”.

### **Features of Advertising**

The primary features or characteristics of advertising can be mentioned as below,

- **Mass Communication.** Advertising is a mass communication medium because it tries to communicate to a large target audience at a time. For example, you can see an advertisement on google, Facebook, or any big social platform where through a single advertisement a large number of customers are targeted at a time.
- **Informative In Action.** It seeks to disseminate adequate information to the target market or readers, listeners, and any viewers about the several aspects of the business and its products and services features and other related matters. Hence, advertising is informative in action.
- **Persuasive Act.** Advertising contains a persuasive message. It aims at persuading people to buy or use the business firm’s product or service. It tries to direct the attitude and actions of the target market towards the company’s offers.

The question may arise, how the persuasive act of the advertising change the attitude of the customers can and brings them to the company’s product. The persuasive act calls for the logical process, which is called AIDA, which means

- A = Drawing Awareness/Attention
  - I = Creating Interest in the consumer’s mind.
  - D = Arousing Desire for the intended product or service.
  - A = Converting Desire into Action i.e. buying the product or service for the fulfillment of the desire.
  - **Competitive Act.** Today’s business world is the world of business competition. Competition is the very keen in the market in terms of price, quality, service, performance, etc. Every business firm or marketer wants to win that competition, so today advertising is mostly used as a competitive weapon.
  - **Paid Form of Communication.** Advertising is a paid form of communication, it can not be done free of cost, it involves certain costs. In the process of advertisement, the advertising sponsor has to make certain payments to the advertising agency or media owner for publishing an advertisement copy in the desired form.
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- **Identified Sponsor.** A sponsor can be a person or organization who contributes some money while sponsoring some event or something. Either the producer himself or dealer on behalf of the producer sponsors each advertising. The identity of the sponsor is known through his name, logo, or brand. The advertiser does not want to hide his name because it is a matter of public relations.
- **Non-Personal Communication.** Advertising is a non-personal communication. In the advertisement, the advertiser does not make face-to-face contact with the target market to communicate the company's message. He uses convenient and viable media or sources to communicate his message.

### **Importance of Advertising**

Advertising is an important technique to promote any business. However, the level of importance might differ based on the stakeholders involved in the business. The importance of advertising as per these stakeholders are:

#### **Importance to Customers**

- **Convenience**  
Customers' decision-making is facilitated by targeted, educational advertising since they learn what best meets their needs and budget. Customers know about the product and where and how it can be accessed.
- **Awareness**  
Advertising informs consumers about the many goods on the market and their attributes. Customers can compare items using this information to select the one that is best for them.
- **Better Quality**  
Only brands promote their own identities and goods. There are no commercials for generic goods. Because no firm wants to squander money on deceptive advertising, doing this guarantees higher customer quality and a sound business strategy.

#### **Importance to Businesses**

- **Awareness**  
Advertising raises product and brand awareness among those in the target market.
- **Brand Image**  
In order to establish the right brand personality and image in the minds of the consumers, a company must use clever and effective advertising.
- **Product Differentiation**  
Advertising enables a company to distinguish its product from those of rivals and to explain to the target market its benefits and qualities.
- **Increase Goodwill**  
The purpose of advertising is to reaffirm the brand's mission and to win over new customers.
- **Value for Money**  
When compared to other components of the promotion mix, advertising tends to be more cost-effective and spreads the message to a large audience. This proves that advertising provides value for money invested.
- **Product Launch**

Advertising helps during the introduction of new products in the marketing. Advertising is crucial as it lets customers know about the product.





