



UNIT-I

MARKETING

Meaning

The management process through which goods and services move from concept to the customer. It includes the coordination of four elements called the 4 P's of marketing:

- ❖ identification, selection and development of a **product**,
- ❖ determination of its **price**,
- ❖ selection of a distribution channel to reach the customer's **place**, and
- ❖ development and implementation of a **promotional** strategy.

Difinition

According to the American Marketing Association (AMA) Board of Directors, Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Buying

Party which acquires, or agrees to acquire, ownership (in case of goods), or benefit or usage (in case of services), in exchange for money or other consideration under a contract of sale. Also called purchaser. See also customer.

Selling

The last step in the chain of commerce where a buyer exchanges cash for a seller's good or service, or the activity of trying to bring this about. See also marketing.

Customer

An individual or business that purchases the goods or services produced by a business. The customer is the end goal of businesses, since it is the customer who pays for supply and creates demand. Businesses will often compete through advertisements or sales in order to attract a larger customer base.

IMPORTANT FEATURES OF MARKETING

1. Customer focus:

The marketing function of a business is customer-centred. It makes an attempt to study the customer needs, and goods are produced accordingly. The business existence depends on human needs.

2. Customer satisfaction:

A customer expects some services or benefits from the product for which payment is made. If this benefit is more than the amount paid, then the customer is satisfied. In the long run, customer satisfaction helps to retain market demand.

3. Objective-oriented:

All marketing activities are objective-oriented. Different objectives are fixed at different levels, but the main objective is to earn profit from business along with the satisfaction of human wants.

4. Marketing is both art and science:

Art refers to a specific skill that is required in marketing activities of any type of business. Science refers to a systematic body of knowledge, based on facts and principles. The concept of marketing includes a bunch of social sciences such as economics, sociology, psychology and law. It indicates market operations based on some principles. Hence, marketing is an art as well as a science.

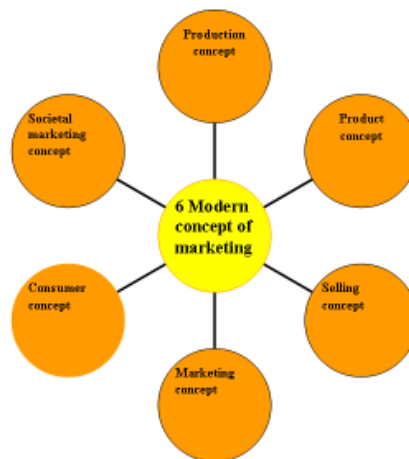
5. Continuous and regular activity:

Marketing is an activity designed to plan, price, promote and distribute products. At the same time, it also addresses both the current and future consumers. Thus, it is a continuous process. A marketer has to consistently monitor environment. This helps in coming up with new products.

MODERN CONCEPTS OF MARKETING

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

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



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

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

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

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

WHAT IS THE DIFFERENCE BETWEEN "MARKETING" AND "SELLING

Marketing	Selling
1. Focusses on Customers needs	1. Focusses on Sellers needs
2. Begins before Production	2. Begins after Production
3. Continues after Sale	3. Comes to an end with Sale
4. A Comprehensive Term in terms of Meaning	4. A Narrow Term in terms of Meaning
5. Philosophy of Business	5. Routine day to day Physical Process
6. Profits through Customer Satisfaction	6. Profits through Sales Volume
7. Let the Seller be aware	7. Let the Buyer be aware
8. Integrated Approach	8. Fragmented Approach
9. Long-term Perspective	9. Short-term Perspective
10. Customer first then Product	10. Product first then Customer

FUNCTIONS OF MARKETING

7 Functions of Marketing



Pricing

Setting and communicating the value of products and services. Setting the price at the right level.

Product/Service Management

Designing, developing, maintaining, improving, and acquiring products and services that meet consumer needs.

Distribution

Determining the best ways for customers to locate, obtain, and use the products and services of an organization. Involves moving the product each step from the design idea to the consumer.

Financing

Budgeting for marketing activities, obtaining the necessary funds needed for operations, and providing financial assistance to customers so they can purchase the business products and service.

Marketing-Information Management

Obtaining, managing, and using information about what customers want to improve business decision making, performance of marketing activities, and determining what will sell.

Selling

Communicating directly with potential customers to determine and satisfy their needs.

Promotion

Communicating with customers about the product to achieve the desired result--customer demand for and purchase of the product. Includes advertising, personal selling, publicity, and public relations.

MARKETING MIX

The "marketing mix" involves 4 variables or 4 P's which are product, place, price and promotion. A company will through market research using these variables so the designer has an accurate brief of the requirements of the market. Helps to develop a marketing strategy.



Product

Product Standardisation “The process of setting generally uniform characteristics for a particular good or service. Product standardization among the goods provided by different businesses operating in technology-based industries can be useful for consumers since it permits competition among the various suppliers.”

Place

Many companies choose to sell directly to the consumer through the internet, while also selling through suppliers and stores. There are advantages and disadvantages to both approaches, and also to using this hybrid model.

Price

An extremely important aspect of marketing a product is setting the correct price that will attract consumers to make a purchase while generating profit. Without getting the balance right, a company can quickly find that they are losing money through lack of sales or through lack of profit generation. The following strategies for setting price can be used:

- cost-plus pricing – adding a percentage mark up to the unit cost (manufacturing, marketing etc)
- demand pricing
- competitor-based pricing
- product line pricing
- psychological pricing.

Promotion

When selling a product, promotion is another key aspect. Depending on the nature of a product, its position within the product life cycle among other reasons, the forms of promotion can be different. They include: 1. advertising, 2. publicity, 3. personal selling.

TRANSPORTATION

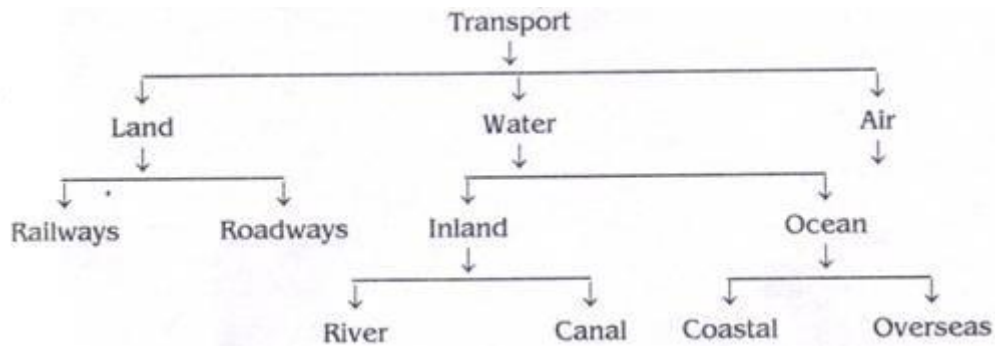
Meaning

Transportation is indispensable function of marketing. Transportation provides the physical means of carrying goods and persons from one place to another. In other words, it is concerned with carrying the goods from the places of production to the places of their consumption.

Transportation creates place utility and regularises supply from one place to another. Transportation greatly facilitates the performance of marketing functions like buying, assembling,

selling, storage and warehousing etc. The entire economy and its development is dependent on a well- knit system of transportation.

Modes of Transportation



Importance of Transportation

(1) Transportation plays significant role in quick industrialisation and development of agriculture.

(2) It plays important role in the process of stabilisation of prices in different regions.

(3) It is helpful in increasing internal and foreign trade. The development, of air and ocean transport has greatly increased foreign trade.

(4) Transportation has greatly helped in increasing standard of living of people by providing goods even at far flung areas.

(5) Transportation is one of the important considerations to be taken into account in deciding location of an industrial unit.

STORAGE AND WAREHOUSING

Meaning of Storage

Storage is a process concerned with retaining and preserving the goods. Usually there is a time gap between production and consumption of goods. This gap is the concern of the function of storage. Storage makes available the goods as and when they are required and it ensures continuous and unrestricted supply and flow of goods in the market. In this manner, it creates place utility also by holding and retaining of goods at different places.

Importance of Storage

Storage is an essential function of marketing. Its importance can be studied as follows:

1. Now-a-days production is carried on in anticipation of demand of the product in the market. All the goods are not sold off immediately. For the unsold stock of goods storage is indispensable.

2. Many commodities are seasonal in nature. They are produced during a particular season. In order to make their availability throughout the year, they have to be stored. This is usually done in case of agricultural produce.

3. Many products are produced throughout the year, but their demand arises only during a particular season in the year. In such cases products have to be stored and released when the season arrives. Wool and woollen garments are examples of this kind.

4. Storage is important from the point of view of producers as they have to store the raw material in order to carry production without any obstruction and delay on account of non-availability of raw material.

5. Storage of goods is necessary from the point of view of wholesalers as well as retailers. Wholesalers have to supply these goods regularly to retailers and retailers to consumers.

STANDARDIZATION

Formulation, publication, and implementation of guidelines, rules, and specifications for common and repeated use, aimed at achieving optimum degree of order or uniformity in a given context, discipline, or field.

According to ISO, is the process of formulating and applying rules for an orderly approach to a specific activity for the benefit and cooperation of all concerned, and in particular for the promotion of the over all economy, considering due safety requirements.

- ❖ determines classes of a commodity or service that has fixed limits
- ❖ Involves the determination of basic limits
- ❖ Provides scientific language to define a commodity

GRADING

It is the process of dividing a quantity of the same kind of commodity into different homogenous groups according to prescribed standards. **Grading and storage**

Storage of graded produce will have the following advantages;

- (a) Easy to assess the value and provide pledge loan and loan against the warehousing receipt.
- (b) Quality disputes can be resolved
- (c) Storage with special case is possible for different grades as per their requirements.
- (d) Helps in planning the plant protection measures. Low-grade produce needs different care.

