**MARKETING MANAGEMENT – UNIT III**

**Definition of 'Promotions'**

**Introduction:** Promotion is a type of[communication](https://www.toppr.com/guides/business-studies/directing/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.

It is one of the basic elements of the market mix, which includes the four P’s:[price](https://www.toppr.com/guides/business-studies/marketing/pricing/), product, promotion, and place. It is also one of the elements in the promotional mix or promotional mix or promotional plan. These are personal selling, advertising, sales promotion, and direct marketing publicity and may also include event [marketing](https://www.toppr.com/guides/business-studies/marketing/role-of-marketing-and-marketing-mix/), exhibitions, and trade shows.

**Meaning:**There are several types of promotions. Above the line promotions include advertising, press releases, consumer promotions (schemes, discounts, contests), while below the line include trade discounts, freebies, incentive trips, awards and so on. Sales promotion is a part of the overall promotion effort.

**Definition:**Promotions refer to the entire set of activities, which communicate the product, brand or service to the user. The idea is to make people aware, attract and induce to buy the product, in preference over others.

**There are also:**

*1.* ***Personal selling:*** one of the most effective ways of customer relationship. Such selling works best when a good working relationship has been built up over a period of time. This can also be expensive and time consuming, but is best for high value or premium products.

*2****. Sales promotions:*** this includes freebies, contests, discounts, free services, passes, tickets and so on, as distinct from advertising, publicity and public relations.

*3.* ***Public relations:***PR is the deliberate, planned and sustained effort to establish and maintain mutual understanding between the company and the public.

## Types of Promotion & Promotion Mix

### ****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.

**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.

**Description:**Advertising is always present, though people may not be aware of it. In today's world, advertising uses every possible media to get its message through. It does this via television, print (newspapers, magazines, journals etc), radio, press, internet, direct selling, hoardings, mailers, contests, sponsorships, posters, clothes, events, colours, sounds, visuals and even people (endorsements).
 **Meaning:** The advertising industry is made of companies that advertise agencies that create the advertisements, media that carries the ads, and a host of people like copy editors, visualizers, brand managers, researchers, creative heads and designers who take it the last mile to the customer or receiver. A company that needs to advertise itself and/or its products hires an advertising agency. The company briefs the agency on the brand, its imagery, the ideals and values behind it, the target segments and so on. The agencies convert the ideas and concepts to create the visuals, text, layouts and themes to communicate with the user. After approval from the client, the ads go on air, as per the bookings done by the agency's media buying unit.

### Types of Advertisements

#### 1. Print Advertising

The first print ad ran in England in 1472, Since then, this type of advertising has become available in newspapers, magazines, brochures, billboards, flyers, and similarly portable methods of carrying a brand's message to its ideal end user. In this ad method, the advertiser pays the publisher to place their ad in the publication.

#### 2. Radio Advertising

Radio advertising dates back to 1920, when the first commercial radio stations were launched in the United States. Today, radio is still a relevant marketing and advertising platform for expanding the reach of a sponsored event or new product. In this ad method, the advertiser pays the radio station to play their ad during designated breaks between music or a radio show.

#### 3. Television Advertising

Television ads originated in the 1940s with the promotion of practical items and political campaigns. Advertisers can now use television to promote food, toys, stores, business services, and more -- both to local TV channels and to national broadcast networks. In this ad method, the advertiser pays the regional or national TV network to show their ad during designated breaks in the network's regular programming.

#### 4. Internet Advertising

Internet advertising took root in the mid-1990s with the launch of "banner" advertisements for various telecommunications companies. These ads are placed in interstitial spots on a webpage. In this ad method, the advertiser pays the website owner to place their ad in exposed spaces that are peripheral to the website's own content. Internet advertising has gone on to include video, search engine marketing, sponsored social media posts, and more.

But, as you know, the advertising types above have evolved dramatically since their respective origins. What were once quite one-dimensional messages now carry clever, funny, or profound undertones that make the ads memorable years after they first ran.

This blog post is dedicated to the ones we'll never forget.

And now, without further do, here they are, in no particular order (but feel free to let us know which one is your favorite in the comments): 18 of the best advertisements of all time, and the lessons we can learn from them.

## What Are the Benefits of Text Message Advertising?

Text message advertising is an easy way for businesses to connect with customers about sales, special promotions, or important news.

Text message advertising is an excellent way for businesses to connect with consumers about deals, [promotions](https://simpletexting.com/text-message-promotions/), upcoming events, and other offers and opportunities. It’s also an underutilized platform of communication with lots of potential and excellent results. You may have heard of text message advertising referred to as SMS advertising. They’re the same exact thing. SMS stands for “Short Message Service,” which is an industry term for a text message.

* 99% of text messages are opened
* 90% are read within 3 minutes
* 40% get a response within 15 minutes

Compare those numbers with email’s 20% open rate—and much lower response rates—and you can see why text message advertising is one of the marketing methods that businesses should utilize for connecting with their customers and being top of mind.

The benefits of texting are numerous. Its speed, reach, and ability to cut through the marketing noise make it a popular platform for marketers across all industries. Some of the most alluring aspects of SMS include:

* Texts have a 99% open rate (Single point)
* 89% of people would like to text with businesses (Business Wire)
* Sales prospects who are sent text messages convert at a rate 40% higher than those who do not receive any text messages (Velocity)
* Text messaging is 3-8X more preferred than face-to-face communication across all generations (Agility PR)

For these reasons, text message advertising is a great tool to help businesses increase their response and interaction rates, convert views into sales, schedule and confirm appointments, collect valuable customer feedback, and share time-sensitive information.

**ADVERTISEMENT COPY:**

**Introduction:** An advertising copy is a term used to describe the main text used in the advertisement. The text could be a dialogue, a catchy punch line or a company’s dictum.

**Meaning:** It is a print, radio or TV advertising message that aims at developing and retaining an interest of the target customer and prompting him to purchase the product within a couple of seconds.

**Definition:** According to the UK advertising guru, David Ogilvy, ‘people do read lengthy advertisements if they are skillfully written’. The most significant part of the copy is the headline, and sometimes even a small shift in the text brings magnanimous results. A short ad copy is the most popular in consumer-product advertising, or an artful, indigenous lengthy ad copy may work wonders too. An advertisement copy is mostly a result of extensive advertising and consumer research designed by professional copywriter’s employees by advertising agencies. Drafting an ad copy demands skill and effort. An ad copy involves a complete investigation of the target audience. There is a substantial effort that goes into making an ad copy. Companies outsource their ad campaigns. The advertisement industry flourishes when they succeed in delivering the advertisement just like its copy.



### ****Types Of Advertising Copy****

Technique or formula of presentation of an ad is the way in which a message is presented. Various types of advertisement copies are formulated to inform, inspire, influence, affect, engrave, and inscribe the mindset of the reader. Certain elements are significant in a copy like the attention, conviction, sentiment, instinct, and education.

The advertisement copies can be divided into six main types:

* Human interest ad copy
* Educational ad copy
* Reason why? ad copy
* Institutional ad copy
* Suggestive ad copy
* Expository ad copy



**Advertisement Budgeting:**

## What Is an Advertising Budget

An advertising budget is an estimate of a company's promotional expenditures over a certain time period. More importantly, it is the money a company is willing to set aside to accomplish its marketing objectives. When creating an advertising budget, a company must weigh the value of spending an advertising dollar against the value of that dollar as recognized [revenue](https://www.investopedia.com/terms/r/revenue.asp).