### **Functions of Advertising**

Advertising has become an essential marketing activity in the modern era of large-scale production and serve competition in the market. It performs the following functions:

- **Promotion of Sales.** It promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning new customers both in the national as well as in the international markets.
- **Introduction of New Product.** It helps the introduction of new products in the market. A business enterprise can introduce itself and its product to the public through advertising. A new enterprise can't make an impact on the prospective customers without the help of advertising. Advertising enables quick publicity in the market.
- **Creation of Good Public Image.** It builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements in an effort to satisfy the customers' needs. This increases the goodwill and reputation of the firm which is necessary to fight against competition in the market.
- **Mass Production.** Advertising facilitates large-scale production. Advertising encourages production of goods in large-scale because the business firm knows that it will be able to sell on large-scale with the help of advertising. Mass production reduces the cost of production per unit by the economical use of various factors of production.
- **Research.** Advertising stimulates research and development activities. Advertising has become a competitive marketing activity. Every firm tries to differentiate its product from the substitutes available in the market through advertising. This compels every business firm to do more and more research to find new products and their new uses. If a firm does not engage in research and development activities, it will be out of the market in the near future.
- **Education of People.** Advertising educates the people about new products and their uses. Advertising message about the utility of a product enables the people to widen their knowledge. It is advertising which has helped people in adopting new ways of life and giving-up old habits. It has contributed a lot towards the betterment of the standard of living of the society.
- **Support to Press.** Advertising provides an important source of revenue to the publishers and magazines. It enables to increase the circulation of their publication by selling them at lower rates. People are also benefited because they get publications at cheaper rates. Advertising is also a source of revenue for TV network.

### **Channels of distribution:**

- A channel of distribution comprises a set of institutions which perform all of the activities utilized to move a product and its title from production to consumption.
- "A channel of distribution or marketing channel is a structure of intra company organization, units and intra company agents and dealers, wholesalers and retailers through which a commodity product or service is marketed".

#### **- American Marketing Association**

- **Channels of Distribution** mean the intermediaries or the process through which the products are transferred from the producers to ultimate users. They are distributors, retailers, agents, bankers etc.
- **Physical Distribution** is concerned with the flow of goods to the ultimate consumers which includes transportation, warehousing and inventory management.

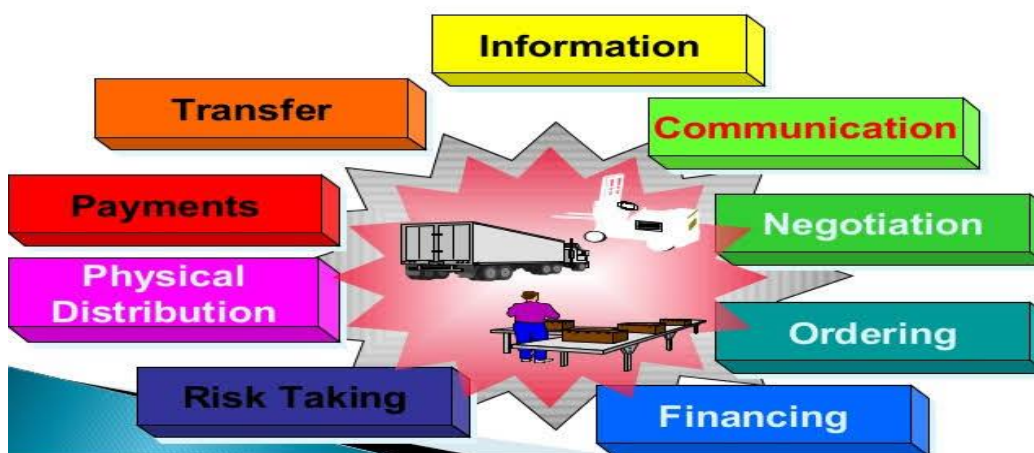
### **Importance of Channel of Distribution**



