MARKETING

Sub. Code: 16CCCCM2

Study Material Prepared by...

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CORE COURSE – II

MARKETING

Objectives : To enable the students to gain knowledge about marketing and its promotional aspects.
(Theory only)

Unit I

Marketing - Evolution – Definition- classification- objectives- selling vs. marketing – Marketing a science or art? - Modern Concept of marketing – role of marketing in economic development - Functions – buying- selling - transportation – warehousing – standardization – Grading – Packaging- ISO Series and AGMARK - ISI.

Unit II

Buyer's behaviour – Buying motive – Market segmentation - Product - Features - Classification - New Product Planning and Development - Product Mix - Product Life Cycle - Branding - Brand Loyalty and Equity.

Unit III

Pricing - Objectives - Factors - Methods and strategies. Channels of Distribution – Wholesaler and Retailer – Services rendered by them.

Unit IV

Sales Promotion –types- Need –Sales Promotion mix– Advertising – Publicity- Personal selling - Advantages - Limitations.

Unit V

Marketing Information System - Marketing Research - Features –Direct marketing - E Business – Telemarketing - Mail order business .

Text and Reference Books (Latest revised edition only)

1. R.S.N.Pillai&Bagavathi , **"Modern Marketing**," S.Chand& Co., New Delhi.
2. RajanNair.N.,SanjithR.Nair**," Marketing,"** Sultan Chand & Sons, New Delhi.
3. Kotler Philip, "**Marketing Management**," Prentice Hall of India (Pvt) Ltd., New Delhi.
4. Monga&ShaliniAnand, **" Marketing Management**," Deep & Deep Publications, New Delhi.
5. Dr. L. Natarajan , **"Marketing**," Margham Publications, Chennai.
6. Grewal , **"Marketing,"** Tata McGraw Hill management, New Delhi.
7. B.S.Raman**, "Marketing**," United Publishers, Mangalore.
8. Dr. J. Jayasankar, **"Marketing,"** Margham Publications, Chennai.

Principles of Marketing
I – B.COM

Marketing:

Meaning:

The term ‘market’ has been derived from the Latin word ‘Mercatus’ which mean ‘to trade’. The term carries certain other meanings like merchandise, wares, etc.

A market is essentially a place where goods and services are offered for sale. It is here that buyers meet sellers and get firsthand information about the goods they want to buy. Different types of goods are sold in a market ranging from fruits and vegetables (perishable) to fridge and television (durables).

Definition:

According to Pyle, “Market includes both place and region in which buyer and sellers are in free competition with one another”.

Classification of Market:

Markets can be classified in many ways. Generally, the classification is made on**:**

- **Geographic Area:**

    a) Local market
    b) National Market
    c) International Market

- **Economic:**

    a) Perfect Market
    b) Monopolistic Market
    c) Monopoly Market
    d) Oligopoly Market

- **Volume of Business:**

a) Wholesale Market
b) Retail Market

- **Time:**

  a) Very short period Market
  b) Short period Market
  c) Long period Market

- **Importance:**

  a) Primary Market
  b) Secondary Market
  c) Terminal Market

- **Nature of goods:**

  a) Commodity Market
  b) Capital market

- **Regulation:**

  a) Regulated Market
  b) Unregulated Market

- **Nature of transactions:**

  a) Spot Market
  b) Forward Market

Marketing:

Definition:

According to William J. Stanton " Marketing is a total system of interacting business activities designed to plan, price, promote and distribute want-satisfying products and services to present and potential customers"

Features of Marketing:

- Marketing is consumer oriented
- Marketing precedes and succeeds production
- Marketing starts and ends with the buyer
- Marketing guides business

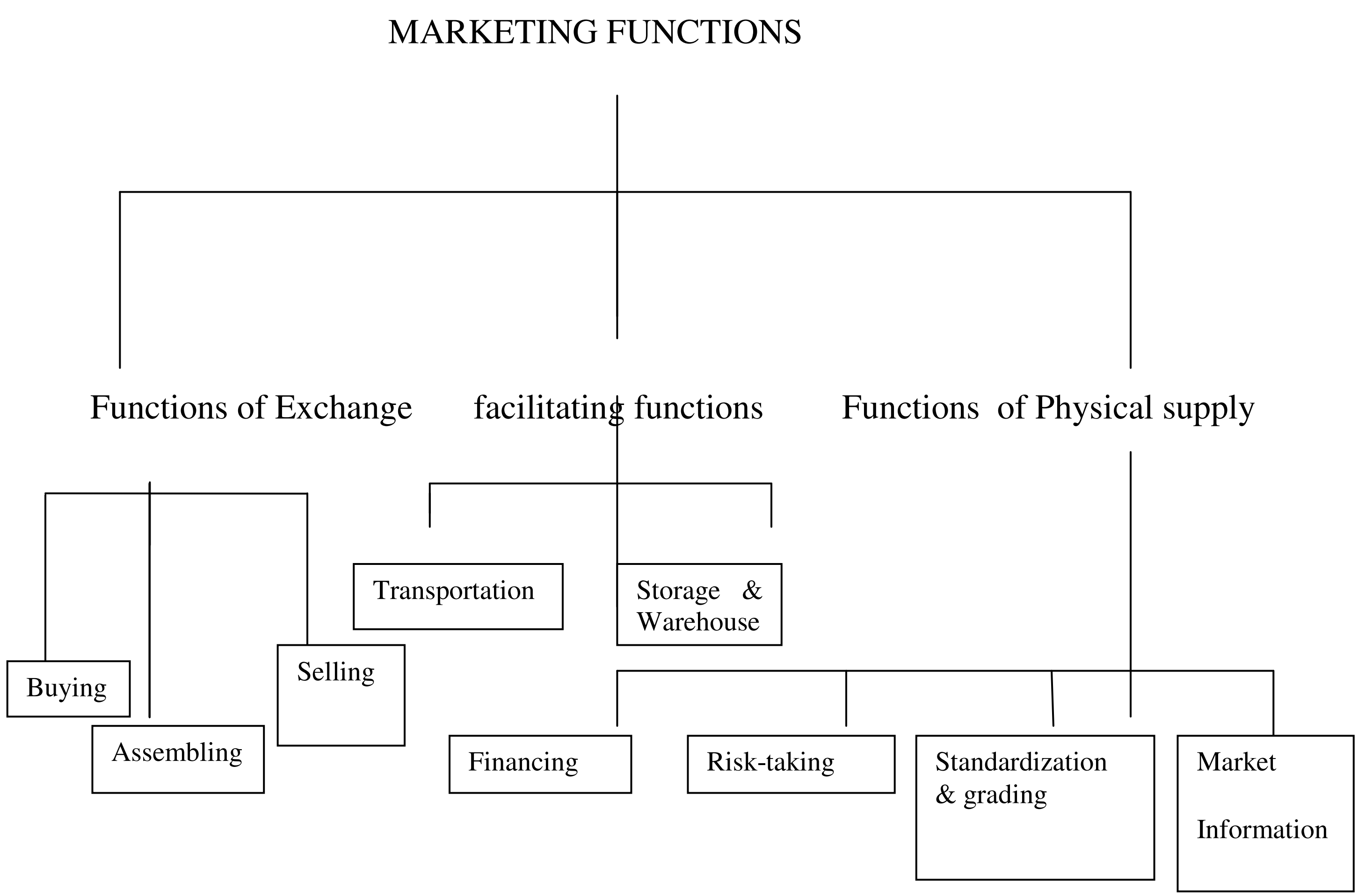
Importance of marketing:

1) It enables the marketer to know the tastes and preferences of the customers and accordingly make the product. As a result they are able to sell their easily.
2) It fulfils the needs of the buyers by giving them what they want. The buyers get their money's worth.
3) Innovations in marketing have given the buyer superior goods at affordable prices.
4) Marketing, today, has developed to such an extent that buyer are able get international brands of goods at their doorstep.
5) In the past, the buyer had to buy what was available. The growth of marketing has now given the buyers very many alternatives. The buyers are now in a position to select the best from among the many alternatives.
6) It has eliminated outdated or obsolete products over the years. It has updated the technology in tune with the needs.
7) It helps the marketers in the matter of selection of the right promotional tool.
8) It also guides the manufacturers in selecting the correct channel of distribution fot their products.
9) Marketing provides employment opportunities to many. There are brokers, commission, agents, truck operators, salesmen, copywriters and others who are engaged in the field of marketing.
10) Marketing has certainly converted 'yesterday's luxuries into today's necessaries'. Goods that were once considered a beyond the reach of the common man are now common household items.

Objectives of marketing:

- To Satisfaction of human wants
- To Profit maximization
- To develop marketing field
- To Effective distribution of products
- To find sources for further information market problems
- To take appropriate actions in the course of actions

Marketing functions:



Approaches to the study of marketing:

1. Product or Commodity Approach:

Under the commodity approach the focus is placed on the product or it is an approach on the marketing on commodity wise basis. In other words, the study relates to the flow of a certain commodity and its movement from the original producer right up to the ultimate customer. The subject-matter, under this study, is commodity.

When one studies the marketing on this basis—commodity approach, one must begin to study and analyses the problems relating to a commodity i.e., sources and conditions of supply, nature and extent of demand, mode of transporting, storage, standardization, packing etc. Again, take an example of a commodity, say rice.

One has to study the sources of rice, location, people involved in buying and selling, means of transport, problems of selling the product, financing, storage, packing etc. Thus, we get a full picture of the marketing from the original producer to the ultimate consumer. The method of study is repeated for each item.

The system claims that it is simple and gives good result over the marketing of each product; description study is possible. But at the same time this approach is time-consuming and repetitive process which is a drawback.

2. Institutional Approach:

In the institutional approach, the focus is on the study of institutions-middlemen, wholesalers, retailers, importers, exporters, agencies, warehousing etc., engaged in the marketing during the movement of goods. The approach is also known as middlemen approach. Here, emphasis is given to understand and analyses the functions of institutions, who are discharging their marketing functions.

The activities of each institution form a part of marketing and collectively complete the marketing functions. In the process of moving the goods from the producer to the final consumers, a large number of persons are engaged. This system pays attention to the problems and functions of marketing institutions-transporting, banks and other financial institutions, warehousing, advertising, insurance etc. This method does not give adequate knowledge of the entire marketing functions and also' fails to explain the interrelations of different institutions.

3. Functional Approach:

The functional approach gives importance on the various functions of marketing. In other words, one concentrates attention on the specialized services or functions performed by marketers. In this approach, marketing splits into many functions-buying, selling, pricing, standardization, storage, transportation, advertising, packing etc. This may be studied one after another. Here each function is studied in detail in order to understand it and analyses the nature, need and importance of each function.

In this approach, marketing is regarded as "business of buying and selling and as including those business activities involved in the flow of goods and services between producers and customers.” This system gives too much importance to various marketing functions and fails to explain how such functions are applied to the specific business operations.

4. Management Approach:

This approach is the latest and scientific. It concentrates upon the activities or marketing functions and focuses on the role of decision-making at the level of firm. This approach is mainly concerned with how managers handle specific problems and situations. It aims through evaluation of current market practices to achieve specific marketing objectives.

Generally there are two factors-controllable and uncontrollable, which are more concerned with the decision-making. Controllable include price adjustment, advertisement etc. Uncontrollable-economical, sociological, psychological, political etc. are the basic causes for market changes. And these changes cannot be controlled by any firm.

But controllable can be controlled by the firm. The uncontrollable limit the marketing opportunities. As such, managerial approach is concerned with the study of uncontrollable and then taking decisions for controllable within the scope set by uncontrollable. Managerial or decision-making approach emphasizes on the practical aspects of marketing, but ignores the theoretical aspects of marketing. At the same time, this approach, provides an overall information of the entire business.

5. System Approach:

The system approach can be defined as “a set of objects together with the relationships among them and their attributes.” Systems focus on interrelations and interconnections among the functions of marketing. The system examines marketing connections (linkage) inside as well as outside the firm. Inside the firm there is a co-ordination of business activities-engineering, production, marketing, price etc.

On the basis of feedback information proper control is exercised to modify or alter in the producing process, so that the desired output can be produced. Here, the aim is to secure profit through customer-satisfaction. Markets can be understood only through the study of marketing information. For instance, business is composed of many functions, which are composed of sub functions. Each function or sub-function is independent, but interrelated and enables the other to achieve marketing objectives.

6. Societal Approach:

This approach has been originated recently. The marketing process is regarded as a means by which society meets its own consumption needs. This system gives no importance as to how the business meets the consumer’s needs. Therefore, attention is paid to ecological factors (sociological, cultural, legal etc.) and marketing decisions and their impact on the society’s well-being.

7. Legal Approach:

This approach emphasizes only one aspect i.e., transfer of ownership to buyer: It explains the regulatory aspect of marketing. In India, the marketing activities are largely controlled by Sales of Goods Act, Carrier Act etc. The study is concentrated only on legal aspects, leaving other important aspects. This does not give an idea of marketing.