**Understanding an Advertising Budget**

An advertising budget is part of a company's overall sales or marketing budget that can be viewed as an investment in a company's growth. The best advertising budgets—and campaigns—focus on customers' needs and solving their problems, not company problems such as an overstock reduction.

**Special Considerations: Advertising Budget and Goals**

Before deciding on a specific advertising budget, companies should make certain determinations to ensure that the budget is in line with their promotional and marketing goals:

* **Target consumer**: Knowing the consumer and having their [demographic](https://www.investopedia.com/terms/d/demographics.asp) profile can help guide advertising spend.
* **Type of media that is best for the target consumer**: Mobile or internet advertising—via social media—may be the answer, although traditional media, such as print, television, and radio may be best for a given product, market, or target consumer.
* **Right approach for the target consumer**: Depending on the product or service, consider if appealing to the consumer's emotions or intelligence is a suitable strategy.
* **Expected profit from each dollar of advertising spending**: This may be the most important question to answer, as well as the most difficult.

# Media Strategy in Advertising

Every work to be done needs a plan of action so that the work is done in a desired and correct manner. Media Strategy plays a very important role in Advertising. The role of Media Strategy is to find out the right path to transfer or say deliver the message to the targeted customers.

How many people see or hear or read all the advertisements or promotional offers and buy the product or service? The basic intention of media strategy is not only procuring customers for their product but also placing a right message to the right people on the right time and of course that message should be persuasive and relevant. So, here the planners of the organization decide the Media Strategy to be used but keeping the budget always in mind.

The Media Strategy process has three “**W**”s to be decided. They are

* **Where to advertise?**
* **When to advertise?**
* **What media type to use?**

**Where is the place for showing or delivering advertisement**? In short it means the geographical area from where it should be visible to the customers who use or are most likely to use the product or services offered. The place does not mean only TV or radio but it can also be newspapers, blogs, sponsorships, hoardings on roads, ads in the movie break in theatres, etc. The area varies from place to place like it can be on national basis, state basis and for local brands it can be on city basis.

**When is the timing to show or run advertisement**. For e.g. you cannot show a raincoat ad in the winter season but you need to telecast ad as soon as the summer season is coming to an end and rainy season is just about to begin. The ad should be delivered with perfect timing when most customers are like to buy the product. The planners need to plan it keeping the budget in mind as the maximum of 20% of revenues of the company can be used in the advertisement section. Different products have different time length for advertisements. Some products need year long ads as they have nothing to do with seasonal variations e.g. small things like biscuits, soaps, pens, etc and big services like vehicle insurance, refrigerators, etc. Some products need for three or four months. E.g. umbrellas, cold creams, etc. So the planners have to plan the budget according to the time length so that there is no short of money at any time in this process.

**What is what type of media is to be used for delivering the message**.

There are basically two media approaches to choose from.

* Media Concentration approach
* Media Dispersion Approach

In media concentration approach, the number of categories of media is less. The money is spent on concentrating on only few media types say two or three. This approach is generally used for those companies who are not very confident and have to share the place with the other competitors. They don’t want anyone to get confused with there brand name so this is the safest approach as the message reaches the target consumers.

In media dispersion approach, there are more number of categories of media used to advertise. This approach is considered and practiced by only those people who know that a single or two types of media will not reach their target. They place their product ads in many categories like TV, radio, internet, distributing pamphlets, sending messages to mobiles, etc.

### Selection of Media Category

Whichever category is selected by the planners of the organization, they should select a proper media to convey their message.

If the product is for a big amount of customers then a mass media option can be selected like TV, radio or newspaper. The best examples for this type are detergent ads, children health drinks and major regular used products such as soap, shampoo, toothpastes etc.

If the planners want to change the mind of people doing window shopping or just doing shopping for sake of name, then point of purchase type can be opted by the company. This helps the company to explain their point to the buyers and convince the buyers to go for their product.

If the planners want to sell their product on one to one basis, then the third option is direct response type. Here, the company people directly contact the customers via emails, text messages, phone calls or meeting for giving demos. The best example of this type of media is the Life cell Cord Blood Banking. They go to their customers, explain them what it is all about and try to convince them.

**SALES PROMOTION:**

#### Meaning and Definition:

Sales promotion refers to ‘those marketing activities that stimulate consumer shows and expositions.

Purchasing and dealer effectiveness such as displays, demonstration and various non- recurrent selling efforts not in the ordinary routine.” According to A.H.R. Delens: “Sales promotion means any steps that are taken for the purpose of obtaining an increasing sale. Often this term refers specially to selling efforts that are designed to supplement personal selling and advertising and by co-ordination helps them to become more effective.”

In the words of Roger A. Strong, “Sales promotion includes all forms of sponsored communication apart from activities associated with personal selling. It, thus includes trade shows and exhibits, combining, sampling, premiums, trade, allowances, sales and dealer incentives, set of packs, consumer education and demonstration activities, rebates, bonus, packs, point of purchase material and direct mail.”

#### Objectives of Sales Promotion:

Sales promotion is a vital bridge or a connecting link between personal selling and advertising.

**Sales promotion activities are undertaken to achieve the following 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.

## Definition of 'Personal Selling'

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

**Description:** Personal selling is a face-to-face selling technique by which a salesperson uses his or her interpersonal skills to persuade a customer in buying a particular product. The salesperson tries to highlight various features of the product to convince the customer that it will only add value. However, getting a customer to buy a product is not the motive behind personal selling every time. Often companies try to follow this approach with customers to make them aware of a new product.

**Meaning:** The company wants to spread awareness about the product for which it adopts a person-to-person approach. This is because selling involves personal touch, a salesperson knows better how to pitch a product to the potential customer. Personal selling can take place through two different channels – through retail and through direct-to-consumer channel. Under the retail channel, a sales person interacts with potential customers who come on their own to enquire about a product. The job of the salesperson is to make sure that he understands the need of the customers and accordingly shows various products that he keeps under that category. Under the direct channel, a salesperson visits potential customers in an attempt to make them aware about a new product that the company is launching or it may have a new offer which the customers may not get from the open market.

**IV – UNIT**

**Definition of Physical distribution** is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels, such as wholesale and retail, and includes critical decision areas like customer service, inventory, materials, packaging, order processing, and transportation and logistics. You often will hear these processes be referred to as **distribution**, which is used to describe the marketing and movement of products.

Accounting for nearly half of the entire marketing budget of products, the physical distribution process typically garnishes a lot of attention from business managers and owners. As a result, these activities are often the focus of process improvement and cost-saving initiatives in many companies.

**Importance of Physical Distribution**

The **importance of physical distribution** to a company can vary and is typically associated with the type of product and the necessity it has to customer satisfaction. Strategically staging products in locations to support order shipments and coming up with a rapid and consistent manner to move the product enables companies to be successful in dynamic markets.

Physical distribution is managed with a **systems approach** and considers key interrelated functions to provide efficient movement of products. The functions are interrelated because any time a decision is made in one area it has an effect on the others. For example, a business that is providing custom handbags would consider shipping finished products via air freight versus rail or truck in order to expedite shipment time. The importance of this decision would offset the cost of inventory control, which could be much more costly. Managing physical distribution from a systems approach can provide benefit in controlling costs and meeting customer service demands.

**Functions of Physical Distribution**

The **key functions** within the physical distribution system are:

* Customer service
* Order processing
* Inventory control
* Transportation and logistics
* Packaging and materials

The **customer service** function is a strategically designed standard for consumer satisfaction that the business intends to provide to its customers. As an example, a customer satisfaction approach for the handbag business mentioned above may be that 75% of all custom handbags are delivered to the customer within 72 hours of ordering. An additional approach might include that 95% of custom handbags be delivered to the customer within 96 hours of purchase. Once these customer service standards are set, the physical distribution system is then designed to attain these goals.