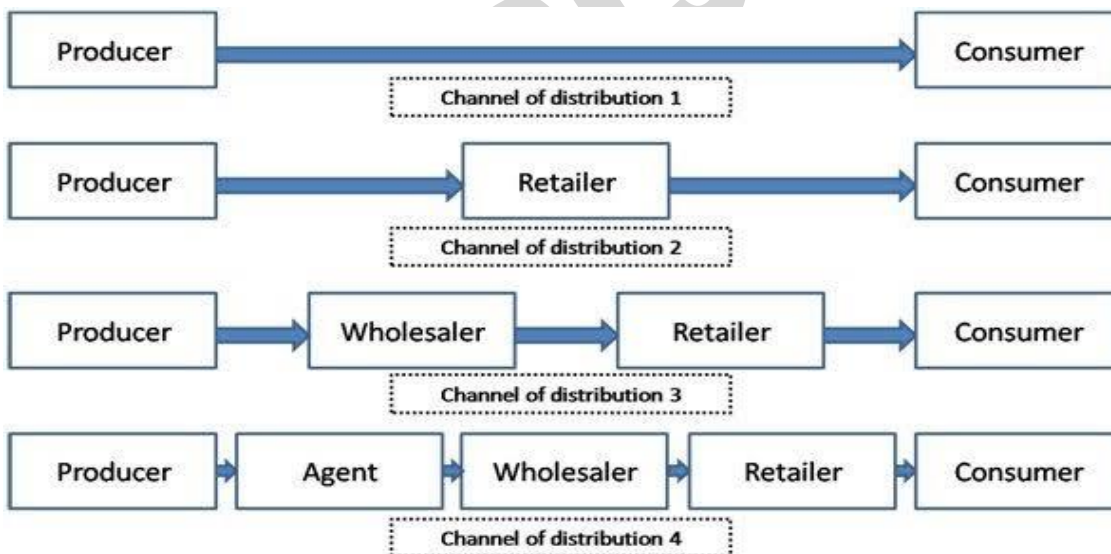


- Cost saving in specialization
- Reduce exchange time
- Customers want to conveniently shop for variety
- Create sale
- Offer finance support
- Provide information

## Distribution Channel Functions



## Types of Distribution Channel



- **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 jewellery & 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.

### Factors Affecting the Selection of Channel

Selection of a particular channel depends on various factors. They are:

- **Market Factors:**
  - **Nature of the market:** When manufacturer produce consumer goods, the channel will be lengthy because the market will be large & spread throughout the country. Moreover, demand may be inelastic. In case of industrial goods, he can sell directly because buyers are concentrated in few places.
  - **Number of Companies:** In case if buyers are limited in number, the manufacturer can directly sell to them. If consumers are scattered the manufacturers should go for larger channel.
- **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.



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**ASSIGNMENT FOR UNIT 4**

1. How does promotion help in building brand awareness and customer loyalty?
  2. How do companies integrate various promotion tools to create a cohesive promotion strategy?
  3. What factors influence the selection of elements in the promotion mix for a specific product or service?
  4. How do changes in consumer behavior and technology advancements affect promotion mix strategies?
  5. How can businesses measure the effectiveness of their marketing communication strategies?
  6. How do different distribution channels impact the reach and effectiveness of promotional efforts?
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## UNIT 5

### **Consumer Protection and Consumerism**

- The term 'consumerism' was first coined by businessmen in the mid-1960s as they thought consumer movement as another "ism" like socialism and communism threatening capitalism.
- Consumerism is defined as social force designed to protect consumer interests in the marketplace by organising consumer pressures on business. Consumerism is a protest of consumers against unfair business practices and business injustices.
- Consumerism is known as a social movement to strengthen the rights and power of buyers in relation to sellers. There are three institutions that have a major role in consumerism, namely consumer organizations, governments and companies. Consumer organizations provide information and advocacy to consumers.
- According to **P. Drucker**, consumerism challenges four important premises of the marketing concept-

- (1) It is assumed that consumers know their needs.
- (2) It is assumed that business really cares about those needs and knows exactly how to find about them.
- (3) It is assumed that business does provide useful information that precisely matches product to needs.
- (4) It is presumed that products and services really fulfil customer expectations as well as business promises.

### **Consumerism in India – Consumer Protection**

The idea of consumer supremacy and consumer sovereignty is definitely fallacious in a free market economy. In reality, consumer is not a king or queen. The manufacturer or the seller is dominant and his voice is all powerful. His interests normally prevail over the welfare of the consumer.

The root-cause of consumer movement or consumerism is 'consumer dissonance', as it has been so nicely termed. Dissonance means after purchase doubts, dissatisfaction, disillusion, disappointment. These are the sentiments of all dethroned sovereigns. But the consumer protection (the core of consumerism) is essential for a healthy economy.