Distribution and grading

- Easy to plan the blending and supply to different consuming segments
- Consumers will be able to select their choice
- Farmers will be able to plan the production matching with the demand.
- E. commerce is possible in well defined quality of the produce
- Global distribution is largely based on the grade of the produce Consumer loyalty may be maintained

PACKAGING

Packaging is the science, art and technology of enclosing or Meaning Packaging protecting products for distribution, storage, sale, and use. also refers to the process of design, evaluation, and production of packages.

Important functions of packaging are given below:

(i) Product Identification

Packaging serves as an identification of the product. A product is packed in special sized, coloured and shaped container for keeping its difference from the products of competitors.

(ii) Product Protection

The main function of packaging is to provide protection to the product from dirt, insects, dampness and breakage.

(iii) Convenience

Packaging provides convenience in the carriage of the product from one place to another, in stocking and in consuming

(iv) Product Promotion

Packaging simplifies the work of sales promotion. Packing material in the house reminds the consumers constantly about the product. In this way, the packaging performs the role of a passive salesman. Consequently, it increases the sales.

UNIT-II

BUYING BEHAVIOR

Definition

According to **Engel**, 'consumer behaviour is the actions and decision processes of people who purchase goods and services for personal consumption'.

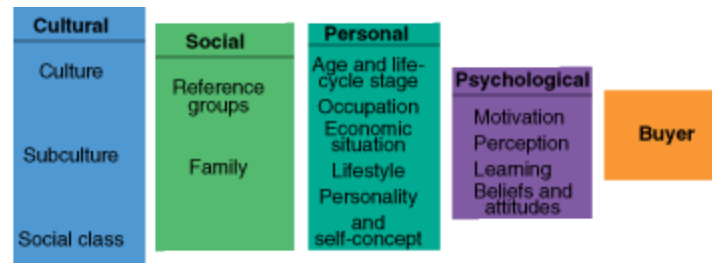
Meaning

The collective actions, including the searching, evaluation, selection, purchasing, consuming, disposing of products, taken by consumers in determining which goods and services

hold the most value for meeting their wants and needs. Marketers study consumer buying behavior to determine the influence of psychological, sociological, demographical, and cultural factors have on buying decisions.

CONSUMER'S BUYER BEHAVIOUR IS INFLUENCED BY FOUR MAJOR FACTORS

- 1) Cultural,
- 2) Social
- 3) Personal
- 4) Psychological



These factors cause consumers to develop product and brand preferences. Although many of these factors cannot be directly controlled by marketers, understanding of their impact is essential as marketing mix strategies can be developed to appeal to the preferences of the target market.

When purchasing any product, a consumer goes through a decision process. This process consists of up to five stages:

- Stage 1: problem recognition,
- Stage 2: information search,
- Stage 3: evaluation of alternatives,
- Stage 4: purchase decision
- Stage 5: post purchase behaviour.

The length of this decision process will vary. A consumer may not act in isolation in the purchase, but rather may be influenced by any of several people in various roles. The number of people involved in the buying decision increases with the level of involvement and complexity of the buying decision behaviour.

Consumer's buyer behaviour and the resulting purchase decision are strongly influenced by cultural, social, personal and psychological characteristics. An understanding of the influence of these factors is essential for marketers in order to develop suitable marketing mixes to appeal to the target customer.

CULTURAL factors include a consumer's culture, subculture and social class. These factors are often inherent in our values and decision processes.

SOCIAL factors include groups (reference groups, aspirational groups and member groups),

family, roles and status. This explains the outside influences of others on our purchase decisions either directly or indirectly.

PERSONAL factors include such variables as age and lifecycle stage, occupation, economic circumstances, lifestyle (activities, interests, opinions and demographics), personality and self concept. These may explain why our preferences often change as our `situation' changes.

PSYCHOLOGICAL factors affecting our purchase decision include motivation (Maslow's hierarchy of needs), perception, learning, beliefs and attitudes.

TYPES OF CONSUMER BUYING BEHAVIOR

Wants are unlimited and the resources to satisfy these wants are limited. So the consumers think rationally before buying any product. Buying a toothpaste is totally different from buying a luxury car. The more expensive the good is the more information is required by the consumer. There are four types of consumer buying behavior on the basis of buyer involvement while purchasing any product.

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior (motor cycle)	Variety seeking behavior (washing detergent)
Few differences between brands	Dissonance buying behavior (floor tiles)	Habitual buying behavior (toothpaste)

- **High involvement:-** the term means when the consumer is highly involved while buying a product. Generally this situation happens in case of expensive or luxuries goods. Like while buying a diamond necklace a consumer is highly involved.
- **Low involvement:-** this term means when the consumer is not highly involved while buying a product. It happens in case of low price goods. Like while buying toothpaste a consumer is not highly involved.
- **Significant differences between brands:-** it means when there are significant differences between brands.
- **Few differences between brands:-** it means when there are very little differences between brands.

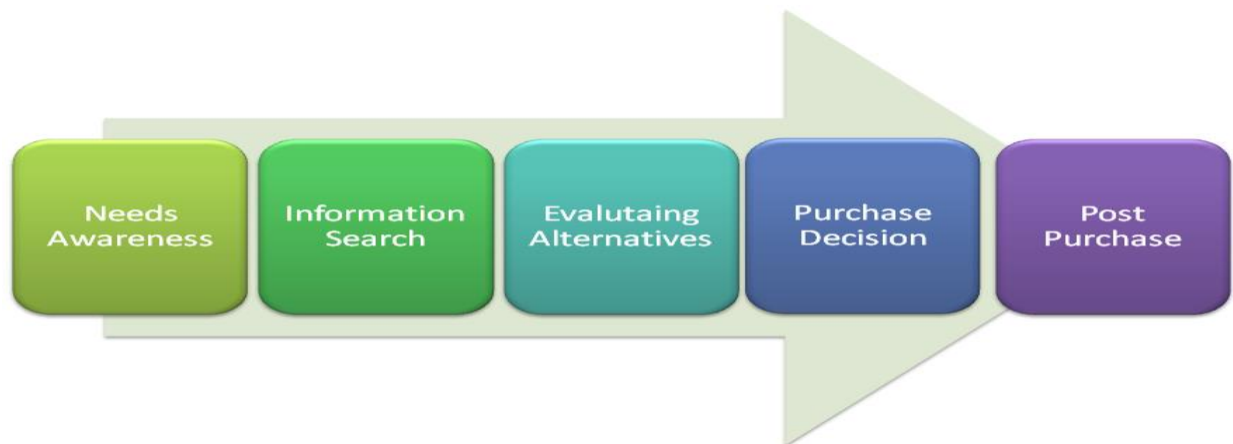
1. **Complex buying behavior:-** when the consumer is highly involved in the buying and there is significant differences between brands then it is called complex buying behavior. So in this case the consumer must collect proper information about the product features and the marketer must provide detailed information regarding the product attributes. For eg. Consumer while buying a motor cycle is highly involved in the purchase and has the knowledge about significant differences between brands.

2. **Variety seeking behavior**:- in this case consumer involvement is low while buying the product but there are significant differences between brands. Consumers generally buy different products not due to dissatisfaction from the earlier product but due to seek variety. Like every time they buy different washing detergent just for variety. So it is the duty of the marketer to encourage the consumer to buy the product by offering them discounts, free samples and by advertising the product a lot.
3. **Dissonance buying behavior**:- here consumer is highly involved in the purchase but there are few differences between brands. Like consumer while buying a floor tiles buy them quickly as there are few differences between brands.
4. **Habitual buying behavior**:- in this case there is low involvement of the consumer and there are few differences between brands. The consumer buys the product quickly. For eg. Toothpaste.

NATURE OF BUYING BEHAVIOR

- **Process: -Consumer** behavior is a systematic process relating to buying decisions of the customers. The buying process consists of the following steps;
 1. **Need** identification to buy the product
 2. **Information** search relating to the product.
 3. **Listing** of alternative brands.
 4. **Evaluating** the alternative (cost-benefit analysis)
 5. Purchase decision. 6. Post-purchase evaluation by the marketer.
- **Influenced by various factors: -Consumer** behavior is influenced by a number of factors. The factors that influenced consumer are as follow; marketing, personal, psychological, situational, social, cultural etc.
- **Different for different customers: -All** consumers do not behave in the same manner. Different consumers behave differently. The difference in consumer behavior is due to individual factors such as nature of the consumer's life style, culture, etc.
- **Different for different products: -Consumer** behavior is different for different products. There are some consumers who may buy more quantity of certain items and very low/no quantity of some other items.
- **Various across regions: -The** consumer behavior very across states, regions and countries. For instance, the behavior of urban consumers is different from that of rural consumers. Normally, rural consumers are conservative (traditional) in their buying behavior.
- **Vital for marketers: -Marketers** need to have a good knowledge of consumer behavior. They need to study the various factors that influence consumer behavior of their target customers. The knowledge of consumer behavior enables marketers to take appropriate marketing decisions.

CUSTOMER'S BUYING PROCESS



1. Problem/Need Recognition

This is often identified as the first and most important step in the Customer's Decision Process. A purchase cannot take place without the recognition of the need. The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

2. Information Search

Having recognised a problem or need, the next step a customer may take is the Information Search stage, in order to find out what they feel is the best solution. This is the buyer's effort to search internal and external business environments, in order to identify and evaluate information sources related to the central buying decision. Your customer may rely on print, visual, online media or word of mouth for obtaining information.

3. Evaluation of Alternatives

As you might expect, consumers will evaluate different products or brands at this stage on the basis of alternative product attributes – those which have the ability to deliver the benefits the customer is seeking. A factor that heavily influences this stage is the customer's attitude. Involvement is another factor that influences the evaluation process. For example, if the customer's attitude is positive and involvement is high, then they will evaluate a number of companies or brands; but if it is low, only one company or brand will be evaluated.