**Order processing** is designed to take the customer orders and execute the specifics the customer has purchased. The business is concerned with this function because it directly relates to how the customer is serviced and attaining the customer service goals. If the order processing system is efficient, then the business can avoid other costs in other functions, such as transportation or inventory control. For example, if the handbag business has an error in the processing of a customer order, the business has to turn to premium transportation modes, such as next day air or overnight, to meet the customer service standard set out, which will increase the transportation cost.

**Inventory control** is a major role player in the distribution system of a business. Costs include investment into current inventory, loss of demand for products, and depreciation. There are different types of inventory control systems that can be implemented, such as first in-first out (or FIFO) and flow through, which are methods for businesses to handle products.

**Distribution Mix:**

* The distribution mix is vital to marketing. The five major components of the distribution mix are inventory, warehousing, communication, unitization and transport.
* The marketing mix involves the 4 P's: price, product, place and promotion. It may also involve the 4 P's known as packaging, positioning, people and politics.
* Accurate inventory management is vital to the success of your company.

The distribution mix is an important part of the marketing mix, ensuring that the right product gets to the right place at the right time. There are five major components in the distribution mix: inventory, warehousing, communication, unitization (including packaging) and transport. Each of these steps will involve different things depending on your type of business.

**Components of the distribution mix**

The distribution mix is a major part of the marketing mix. Some details of your distribution mix may vary depending on the nature of your business. Here's a breakdown of the five components of the distribution mix:

* **Inventory**: Your inventory depends on what you are selling. For instance, if you are selling physical items such as T-shirts, then your inventory will be the number of T-shirts you have available for sale at one time. On the other hand, if you deal with digital products, you may not have to deal with inventory as the ability to sell digital products does not require having a set amount of inventory for sale.
* **Warehousing**: This is also more a matter of dealing with physical inventory. If you have a large amount of inventory, you may need to have your own warehouse space to store the inventory. Moreover, you will have to implement a process that makes it easy to locate the products and ship them to the customers in a reasonable time. Warehousing is highly important when dealing with inventory. If there is a breakdown in any area of the warehousing sector, it can destroy your business.
* **Communication**: Communication involves things such as marketing, sales, direct marketing, social media, emails and event sponsorship, to name just a few facets. This includes all the necessary communications that are involved in launching a product, promoting and selling the product until it becomes successful. Whether you spend your energy on social media or making calls, this is all a part of communication. Additionally, maintaining strong communication is vital to finding and maintaining investors as well as finding and maintaining loyal customers, among many other things.
* **Unitization**: Unitization is the pooling of assets by various parties in order to form a single operation.
* **Transport**: Once the product has been promoted, processed through the warehouse and sold, it must be transported. Transport and warehousing affect every aspect of the distribution mix.

## Functions of Distribution Channels

Distribution channels basically function to deliver goods from the manufacturer to the customer.

The following are the functions of distribution channels −

* Facilitate selling by being physically close to customers
* Gather information about potential and current customer competitions, other factors and forces of the environment
* Provide distributional efficiency by bridging the gap between the manufacturer and the user efficiently and economically
* Assemble products into assortments to meet buyers’ needs
* Match segments of supply with segments of demand
* Assist in sales promotion
* Assist in introducing new products
* Assist in implementing the price mechanism
* Assist in developing sales forecast
* Provide market intelligence and feedback
* Maintain records
* Take care of liaison requirements
* Standardize transaction

## Objectives of Distribution Channels

Objectives of a distribution channel are planned as per the target of the enterprise and executed respectively. The following are the various objectives behind the planning of distribution channels −

* To ensure availability of products at the point of sale
* To build channel member’s loyalty
* To stimulate channel members to put greater selling efforts
* To develop management efficiency in channel organization
* To identify the organization at the level
* To have an efficient and effective distribution system for making the products and services available readily, regularly, equitably and fresh.

## Major Channels of Distribution

Here is a list of some of the major channels of distribution −

* Manufacturer → Consumer
* Manufacturer → Retailer → Customer
* Manufacturer → Wholesaler → Customer
* Manufacturer → Wholesaler → Retailer → Customer
* Manufacturer → Agent → Retailer → Customer
* Manufacturer → Agent → Wholesaler → Customer
* Manufacturer → Agent → Wholesaler → Retailer → Customer

Profit distribution decreases as the channel length increases.

# Marketing intermediaries: the distribution channel

Many producers do not sell products or services directly to consumers and instead use marketing intermediaries to execute an assortment of necessary functions to get the product to the final user. These intermediaries, such as middlemen (wholesalers, retailers, agents, and brokers), distributors, or financial intermediaries, typically enter into longer-term commitments with the producer and make up what is known as the marketing channel, or the [channel of distribution](https://www.britannica.com/topic/channel-of-distribution). Manufacturers use [raw materials](https://www.britannica.com/technology/raw-material-industry) to produce finished products, which in turn may be sent directly to the retailer, or, less often, to the consumer. However, as a general rule, finished goods flow from the manufacturer to one or more wholesalers before they reach the retailer and, finally, the consumer. Each party in the distribution channel usually acquires legal possession of goods during their physical transfer, but this is not always the case. For instance, in consignment selling, the producer retains full legal ownership even though the goods may be in the hands of the wholesaler or retailer—that is, until the merchandise reaches the final user or consumer.

Channels of distribution tend to be more direct—that is, shorter and simpler—in the [less industrialized nations](https://www.britannica.com/topic/developing-nation). There are notable exceptions, however. For instance, the [Ghana](https://www.britannica.com/place/Ghana) Cocoa Marketing Board collects cacao beans in Ghana and licenses [trading](https://www.britannica.com/topic/market) firms to process the commodity. Similar marketing processes are used in other West African nations. Because of the vast number of small-scale producers, these agents operate through middlemen who, in turn, enlist sub-buyers to find runners to transport the products from remote areas. [Japan](https://www.britannica.com/place/Japan)’s marketing organization was, until the late 20th century, characterized by long and complex channels of distribution and a variety of wholesalers. It was possible for a product to pass through a minimum of five separate wholesalers before it reached a retailer.

Companies have a wide range of distribution channels available to them, and structuring the right channel may be one of the company’s most critical marketing decisions. Businesses may sell products directly to the final customer, as is the case with most industrial [capital](https://www.britannica.com/topic/capital-economics) goods. Or they may use one or more intermediaries to move their goods to the final user. The design and structure of consumer marketing channels and industrial marketing channels can be quite similar or vary widely.

The channel design is based on the level of service desired by the target consumer. There are five primary service components that [facilitate](https://www.merriam-webster.com/dictionary/facilitate) the marketer’s understanding of what, where, why, when, and how target customers buy certain products. The service variables are quantity or lot size (the number of units a customer purchases on any given purchase occasion), waiting time (the amount of time customers are willing to wait for receipt of goods), proximity or spatial convenience (accessibility of the product), product variety (the breadth of assortment of the product offering), and service backup (add-on services such as delivery or installation provided by the channel). It is essential for the designer of the marketing channel—typically the manufacturer—to recognize the level of each service point that the target customer desires. A single manufacturer may service several target customer groups through separate channels, and therefore each set of service outputs for these groups could vary. One group of target customers may want elevated levels of service (that is, fast delivery, high product availability, large product assortment, and installation). Their demand for such increased service translates into higher costs for the channel and higher prices for customers.