8. Economic Approach:

This approach deals with only the problems of supply, demand and price. These are important from the economic point of view, but fail to give a clear idea of marketing.

Modern marketing concept:

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

1. Production concept: –

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

2. Product concept: –

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

3. Selling concept: –

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

4. Marketing concept: –

Consumer now a day is treated as “GOD”. So it is very important for the manufacturer to produce the product which the consumer wants, so that consumer get satisfaction and manufacturer earns profit.

5. Consumer concept:-

Now not only marketing concept is sufficient rather the companies are using consumer concept which means to give attention to individual consumer it can be done through one to one marketing.

6. Societal marketing concept:

This concept means that company should not only work for the consumer but also for the society. So the company should make balance between company’s profits, consumer wants and society welfare.

UNIT-II

MARKETING MIX:

Definition:

The **marketing mix** refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

Meaning:

The term '**marketing mix'** is a foundation model for businesses, historically centered around product, price, place, and promotion (also known as the "4 Ps"). The marketing mix has been defined as the "set of marketing tools that the firm uses to pursue its marketing objectives in the market". Thus the marketing mix refers to four broad levels of marketing decision: product, price, place, and promotion

Product

The product is either a tangible good or an intangible service that is seem to meet a specific customer need or demand. All products follow a logical product life cycle and it is vital for marketers to understand and plan for the various stages and their unique challenges. It is key to understand those problems that the product is attempting to solve. The benefits offered by the product and all its features need to be understood and the unique selling proposition of the product need to be studied. In addition, the potential buyers of the product need to be identified and understood.

Price

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

Promotion

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

Place

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

Marketing System:

A market system is the network of buyers, sellers and other actors that come together to trade in a given product or service. The participants in a market system include: Direct market players such as producers, buyers, and consumers who drive economic activity in the market.

Marketing Process:

Marketing is a process by means of which goods and services are exchanged. The goal of marketing is to move the products from the producer to the consumer.

The flow of goods from the place of destination, involves a number of activities which is not a simple task. These activities of transfer are functions which are known as marketing process.

1) Concentration

2) Dispersion

3) Equalization

1) Concentration:

The first process of marketing is concentration. Concentration aims at the collection of products at a central place. It is because of:

a) Small lot output:

Agricultural produce, eggs, fruits, vegetables, dairy products, such as milk, butter, ghee etc. are collected at a central place from innumerable farmers, scattered here and there. These are marketed in natural form. To make other marketing services such as grading and standardisation, for the benefit of consumers, all produces- rice, wheat, cotton, tea etc. are brought to a central place.

b) Assembly of parts:

Some types of manufactured products need assembly work; for example, spare parts of products. These parts are manufactured at different firms and at different places. To make the final products, assembly or concentration is essential.

c) To facilitate regular supply:

To ensure the continuous supply of products to the consumers, concentration is essential. Generally the jobs are undertaken by wholesalers, exporters, agents, etc.

2) Dispersion:

A concentration takes place because of dispersion. Otherwise concentration has no meaning. The goods or products, assembled at a central place, have to be consumers. Some of the products are dispersed to manufacturers or processors and the remaining goods are dispersed to the final consumers through a chain of wholesalers, retailers, agents, middlemen etc. The products meant for ultimate users are subdivided into small lots required to meet the final consumptions.

Dispersion is essential, the buyers are scattered or located not near the firm or in a concentrated place. In the absence of consumption, production has no meaning. The purpose of production and its concentration aims at finding consumers at profitable and accepted price.

3) Equalization:

Between the two activities i.e., concentration and dispersion, there is the equalization process. It implies the reconciliation between demand and supply through storage and transportation in needed quantity and quality at the required time and place. Adjustments of supply to demand are effected.

Concentration, dispersion and equalization constitute the soul of marketing. All the functions are performed by middlemen. Each process is not independent, but mutually interdependent and equally important. Middlemen assist in the transfer of ownership to consumers, but do not take title. Such middlemen are called functional middlemen. The middlemen, who buy goods under an outright sale, are called merchant middlemen, who sell to consumers.

Product:

Meaning:

In marketing, a product is an object or system made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer.[1] In retailing, products are often referred to as merchandise, and in manufacturing, products are bought as raw materials and then sold as finished goods. A service is also regarded to as a type of product.

Definition:

A product is the item offered for sale. A product can be a service or an item. It can be physical or in virtual or cyber form. Every product is made at a cost and each is sold at a price. The price that can be charged depends on the market, the quality, the marketing and the segment that is targeted. Each product has a useful life after which it needs replacement, and a life cycle after which it has to be re-invented. In FMCG parlance, a brand can be revamped, re-launched or extended to make it more relevant to the segment and times, often keeping the product almost the same.

Product Planning and Development: Top 7 Steps:

The steps are: 1. Generation of New Product Ideas 2. Screening of Ideas 3. Product Concept Development 4. Commercial Feasibility 5. Product Development 6. Test Marketing 7. Commercialisation.

1. Generation of New Product Ideas:

The first step in product planning and development is generation of ideas for the development of new/innovative products.

Ideas may come from internal sources like company's own Research and Development (R&D) department, managers, sales-force personnel etc.; or from external sources like, customers, dealers, competitors, consultants, scientists etc.

At this stage, the intention of management is to generate more and more new and better product ideas; so that the most practical and profitable ideas may be screened subsequently.

2. Screening of Ideas:

Screening of ideas means a close and detailed examination of ideas, to determine which of the ideas have potential and are capable of making significant contribution to marketing objectives. In fact, generation of ideas is not that significant as the system for screening the generated ideas.

3. Product Concept Development:

Screening of ideas means a close and detailed examination of ideas, to determine which of the ideas have potential and are capable of making significant contribution to marketing objectives. In fact, generation of ideas is not that significant as the system for screening the generated ideas.

The ideas should be screened properly; as any idea passing this stage would cost the firm in terms of time, money and efforts, at subsequent stages in product planning and development.

3. Product Concept Development:

Those product ideas which clear the screening stage must be developed into a product concept – identifying physical features, benefits, price etc. of the product. At this stage product idea is transformed into a product concept i.e. a product which target market will accept.

4. Commercial Feasibility:

At this stage, the purpose is to determine whether the proposed product idea is commercially feasible, in terms of demand potential and the costs of production and marketing. Management must also ensure that product concept is compatible with the resources of the organization technological, human and financial

5. Product Development:

Product development encompasses the technical activities of engineering and design. At this stage, the engineering department converts the product concept into a concert form of product in view of the required size, shape, design, weight, colour etc. of the product concept.