4. Purchase Decision

The penultimate stage is where the purchase takes place. Philip Kotler (2009) states that the final purchase decision may be 'disrupted' by two factors: negative feedback from other customers and the level of motivation to accept the feedback. For example, having gone through the previous three stages, a customer chooses to buy a new telescope. However, because his very good friend, a keen astronomer, gives him negative feedback, he will then be bound to change his preference. Furthermore, the decision may be disrupted due to unforeseen situations such as a sudden job loss or relocation.

5. Post-Purchase Behaviour

In brief, customers will compare products with their previous expectations and will be either satisfied or dissatisfied. Therefore, these stages are critical in retaining customers. This can greatly affect the decision process for similar purchases from the same company in the future, having a knock-on effect at the Information Search stage and Evaluation of Alternatives stage. If your customer is satisfied, this will result in brand loyalty, and the Information Search and Evaluation of Alternative stages will often be fast-tracked or skipped altogether.

BUYING MOTIVES

Meaning

There are different kinds of consumers. So, their wants and needs are also different. They buy goods or services to satisfy their needs. The causes and factors which stimulate consumer to buy certain goods or services is called buying motives. In fact, the motivating factor to direct consumer behavior is buying motives.

Definition

According to W.J. Stanton: "A motive can be defined as a drive or an urge for which an individual seeks satisfaction. It becomes a buying motive when the individual seeks satisfaction through the purchase of something".

CLASSIFICATION OF BUYING MOTIVES

Different scholars have classified buying motives of consumers in differently. We can classify the buying motives in the following way:

1. Emotional Buying Motive

Emotional buying motive depends on the emotion, feeling and attitude of the consumers. This type of motive is purely a psychological aspect of a person. This type of buying motive may be different from person to person. Under this include:

- * Fear
- * Love and affection
- * Curiosity
- * Fashion
- * Possession

2. Rational Buying Motive

All the consumers do not buy any goods or services with emotional motive. They become thoughtful, consider carefully their needs, priority, financial capacity etc. study and analyze the necessity, utility, price etc. of the goods or services. Then they make final decision to buy or not. The consumers become logical, rational, apt and knowledgeable. Such quality of the customers can be seen in their buying decision. The customers buy goods or services considering cheapness, health and security, utility, comfortable etc.

3. Prestige Motive

Prestige motive is related with the want of consumers for promotion of self-image and protection of their ego. Under this, vanity and pride are motives of consumers.

4. Patronage Motive

Patronage motive describes why certain customers buy specific brand goods, but not other brands and always buy necessary goods only from particular shop. So, under this motive include brand loyalty and store loyalty.

MASLOW'S HIERARCHY OF MARKETING NEEDS (BUYING MOTIVES)



Anyone who ever took Psychology 101 or a sociology class learned that Abraham Harold Maslow was an American psychologist who was best known for creating Maslow's hierarchy of needs, a theory of psychological health based on fulfilling innate human needs according to the level of priority, ending in self-actualization.

The pyramid shape is similar to the sales funnel, albeit upside down, or is it? Maslow's priority of needs correlates very well to the ascension model of marketing goals and actions to increase the likelihood of a sale.

Basic/Awareness:

At the base of the triangle, businesses must provide basic nutrients and shelter to their audience in order to create awareness. Samples, freebies, and promotional items are typically offered in order to initially attract prospects.

Safety/Membership:

Then, in order to keep potential customer's attention, it's necessary to find ways to convince your leads that they are in the right place, and have found a credible place where they may find what they are looking for and won't be taken advantage of.

Social/Engagement:

When a prospect feels that they are in the right place and part of the right tribe where they will receive value in relation to their own goals and desires, they will become engaged. It becomes likely that they are consuming content and building the cliché but necessary "know, like and trust."

Esteem/Invested:

This is the place where the ascension gains traction and customers feel confident enough to initially invest in your products or services, or invest a greater amount. In order to achieve this, your prospects must feel respected which creates reciprocity for you and your company.

Self-Actualized/Loyal Repeat Customer:

This is the coveted peak of the mountain, where customers have been indoctrinated into your unique selling proposition, and feel that they only want to buy from you over your competitors. Your creative marketing or value proposition has converted prospects into loyal and raving fans who will buy from you over and over again.

MARKET SEGMENTATION

- Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference.
- A market segment is a small unit within a large market comprising of like minded individuals.
- One market segment is totally distinct from the other segment.
- A market segment comprises of individuals who think on the same lines and have similar interests.
- The individuals from the same segment respond in a similar way to the fluctuations in the market.

NATURE AND ADVANTAGES OF MARKETING SEGMENTATION

- ❖ **Focus of the Company** – Segmentation is an effective method to increase the focus of a firm on market segments. If you have better focus, obviously you will have better returns. Numerous automobile companies have started focusing on small car segments. This is nothing else but a company changing its focus for better returns. Thus companies base their strategy completely on a new segment which increases its focus and profitability.
- ❖ **Increase in competitiveness** – Naturally, once your focus increases, your competitiveness in that market segment will increase. If you are focusing on youngsters, your brand recall and equity with youngsters will be very high. Your market share might increase and the chances of a new competitor entering might be low. The brand loyalty will definitely increase. Thus market segmentation also increases competitiveness of a firm from a holistic view.
- ❖ **Market expansion** – Geographic segmentation is one type of segmentation where expansion is immediately possible. If you have your market strategy on the basis of geography, then once you are catering to a particular territory, you can immediately expand to a nearby territory. In the same way, if you are targeting customers based on their demography then you can expand in similar products. Segmentation plays a

crucial role in expansion. You cannot expand in a territory when you have no idea of which segment of customers you will be meeting.

- ❖ **Have better communication** – One of the factors of marketing mix which is absolutely dependent on STP is Promotions or communications. The communications of a company needs to be spot on for its TARGET market. Thus if you need a target market, you need segmentation. Communication cannot be possible without knowing your target market.
- ❖ **Increases profitability** – Segmentation increases competitiveness, brand recall, brand equity, customer retention, communications. Thus if it is affecting so many factors of your business, then definitely it affects the profitability of the firm. Do you ever see people negotiating in a Nike, Gucci or BMW showrooms? You wont. One of the USP's of these brand is their segmentation. They are in fact targeting segments which have no need of bargaining or negotiation. Thus their profitability is high.

TYPES OF MARKET SEGMENTATION

The goal of market segmentation is to separate the general market into categories, which can then be targeted and marketed to most effectively.



There are four general types of market segmentation:

1. Geographic segmentation

separates a market into different geographical boundaries which can impact the marketing mix of product, price, promotion and channel to market. For instance, you may not sell many down comforters in Arizona, but the market in Michigan is pretty good. Ever been to Hawaii? The price of goods is substantially higher than the continental United States. And the way you promote and sell a product in southern California will be quite different from Vermont.

2. Demographic segmentation

separates a market by demographic indicators including gender, age, household type, education level and income. Simply put, the type of products we buy, how much we spend, and how we buy them are largely determined by demographic factors.

3. Psychographic segmentation

separates a market by lifestyle as well as values and beliefs. There are large target markets which fit psychographic segmentation, such as outdoor recreation and fitness.

4. Behavioral segmentation

separates a market by shopping and buying behaviors. Are you an online shopper or do you prefer to handle products in the store? How often do you shop? Do you research a purchase carefully before making a decision, or do you tend to buy on impulse? All of these factors determine how consumers are segmented and marketed to.

MARKETING STRATEGY

Every time you speak to someone about your business you are involved in marketing. Any conversation about your firm is an opportunity to promote your business and increase sales. A marketing strategy will help you focus. It will identify the different ways you can talk to your customers, and concentrate on the ones that will create most sales.

It tells you what to say, how to say it and who to say it to in order to make more sales. Because timing is critical, it will tell you when to say it, too.

OBJECTIVES OF MARKETING STRATEGY

- ❖ Your marketing objectives will focus on how you increase sales by getting and keeping customers.
- ❖ To explain how to do this, experts talk about how best to package your products and services, how much to charge for them and how to take them to market.
- ❖ A marketing strategy will help you tailor your messages and put the right mix of marketing approaches in place so that you bring your sales and marketing activities together effectively in an effective marketing plan.

PRODUCT DEVELOPMENT

- ❖ **Product development** is the process of designing, creating and marketing new **products** or services to benefit customers.
- ❖ Sometimes referred to as new **product development**, the discipline is focused on **developing** systematic methods for guiding all the processes involved in getting a new **product** to market.

NEW PRODUCT DEVELOPMENT

1. Idea Generation

The development of a product will start with the concept. The rest of the process will ensure that ideas are tested for their viability, so in the beginning all ideas are good ideas. Ideas can, and will come, from many different directions.

The best place to start is with a SWOT analysis, (Strengths, Weaknesses, Opportunities and Threats), which incorporates current market trends. This can be used to analyse your company's position and find a direction that is in line with your business strategy.

2. Idea Screening

This step is crucial to ensure that unsuitable ideas, for whatever reason, are rejected as soon as possible.

Ideas need to be considered objectively, ideally by a group or committee. Specific screening criteria need to be set for this stage, looking at ROI, affordability and market potential.

These questions need to be considered carefully, to avoid product failure after considerable investment down the line.

3. Concept Development & Testing

You have an idea and it's passed the screening stage. However, internal opinion isn't the most important. You need to ask the people that matter – your customers.

Using a small group of your true customer base – those that convert – the idea need to be tested to see their reaction.

The idea should now be a concept, with enough in-depth information that the consumer can visualise it.

4. Business Analysis

Once the concept has been tested and finalised, a business case needs to be put together to assess whether the new product/service will be profitable.

This should include a detailed marketing strategy, highlighting the target market, product positioning and the marketing mix that will be used.