# Warehousing and Transportation

## Warehousing: At times, the demand and supply for products can be unusually high. At other times, it can be unusually low. That’s why companies generally maintain a certain amount of safety stock, oftentimes in warehouses. As a business owner, it would be great if you didn’t have excess inventory you had to store in a warehouse. In an ideal world, materials or products would arrive at your facility just in time for you to assemble or sell them. Unfortunately, we don’t live in an ideal world.

Toys are a good example. Most toymakers work year round to be sure they have enough toys available for sale during the holidays. However, retailers don’t want to buy a huge number of toys in July. They want to wait until November and December to buy large amounts of them.

Consequently, toymakers warehouse them until that time. Likewise, during the holiday season, retailers don’t want to run out of toys, so they maintain a certain amount of safety stock in their warehouses.

A distribution center is a warehouse or storage facility where the emphasis is on processing and moving goods on to wholesalers, retailers, or consumers1. A few years ago, companies were moving toward large, centralized warehouses to keep costs down. In 2005, Walmart opened a four-million-square-foot distribution center in Texas. (Four million square feet is about the size of eighteen football fields.)

Today, however, the trend has shifted back to smaller warehouses. Using smaller warehouses is a change that’s being driven by customer considerations rather than costs. The long lead times that result when companies transport products from Asia, the Middle East, and South America are forcing international manufacturers and retailers to shorten delivery times to consumers (Specter, 2009). Warehousing products regionally, closer to consumers, can also help a company tailor its product selection to better match the needs of customers in different regions.

## Transportation: Not all goods and services need to be physically transported. When you get a massage, oil change, or a manicure, the services pass straight from the provider to you. Other products can be transported electronically via electronic networks, computers, phones, or fax machines. Downloads of songs, software, and books are an example. So are cable and satellite television and psychic hotline readings delivered over the phone.

## Trucks: More products are shipped by truck than by another means. Trucks can go anywhere there are roads, including straight to customer’s homes. By contrast, planes, trains, and ships are limited as to where they can go. Shipping by truck is also fast relative to other modes (except for air transportation). However, it’s also fairly expensive. Some goods—especially those that are heavy or bulky—would require so many trucks and drivers it would be economically unfeasible to use them over long distances. Coal is a good example of such a product. It would take four to five hundred trucks and drivers to haul the amount of freight that one coal train can. The amount of CO2 emitted by trucks is also high relative to some of the other transportation modes, so it’s not the greenest solution.

## Water: International trade could scarcely be conducted without cargo shipping. Cargo ships transport “loose” cargo such as grain, coal, ore, petroleum, and other mined products. But they also transport consumer products—everything from televisions to toys. Consumer goods are often shipped in intermodal containers. Intermodal containers are metal boxes. The largest containers are fifty-three feet long and one hundred inches tall. The biggest cargo ships are huge and carry as many 15,000 containers. By contrast, the maximum a train can carry is around 250 containers stacked on top of each other. [Figure 9.12](https://open.lib.umn.edu/principlesmarketing/chapter/9-3-warehousing-and-transportation/#fwk-133234-ch09_s03_s02_s02_f01) shows a picture of a cargo ship carrying intermodal containers. The good news about shipping via waterway is that inexpensive. The bad news is that it’s very slow. In addition, many markets aren’t accessible by water, so another method of transportation has to be utilized.

## Air: Air freight is the fastest way to ship goods. However, it can easily cost ten times as much to ship a product by air as by sea (Thompson, et. al.). High-dollar goods and a small fraction of perishable goods are shipped via air. Freshly cut flowers and fresh seafood bound for sushi markets are examples of the latter. Keeping perishable products at the right temperature and humidity levels as they sit on runways and planes can be a challenge. They often have to be shipped in special types of containers with coolants. Freight forwarders are often hired to arrange the packing for perishables traveling by air and to ensure they don’t deteriorate while they are in transit. Despite the fact that it is expensive, air transportation is growing faster than any other transportation mode, thanks to companies like FedEx.

## Railroads: Railroads carry many of the same products as cargo ships—only over land. A significant percentage of intermodal containers offloaded from ships end up on railcars bound for inland destinations. The containers are then are trucked shorter distances to distribution centers, warehouses, and stores. Businesses that need to ship heavy, bulky goods often try to locate their facilities next to railroads. Lumber mills are an example.

In terms of speed and cost, shipping by rail falls somewhere between truck and water transportation. It’s not as slow and inexpensive as moving goods by water. However, it’s not as fast as shipping them by truck. Nor is it as expensive. So, when the price of gasoline rose in to record highs in 2008, shippers that traditionally used trucks began to look at other transportation alternatives such as rail.

## Pipelines: Pipelines are generally used to transport oil, natural gas, and chemicals. Two-thirds of petroleum products are transported by pipeline, including heating oil, diesel, jet fuel, and kerosene. Pipelines are costly to build, but once they are constructed, they can transport products cheaply. For example, for about one dollar you can transport a barrel of petroleum products via pipeline from Houston to New York. The oil will move three to eight miles per hour and arrive in two to three weeks depending on the size of the pipe, its pressure, and the density of the liquid3. Like other products, products shipped via pipelines often have to be moved using two different transportation modes. Once your barrel of oil has made it to New York, to get it to service stations, you will need to move it by rail or truck. The material in pipelines can also be stolen like other products can. In Mexico, for example, drug gangs have tapped into pipelines in remote areas and stolen millions of dollars in oil (Mendoza, 2009).

## What Is a Distribution Strategy?

A distribution strategy is a method of disseminating goods or services to end-users. Implementing the most efficient distribution method for your business is key to obtaining revenue and retaining customer loyalty. Some companies opt to use multiple distribution methods to adhere to different consumer bases. For example, if you’re selling a leather futon and want to cater to people ages 60 and above, you might choose to directly sell products via catalog. For a younger customer base, you might decide to indirectly sell products by working with a retailer such as Walmart.

At its core, distribution strategy should be based on your ideal customer — how does the average client buy goods? How could you, as a producer, make the purchasing process easier? Is it an extensive purchase where buying the item directly from the manufacturer could be worth the potential hassle, or is it a routine item where the customer would rather receive the product quickly and on-demand through a retailer? The role that an item will play in a client’s life and the type of [purchase decision](https://www.business2community.com/consumer-marketing/understanding-types-consumer-buying-behavior-0822037) associated with a product are important aspects to consider when determining a strategy.

## What Are the Different Types of Distribution Strategies?

As mentioned above, the two main types of distribution strategies are direct and indirect. There are also more nuanced types of distribution that fall into these categories — intensive, selective and exclusive distribution. But what exactly do these methods entail? Let’s examine some of the factors that go into each of these cutting edge distribution strategies so you can determine which practice is best for your primary customer base.

### Direct Distribution

Direct distribution is a strategy where manufacturers directly sell and send products to consumers. There are a few different ways to implement this method. Some organizations may opt to take a more modern approach and use an e-commerce website where users can make a purchase online. This is an effective option for companies with a client base that’s moderately knowledgeable about technology, requests a specific solution to meet needs or is devoted to a particular brand.

Another direct distribution method is through catalogs or phone orders. This option may target an older customer base or users in specific industries that are attuned to placing orders this way.

One important factor to consider when implementing a direct distribution strategy is the amount of investment required. For example, manufacturers will need to add warehouses, vehicles and delivery staff to their portfolio to effectively distribute goods on their own.

### Indirect Distribution

The term “middleman” often gets a bad reputation, but in the case of distribution, these organizations can be helpful in getting goods to consumers. Indirect distribution strategies involve intermediaries that assist in the logistics and placement of products so that they reach customers swiftly and in an optimal location based on consumer habits and preferences.