The apparatus of consumer protection alone can give necessary strength to consumers in the market and restore the balance in the buyer-seller relationship. Basically, consumers are demanding four 'rights' from the company- Safety of products, full and accurate information about products and services (without which some articles may not be usable and may produce sales-resistance), a choice and a voice (redress).

Marketers should realize that only satisfied customers are the best business assets and they should not spare any efforts in obtaining as many as possible. This is the underlying spirit of marketing concept and if such a policy is executed not only in letter but also in spirit, there is no reason to have any additional constraint like consumerism or legislation.



### **Consumerism in India – Need for Consumer Protection**

Consumer choice is influenced by mass advertising using highly developed arts of persuasion. The consumer typically cannot know whether drug preparations meet minimum standards of safety, quality and efficacy. He usually does not know whether one prepared food has more nutritional value than others; whether the performance of a product will in fact meet his needs and expectations; or whether the “large economy size” is really a bargain. Hence, we need consumer protection.

1. Physical protection of the consumer, for instance, protection against products that are unsafe or endanger health and welfare of consumer.
2. Protection of the consumer against deceptive and unfair trade practices. Consumer must have adequate rights and means of redress against business malpractices and frauds.
3. Ecological and environmental effects of chemical, fertiliser or refinery complexes will have to be seriously considered because they pollute water, air and food and endanger human life. Consumer wants due protection against all types of pollution; he wants enriched quality of life — a beautiful, healthy, and peaceful environment free from pollution.
4. Adequate protection of consumer public against the abuse of monopoly position and/or restrictive trade practices. Protection delayed is protection denied.

Consumer seeks protection, advice and information when his rights are adversely affected. The shift from buyer beware to seller beware has increased the role of Government in promoting the consumer's right to safety, the right to be informed, the right to choose, the right to be heard, the right to redress and right to represent.

### **RECENT CONCEPTS:**

#### **GREEN MARKETING**

- It is a recent phenomenon in which manufacturers focus on producing environment friendly products.
- Green marketing is the marketing of products that are presumed to be environmentally safe - **American Marketing Association**
- It is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the same time do not have a detrimental impact on the environment.

#### **Why Green Marketing?**

- Opportunities or competitive advantage.
- Corporate social responsibilities (CSR).
- Government pressure.
- Competitive pressure.
- Cost or profit issues.





### Benefits of Green Marketing

- It ensures sustained long-term growth along with profitability
- It saves money in the long run, though initially cost is more.
- It helps companies market their products and services keeping the environment aspects in mind.
- Most of the employees also feel proud and responsible to be working for an environmentally responsible company.

### Challenges

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

### Suggestions

- Improve awareness about green products and their effectiveness.
- Green products should be priced according to its quality.
- There should not be more price difference between standard product and green product.
- Green product's quality should be better than standard products.

### CRM

- CRM stands for "Customer Relationship Management" and refers to all strategies, techniques, tools, and technologies used by enterprises for developing, retaining and acquiring customers.
- Customer relationship management (CRM) is the combination of practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle.
- The goal is to improve customer service relationships and assist in customer retention and drive sales growth.
- **Customer-** are the focal point of every business transaction. The business runs for its customers, to satisfy their needs.
- **Relationship-** in terms of business means a state involving mutual dealing between people.



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- **Management-** is referred as managing of customer interactions.
- CRM is a comprehensive strategy and a process of acquiring, retaining and partnering with selective customers, to create superior value for the customer and company.
- In other words, the purpose of CRM is to improve marketing productivity. Marketing productivity is achieved by increasing marketing efficiency and by enhancing marketing effectiveness.