A model or prototype of the product is manufactured on a limited scale. Decisions are also made with regard to packaging, brand name, label etc. of the product.

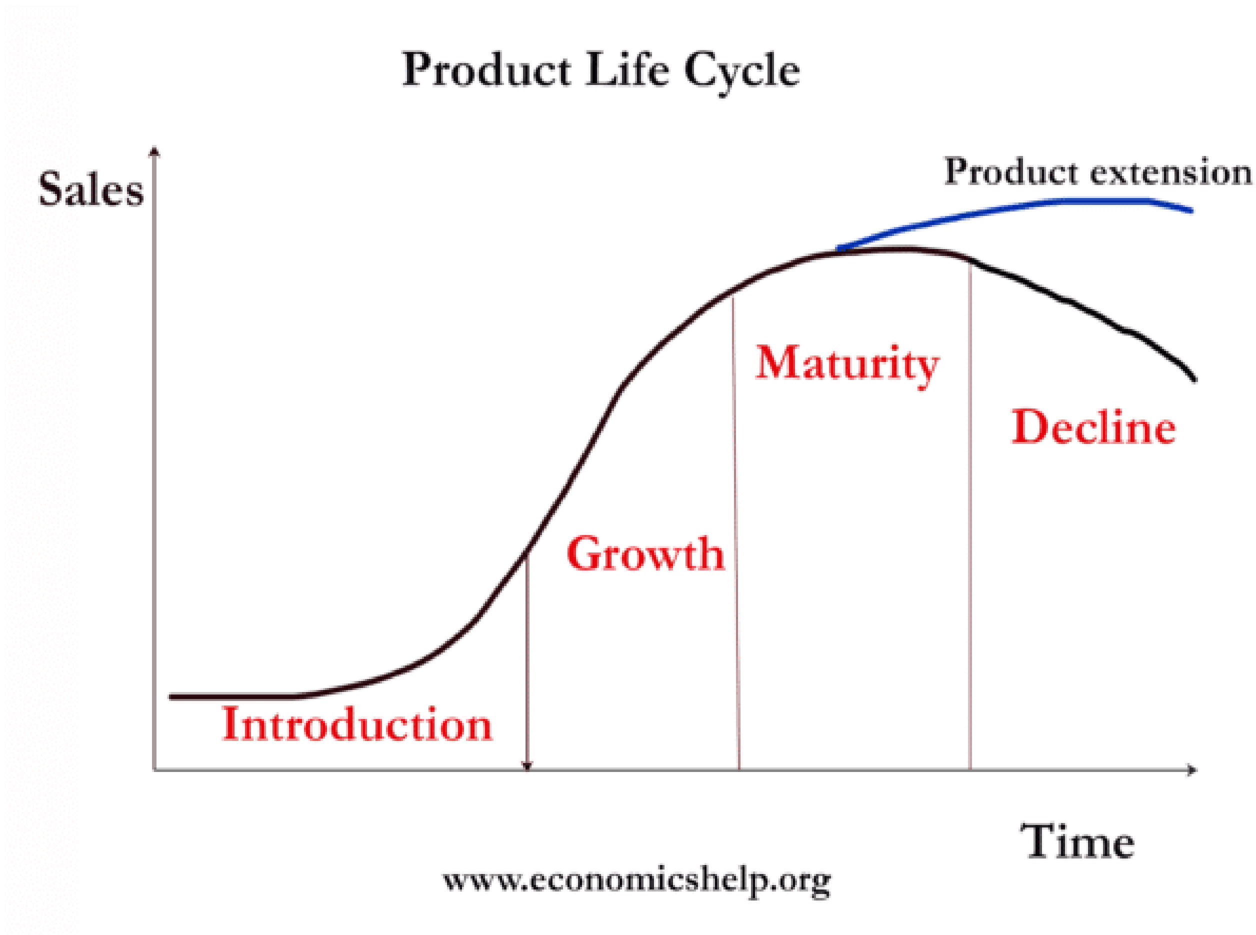
6. Test Marketing:

A sample of the product is tested in a well-chosen and authentic sales environment; to find out consumers' reaction. In view of consumers' reactions, the product may be improved further.

7. Commercialisation:

After the management is satisfied with the results of test marketing, steps are taken to launch a full-fledged programme for the production, promotion and marketing of the product. It is the stage where the new product is born; and it enters it life cycle process.

Product life cycle:



1. Introduction

Once a product has been developed, the first stage is its introduction stage. In this stage, the product is being released into the market. When a new product is released, it is often a high-stakes time in the product's life cycle - although it does not necessarily make or break the product's eventual success.

Costs are generally very high and there is typically little competition. The principle goals of the introduction stage are to build demand for the product and get it into the hands of consumers, hoping to later cash in on its growing popularity.

2. Growth

By the growth stage, consumers are already taking to the product and increasingly buying it. The product concept is proven and is becoming more popular - and sales are increasing.

Other companies become aware of the product and its space in the market, which is beginning to draw attention and increasingly pull in revenue. If competition for the product is especially high, the company may still heavily invest in advertising and promotion of the product to beat out competitors. As a result of the product growing, the market itself tends to expand. The product in the growth stage is typically tweaked to improve functions and features.

As the market expands, more competition often drives prices down to make the specific products competitive. However, sales are usually increasing in volume and generating revenue. Marketing in this stage is aimed at increasing the product's market share.

3. Maturity

When a product reaches maturity, its sales tend to slow or even stop - signaling a largely saturated market. At this point, sales can even start to drop. Pricing at this stage can tend to get competitive, signaling margin shrinking as prices begin falling due to the weight of outside pressures like competition or lower demand. Marketing at this point is targeted at fending off competition, and companies will often develop new or altered products to reach different market segments.

Given the highly saturated market, it is typically in the maturity stage of a product that less successful competitors are pushed out of competition - often called the "shake-out point."

In this stage, saturation is reached and sales volume is maxed out. Companies often begin innovating to maintain or increase their market share, changing or developing their product to meet with new demographics or developing technologies.

The maturity stage may last a long time or a short time depending on the product. For some brands, the maturity stage is very drawn out, like Coca-Cola.

4. Decline

Although companies will generally attempt to keep the product alive in the maturity stage as long as possible, decline for every product is inevitable.

In the decline stage, product sales drop significantly and consumer behavior changes as there is less demand for the product. The company's product loses more and more market share, and competition tends to cause sales to deteriorate.

Marketing in the decline stage is often minimal or targeted at already loyal customers, and prices are reduced.