We will discuss the different types of intermediaries and their specific benefits later in this article, but business needs, targeted clients and type of product are typically behind the reasoning for using this strategy. Low commitment or routine purchases are often something that customers grab absentmindedly in a department store without any specific brand loyalty. A tube of toothpaste is a good example of a routine purchase. For these types of products, an indirect distribution method that places a large number of items in multiple retail locations may be a company’s best bet.

### Intensive Distribution

Products are put into as many retail locations as possible with the intensive distribution strategy. For example, gum is a product that typically uses this strategy. You can find gum at gas stations, grocery stores, in vending machines and at retail locations like Target. This method hinges on making a large number of goods available in multiple locations. These items don’t typically necessitate an involved purchase decision where the customer does research before making a purchase. Rather, these items are routine purchases that involve very minimal effort to sell.

### Exclusive Distribution

When manufacturers opt for exclusive distribution, they make a deal with a retailer to sell a product through that specific storefront only. Businesses may also sell goods directly through their own branded stores, which is another example of exclusive distribution. For example, customers can’t buy a Lamborghini at any location — they need to go to a Lamborghini dealership to purchase new luxury vehicles.

An example of an exclusive distribution deal where a manufacturer and a retailer teamed up is the previous agreement that [Apple had with AT&T](https://techcrunch.com/2010/05/10/apple-att-iphone-agreement/) in distributing iPhones. This agreement caused people to forgo their phone plans with other companies so they could get their hands on this exclusive product. This distribution strategy works especially well for highly coveted, exclusive items.

### Selective Distribution

Selective distribution is a middle-ground option between intensive and exclusive distribution. With this strategy, products are distributed in more than one location, but not as many as with an intensive distribution strategy. For example, clothing from different brands may be offered selectively. A brand like Gucci may choose to distribute its items to its own stores in addition to a few selected department stores rather than placing its products in a range of locations such as Walmart or Target. This can help craft an implicit high-end brand message while also increasing the opportunity for shoppers to purchase one of its products.

# Distribution cost analysis (DCA)

More and more firms are using some form of contribution accounting to determine the profitability of products, channel units, and market segments. Such a method assigns first all variable marketing and production costs to a product. Variable production costs are direct labor and materials. The variable marketing costs are due to credit, shipping, sales commissions, merchandising and advertising. Some firms go further and allocate certain fixed joint costs, but this should only be done when one can find a logical relationship between the assigned expenditure and the product sales. All questionable costs should be treated as overheads. While overhead must eventually be absorbed, the contribution method makes it more clear what will be gained or lost by adding or dropping a product or a customer.

Ultimately, the objective of any distribution cost analysis the computation of potentials is to help the marketing manager make better decisions regarding how to allocate the firm’s marketing resources. Since the potential in any area is a function of the number and worth of prospective customers, and since the cost analysis relates cost to scale of buying, the logical next step is to undertake a marginal analysis to determine which accounts within which areas represent the most likely units on which to exert additional pressure.

Since the response to marketing effort will vary by customer and by product, marketing managers must decide how their marketing efforts will be allocated among customers and products. Thus, marketing managers must have knowledge of each major account, including its potential by product. They must also know if they are getting a greater or lesser share of an account’s potential, and whether they have been applying increasing or decreasing amounts of marketing effort to the account. Through ex post facto types of analyses or through experiments managers can estimate the likely results of applying additional marketing efforts to accounts of certain sizes, given the share of the account’s potential that has already been obtained by the firm. For example, one company determined that with accounts representing $100,000 and more annual potential, it was most unlikely that they could obtain better than a 30 percent share regardless of the nature and magnitude of the inputs.

Analyses of this type with consumer products are more difficult than with industrial products. However, an example of one approach to distribution cost analysis with a consumer is shown. In this table the researcher has attempted to identify marketing costs and profit contributions by market areas. Some explanation is necessary to understand the terminology in the table. The following accounting format was used to determine the gross margin and contribution to earnings.

Note that the objective is to isolate these important measures: (1) gross margin; (2) the advertising and sales promotion expenditures that caused, or led to, the gross margin; and (3) the contribution to earnings. By isolating these three measures, management can identify the response (the gross margin) of individual markets to the marketing effort (advertising and promotion expenditures) used in those markets.

## V – UNIT

**Marketing Strategies:**

Growing a business isn't easy. First, you need a viable idea. From there, you need to discover a profitable niche, define a target demographic and have something of value to sell them. Whether you're peddling products, services or information, getting the word out has become increasingly burdensome. And without the right marketing strategies to fuel your growth, churning a profit and staying afloat is virtually impossible.

However, identifying the right strategies to market your business is often likened to rocket science. How do you get your message to the right audience and do it effectively? How do you boost visibility and increase sales while sustaining a profit with a [converting offer](https://www.entrepreneur.com/article/284402)? Today, with so much vying for our attention from social media, to [search engine optimization](https://www.entrepreneur.com/article/298395), [blogging](https://www.wanderlustworker.com/how-to-start-a-blog-and-actually-make-money/) and pay-per-click advertising, it's easy to see why most are ready to pull their hair out.

## What are the best marketing strategies to use?

Most businesses are faced with a conundrum. It's a Catch-22. There's a clear need for increased visibility to drastically improve sales. But in order to get more visibility, businesses have to spend more money. When that well runs dry, what are you supposed to do?

There is no obvious and clear answer to that question that covers all situations. But there are things that can be done today, right now, even on a shoestring budget, to reach more customers without breaking the bank. However, it all boils down to time. If you lack the money, you sure better have the time to put in the sweat equity.

Either way you slice it, as long as the fundamentals of a sound business are there and you're working tirelessly to build an authentic relationship with the consumer by sincerely trying to add value, then there are 10 go-to strategies you can use to [market any business online](https://www.entrepreneur.com/article/283832).

## Use social media.

You can't ignore social media. That's where all the so-called magic is happening. Some businesses have been built solely on the backs of social media. It can be intimidating at first. Sure. But as you build momentum, you'll find posting on social media to get easier and easier over time.

Of course, you could also hire a social media manager if you have money to burn. But if you don't, just be yourself. Be authentic. Post your thoughts. Post your products. Post anything that you find relevant and useful that would help your audience either learn more about you and your business, or about the industry that you're in.

## 2. Create video tutorials.

One of the most effective ways to get the word out on your business is to create video tutorials. Teach people something useful. Walk them through it. Hold their hands. Step-by-step tutorials are all the rage. The better you are at this, and the more value you provide, the quicker you can boost your visibility, and ultimately, your sales.

Today, YouTube is the second largest search engine in the world behind Google. Whenever someone wants to learn something visually, they head there. You've likely done it yourself countless times. So just ask yourself what you could teach in your business that would help consumers solve some pain point? What got you into business in the first place?

## 3. Start blogging now.

Sure, you could [start a blog](https://www.entrepreneur.com/article/293597). If you don't have a blog for your business, then you need to start one immediately. But you don't just have to blog on your own blog. Most people find blogging mundane because they lack the visibility. The truth is that your blog is going to be like a barren desert unless you know what you're doing.

But this isn't just about [posting your ideas](https://www.wanderlustworker.com/10-blog-post-ideas-to-drive-serious-traffic/) on your own blog. You should start authority blogging. Use platforms like [Medium](https://medium.com/) to post content. Answer questions on Quora and Reddit. Or get out there onto LinkedIn's publishing platform. These are all authority domains that anyone can post on, which have massive audiences, giving you instant and immediate reach right now.