This analysis needs to include: whether there is a demand for the product, a full appraisal of the costs, competition and identification of a break-even point.

5. Product Development

If the new product is approved, it will be passed to the technical and marketing development stage.

This is when a prototype or a limited production model will be created.

6. Test Marketing

Test marketing (or market testing) is different to concept or consumer testing, in that it introduces the prototype product following the proposed marketing plan as whole rather than individual elements.

7. Commercialisation

When the concept has been developed and tested, final decisions need to be made to move the product to its launch into the market.

Pricing and marketing plans need to be finalised and the sales teams and distribution briefed, so that the product and company is ready for the final stage.

8. Launch

A detailed launch plan is needed for this stage to run smoothly and to have maximum impact. It should include decisions surrounding when and where to launch to target your primary consumer group.

Finally in order to learn from any mistakes made, a review of the market performance is needed to access the success of the project.

BRANDING

The process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers

FIVE STAGES OF BRANDING PROCESS

Stage 1: Understanding & Discovery

- ❖ Every branding process should include some aspect of discovery.
- ❖ How we talk and what we assume about ourselves is frequently very different from how our customers talk about us or what they know.
- ❖ And ultimately they are who will define your brand, we just want to help shape it in their minds.

Stage 2: Articulating & Clarifying

- ❖ This is where the data and context you've gathered gets distilled and turns into words and strategy to shape where the business is now and where it is you want to go.
- ❖ It's where we try to articulate "squishy" things (like values and corporate personality attributes) into real words and strategic statements, refining the choice of words to make them the most accurate and powerful.
- ❖ It's where we look at all your audiences (not just customers) and figure out what's important to them. And it's where we tease out your competitive advantage.

Stage 3: Positioning & Differentiating

- ❖ This stage is the key to your new brand definition or brand evolution.
- ❖ It's where we look at you in comparison to your competitors and define your unique value proposition: the description of the unique benefit you provide.
- ❖ It's what sets you apart from the competition and guides your outreach through branding, marketing, and messaging.
- ❖ An articulated value proposition, along with your other strategic statements, becomes a roadmap or "true north" to guide you in business decision-making and evaluating your future opportunities.

Stage 4: Identifying & Creating

- ❖ This is the "fun" and creative stage of expressing your personality and positioning.
- ❖ It's no wonder most people want to jump straight here without doing the introspective homework of brand strategy (Stages 1 through 3.) But without doing the homework, what is it based on? It's likely just an esthetic exercise.
- ❖ But with the articulation, positioning, and differentiation done and consensus on what the company or organization stands for, all of these creative assets can be that much more descriptive, powerful, and strategically aligned.

Stage 5: Applying & Extending

- ❖ This is where the pedal hits the metal in building out and activating your new brand.
- ❖ Some of the obvious applications are designed deliverables like websites, signage, business cards, and packaging.
- ❖ However some of the most critical to the success of your business are things like shaping employee behavior and the actual customer experience.
- ❖ These are things that are only tangentially affected or enhanced by your logo and color choice, but hugely impacted by your earlier articulation of core values, personality attributes, and competitive advantage.

BRAND LOYALTY

- “**Brand loyalty**” is a term used to describe the tendency that consumers have to stick with the products or services bearing brand names they know and trust.
- Brand loyalty translates to repeat sales, so it’s in the best interest of the company that carries the brand to maintain its reputation and recognizability in order to maintain profit.
- Altering the look and feel of a brand can have disastrous consequences for a company, as it runs the risk of alienating brand-loyal consumers who may not recognize or trust the product or service under different packaging.
- Market share represents the amount of a market’s total sales that one company earns when consumers make purchases.
- Brand loyalty allows a company to market and advertise its goods or services in the market. Companies are often unable to capture a significant portion of market share without informing consumers.
- Additionally, new companies might have no customers who are informed or loyal to the business and its products.
- Therefore, building loyalty by offering quality products or undercutting another company’s brand loyalty can improve market share.
-

PRODUCT LIFE CYCLE

- A new product progresses through a sequence of stages from introduction to growth, maturity, and decline.
- This sequence is known as the **product life cycle** and is associated with changes in the marketing situation, thus impacting the marketing strategy and the marketing mix.

The product revenue and profits can be plotted as a function of the life-cycle stages as shown in the graph below:

Product Life Cycle Diagram



Introduction Stage

In the introduction stage, the firm seeks to build product awareness and develop a market for the product. The impact on the marketing mix is as follows:

- **Product** branding and quality level is established, and intellectual property protection such as patents and trademarks are obtained.
- **Pricing** may be low penetration pricing to build market share rapidly, or high skim pricing to recover development costs.
- **Distribution** is selective until consumers show acceptance of the product.
- **Promotion** is aimed at innovators and early adopters. Marketing communications seeks to build product awareness and to educate potential consumers about the product.

Growth Stage

In the growth stage, the firm seeks to build brand preference and increase market share.

- **Product** quality is maintained and additional features and support services may be added.
- **Pricing** is maintained as the firm enjoys increasing demand with little competition.
- **Distribution** channels are added as demand increases and customers accept the product.
- **Promotion** is aimed at a broader audience.

Maturity Stage

At maturity, the strong growth in sales diminishes. Competition may appear with similar products. The primary objective at this point is to defend market share while maximizing profit.

- **Product** features may be enhanced to differentiate the product from that of competitors.
- **Pricing** may be lower because of the new competition.

- **Distribution** becomes more intensive and incentives may be offered to encourage preference over competing products.
- **Promotion** emphasizes product differentiation.

Decline Stage

As sales decline, the firm has several options:

- Maintain the product, possibly rejuvenating it by adding new features and finding new uses.
- Harvest the product - reduce costs and continue to offer it, possibly to a loyal niche segment.
- Discontinue the product, liquidating remaining inventory or selling it to another firm that is willing to continue the product.

UNIT-III

PRICING

Meaning

Method adopted by a firm to set its selling price. It usually depends on the firm's average costs, and on the customer's perceived value of the product in comparison to his or her perceived value of the competing products. Different pricing methods place varying degree of emphasis on selection, estimation, and evaluation of costs, comparative analysis, and market situation. See also pricing strategy.

Definition

Price is the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk taking ability. A pricing strategy takes into

account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. It is targeted at the defined customers and against competitors.

PRICING STRATEGY

A business can use a variety of **pricing strategies** when selling a product or service. The **price** can be set to maximize profitability for each unit sold or from the market overall. It can be used to defend an existing market from new entrants, to increase market share within a market or to enter a new market.

IMPORTANCE OF PRICING STRATEGY

1) Competition is very smart – The major difference between the era of production and the era of marketing is that, today you have a lot of competition. If you look at home appliance showrooms, there will be one showroom right next to another showroom of home appliances itself. And both will be haggling for price. Thus the competition is so high, that if you do not maintain the pricing within competition itself, your brand will not be able to get more distributors.

2) Online price checking can be done – Internet is the bane for small retailers and small businesses. Where initially the supply was less and demand was more, people used to quote prices touching the sky and thereby earn more margins. However, nowadays the same is impossible. Because even before the customer enters your showroom, he has already checked prices on Amazon or Ebay or Snapdeal. It is likely that after checking these prices, the customer does not enter your showroom at all but rather buys the product online itself. Thus, online price checking has made it even more important that you pay close attention to your pricing strategy, and keep it constant across the market.

3) People are spending selectively – Today, a television costs cheaper than a mobile phone. Take an Apple Iphone or a Samsung galaxy high end phone and you will find that the cost is much higher than televisions. In fact, you can purchase 2 televisions in that cost. Now, look at it from the customers perspective. Customers who want the Iphone, will buy it, and then not buy anything for 6 months. Neither a television nor a refrigerator nor anything else!! Isn't that alarming for the businesses who are not into electronics.

4) Spending patterns have changed – The above example proves one more point. Spending patterns have changed drastically. Where a decade back the majority of spending was on smaller products, costing less money, today electronics and clothing are at the foreground. This is good news because this shows that the earnings of people have gone up. But at the same time, most of these products are heavily marketed or branded, thereby increasing the cost of the product.

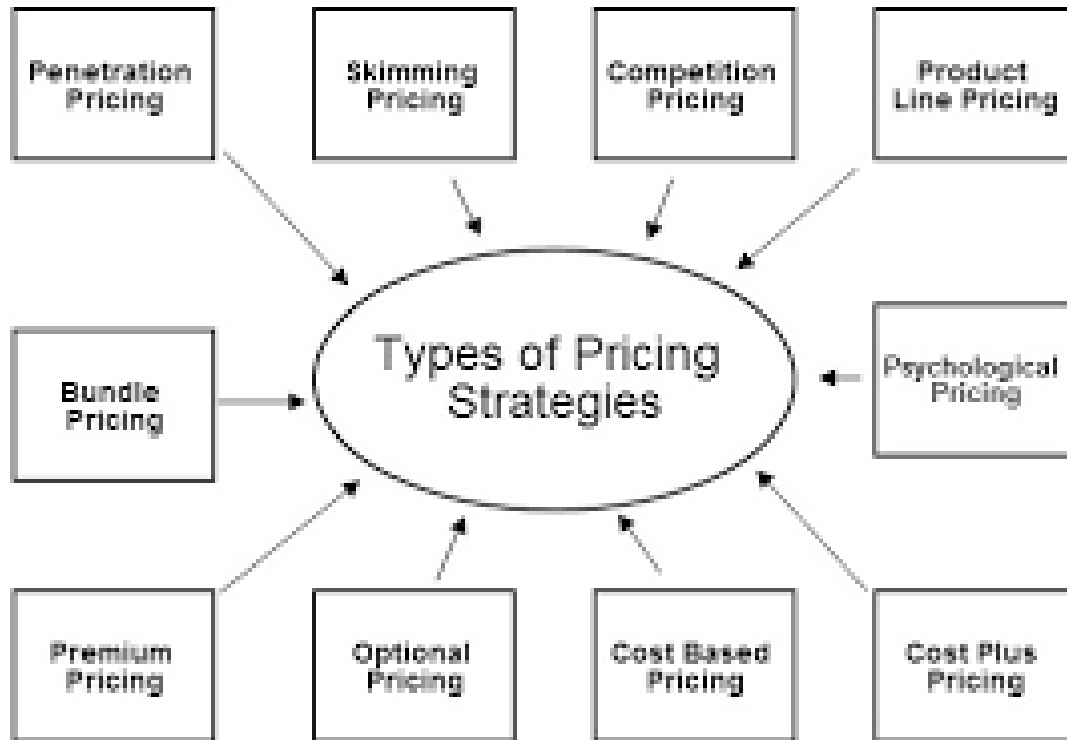
5) Value for money – Value for money may be searched in a 2 dollar soap or a 500 dollar dress. You might think that a nice, scented soap is OK at 5 dollars, whereas someone else might think

that a 5 dollar soap is too much. Ultimately, value for each customer is different and each customer now wants value for money. The concept has received a boost because of customization and long product lines being present in each company.