Eventually, the product will be retired out of the market unless it is able to redesign itself to remain relevant or in-demand. For example, products like typewriters, telegrams and muskets are deep in their decline stages (and in fact are almost or completely retired from the market).

UNIT-III

PRICING:

Meaning:

Pricing is a process of fixing the value that a manufacturer will receive in the exchange of services and goods. Pricing method is exercised to adjust the cost of the producer's offerings suitable to both the manufacturer and the customer. The pricing depends on the company's average prices, and the buyer's perceived value of an item, as compared to the perceived value of competitors product.

Every businessperson starts a business with a motive and intention of earning profits. This ambition can be acquired by the pricing method of a firm. While fixing the cost of a product and services the following point should be considered:

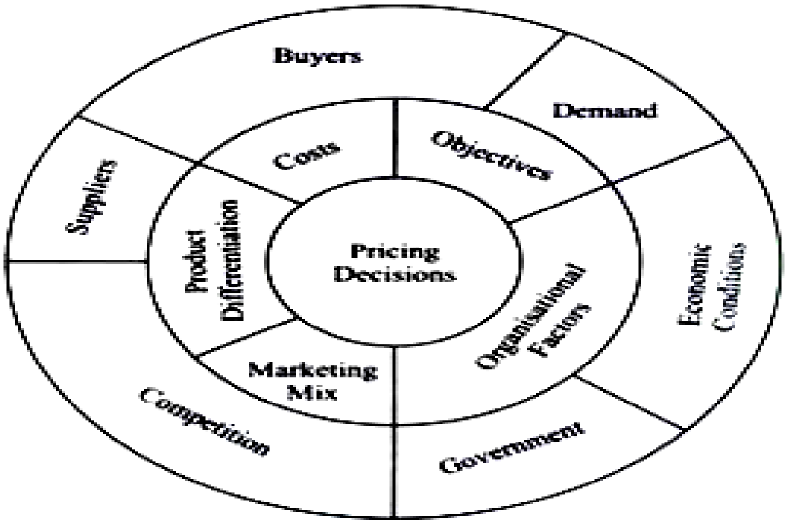
- The identity of the goods and services
- The cost of similar goods and services in the market
- The target audience for whom the goods and services are produces
- The total cost of production (raw material, labour cost, machinery cost, transit, inventory cost etc).
- External elements like government rules and regulations, policies, economy, etc.,

Definition:

Pricing is the method of determining the value a producer will get in the exchange of goods and services. Simply, pricing method is used to set the price of producer's offerings relevant to both the producer and the customer.

Pricing Decisions: Internal and External Factors

The influencing factors for a price decision can be divided into two groups:



Factors Affecting Pricing Decisions

Fig. 14.1

I .Internal Factors :

Those factors, which are well within the control of the business, are called internal factors. These include :

1) costs and

2) Business objectives.

a) Return on investment

b) Market share

c) preventing competition

d) meeting competition

e) stability in price

f) Maximum profit

II. External Factors:

Those factors, which are beyond the control of the marketer, are called external factor. Although they are beyond the marketer's control, they cannot be ignored. They play a crucial role in pricing decisions and are as important as the internal factors. These include the following:

1) Demand
2) Competition
3) Middlemen
4) Government regulations
5) Political condition

Different kinds of pricing:

- Odd pricing
- Psychological pricing
- Price based on the prevailing or ruling price
- Prestige price
- Customary price
- Free On Board pricing
- Cost, Insurance and Fright pricimg
- Dual pricing
- Administered pricing
- Monopoly pricing
- Price lining
- Expected pricing
- Sealed tender pricing
- Negotiated pricing
- Mark-up pricing
- Skimming pricing
- Penetration pricing

Procedure for price determination:

There is no specific procedure applicable to all firms for price determination. However, the following steps may be followed to determine the price:

- Determine demand for the product
- Anticipate and analyse the competitive reaction
- Establish expected share of the market
- Select pricing strategy
- Consider company's marketing policies
- Set the price

UNIT-IV

Sales Promotion

Definition:

American Marketing Association defines sales promotion as "media and non-media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability".

objectives:

1. To increase sales by publicity through the media which are complementary to press and poster advertising.

2. To disseminate information through salesmen, dealers etc., so as to ensure the product getting into satisfactory use by the ultimate consumers.

3. To stimulate customers to make purchases at the point of purchase.

4. To prompt existing customers to buy more.

5. To introduce new products.

6. To attract new customers.

7. To meet competition from others effectively.

8. To check seasonal decline in the volume of sales.

Importance of Sales Promotion:

The importance of sales promotion has increased tremendously in the modern times. Lakhs of rupees are being spent on sales promotional activities to attract the consumers in our country and also in other countries of the world.

Some large companies have also begun to appoint sales promotion managers to handle miscellaneous promotional tools. All these facts show that the importance of sales promotion activities is increasing at a faster rate.

Personal selling:

Personal selling is when a salesperson meets a potential buyer or buyers face-to-face with the aim of selling a product or service.

The objectives of Personal selling are as follows:

1.To enhance the sales volume of the different products of the company

2. To ensure the there is a proper mix of products in the total sales volume

3. To ensure that the market share of the company is increased

4. To ensure that the profits of the company have improved

5. To bring down or reduce the overall selling expenses of the company

6. To gain new accounts and ensure that there is growth of the business

7. It helps in the appointment of dealers and expansion of the distribution channel.

8. To secure channel members co-operation in stocking as well as selling the products of the company.

9. To achieve the desired proportion of cash and credit sales.

10. To provide pre-sale and after-sale services.

11. To train the dealers and customers.

12. To assist and support other promotional measures.

13. To help in collecting the amounts due from the market.

14. To help in gathering and reporting marketing intelligence.

Advertising:

Definition:

Advertising is a means of communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them, as defined by the Advertising Association of the UK.

Types of advertising may be classified as:

1. Product Advertising.
2. Institutional Advertising.
3. Other Types.

Types of Advertising Media

Types of advertising media available to an advertiser are:

(1) Direct Mail

(2) Newspapers And Magazines

(3) Radio Advertising

(4) Television Advertising

(5) Film Advertising

(6) Outdoor Advertising

(7) Window Display

(8) Fairs and Exhibition And

(9) Specially Advertising

Distribution Channel:

A distribution channel (also called a *marketing channel*) is the path or route decided by the company to deliver its good or service to the customers. The route can be as short as a direct interaction between the company and the customer or can include several interconnected intermediaries like wholesalers, distributors, retailers, etc.

Hence, a distribution channel can also be referred to as a set of interdependent intermediaries that help make a product available to the end customer.