## 4. Understand search engine optimization.

This is an area of marketing that I'm incredibly passionate about. But it's also an area that many people are deathly frightened by. Yes, SEO can be frightening. But it can also be powerful. And when you learn to leverage it and you [learn SEO the right way,](https://www.wanderlustworker.com/how-to-learn-seo-the-right-way/) the sky truly is the limit.

There are companies out there who teach you how to use shady PBNs and other link schemes to "trick" Google. It might get short-term results, but in the long term, you'll land in hot water. You can't take shortcuts with SEO. Just like in business, you have to put in the work and the time if you want to see the results.

## 5. Leverage influencers.

Want to get the word out there and boost your visibility on social media without taking years to build the audience? Then you should certainly leverage influencers. But the key is to find the right influencer. You don't have to go with influencers with millions of followers. You could opt for micro-influencers with tens of thousands or even a hundred thousand followers.

## 6. Build a great lead magnet.

So much effectiveness in marketing really does boil down to creating a great lead magnet. I've found that the right lead magnet presented to the right audience can have explosive results. The best way to do this is if you can identify the right pain points and present a solution in your lead magnet, then you're well on your way.

What problem are consumers facing in your niche? What made you get into business in the first place? Ask yourself these questions before building out your lead magnet. The better you identify the problem or pain points at the outset, the better you'll be at actually addressing that with a solution in your lead magnet.

## 7. Use Facebook ads with re-targeting.

One of the most powerful methods you can use to market just about anything these days are Facebook ads. With Facebook, you can reach a very specific audience and you can do it very easily. You can target by interest, age, relationships status, geographic location, and so much much more.

But the trick here to getting great results isn't just about click-traffic. You have to focus on conversions and re-targeting through pixels. If you don't know how to install the Facebook Pixel on your site, then you absolutely must learn how to do this right now. Even if you're not running Facebook ads, you can build your audience with a pixel.

## 8. Use LinkedIn the right way.

Do you have a video on your LinkedIn profile? Did you know that you can easily add one? Why not take the time to introduce yourself and your business. Link that to your profile description. This is an easy way to passively market your business, and when it's done right, it can lead to shocking results.

If you have lots of connections on LinkedIn and you're not really posting on there, start immediately. You can reach a large audience, especially when your posts go viral. This is a great place to convey the entrepreneurial journey. Talk about your challenges and tell stories. The more effective your stories, the larger your potential reach when you go viral.

## 9. Create an affiliate program.

Most people don't understand the power of affiliate marketing. Affiliates can provide massive fuel for growth. But approaching the right partners isn't always that easy. You have to have good conversion if you want the bigger affiliate to take you seriously.

I've found that navigating the affiliate minefield can be tricky. It takes persistence and it takes true grit to make it through. Most of us get discouraged after a few setbacks, but you can't allow emotions to get in the way when it comes to affiliate. Build an affiliate program and start reaching out to potential affiliate who can assist you.

### 10. Use Email Marketing Sequences

Part of any good sales funnel is going to be an email marketing sequence. These are the automated messages that go out to users once they subscribe to your list. Use your email sequence to build a relationship with the subscriber. Be authentic and transparent. And convey your journey.

Use the email responses and clicks to segment your list. For example, if someone clicks on a specific link, they've clearly shown an interest in something. Tag that subscriber to market to them later. If someone buys, tag them as a buyer. Identifying your buyers and the interests of your subscribers is huge for segmenting.

**Tools for Competitive Differentiation of Product**



**STRATEGIES FOR COMPETITORS**

## 1. Identify and solve the pain points of your customers.

Ask open-ended questions to find exactly what your customers want while using your products or services. The key here is to provide solutions to the prospects and supply them what they need as opposed to selling them what you want to sell. You only need to fulfill the need, not "sell" anything. Your product or service will automatically start to sell more the moment you fill the void that your competitors are lacking.

## 2. Build your own niche to have more room for your business.

A market that's already crowded has less scope for expansion. It is essential to offer something unique to your customers in order to build your own niche and minimize the existing competition. [Storytelling is a great way](https://www.business.com/articles/how-to-grow-your-business-with-storytelling/) to build your own niche by creatively crafting stories around your products. With the help of stories, you can become a part of your prospect's lifestyle, not remain a stand-alone product or service. [Burst offers free stock photography](https://burst.shopify.com/) that you can use for creating and promoting stories about your brand across social media.

Specialization always leads to a scalable and successful business. A niche market is reliable, and the prospects are easier to target. Moreover, the customer retention rate is good. Start targeting locally relevant platforms where your target customers might be present and [adopt a niche marketing strategy](https://www.overthetopseo.com/seo-beyond-typical-niche-marketing/) for them.

## 3. Get the pricing correct.

Perfect pricing strategy [revolves around marketing psychology](https://www.business.com/articles/will-charm-pricing-work-for-your-business/). Before you set your own pricing strategy, it is essential to know the competition. You must identify who is offering the best value for money. The price you set should be standard and must have a competitive advantage.

A great pricing strategy does not always mean lowering the prices of existing products in order to win more customers. Every market is divided into three segments – the lower, middle and upper class. The first step is to identify the class you are targeting. Once you get an answer to that, it will be much easier to set a price that your audiences will love to pay. [Sequoia's guide to pricing strategy](https://www.sequoiacap.com/article/pricing-your-product) covers all the tactics to help you set a pricing strategy that can beat your competitors.

## 4. Make innovation your best friend.

Change is the only thing in this world that is permanent. [Urban Outfitters was able to create a powerful disruptive force](https://www.forbes.com/sites/forbesleadershipforum/2013/02/05/how-to-beat-the-competition-by-innovating-in-ways-they-cant-copy/#35a1ae2252eb) because it hired artists instead of businesspeople to manage its stores. They had full freedom in shaping the interiors of their stores, and the result was remarkable. Every Urban Outfitter store was unique, while the competitors' stores all looked the same. The company was able to raise revenues by a massive 500 percent to around $3 billion in the last 10 years.

Innovate with your products and services, and don't hesitate to take the risk. For example, you could add enhanced capabilities to your existing business processes [using virtual reality applications like Samsung Gear VR](https://appreal-vr.com/blog/samsung-gear-vr-for-business/). Giants like Nokia and BlackBerry were wiped out from the smartphone market because of lack of innovation. Always remember that your competitors are regularly innovating and new entrants are disrupting the marketplace. Your business should innovate often and in a manner that the competition finds hard to follow.

## 5. Improve your customer service.

People love businesses that provide exceptional customer service. If you delight your customers with great service, you'll make loyal customers who will refer your business to their family and friends. Hire staff who have a good understanding of your products or services. Ensure that they remain patient and provide satisfying answers to every customer query.

Your staff should greet customers with a pleasing smile and must show gratitude. It is essential to [boost the team spirit of your staff](https://www.peoplehr.com/blog/index.php/2017/08/07/10-top-tips-to-boost-team-spirit/) and hire team players. Remember to reward the team players, as employees need constant motivation to outperform others.

Your customer care team should always remain courteous and respectful. They must always be responsive to customer queries. They should have a problem-solving approach and always ask for customer feedback. Customer-centric companies are powered by dependable staff who raise the level of customer satisfaction. It is essential to define your brand, set a USP, and stay ahead of your competition in terms of quality, price and customer service. Moreover, you must talk with your customers so that you can retain them for a lifetime.

**STRATEGIES FOR COMPETITORS**

**1. Define & Communicate Vision**

It is long term and it is measurable. Hopefully, you already have a vision for yourself and your organization; a [purpose](https://tammyscorner.wordpress.com/2016/11/30/defining-your-leadership-purpose/) that drives you to do what you do every day. But are you able to share that vision with others and put it into action to drive results?