ROLES OF THE PRODUCT PRICING STRATEGY

- **Signal To The Buyer** - Price offers a fast and very direct way of communicating with your customers. The price is visible to your buyer and provides a basis of comparison between brands. Price also can be used to position your brand as a high quality product.
- **Instrument of Competition** - Price offers you a way to quickly attack competitors, or alternatively to position your business away from direct competition.
- **Improving Financial Performance** - Because Prices determine financial performance, pricing strategies will impact a business's financial statements both in the short and long term.
- **Marketing Program Considerations** - Prices can also substitute for advertising and sales promotion, in addition to being used to reinforce these activities in the marketing program. For example, pricing strategy can be used as an incentive to channel members as the focus of promotional strategy and as a signal of value.

TYPES OF PRICING STRATEGY



Penetration Pricing

Here the organisation sets a low price to increase sales and market share. Once market share has been captured the firm may well then increase their price.

Skimming Pricing

Here the organisation sets a low price to increase sales and market share. Once market share has been captured the firm may well then increase their price.

Competition Pricing

Setting a price in comparison with competitors. Really a firm has three options and these are to price lower, price the same or price higher

Product Line Pricing

Pricing different products within the same product range at different price points.

Bundle Pricing

The organisation bundles a group of products at a reduced price. Common methods are buy one and get one free promotions or BOGOF's as they are now known. Within the UK some firms are now moving into the realms of buy one get two free can we call this BOGTF i wonder?

Psychological Pricing

The seller here will consider the psychology of price and the positioning of price within the market place

Premium Pricing

The price set is high to reflect the exclusiveness of the product.

Optional Pricing

The organisation sells optional extras along with the product to maximise its turnover.

Cost Based Pricing

The firms takes into account the cost of production and distribution, they then decide on a mark up which they would like for profit to come to their final pricing decision.

Cost Plus Pricing

Here the firm add a percentage to costs as profit margin to come to their final pricing decisions.

PHYSICAL DISTRIBUTION

Meaning

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.

Definition

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.

COMPONENTS OF PHYSICAL DISTRIBUTION

(1) Order Processing

A company receives orders from other companies, middlemen, or directly from customers through mail, e-mail, fax, phone, or salesmen. Order processing is an importation component of the distribution system. It is considered as a key to customer service and satisfaction.

(2) Warehousing

In today's context, production is made in expectation of demand. Therefore, products are to be stored or preserved safely for the future demand. And also, all the production is not sold directly. Warehousing plays an important role for balancing demand and supply. It facilitates both continuous production and continuous marketing of the production. Warehousing service can contribute to customer satisfaction. Be clear that storage and warehousing are not similar terms, though are closely related.

(3) Transportation

Transportation is one of the core components of distribution system. It consists of moving or transferring products from producers to final users. Transportation involves two parties, carriers and shippers. Carriers are those companies that provide transportation facilities to others, such as the Western Railway, Indian Airline, Indian Shipping Companies, and many other private carriers provide transportation services by road, rail, water, air and underground pipes.

(4) Organisational Responsibility for Physical Distribution

Physical distribution is an important decision in today's marketing management. It involves a wide range of activities. Therefore, an effective coordination of various activities, such as order processing, warehousing, transportation, inventory control, etc., is indispensable to contribute in overall success of marketing strategies.

(5) Inventory Management

Inventory refers to stock of goods meant for the future sales. It can also be said as reservoir of goods held in anticipation of sales. Demand is fluctuating and exact prediction is not possible. So, the primary purpose of holding inventory is to meet market demand continuously. The firm always maintains adequate stocks of products to meet customer orders immediately. It is considered as a link between ordering and production. Inventory management supports demand creation and consumer satisfaction.

FUNCTIONS AND ELEMENTS OF PHYSICAL DISTRIBUTION

The basic functions and elements of specific functions that make up physical distribution include (i) Materials handling; (ii) inventory planning and control ; (iii) order processing ; (iv) transportation ; and (v) a communication system to integrate the physical distribution process.'

These functions and elements are explained below:

1. Materials Handling:

It involves moving products in and out of a stock. It consists of routine tasks that can be performed through mechanisation and standardisation.

Efficiency is increased through use of electronic data processing to control conveyor systems, order picking and other traffic flaws.

The modern mechanised handling services and protective packaging have improved the level of customer service and at the same time lowered physical distribution costs.

Material handling and packaging services have also speeded up the order processing and movement of consignments.

2. Inventory Planning And Control:

Inventory refers to the stock of products a firm has on hand and ready for sale to customers. Inventories are kept to meet market demands promptly. Inventory is the link interconnecting the customer's orders and the company's production activity.

Infact the entire physical distribution management rotates around the inventory management. Inventory management is the heart of the game of physical distribution.

Marketing managers undertake an inventory planning to develop adequate assortments of products for the target market and also try to control the costs involved in obtaining and maintaining inventory.

3. Order Processing:

Order-processing and inventory control are related to each other. Order processing is considered as the key to customer service and satisfaction.

It includes receiving, recording, filling, and assembling of products for dispatch. The amount of time required from the dates of receipt of an order up to the date of dispatch of goods must be reasonable and as short as possible.

4. Transportation:

It is an essential element of physical distribution. It involves integrating the advantages of each transportation method by adopting containers and physical handling procedures to permit transfers among different types of carriers.

For example, to place containers in railway flat cars and then load the containers on motor vehicles is called “piggy back” and if the containers are off loaded to water carriers, it is called “flash back.” Exchange of containers between air and truck carriers are referred to as “Air truck” or “birdy back”.

5. Communications:

It is a process of passing information and understanding from one person to another. This includes the information system which should link producers, intermediaries, and customers. Computers, memory systems, display equipment and other communication technology facilitate the flow of information among other members in the channel.

A manager to be successful must develop an effective system of communication. So that he may issue instructions, receive the reactions of the subordinates, and guide and motivate them.

6. Organisational Structure:

The person in charge of the physical distribution should co-ordinate all Activities into an effective system to provide the desired customer service in the most efficient manner.

Examples of organizational consideration are: (i) How can the five elements of physical distribution best be coordinated so that a team effort results? How can compartmentalization thinking be avoided? (ii) If a central head is established to direct all physical distribution activities, to whom should he report—The Head of the Marketing or The Chief Executive Officer?

WHOLESALE

A wholesaler is an intermediary entity in the distribution channel that buys in bulk and sells to resellers rather than to consumers. In its simplest form, a distributor performs a similar role but often provides more complex services. Distributors and wholesalers often work together as channel partners.

IMPORTANCE OF WHOLESALE

- Providing producer's goods in an appropriate quantity for resale by buyers
- Providing wider geographical access and diversity in obtaining goods
- Ensuring and maintaining a quality dimension with the goods that are being obtained and resold
- Providing cost-effectiveness by reducing the number of producer contacts needed
- Providing ready access to a supply of goods

- Assembling and arranging goods of a compatible nature from a number of producers for resale
- Minimizing buyer transportation costs by buying goods in larger quantities and distributing them in smaller amounts for resale
- Working with producers to understand and appreciate consumerism in their production process.

RETAILER

Retail is the process of selling consumer goods and/or services to customers through multiple channels of distribution to earn a profit. Demand is created through diverse target markets and promotional tactics, satisfying consumers' wants and needs through a lean supply chain.

IMPORTANCE OF RETAILER

- It breaks the bulk that comes from vendor into small manageable forms for customer.
- It provides an assortment of products to customer.
- Not only products is what customers want, they also want service that is being provided by customer.
- It also manage the inventory and warehouses.
- It also studies customer's needs and wants and provides the sales pattern to the customer.
- It acts as a link between vendor and the end user.
- It provides information as well as convenience to the customers.

DIFFERENCE BETWEEN WHOLESALE AND RETAIL

Basis for Comparison	Wholesale	Retail
Meaning	Wholesale is a business in which goods are sold in	When the goods are sold to the final consumer in small lots,

	large quantities to the retailers, industries and other businesses.	then this type of business is termed as retail.
Creates link between	Manufacturer and Retailer	Wholesaler and Customer
Price	Lower	Comparatively higher
Competition	Less	Very high
Volume of transaction	Large	Small
Capital Requirement	Huge	Little
Deals in	Limited products	Different products
Area of operation	Extended to various cities	Limited to a specific area
Art of selling	Not Required	Required
Need for advertisement	No	Yes

SERVICES PROVIDED BY THE WHOLESALERS TO THE MANUFACTURERS

- ❖ They place orders for the product in advance on the basis of expectations regarding the demand for the product. This enables the manufacturer to plan his production and secure the economies of scale.
- ❖ They may also provide transportation facility by carrying goods from producers to godowns and then to retailers.
- ❖ They perform advertising and sales promotion activities and also employ expert sales representatives for the purpose.
- ❖ They provide financial accommodation to manufacturers in the form of cash payments for goods purchased from them as well as provide credit to them.
- ❖ They keep the manufacturers updated on the changes in customers' habits, tastes, preferences and fashion.
- ❖ They also play an important role in fixation of the final prices of the goods.