Functions of Distribution Channels:

In order to understand the importance of distribution channels, you need to understand that it doesn't just bridge the gap between the producer of a product and its user.

- Distribution channels provide time, place, and ownership utility. They make the product available when, where, and in which quantities the customer wants. But other than these **transactional** functions, marketing channels are also responsible to carry out the following functions:
- Logistics and Physical Distribution: Marketing channels are responsible for assembly, storage, sorting, and transportation of goods from manufacturers to customers.
- Facilitation: Channels of distribution even provide pre-sale and post-purchase services like financing, maintenance, information dissemination and channel coordination.
- Creating Efficiencies: This is done in two ways: *bulk breaking* and *creating assortments*. Wholesalers and retailers purchase large quantities of goods from manufacturers but break the bulk by selling few at a time to many other channels or customers. They also offer different types of products at a single

place which is a huge benefit to customers as they don't have to visit different retailers for different products.

- Sharing Risks: Since most of the channels buy the products beforehand, they also share the risk with the manufacturers and do everything possible to sell it.
- Marketing: Distribution channels are also called marketing channels because they are among the core touch points where many marketing strategies are executed. They are in direct contact with the end customers and help the manufacturers in propagating the brand message and product benefits and other benefits to the customers.

Types of Distribution Channels:

Channels of distribution can be divided into the direct channel and the indirect channels. Indirect channels can further be divided into one-level, two-level, and three-level channels based on the number of intermediaries between manufacturers and customers.

1) Direct Channel or Zero-Level Channel (Manufacturer To Customer)

Direct selling is one of the oldest forms of selling products. It doesn't involve the inclusion of an intermediary and the manufacturer gets in direct contact with the customer at the point of sale. Some examples of direct channels are peddling, brand retail stores, taking orders on the company's website, etc. Direct channels are usually used by manufacturers selling perishable goods, expensive goods, and whose target audience is geographically concentrated. For example, bakers, jewellers, etc.

2) Indirect Channels (Selling Through Intermediaries)

When a manufacturer involves a middleman/intermediary to sell its product to the end customer, it is said to be using an indirect channel. Indirect channels can be classified into three types:

- **One-level Channel (Manufacturer to Retailer to Customer):** Retailers buy the product from the manufacturer and then sell it to the customers. One level channel of distribution works best for manufacturers dealing in shopping goods like clothes, shoes, furniture, toys, etc.

- **Two-Level Channel (Manufacturer to Wholesaler to Retailer to Customer):** Wholesalers buy the bulk from the manufacturers, breaks it down into small packages and sells them to retailers who eventually sell it to the end customers. Goods which are durable, standardised and somewhat inexpensive and whose target audience isn't limited to a confined area use two-level channel of distribution.
- **Three-Level Channel (Manufacturer to Agent to Wholesaler to Retailer to Customer):** Three level channel of distribution involves an agent besides the wholesaler and retailer who assists in selling goods. These agents come handy when goods need to move quickly into the market soon after the order is placed. They are given the duty to handle the product distribution of a specified area or district in return of a certain percentage commission. The agents can be categorised into super stockists and carrying and forwarding agents. Both these agents keep the stock on behalf of the company. Super stockists buy the stock from manufacturers and sell them to wholesalers and retailers of their area. Whereas, carrying and forwarding agents work on a commission basis and provide their warehouses and shipment expertise for order processing and last mile deliveries. Manufacturers opt for three-level marketing channel when the userbase is spread all over the country and the demand of the product is very high.

Dual Distribution:

When a manufacturer uses more than one marketing channel simultaneously to reach the end user, he is said to be using the dual distribution strategy. They may open their own showrooms to sell the product directly while at the same time use internet marketplaces and other retailers to attract more customers.

A perfect example of goods sold through dual distribution is smartphones.

Distribution Channels for Services:

Unlike tangible goods, services can't be stored. But this doesn't mean that all the services are always delivered using the direct channels.

With the advent of the internet, online marketplaces, the aggregator business model, and the on-demand business model, even services now use intermediaries to reach to the final customers.

The Internet as A Distribution Channel:

The internet has revolutionised the way manufacturers deliver goods. Other than the traditional direct and indirect channels, manufacturers now use marketplaces like Amazon (Amazon also provide warehouse services for manufacturers' products) and other intermediaries like aggregators

(uber, Instacart) to deliver the goods and services. The internet has also resulted in the removal of unnecessary middlemen for products like software which are distributed directly over the internet.

Factors Determining the Choice of Distribution Channels

Selection of the perfect marketing channel is tough. It is among those few strategic decisions which either make or break your company.

Even though direct selling eliminates the intermediary expenses and gives more control in the hands of the manufacturer, it adds up to the internal workload and raises the fulfilment costs. Hence these four factors should be considered before deciding whether to opt for the direct or indirect distribution channel.

UNIT-V

Recent Trends in Modern Marketing:

1. More Emphasis on Quality, Value, and Customer Satisfaction:

Today's customers place a greater weight to direct motivations (convenience, status, style, features, services and qualities) to buy product. Today's marketers give more emphasis on the notion, "offer more for less."

2. More Emphasis on Relationship Building and Customer Retention:

Today's marketers are focusing on lifelong customers. They are shifting from transaction thinking to relationship building. Large companies create, maintain and update large customer database containing demographic, life-style, past experience, buying habits, degree of responsiveness to different stimuli, etc., and design their offerings to create, please, or delight customers who remain loyal to them. Similarly more emphasis is given to retain them throughout life. Marketers strongly believe: "Customer retention is easier than customer creation."

3. More Emphasis on Managing Business Processes and Integrated Business Functions:

Today's companies are shifting their thinking from managing a set of semi independent departments, each with its own logic, to managing a set of fundamental business processes, each of which impact customer service and satisfaction. Companies are assigning cross-disciplinary personnel to manage each process.

Marketing personnel are increasingly working on cross- disciplinary terms rather than only in the marketing department. This is the positive development, which broadens marketers' perspectives on business and also leads to broaden perspective of employees from other department.

4. More Emphasis on Global Thinking and Local Market Planning:

As stated earlier, today's customers are global, or cosmopolitan. They exhibit international characteristics. This is due to information technology, rapid means of transportation, liberalization, and mobility of people across the world. Companies are pursuing markets beyond their borders. They have to drop their traditions, customs, and assumptions regarding customers.

They have to adapt to their offering as per the cultural prerequisites. Decisions are taken by local representatives, who are much aware of the global economic, political, legal, and social realities. Companies must think globally, but act locally. Today's marketers believe: "Act locally, but think globally."