### Features

- Customer Needs
- Customer response
- Customer satisfaction
- Customer loyalty
- Customer retention
- Customer complaints
- Customer service



### Powers of CRM

- Better business intelligence
- Total marketing management
- Centralized customer data
- Better lead tracking
- Accelerate sales



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### **Digital Marketing**

- Any marketing that uses electronic devices to convey promotional messaging and measure its impact.
- Digital marketing typically refers to marketing campaigns that appear on a computer, phone, tablet, or other device.
- Digital marketing is often compared to “traditional marketing” such as magazine ads, billboards, and direct mail. Oddly, television is usually lumped in with traditional marketing.
- The marketing of products or services using digital channels to reach consumers. The key objective is to promote brands through various forms of digital media.
- Digital marketing extends beyond internet marketing to include channels that do not require the use of the internet.
- "Digital marketing is the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both parties.

### **Components of digital marketing**

- Search engine optimization (SEO)
- Pay-per-click advertising (PPC)
- Web design
- Content marketing
- Social media marketing
- Email marketing

### **Advantages of Digital marketing**

- Puts the consumer in control
- Provides convenience
- Increases satisfaction
- Drives brand loyalty
- Reduces the cost of sales
- Builds your brand
- Provides targeted results
- It is measurable
- Cost effective

### **Disadvantages of digital marketing**

- Skills and training
- Time consuming
- High competition
- Complain and feedback





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### Global Marketing

- Global marketing is defined as the process of adjusting the marketing strategies of your company to adapt to the conditions of other countries. Of course, global marketing is more than selling your product or service globally. It is the full process of planning, creating, positioning, and promoting your products in a global market.

# What is Global Marketing?



The global marketing mix varies depending on regions.

The mix refers to how much is standardized vs. adapted to the local tastes & customs.

**The whole process of planning, producing, placing, and promoting a company's products globally**

### Rural marketing

- Rural marketing is a process of developing, pricing, promoting, and distributing rural specific goods and services leading to desired exchange with rural customers to satisfy their needs and wants, and also to achieve organizational objectives.
- The Rural Marketing refers to the activities undertaken by the marketers to encourage the people, living in rural areas to convert their purchasing power into an effective demand for the goods and services and making these available in the rural areas, with the intention to improve their standard of living and achieving the company's objective, as a whole.





**Event Marketing**

- Event marketing is the promotion of a product, brand, or service through in-person interactions. There are many forms of event marketing and each can be catered to address a marketer's specific goals.
- Event marketing is a type of marketing that implies promoting a brand, product, or service by holding, participating in, or attending events. Event marketing helps build more profound relationships with customers and educate them about your product.

**Multilevel Marketing**

- It is also known as network marketing, direct selling, referral marketing, pyramid marketing.
- It is a form of direct selling in which distributors of a product attempt to locate and sell to end users and to other who will become distributors.
- It is term that describes a marketing structure used by some companies as a [art of their overall marketing strategy.
- Multilevel marketing is simply direct sales, just one of the methods of marketing products and services.
- Multi-level marketing is a distribution model companies use to get their product to consumers. Instead of directly offering their products to consumers online or in brick-and-mortar stores, they use sales representatives to distribute and sell their products.
- Sales representatives typically work from home and buy inventory to sell at in-person or online parties. They aren't considered employees; instead, each sales representative owns their business. The multi-level aspect refers to each representative's ability to recruit and train other representatives to start their own business. As recruits make sales and recruit their own representatives, each person above them earns a commission.
- Income earned in MLM comes from the commission earned on personal sales and a percentage of the sales earned by other reps recruited by you.

**Advantages**

- Cost-effective strategy
- Practice makes you perfect
- Flexibility
- Self-esteem
- Tax advantages
- Potential income
- Work as owner
- Modernization

**Disadvantages**

- Illegal scheme
  - Rejected
  - Low income
  - Negative perception
  - Discourage
  - You are just a distributor
  - Family and friends
-