SERVICES PROVIDED BY THE WHOLESALERS TO THE RETAILERS

- ❖ They act as the retailers 'buying agent' and saves them from the trouble of searching out and assembling goods from several manufacturers.

- ❖ They inform the retailers about the new products, its uses and changes in their prices. They also assist the retailers in advertising and selling of the products.
- ❖ They provide financial assistance to retailers, sell goods on credit to retailers and thus help them to operate with small working capital.
- ❖ A wholesaler being the ware-house keeper of the market, they protect the retailers from the risk of loss arising from holding large stocks of the product.
- ❖ They may also sort out different grades of products according to quality and pack the goods into small lots for the retailers.

SERVICES PROVIDED BY THE RETAILERS TO THE WHOLESALERS AND MANUFACTURERS

- ❖ They provide selling outlets to wholesalers and manufacturers.
- ❖ They save the manufacturers from the inconvenience and expenses of selling the goods in small lots to a large number of consumers.
- ❖ They communicate the needs and desires of consumers to the manufacturers.
- ❖ They may also arrange for transportation of goods from the wholesalers' godowns to the ultimate consumers.
- ❖ They may also perform storage function by keeping stocks of goods.

SERVICES PROVIDED BY THE RETAILERS TO THE CONSUMERS

- ❖ They anticipate the needs of consumers and accordingly assemble goods of different varieties. Thus they satisfy their demands and provide them a wide choice of goods.
- ❖ They sort out goods supplied by the wholesalers and keep them in convenient packages for the benefit of the consumers.
- ❖ They even act as an advisor and guide to the consumers by bringing new products to their notice and educating them about its diverse uses.
- ❖ They keep the consumers informed about the changing trends in the market about the different varieties of products.
- ❖ They also provide other services to the consumers such as free home delivery, aftersale services, credit facility, etc.

UNIT-IV

PROMOTIONS

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.

Meaning

Customer awareness. There is much more to promotion than advertising. Businesses use various methods to gain publicity. Promotion refers to the methods used by a business to make customers aware of its product. Advertising is just one of the means a business can use to create publicity.

MARKETING PROMOTIONAL METHODS

Promotions is the part of marketing that specifically involves communicating company or product information to targeted customers. This is a key component of the broader marketing system, because it is what usually makes customers aware of you, attracted to your brand, interested in buying and ultimately, loyal customers.

Advertising

Advertising takes up a significant portion of a company's budget allocated toward marketing and promotion. It includes the development and paid delivery of brand or product messages through media. Companies usually have internal advertising departments that design and develop ads, or they work with advertising firms who specialize in the advertising process. Since you pay for ad placement in media such as television, radio, newspapers and magazines, you generally have more control over the message than you do through some other promotional methods.

Public Relations

Maintaining goodwill with the public is an important long-term strategy for both small and large companies. A variety of public relations tactics are used to reach out to customers through unpaid-for media messages. Press releases are one of the most common and routine PR tactics. This is when a company sends an overview of a major change or event, product launch or other news to various media outlets. Press conferences, features news reports and newsletters are other common PR tools. A general objective of PR is to keep your brand in front of people even beyond paid ads. The challenge is you can't always control the way your PR messages are delivered or received.

Selling

While business typically engage in some level of advertising and public relations, the use of personal selling tactics varies considerably. Some small businesses don't employ active sales associates based on the small-scale products or services they sell. Companies with big-ticket items, such as electronics or appliances, more often use sales associates to stress the benefits of products to customers and to overcome their concerns. Selling is one of the most interactive forms of promotion.

Digital/Interactive

The evolution of the Internet and related technologies has given rise to digital and interactive promotional methods. Email marketing, online advertising and mobile advertising have all become common components of promotional campaigns. These methods are often relatively affordable for small businesses and offer direct connections to tech-savvy consumers who spend significant time online. Social media portals such as Twitter, Facebook and YouTube also provide inexpensive ways to interact with customers in real time.

PROMOTIONAL MIX

Promotional mix describes a blend of promotional variables chosen by marketers to help a firm reach its goals. It has been identified as a subset of the marketing mix. It is believed that there is an optimal way of allocating budgets for the different elements within the promotional mix to achieve best marketing results, and the challenge for marketers is to find the right *mix* of them.

FUNCTIONS OF PROMOTIONAL MIX



1. Personal Selling

Basically personal selling is one-to-one communication between seller and prospective purchaser. It generates direct contact with prospects and customers. It is one of the most expensive forms of promotion.

Examples: personal meetings, telemarketing, e-mails, and correspondence

2. Advertising

Advertising is a form of nonpersonal promotion. It is when companies pay to promote ideas, goods, or services in a variety of media outlets. It can be found everywhere. With

advertising, a company engages in a one-way communication to the prospect or customer. Examples: magazines, newspapers, television, websites, city buses, etc.

3. Direct Marketing

Direct marketing is a type of advertising directed to a targeted group of prospects and customers rather than to a mass audience. Two forms of direct marketing are printed by mail, or direct by e-mail. The goals of direct marketing are to generate sales or leads for sales representatives to pursue.

Direct marketing allows a business to engage in one-way communication with its customers about product announcements, special promotions, bulletins, customer inquiries, and order confirmations.

Examples: direct mail, e-mail

4. Sales Promotion

Sales promotion basically represents all marketing activities other than personal selling, advertising, and public relations. Sales promotions are used to stimulate purchasing and sales and the objectives are to increase sales, inform potential customers about new products, and create a positive business or corporate image.

Examples: coupons, product samples, point-of-purchase displays

5. Public Relations

Public relations activities enable an organization to influence a target audience. Most of the time, public relation campaigns try to create a favorable image for a company, its products, or its policies. Companies give news releases to announce newsworthy developments about a company's products or services, distribution channels, facilities, operations, partners, revenues and earnings, employees, and events. **Publicity** is one tactic that public relations professionals use. This means bringing newsworthy information to the public.

Examples: a campaign to encourage businesses to donate computers to schools, donating to hospitals, donating to a cause.

ADVERTISING

Advertisement can be defined as the “paid form of non-personal presentation and promotion of idea, goods or services by an identified sponsor”.

It is an impersonal presentation where a standard or common message regarding the merits, price and availability of product or service is given by the producer or marketer. The advertisement builds pull effect as advertising tries to pull the product by directly appealing to customer to buy it.

FEATURES OF ADVERTISING

1. Paid Form:

The sponsor has to pay for advertising he has to bear a cost to communicate with customers.

2. Impersonality:

There is no face to face contact between customers and advertiser. It creates a monologue and not a dialogue.

3. Identified Sponsor:

Advertisement is given by an identified company or firm or individual.

ADVANTAGES OF ADVERTISEMENT

(i) Reach:

Advertising can reach a large market. As through various media of advertising there is benefit of mass reach for example, any message given on All India Radio or TV can reach in different corners of the country wherever TV and Radio network is available.

(ii) Choice:

There is wide variety of media available for advertising for video, audio, visual audio, print media etc. Under each category large variety is available for example, in print media we can select from magazines, newspaper, banner etc. This variety or choice helps the marketer to select the media, keeping in mind the target customer.

(iii) Legitimacy:

In advertisement the messages regarding the product or service are given publicly to customers so there is always a proof for it and customers believe that publicly the company will not give false information of the product. The customer feels comfortable to buy a product which is widely advertised.

(iv) Expressiveness:

Advertising provides enough opportunities to marketers to dramatize the message with the help of drawings, colours, pictures, music, dance etc. They can easily express the use of product through various techniques, and can add multimedia effect also.

(v) Economy:

It is always felt that advertising increases the cost of product or service but advertising is considered economical as compared to other promotional techniques because it reaches masses and if we calculate cost per customer it is very low or nominal.

DISADVANTAGES OF ADVERTISING

(i) It is an Impersonal Communication/Less Forceful:

In advertising there is no direct communication between the customer and marketer. The marketer assumes that the message is communicated but the audience or customers do not pay any attention to impersonal messages conveyed through advertising. The response of customer cannot be known in advertising.

(ii) Advertising is less effective:

In advertising there is only one way communication i. e., communication from seller only, but two way communication is always more effective as in two way communication the customer gets chance to clarify his or her queries. Sometimes customers have many doubts regarding the use of product, these doubts can be clarified only when there is two way communication.

(iii) Difficulty in Media Choice:

In advertising various media are available. Each media have its own advantages and disadvantages. So the effectiveness of advertisement depends to a great extent on the right choice of media. When choice of media is faulty or wrong no matter how good the advertisement is it will not reach the target customer.

(iv) Inflexibility:

It is very difficult to change advertisement as companies use standardised messages which cannot be changed according to the need of customers.

(v) Lack of Feedback:

The evaluation of effectiveness of advertisement is very difficult as there is no immediate and accurate feedback given by the customers.

SALES PROMOTION

Sales promotion refers to short term use of incentives or other promotional activities that stimulate the customer to buy the product. Sales promotion techniques are very useful because they bring:

- ❖ Short and immediate effect on sale.
- ❖ Stock clearance is possible with sales promotion.
- ❖ Sales promotion techniques induce customers as well as distribution channels.
- ❖ Sales promotion techniques help to win over the competitor.