5. More Emphasis on Strategic Alliances and Networks:

A company cannot satisfy customers without help of others. It lacks adequate resources and requirements to succeed. Company needs to involve in partnering with other organisations, local as well as global partners who supply different requirements for success.

Senior manager at top-level management spends an increasing amount of time for designing strategic alliance and network that create competitive advantages for the partnering firms. Merger, acquisition, and partnering are result of a strong thirst for strategic alliance and networks.

6. More Emphasis on Direct and Online Marketing:

Information technology and communication revolution promise to change the nature of buying and selling. Companies follow direct channel in term hiring salesmen, setting own distribution network, designing network marketing, applying online marketing, and contracting with giant shopping/retailing malls.

People anywhere in the world can access the Internet and companies' home pages to scan offers and order goods. Via online service, they can give and get advice on products and services by chatting with other users, determine the best values, place orders, and get next-day delivery.

As a result of advances in database technology, companies can do more direct marketing and rely less on wholesale and retail intermediaries. Beyond this, much company buying is now done automatically through electronic data interchange link among companies. All these trends portend a greater buying and selling efficiency.

7. More Emphasis on Services Marketing:

As per general survey, about 70% people are, either directly or indirectly, involved in service marketing. Because services are intangible and perishable, variable and inseparable, they pose additional challenges compared to tangible good marketing. Marketers are increasingly developing strategies for service firms that sell insurance, software, consulting services, banking, insurance, and other services.

8. More Emphasis on High-tech Industries:

Due to rapid economic growth, high-tech firms emerged, which differ from traditional firms. High-tech firms face higher risk, slower product acceptance, shorter product life cycles, and faster technological obsolescence. High-tech firms must master the art of marketing their venture to the financial community and convincing enough customers to adopt their new products.

9. More Emphasis on Ethical Marketing Behaviour:

The market place is highly susceptible to abuse by those who lack scruples and are willing to prosper at the expense of others. Marketers must practice their craft with high standards. Even, governments have imposed a number of restrictions to refrain them from malpractices. Marketers are trying to sell their products by obeying and observing moral standards or business ethics.

10. Other issues:

i. Craze for international standards and emphasis on quality, value and customer satisfaction. Application of TQM (even, Six Sigma) in every aspect of marketing management.

ii. Changed attitude toward competition. They compete not for maximum gains but for maximum offers to customers.

iii. Relationship marketing at both levels at internal functions of organisation and at outside with service providers, to satisfy customers.

iv. Concept of global and complex customers.

v. Marketing department is placed in the center of management. It enjoys unique and dominant status in organisation.

vi. Use of latest technology for survey and research.

vii. More emphasis on after-sales services.

viii. Entertaining value in advertising,

E-MARKETING:

Web marketing, digital marketing, internet marketing or online marketing; all of these words are synonymously used for E-Marketing. What it means is the marketing of products or services by using the internet. E-mails and wireless marketing also fall into the category of e-marketing.

We can say that it uses different technologies and media to connect customers and businesses. Especially in this **era of technology**, e-marketing has become a very important part of the marketing strategy of different companies.

Features of E-Marketing

Big or small, many businesses are using e-marketing because of various features and multiple advantages. Some of the important features are as follows;

E-marketing is Cheaper than Traditional Marketing

If you compare its cost with traditional marketing media such as newspaper ads and billboards, then it’s much cheaper and efficient. You can reach a wide range of audience with very limited resources.

Tangible ROI

Small business owners can now check the turnover rate or ‘‘action taken’’ with the help of Infusionsoft. It analyzes multiple things like views of videos, number of emails opened, and per click on the link. Most importantly, it tells us how much sales the business has been made as a result of e-marketing.

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24/7/365 Approach

It works 24 hours a day, 7 days a week and 365 days of the year. It doesn’t matter whether you’re homesick, sleeping, or attending a casual meetings; but e-marketing is always hard at work.

Eliminate Follow-up Failure

Elimination of follow-up-failure is the main secrete behind the success of small business. It is done by entering your business figures into the Infusionsoft, and then its automated marketing system will provide you the custom-tailored information about your business, which areas to improve and what product to discontinue.

E-Marketing Advantages

Some of the important advantages of e-marketing are given below;

1. **Instant Response.** The response rate of internet marketing is instantaneous; for instance, you upload something and it goes viral. Then it'd reach millions of people overnight.
2. **Cost-Efficient.** Compared to the other media of advertising, it's much cheaper. If you're using the unpaid methods, then there's almost zero cost.
3. **Less Risky.** When your cost is zero and the instant rate is high; then what one has to loos. No risk at all.
4. **Greater Data Collection.** In this way, you have a great ability to collect a wide range of data about your customers. This customer data can be used later.
5. **Interactive.** One of the important aspects of digital marketing is that it's very interactive. People can leave their comments, and you'll get feedback from your target market.
6. **Way to Personalized Marketing.** Online marketing opens the door to personalized marketing with the right planning and marketing strategy, customers can be made to feel that this ad is directly talking to him/her.
7. **Greater Exposure of your Product.** Going viral with one post can deliver greater exposure to your product or service.
8. **Accessibility.** The beauty of the online world and e-marketing is that it's accessible from everywhere across the globe.

Disadvantages of E-Marketing

E-Marketing is not without disadvantages, some of them are as follows;

1. **Technology Dependent.** E-Marketing is completely dependent on technology and the internet; a slight disconnection can jeopardize your whole business.
2. **Worldwide Competition.** When you launch your product online, then you face a global competition because it's accessible from everywhere.
3. **Privacy & Security Issues.** Privacy and security issues are very high because your data is accessible to everyone; therefore, one has to be very cautious about what goes online.
4. **Higher Transparency & Price Competition.** When privacy and security issues are high, then you have to spend a lot to be transparent. Price competition also increases with higher transparency.
5. **Maintenance Cost.** With the fast-changing technological environment, you have to be consistently evolved with the pace of technology and the maintenance cost is very high.

Types of E-Marketing

When we talk about digital and email marketing, then there are different type and methods of e-marketing which are as follows;

Email Marketing

Email marketing is considered very efficient and effective because you already have a database of your targeting customer. Now, sending emails about your product or service to your exact targeted market is not only cheap but also very effective.

Social Media Marketing

Social media is a great source of directly communicating with your customers to increase your product awareness. It could be done by any or all of the social media channels such as LinkedIn, Facebook, Instagram, Twitter, Google, and YouTube. Some of the important advantages of social media are as follows;

- Increase product awareness and reputation means more sales.
- Directly communicating with your customers can increase brand loyalty.
- You can increase the number of visits to your website and rank it up in the search engine.
- Targeting the exact audience will help you to know more about your customers' needs.