When you lead a team without a vision, everyone still ends up working, and often working quite hard, but important goals might not be achieved. Positive results are not achieved. Your vision brings the team together under a common goal so you are not simply working, but performing together toward something. Something that is big and exciting!

Your vision answers the question: Where are we going?

And you need to be crystal clear in your definition of what that destination looks like, even if you do not yet know exactly how you are going to get there. This leadership strategy gives you and your team the ability to know exactly where you are located within the vision at any given time, and whether you are getting closer to or further away from your destination.

**2. Encourage Recognition**

Employees want to feel appreciated. They want to feel valued. It instills a sense of commitment and engagement. When individuals and teams work above and beyond expectations to achieve great results, celebration and recognition are how you encourage continued commitment to the organization’s vision, mission, and goals. It is how excellence is encouraged over time, and how it stays strong even in times of high production volume and stress.

What gets rewarded gets repeated. This statement has become a business maxim, yet managers still often overlook the positive impact of this simple, yet effective leadership strategy. [Studies have shown](https://www.researchgate.net/publication/250961590_Recognition_A_Powerful_but_often_Overlooked_Leadership_Tool_to_Improve_Employee_Performance) that only 60% of adults in the workplace will agree that personal recognition is important to them and that it works well to help keep them motivated. That means that 40% think they do not really need recognition, they are self-motivated enough to work well without recognition. And yet, 96% of the people in that same group responded that when they receive personal recognition, it definitely inspires and motivates them to do more work. The conclusion is that, while your team may not need recognition, recognition does inspire people to do more and better work.

**3. Speak from the Heart**

Do you speak about your organization from your heart or from your budget?

Many people mistakenly believe that leadership is something that some people are born with and others are not. The truth is that leadership is a choice. It is a choice that only you can make; leadership can not be given or forced upon you.

When you communicate with your team, they know whether or not you are passionately engaged in being the leader by how you speak about your company’s vision, mission, and goals. They can sense in your daily interactions if your commitment to their growth and development is as important to you as your own.

**4. Delegate & Empower**

Perhaps the best leadership strategy to engage your team is to [empower them by delegating greater responsibility](http://blog.capital.org/delegate-for-efficiency-and-employee-empowerment/). It can be exciting to be entrusted with a position of responsibility, so if something makes you feel a sense of self-worth, give that self-worth to others on your team. Find areas where you can give people the responsibility and, importantly, the authority to get things done.

Have you ever heard from your team that they can not finish their work because they are waiting for you? Are they waiting for you to take a look at or approve their work? That may be a prime example of an area that you should consider letting go. Empower and, if necessary, train them, coach them, encourage them, and reward them.

**5. Commit to Continued Education**

Leadership is a journey with no real destination. Great leaders commit to continued growth and refinement through continued education, practical application of skills, and networking both internally and externally. You are never done growing as a leader.

This includes sharing your knowledge and experiences with others. They say you never learn as much as when you are teaching, and we are truly fulfilling ourselves as leaders when we are in the role of the coach and mentor. Commit to developing your team’s leadership skills as much as your own, and you will find not only gratitude and fulfillment but will also lay the foundation for a strong [leadership pipeline](http://crestcom.com/2016/09/22/how-strong-is-your-leadership-pipeline/).

Learn how to employ these leadership strategies, and more, to improve performance in your organization by talking to a leadership development facilitator in your area. [Click here to learn more](http://crestcom.com/find-local-training/).

### Marketing Strategies for Market Challengers:

Market challengers are known as runner-up firms. They occupy second, third and lower ranks in an industry. Bajaj Auto in two-wheelers, Tata Motors and Hyundai in cars, Reliance Petro and Essar Oils in refineries, Pepsi-Cola in soft-drink, Procter and Gamble in consumer packaged goods, Vodafone in cellular service providers, Sony and Samsung in cell-phone instruments, etc., are some of the market challengers in India.

Market challengers are capable to attack the leader and other competitors. Sometimes, capable challengers can overtake the leader, too. Let us examine three-staged marketing strategies available to market challengers. Figure 4 shows the market challengers’ three-stage marketing strategies.

### Marketing Strategies for Market Followers:

The firms prefer to follow leader rather than to challenge are called the followers. They do not face the leader directly. Some followers are capable to challenge but they prefer to follow. However, market followers always react strongly in case of any loss.

In some capital goods industries like steel, cement, chemical, fertilizer, etc., product differentiation is low, service qualities are similar, and price sensitivity is high. They decide to provide similar offers by copying the market leader. But, one must be aware that followership is not always rewarding path to pursue.

Market followers prefer to follow the leader doesn’t mean that they don’t require specific market strategies. They cannot be simply passive or a carbon copy of leaders. They must know how to hold current customers and win a fair share of new customers. Followers must keep manufacturing cost low and offer better quality products with satisfactory services. At the same time, they must enter new markets as and when there are opportunities.

### Marketing Strategies for Market Nichers (Tiny Firms):

A niche is a more narrowly defined small market (limited number of buyers) whose needs are not being well-served by existing sellers. It is a small segment that has distinctive needs and is, mostly, ready to pay high price. Marketers can identify niches by dividing a segment into sub-segments or by dividing a group with a distinctive set of traits.

They may seek a special combination of benefits. Niches (small groups of buyers) are fairly small and normally attract a few competing firms (nichers). A nicher is the small firm serving only small specific groups of customers called as the niches. The firm’s marketing efforts to serve the niches successfully is called nichemanship.

Nichers understand their niches’ needs so well and minutely that their customers are willing to pay a premium price. They design special products with distinctive features, qualities, uses, and value for special group of limited customers. They have the special skills to serve the niches in a superior fashion and can gain certain economies through specialization.

For example, a footwear company can create niches by designing shoes for different sports (like crickets, hokey, athletes, golf, etc.), 3nd exercises (like cycling, running, jogging, waking, etc). In the same way, niches can be created in hotels, cosmetics, cloths, airways, hospitals, and others. Nichers can gain comparatively high returns. They can achieve high margin while large companies can achieve high volume.

Smaller firms normally avoid competing with larger firms by targeting small markets in which large firms have a little or no interest. Companies with low market shares can be highly profitable through effective niching. Nichers have to perform three main tasks – creating niches, expanding niches, and protecting niches. They have to remain alert for all the time as they can be invaded any time by the large competitors.



### ****Definition of Service Marketing:****

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishabil­ity and inseparability.

In most countries, services add more economic value than agriculture, raw materials and manu­facturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services. Jobs range from high-paid professionals and technicians to minimum-wage positions. Service organizations can be of any size from huge global corporations to local small businesses. Most activities by the government agencies and non-profit organizations involve services.

The American Marketing Association defines services as activities, benefits, or satisfactions that are offered for sale or provided with sale of goods to the customer, that is, pre-sale and after-sales services. Berry states, ‘while a product is an object, devise or physical thing, a service is a deed, performance, or an effort’.

### Features of Services:

#### 1. Intangibility:

A physical product is visible and concrete. Services are intangible. The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be get­ting. For example, banks promote the sale of credit cards by emphasizing the conveniences and advantages derived from possessing a credit card.

#### 2. Inseparability:

Personal services cannot be separated from the individual. Services are created and consumed simultaneously. The service is being produced at the same time that the client is receiving it; for example, during an online search or a legal consultation. Dentist, musicians, dancers, etc. create and offer services at the same time.