SALES PROMOTION TECHNIQUES FOR CUSTOMERS



Some of the sales promotion activities commonly used by the marketer to increase the sale are:

(i) Rebate:

It refers to selling product at a special price which is less than the original price for a limited period of time. This offer is given to clear off the stock or excessive inventory for example; coke announced 2 liter bottles at Rs 35 only.

(ii) Discounts:

This refers to reduction of certain percentage of price from list price for a limited period of time. The discounts induce the customers to buy and to buy more. Generally at the end of season big companies offer their products at discounted price to clear off the stock e.g., season's sale at Snow-White Jain Sons, Paul Garments, Bhuvan Garments, etc.

(iii) Refunds:

This refers to refund or part of price paid by customer on presenting the proof of purchase for example, Rs 2 off on presentation of empty pack of Ruffle Lays.

(iv) Premiums or Gifts/or Product Combination:

These are most popular and commonly used promotion tool. It refers to giving a free gift on purchase of the product. Generally the free gift is related to product but it is not necessary for example, Mug free with Bourn vita, Shaker free with Coffee, Toothbrush free with Toothpaste, etc.

(v) Quantity Deals:

It refers to offer of extra quantity in a special package at less price or on extra purchase some quantity free for example, buy three get one free e.g., this scheme of buy three get one free scheme is available on soaps.

(vi) Samples:

It refers to distribution of free samples of product to the customers. These are distributed when the seller wants the customer must try the product. Generally when a new product is launched for example, when Hindustan Level launched Surf Excel it distributed the samples as it wanted the customers to try it.

(vii) Contests:

It refers to participation of consumers in competitive events organised by the firm and winners are given some reward for example, Camlin Company organizes painting competition, Bourn vita quiz contest and some companies organise contest of writing slogans and best slogan is awarded prize.

(viii) Instant Draws and Assigned Gifts:

It includes the offers like 'scratch a card' and win instantly a refrigerator, car, T-shirt, computer etc.

(ix) Lucky Draw:

In this draws are taken out by including the bill number or names of customers who have purchased the goods and lucky winner gets free car, computer, A.C., T.V., etc. Draw can be taken out daily, weekly, monthly, etc.

(x) Usable Benefits:

This includes offers like 'Purchase goods worth Rs 5000 and get a holiday package' or get a discount voucher, etc.

(xi) Full Finance @ 0%:

Many marketers offer 0% interest on financing of consumer durable goods like washing machine, T.V. etc. e.g., 24 easy installments 6 paid as front payment and remaining 18 with post-dated cheques. In these types of scheme customers should be careful about the file charges etc.

(xii) Packaged Premium:

In this type of sales promotion the free gift is kept inside the pack. The gift is kept in limited products but the excitement of getting the gift induces the customer to buy the product for example, gold pendant in soap, gold coin in Tata tea etc.

(xiii) Container Premium:

This refers to use of special container or boxes to pack the products which could be reused by the customer for example, Pet Bottles for Cold Drinks. This bottles can be used for Steering Water, Plastic Jars for Bourn vita, Maltova, etc. which can be reused by the housewives in kitchen.

MERITS OF SALES PROMOTION

1. Attention Value:

The incentives offered in sales promotion attract attention of the people.

2. Useful in New Product Launch:

The sales promotion techniques are very helpful in introducing the new product as it induces people to try new products as they are available at low price or sometimes as free sample.

3. Synergy in Total Promotion Efforts:

Sales promotion activities supplement advertising and personal selling efforts of the company. Sales promotion adds to the effectiveness of advertisement efforts.

4. Aid to other Promotion Tools:

Sales promotion technique makes other promotion techniques more effective. Salesmen find it easy to sell products on which incentives are available.

DEMERITS OF SALES PROMOTION

1. Reflect Crisis:

If firm is offering sales promotion techniques again and again it indicates that there is no demand of product which can create crisis situation.

2. Spoil Product Image:

Use of sales promotion tool may affect the image of product as buyer feel that product is of low quality that is why firm is offering incentives.

PERSONAL SELLING

Personal selling means selling personally. This involves face to face interaction between seller and buyer for the purpose of sale.

The personal selling does not mean getting the prospects to desire what seller wants but the concept of personal selling is also based on customer satisfaction.

FEATURES OF PERSONAL SELLING

(i) Personal Interaction:

In personal selling the buyers and sellers have face to face interaction. This closeness allows both the parties to observe each other's action closely.

(ii) Two Way Communication:

In personal selling the sellers give information about the product, at the same time the buyer get a chance to clarify his doubts. It is suitable for sale of complex products where buyer wants to interact with the manufacturer.

(iii) Better Response:

When seller is personally explaining the utilities of product to the customers then customer do pay some attention and listen to the information.

(iv) Relationship:

When the seller and buyer come together this may improve relation between the customer and seller. Salespersons normally make friendly relations with the customers.

(v) Better Convincing:

Personal selling is most effective form of promotion because with this the sales person can convince the buyer by demonstrating the use of product and making changes in the product according to the need of customer.

QUALITIES OF A GOOD SALESMAN

The qualities which are commonly found among effective salesman are described below:

1. Physical Qualities:

A salesman must have good health and pleasing personality. He must be well built and free from physical defects. A pleasing and charming personality boosts self-confidence. Good grooming, appropriate dress, clean and tidy appearance and a good posture will go a long way in creating a first impression. More importantly, a salesman must always have a cheerful smile on his face.

2. Social Qualities:

A salesman must have good manners, courtesy in dealing with customers. The practice of greeting and thanking customers, using polite expression are necessary for success in personal selling. He should not be shy or reserved but an extrovert and a good listener. He must have the ability to say the proper things and do the right thing without offending others.

3. Mental Qualities:

A good salesman must have a high degree of intelligence, initiative and foresight. He must be intelligent and imaginative enough to understand the customer quickly and read his mind accurately.

Salesman must have two basic qualities i.e., empathy and ego drive. Empathy means he must have ability to understand the problem from customer's point of view. Ego drive means salesman must pursue sale not just for money but for recognition and personal success. A good salesman must have presence of mind and good common sense.

4. Technical Quality:

The salesman must have full technical knowledge about the product.

5. Other Qualities:

Other qualities, a salesman must possess, are:

- (i) A salesman must have a good power of memory and observation.
- (ii) A salesman must be honest and should not try to win the customer through false and misleading representation.
- (iii) A salesman must be a man of sound character, loyal and dependable. He must perform his duties sincerely.
- (iv) The salesman must have wide knowledge about the product he is selling and company he is representing.
- (v) He must have capacity to inspire trust.

ROLE OF PERSONAL SELLING

Personal selling plays a very important role in marketing of goods and services. It is important tool for businessmen, customers and society.

Personal selling is an important tool to increase the sale. It is important for businessman due to following reasons:

(i) Effective Promotion Tool:

Personal selling is an effective tool to increase the sale of product. Salesmen explain the merits of products to customers.

(ii) Flexible Tool:

Personal selling efforts can be changed according to the type of customer salesmen are attending. They may change the offer in varying purchase situations.

(iii) Minimum Wastage of Efforts:

As compared to other methods of promotion in personal selling the wastage of efforts is minimum.

(iv) Consumer Attention:

Through personal selling it is easy to get the attention of customer as there is face to face interaction between salesman and customers.

(v) Relationship:

Personal selling helps to create lasting relationship between customers and sales-persons which help in increasing sale.

(vi) Personal Support:

Through personal selling salesmen can create personal support with the customers. This can improve competitive strength of organisation.

(vii) Very Effective to Introduce New Product:

Personal selling is very effective to introduce a new product as salesman can explain the merits, show the demonstration and clarify the doubts of customers.

(iv) Importance to Customers:

Personal selling is very important from customer's point of view, as customers can get required information about the product from customers.

Customers are benefits by personal selling in the following ways:

❖ Helps in Identifying Needs:

alesmen help the customers to discover their needs and wants and they also help customers to know how these needs and wants can be satisfied.

❖ Latest Market Information:

In personal selling salesmen provide information regarding the new products available in market, uses of those products etc.

❖ Expert Advice:

Customers can get expert advice and guidance in purchasing various goods and services.

❖ Induces Customers:

Personal selling induces customers to buy products for satisfying their needs.

(v) Importance to Society:

Personal selling brings following positive effects for society

❖ **Converts Latest Demand into Effective Demand:**

Personal selling creates effective demand which results in increasing sale and more income. With more income there will be more products and services which in turn bring economic growth.

❖ **Employment Opportunities:**

Unemployed youth can work as salesman and earn their livelihood.

❖ **Career Opportunities:**

Personal selling offers attractive career with job satisfaction and security.

❖ **Mobility of Sales Persons:**

Sales people move from one place to other, this promotes travel and tourism industry.

❖ **Product Standardisation:**

With the help of personal selling there can be uniformity of consumption by supplying standardised products.

PUBLIC RELATIONS

- Apart from four major elements of marketing mix, another important tool of marketing is maintaining Public Relations. In simple words, a public relations means maintaining public relations with public. By maintaining public relations, companies create goodwill.
- Public relations evaluate public attitudes; identify the policies and procedures of an organisation with the public interest to earn public understanding and acceptance.
- Public does not mean only customers, but it includes shareholders, suppliers, intermediaries, customers etc.
- The firm's success and achievement depends upon the support of these parties for example, firm needs active support of middle men to survive in market, it must have good relations with existing shareholders who provide capital. T
- he consumers' group is the most important part of public as success of business depends upon the support and demand of customers only.

ROLE, SIGNIFICANCE, ADVANTAGES OF PUBLIC RELATIONS

Public relations are significant in the following ways:

- Help to convey the policies and programmes of the organisation.
- Help to collect information about public opinion about the organisation, management activities etc.
- To overcome the complaints and dislikes of public.
- To mould people's attitude in favour of organisation.

- To maintain goodwill and understanding between organisation and public.
- To build an image of the organisation.