Video Marketing

It is said that a picture is worth a thousand words, and a video is worth thousands of pictures. You can catch the attention and emotions of your target market by showing them a video clip about your product or service. **Video marketing** is very effective if it conveys the right message to the right audience.

Article Marketing

Engaging quality content by providing valuable information to your targeted market, what people are looking for over the internet to solve a certain problem? It is a consistent and ongoing process of delivering quality content to your readers. It is not always about selling; you're educating your audience and helping them by adding some value in their lives.

Affiliate Marketing

Affiliate marketing is the process of promoting some products of certain brands and earning your commission out of every sale. It works for everyone; win, win situation.

Wrapping Up E-Marketing

It doesn’t matter whatever type of marketing methods you’re using; it has to be well focused and researched about your target market. Customer’s needs and demands should also be kept in mind; there should be consistency and coherency between the market and your product. Anything out of ordinary will make your customers suspicious. It has to be realistic.

Tele-marketing:

Definition:

Telemarketing is the act of selling, soliciting, or promoting a product or service over the telephone; the telephone is the most cost-efficient, flexible, and statistically accountable medium available. At the same time, the telephone is still very intimate and personal. It is individual to individual.

Meaning:

Telemarketing is the process of using the telephone to generate leads, make sales, or gather marketing information. Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared with personal selling, but offers many of the same benefits in terms of direct contact with the customers.

Telemarketing is especially useful when the customers for a small business products or services are located in hard-to-reach places, or when many prospects must be contacted in order to find one interested in making a purchase.

Although some small businesses operate exclusively by telephone, telemarketing is most often used as part of an overall marketing programme to tie together advertising and personal selling efforts. For example, a company might send introductory information through the mail, then follow-up with a telemarketing call to assess the prospect’s interest, and finally send a salesperson to visit.

Types of Telemarketing

Telemarketing can be either inbound or outbound in scope.

Inbound Telemarketing:

It consists of handling incoming telephone calls—often generated by broadcast advertising, direct mail, or catalogues—and taking orders for a wide range of products. The representatives working in this type of telemarketing programme normally do not need as much training as the outbound representatives.

Outbound Telemarketing:

It can be aimed directly at the end consumer; for example, a home repair business may call people to search for prospects and customers. Representatives working on this side of the industry generally require more training and product knowledge, as more actual selling is involved in comparison to the inbound operations.

Advantages of Telemarketing:

1. Human interaction:

One of the advantages telemarketing has over other direct marketing methods is that it involves human interaction.

2. Small businesses:

Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared to personal selling, but offers many of the same benefits in terms of direct contact with customers.

3. Customer service:

Building a loyal client base is a fundamental factor in establishing a long- term business success and increasing the value of the company. Telemarketing customer services can gain repeat orders and increase the penetration of the customer base. Telemarketing has the advantages of delivering excellent customer service.

4. Reduces cost:

As the costs of field sales continue to escalate, businesses are using telemarketing as a way to reduce the cost of selling. It is also easier to communicate with customers. Most of the marketing efforts are directed towards select markets, so the cost per person contacted is less.

5. Flexibility:

It is the most flexible form of direct marketing. It helps in knowing and understanding what customers want, and are prepared to buy. Survey can be conducted with the advantages of telemarketing, knowing what customers are looking for, the product or service, the brand, etc.; one can constantly update the client data base.

6. Response measurement:

Response measurement is possible by knowing the effectiveness of advertising. The results can be compared with the ones previously established, and the future plans can be based on such results.

Disadvantages of Telemarketing

1. An increasing number of people have become averse to telemarketing.

2. No visual contact with the customer is possible.

3. More people are using technology to screen out unwanted callers, particularly telemarketers.

4. Government is implementing tougher measures to curb unscrupulous telemarketers.

5. If hiring an outside firm to do telemarketing, there is lesser control in the process, given that the people doing the calls are not your employees.

6. A telephone conversation has very short memory.

7. Pre-purchase inspection of goods not possible.

8. It can be extremely expensive, particularly if telemarketing is outsourced to an outside firm.

Mobile Marketing

Definition

According to Mashable, marketing professor Andreas Kaplan defines mobile marketing as “any marketing activity conducted through a ubiquitous network to which consumers are constantly connected using a personal mobile device". In other words, any **promotion or advertising message** sent through a cell phone, usually a Smartphone.

Benefits of Mobile Marketing

According to Search Engine Journal, a Pew Study found that 57% of the U.S. population owns a Smartphone and “are spending an average of **two hours per day** on their mobile devices.” I think we are all well aware of the role mobile devices play in our day-to-day lives. This explains why marketers are targeting mobile devices with their advertisements. As far as benefits go, mobile marketing:

1. Allows you to **reach a highly targeted market** (i.e. via location)
2. Has a **much lower CPM** (cost per thousand impressions) than other traditional marketing channels (Wishpond)

1. Generates a **higher response rate** (Wishpond)
2. Reaches your audience **anywhere, anytime**

How to Use Mobile Marketing

There are a handful of different ways to utilize mobile marketing to reach out to your customers. Below are some of the top mobile marketing strategies, as recommended by experts around the web:

- **Responsive Design**

  If you plan on driving any traffic to your website as part of your mobile marketing strategy, it is absolutely necessary that your website be responsive. Responsive design refers to websites that dynamically resize to fit whatever device they are being displayed on. This is your first step in mobile marketing.

- **Text Messaging**

Marketing via text allows customers to opt-in to receive your text messages. Here you can send coupons, special offers, and news on upcoming events directly to your customers' cell phones.

- **Mobile Apps**

Do you have a specialized process that is unique to your company? For example, maybe you are a real estate company and are often asked to calculate mortgages. If so, create an app – like a mortgage calculator! Creating a mobile app for a specialized process will make things easier for your customers and generate new leads.

- **QR Codes**

QR codes can be scanned by mobile devices to provide special information and discounts to users. Consider setting up a QR code to place on paper ads, menus, or signs in your office. (Business2Community)

- **Mobile Search**

Optimize your website for mobile search by including localized terms as part of your keyword phrases (i.e. Pediatric Dentist Orlando, Florida). Make sure your phone number is also prominently displayed on your website, especially when being displayed on mobile devices, and that it is clickable.

There are many more ways you can utilize mobile marketing to promote your business and this trend is only going to grow in 2015. Keep your eyes peeled for more mobile marketing strategies in the New Year! If you need assistance with managing your mobile marketing strategy,