### Social Marketing

- The term “social marketing” refers to the adoption of commercial, promotional technologies into programs that are intended to influence the response of target audiences to improve both the individuals’ well-being and the well-being of the community in which they belong.
- **Social marketing** is designing, executing, and monitoring programs to impact the acceptance of social causes. It includes planning, pricing, communication, distribution, and market research.
- Social marketing is a combination of marketing and social sciences to influence behavior. Ideally, social marketing will influence customer behavior to benefit individuals and society.
- **Social marketing is an approach used to develop activities aimed at changing or maintaining people’s behaviour for the benefit of individuals and society as a whole.**
- Combining ideas from commercial marketing and the social sciences, social marketing is a proven tool for influencing behaviour in a sustainable and cost-effective way.
- It helps you to decide:

1. Which people to work with
2. What behaviour to influence
3. How to go about it
4. How to measure it

### **Advantages**

- It gives businesses a **competitive advantage**. Consumers want to purchase goods from ethical and socially accountable firms. These trends will gain appeal as campaigns and concerns around social and ecological issues expand.
- A further benefit is the **premium pricing**. Businesses transform their social and environmental initiatives into distinct selling factors, enabling them to charge greater prices.
- Promotes health awareness and facilitates the adoption of a healthy lifestyle.
- It contributes to green marketing efforts.
- It contributes to eradicating social ills that harm society and people’s lives.

### **Disadvantages**

- It is not uncommon for commercial marketing to be conducted under the pretext of social outreach marketing.
- Creativity may sometimes be problematic since it forces the listener to interpret the message for themselves, and the interpretation may not be particularly assertive.
- There are occasions when the notion of such marketing is not seen as an adequate mass communication theory.



### Viral Marketing

**Viral marketing is a promotional style that relies on the audience to generate and spread the message of a product or service organically. Viral marketing is content that spreads from person to person in the same way that a virus spreads through a population.**

In the realm of social media, marketing is deemed “viral” when it rapidly circulates among the general public, beyond the intended target audience, creating a compounding effect.

In other words, the goal of any viral marketing campaign is to create a piece of content that has a high probability of being shared and presented by social media users with high networking potential.

Viral marketing is a style of promotion that relies on an audience to organically generate and push the message of a product or service. On social media, marketing is considered “viral” when it’s being shared rapidly by the public at large (with a compounding effect) rather than just its target audience.

#### *The pros*

- **Increased brand awareness:** When you go from 10-1,000 average engagements to 10,000,000, you’ve officially supercharged your brand awareness and potentially gained thousands of new fans or customers.
- **Audience growth:** More eyes on your brand inevitably leads to more fans and followers. For example, Shedd Aquarium’s viral “penguin field trips” campaign led to thousands of new followers gained in a matter of days.
- **Increased sales:** With more fans and brand awareness come more potential sales to be made.
- **Becoming an “it” brand:** Your name in Adweek, your posts in articles like this; viral marketing puts your brand, and your marketing team, on the map and positions you as an industry trendsetter. The aforementioned Shedd Aquarium is a local destination. But they reached people on all seven continents—yes, even Antarctica.

#### *The cons*

- **The reception may not be what you expect:** Viral campaigns are meant to create buzz. But sometimes, that buzz isn’t the positive response you’re hoping for.
- **Losing control of your content and message:** Once your content is out there, it’s out there. It can be re-posted and commented on by anyone else with a computer, and you cannot control what they do with it.
- **More fans don’t always mean more customers:** New followers and more commenters doesn’t always translate to more sales.
- **The mountain of messages:** When you go viral, it’s not unusual to have thousands of new messages in your inbox—every day, or even every hour. You need to stay on top of monitoring messages, without **battling additional social media burnout**. If you want to lean into viral marketing, using a **tool like Sprout** lets you capture all incoming messages across all your channels, filter and manage them in one central **Smart Inbox hub**.



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**ASSIGNMENT FOR UNIT 5**

1. How has consumerism evolved in recent years, and what impact has it had on business practices and marketing strategies?
2. How do consumers perceive green marketing efforts, and what factors influence their purchasing decisions towards eco-friendly products?
3. How can businesses measure the effectiveness of their digital marketing campaigns, and what metrics are most important for evaluating success?
4. How do cultural differences impact global marketing campaigns, and what strategies can businesses use to effectively address these differences?
5. How do technological advancements, such as artificial intelligence, influence current and future marketing strategies?