#### 3. Heterogeneity (or variability):

Services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered slightly differently by different
people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard setting and quality assurance). The quality of services offered by firms can never be standardized.

#### 4. Perishability:

Services have a high degree of perishability. Unused capacity cannot be stored for future use. If services are not used today, it is lost forever. For example, spare seats in an aeroplane cannot be transferred to the next flight. Similarly, empty rooms in five-star hotels and credits not utilized are examples of services leading to economic losses. As services are activities performed for simultaneous consumption, they perish unless consumed.

#### 5. Changing demand:

The demand for services has wide fluctuations and may be seasonal. Demand for tourism is seasonal, other services such as demand for public transport, cricket field and golf courses have fluctuations in demand.

#### 6. Pricing of services:

Quality of services cannot be standardized. The pricing of services are usu­ally determined on the basis of demand and competition. For example, room rents in tourist spots fluctuate as per demand and season and many of the service providers give off-season discounts.

#### ****7. Direct channel:****

Usually, services are directly provided to the customer. The customer goes directly to the service provider to get services such as bank, hotel, doctor, and so on. A wider market is reached through franchising such as McDonald’s and Monginis.

### Consumerism in India – Meaning

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.

It aims to remove those injustices, and eliminate those unfair marketing practices, e.g., misbranding, spurious products, unsafe products, planned obsolescence, adulteration, fictitious pricing, price collusion, deceptive packaging, false and misleading advertisements, defective warranties, hoarding, profiteering, black marketing, short weights and measures, etc.”

Consumer organisations could provide united and organized efforts to fight against unfair marketing practices and to secure consumer protection. The balance of power in the marketplace usually lies with the seller. Consumerism is society’s attempt to redress this imbalance in the exchange transactions between sellers and buyers.

Consumerism challenges the very basis of the marketing concept. Can a free market economy based on competition respond to the rightful public demands? Is there an inherent defect in the market mechanism? Should that defect be corrected by political means, i.e., consumer legislation and Government regulations?

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 fulfill customer expectations as well as business promises.

# CONTROLLING MARKETING PERFORMANCE

In contrast to mechanical systems, marketing activities are inherently more volatile. This is due to a constantly changing business environment driven by the needs and wants of the market. Measuring marketing performances a process of determining appropriate criteria by which to judge activity. Kotler (1997) identifies four main areas associated with the control of marketing activity (see Figure):



**Control of marketing activities**

* Annual planning: This has the purpose of evaluating the extent to which marketing efforts, over the year, have been successful. Evaluation will focus on analyzing sales, market share, expenses and customer perception. Commonly, sales performance is a major element of this analysis. All other factors provide explanation of any variance in sales performance.
* Profitability :All marketing managers are concerned with controlling their profit levels. By examining the profitability of products, or activities, it is possible to make decisions relating to the expansion, reduction or elimination of product offerings. Additionally, it is common to break distribution channels and segments down in terms of profitability. Remember, it is important to have a systematic basis for allocating cost and defining profit.
* Efficiency control :Efficiency is concerned with gaining optimum value from the marketing assets. Managers are looking to obtain value for money in relation to marketing activity. The promotional aspects of marketing (sales, advertising, direct marketing, etc.) are commonly subject to such controls. Figure displays examples.
* Strategic control :There is a need to ensure that marketing activities are being directed towards strategic goals and that marketing is an integral part of the overall process of delivering value. A strategic review will aim to assess that marketing strategy, and subsequent implementation, is appropriate to the market place. A review of this nature will take the form of a marketing audit – a comprehensive examination of all marketing activity to assess effectiveness and improve marketing performance.

**Evaluating and Controlling Marketing Performance**

These areas of marketing control are general in nature and specific measures of marketing performance are required. Performance measures and standards will vary by organization and market conditions. A representative sample of the type of data required to control marketing activities successfully is shown in Figure .

The aim is to break the general areas (annual plan, profitability, efficiency and strategy) into measurable component parts to which responsibility can be assigned. Remember, in the context of marketing a balanced view is required.



Control of marketing activity

No one variable should dominate the control process. For example, marketing strategists have been guilty of following a credo of ‘market share at any cost’.While such a variable is important, it is not a panacea and consideration needs to be given to other factors such as profitability. Additionally, marketing control should measure only dimensions over which the organization has control. Rewards, sanctions and management actions only make sense where influence can be exerted. Control systems should be sensitive to local market conditions and levels of competition. For instance, developing markets and mature markets may require different control mechanisms.

## Definition of Direct Selling

Direct selling refers to selling products directly to the consumer in a non-retail environment. Instead, sales occur at home, work, online, or other non-store locations.

This system often eliminates several of the middlemen involved in product distribution, such as the regional distribution center and wholesaler. Instead, products go from manufacturer to the direct sales company, to the distributor or rep, and then to the consumer.

The products sold through direct sales are usually not found in typical retail locations, which means finding a distributor or rep is the only method to buy the products or services.

Direct selling is usually associated with party-plan and network marketing companies. Although these companies use direct sales, they aren't the only ones. Many businesses that sell [business-2-business](https://www.thebalancecareers.com/what-is-b2b-sales-2917368) (B2B) use direct selling to target and sell to their end customers. For example, many companies that sell advertising or office supplies will send their reps directly into the stores that can use their services.

Don't confuse direct selling with [direct marketing](https://www.thebalancesmb.com/marketing-basics-for-the-small-business-2295409). Direct selling is when individual salespeople reach out to consumers directly, whereas direct marketing is when a company markets directly to the consumer.

## Types of Direct Selling

There are a variety of ways business owners can sell directly to consumers through direct selling.

**Single-level Direct Sales:** This type of sales is done one-on-one, such as through door-to-door or in-person presentations. Sales can be done online or through catalogs, as well. Generally, income is earned on sales commissions, with possible bonuses.

**Host or Party-Plan Sales:** This type of sales is done in a group setting, usually involving the distributor or rep doing a presentation in their home or another person's home. In some cases, a company might sell to individuals in a business. For example, a real estate software sales rep might do a group sales presentation to a group of Realtors (R). Income can come from commissions from sales, and sometimes through the recruitment of other reps (see multi-level marketing below).

**Multi-level Marketing (MLM):**Sales in [multi-level marketing](https://www.thebalancesmb.com/mutli-level-marketing-mlm-1794427) are made in a variety of ways, including single or party presentations, but also through online stores and catalogs. Income earned through MLM is commission on sales, and the sales made by other business partners the distributor recruits into the company.

Sometimes direct sales is called MLM or network marketing, however, these terms are not interchangeable. While MLM and network marketing are a form of direct sales, not all direct sales systems involve MLM. For example, in single-level marketing, the sales representative is only paid commission on the sales he or she personally makes. In this case, there is no recruitment of other sales team members or commissions earned from their sales.

**What is Direct Marketing?**

Direct marketing is a promotional method that involves presenting information about your company, product, or service to your target customer without the use of an advertising middleman. It is a targeted form of marketing that presents information of potential interest to a consumer that has been determined to be a likely buyer.

For example, subscribers to teen magazines might be presented with Facebook ads for acne medication which, based on their age, they are likely to need. Or members of the United States Equestrian Federation might all receive an email promotion offering special pricing on horse gear. Current residents of Wilmington, Delaware might receive a flyer announcing the arrival of Wegmans supermarket to their area. Conversely, people in Wilmington, Ohio would not.

**Forms of Direct Marketing**

**Common forms of direct marketing include:**

* Brochures
* Catalogs
* Fliers
* Newsletters
* Post cards
* Coupons
* Emails
* Targeted online display ads
* Phone calls
* Text messages