WAYS/METHODS AND TOOLS OF PUBLIC RELATIONS

The companies can use the following tools to improve their relations with public:

1. News:

Sometimes companies get involved in such kind of activities or make such policies so that they get some positive coverage in news. For example, a company's name may be covered in news for reservation of jobs for women or for introducing new technology etc.

2. Speeches:

The speeches given by the leaders of corporate sectors influence various members of public specially banks, shareholders etc. Public relations department creates occasion when the speeches are delivered by the leader of company.

3. Events:

Events refer to organizing press conferences, multimedia presentation, matches, stage shows etc.

4. Written Materials:

Sometimes written materials such as Balance Sheet, Annual Reports, Special documents, Brochures etc. are circulated to various parties to improve and maintain public image of the company.

5. Public Service Activities:

Big business houses often associate themselves with various social service projects such as women welfare programmes, charity shows, up-keeping of parks, planting trees on road side, training schools, running schools, colleges, hospitals etc.

UNIT-V

MARKET RESEARCH

Meaning

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face .

Definition

According to **American Marketing Association (AMA)**, "Marketing Research is the systematic gathering, recording and analysing of data about problems relating to the marketing of goods and services."

DATA COLLECTION

Definition

The collection of data from surveys, or from independent or networked locations via data capture, data entry, or data logging.

PRIMARY DATA

Definition

Data used in research originally obtained through the direct efforts of the researcher through surveys, interviews and direct observation. Primary data is more costly to obtain than secondary data, which is obtained through published sources, but it is also more current and more relevant to the research project.

SECONDARY DATA

Definition

Secondary data is information that has been collected for a purpose other than your current research project but has some relevance and utility for your research.

FEATURES OF MARKETING RESEARCH

❖ **Systematic and scientific**

Marketing research is conducted in a step-by-step manner. It is conducted in an orderly fashion. Therefore, it is systematic. Marketing research uses scientific methods. Thus, it is also scientific.

❖ **Science and art**

A Science collects knowledge (data) while an Art uses this knowledge for solving problems. Marketing research first collects data. It then uses this data for solving marketing problems. Therefore, it is both, a Science and an Art.

❖ **Collects and analyzes data**

Marketing research gathers data accurately and objectively. It first collects reliable data and then analyses it systematically and critically.

❖ **Continuous and dynamic process**

The company faces marketing problems throughout the year. So, Marketing research is conducted continuously. It continuously collects up-to-date data for solving the marketing problems. Large companies have their own marketing research departments. They conduct Marketing research continuously throughout the year. Therefore, Marketing research is a continuous process. It is a dynamic process because it goes on changing. It does not remain static (the same). It uses new methods and techniques for collecting, recording and analyzing the data.

❖ **Tool for decision-making**

The marketing manager has to take many decisions. For this, he requires a lot of data. Marketing research provides correct and up-to-date data to the marketing manager. This helps him to take quick and correct decisions. Therefore, Marketing research is an important tool for decision-making.

❖ **Benefits company and consumers**

Marketing research is useful to the company in many ways. It increases the sales and profits of the company. It helps the company to fight competition and boost its goodwill in the market. It reduces the marketing risks. In short, Marketing research brings success to the company. It also brings the company closer to the consumers. It gives convenience and satisfaction to the consumers.

TYPES OF DATA: PRIMARY AND SECONDARY DATA

There are many ways of classifying data.

❖ **Primary data**

Data collected by the investigator himself/ herself for a specific purpose.

Examples

Data collected by a student for his/her thesis or research project.

(In movies) The hero is directly told by the heroine that he is her “ideal man”.

❖ **Secondary data**

Data collected by someone else for some other purpose (but being utilized by the investigator for another purpose).

Examples

Census data being used to analyze the impact of education on career choice and earning.

(In movies) The hero reads a fictional account of the heroine’s “ideal man” (written for a course in English composition) that seems to describe him accurately. He seeks confirmation from his friends, concluding that *he* is her “ideal man”. (He never asks her directly, but assumes the “facts” are correct).

ADVANTAGES OF PRIMARY DATA

1. The investigator collects data specific to the problem under study.
2. There is no doubt about the quality of the data collected (for the investigator).
3. If required, it may be possible to obtain additional data during the study period.

DISADVANTAGES OF PRIMARY DATA

1. The investigator has to contend with all the hassles of data collection.
2. Ensuring the data collected is of a high standard.
3. Cost of obtaining the data is often the major expense in studies.

ADVANTAGES OF SECONDARY DATA

1. The data’s already there- no hassles of data collection.

2. It is less expensive.
3. The investigator is not personally responsible for the quality of data.

DISADVANTAGES OF SECONDARY DATA

1. The investigator cannot decide what is collected (if specific data about something is required, for instance).
2. One can only hope that the data is of good quality
3. Obtaining additional data (or even clarification) about something is not possible (most often)

MARKETING RESEARCH PROCESS



The various stages or steps in the marketing research process are discussed below:

1. Identification and Defining the Problem

The market research process begins with the identification “of a problem faced by the company. The clear-cut statement of problem may not be possible at the very outset of research process because often only the symptoms of the problems are apparent at that stage.

Then, after some explanatory research, clear definition of the problem is of crucial importance in marketing research because such research is a costly process involving time, energy and money.

Clear definition of the problem helps the researcher in all subsequent research efforts including setting of proper research objectives, the determination of the techniques to be used, and the extent of information to be collected.

It may be noted that the methods of explanatory research popularly in use are—survey of secondary data, experience survey, or pilot studies, i.e., studies of a small initial sample. All this is also known as ‘preliminary investigation’.

2. Statement of Research Objectives:

After identifying and defining the problem with or without explanatory research, the researcher must take a formal statement of research objectives. Such objectives may be stated in qualitative or quantitative terms and expressed as research questions, statement or hypothesis.

3. Planning the Research Design or Designing the Research Study:

After defining the research problem and deciding the objectives, the research design must be developed. A research design is a master plan specifying the procedure for collecting and analysing the needed information.

It represents a framework for the research plan of action.

The objectives of the study are included in the research design to ensure that data collected are relevant to the objectives.

At this stage, the researcher should also determine the type of sources of information needed, the data collection method (e.g., survey or interview), the sampling, methodology, and the timing and possible costs of research.

4. Planning the Sample:

Sampling involves procedures that use a small number of items or parts of the ‘population’ (total items) to make conclusion regarding the ‘population’.

5. Data Collection:

The collection of data relates to the gathering of facts to be used in solving the problem. Hence, methods of market research are essentially methods of data collection.

Data can be secondary, i.e., collected from concerned reports, magazines and other periodicals, especially written articles, government publications, company publications, books, etc.

Data can be primary, i.e., collected from the original base through empirical research by means of various tools.

6. Data Processing and Analysis:

Once data have been collected, these have to be converted into a format that will suggest answers to the initially identified and defined problem.

Data processing begins with the editing of data and its coding. Editing involves inspecting the data-collection forms for omission, legibility, and consistency in classification.

Before tabulation, responses need to be classified into meaningful categories.

7. Formulating Conclusion, Preparing and Presenting the Report:

The final stage in the marketing research process is that of interpreting the information and drawing conclusion for use in managerial decision.

The research report should clearly and effectively communicate the research findings and need not include complicated statement about the technical aspect of the study and research methods.

NEED AND IMPORTANCE OF MARKETING RESEARCH

The most important task of a marketer is to get the right product at the right place with the right price to the right person. Besides, it was also necessary to go back and find whether consumer is getting optimum satisfaction, so that consumer remains loyal. These aspects made it imperative for the marketers to conduct marketing research.

1. Identifying problem and opportunities in the market:

It helps in identifying new market opportunities for existing and new products. It provides information on market share, nature of competition, customer satisfaction levels, sales performances and channel of distribution. This helps the firms is solving problems.

2. Formulating market strategies:

Today, markets are no more local. They have become global. Manufactures find it difficult to contact customers and control distribution channels. Competition is equally severe. The consumer needs are difficult to predict.

Market segmentation is a complicated task in such wide markets. The marketing intelligence provided through marketing research not only helps in framing but also in implementing the market strategies.

3. Determining consumer needs and wants:

Marketing has become customer-centric. However, large-scale production needs intermediaries for mass distribution. Due to prevalence of multi channels of distribution, there is an information gap.

Marketing research helps in collecting information on consumers from structured distribution research and helps in making marketing customer oriented.

4. For effective communication mix:

In an era of micro- rather than mass-marketing, communication plays a vital role. Marketing research uses promotional research to study media mix, advertising effectiveness and integrated communication tools.

Research on such aspects will help in promoting effectively a company's product in the market.

5. Improving selling activities:

Marketing research is used to analyse and evaluate performances of a company within a market. It also studies effectiveness of a sales force. It helps in identifying sales territories.

Such information helps the companies in identifying areas of shortcoming in sales. It also examines alternative methods for distribution of goods.

6. For sales forecasting:

The most challenging task for any production manager is to keep optimum levels of inventory. However, production is undertaken in anticipation of demand. Therefore, scientific forecast of

sales is required. Marketing research helps in sales forecasting by using market share method, sales force estimate method and jury method. This can also help in fixing sales quotas and marketing plans.

7. To revitalize brands:

Marketing research is used to study and find out the existing brand position. It finds out the recall value of brands. It explores the possibilities of brand extension or prospects of changing existing brand names.

The main purpose of marketing is to create brand loyalty. Marketing research helps in developing techniques to popularize and retain brand loyalty.

8. To facilitate smooth introduction of new products:

Marketing research helps in testing the new products in one or two markets on a small scale. This helps in finding out consumer response to new product and develop a suitable marketing mix.

It reveals the problems of the customers regarding new products. Thus, it controls the risk involved in introducing a new product.

9. Determine export potentials:

The development in transport and communication has helped in globalization and digitalization of world trade. This has helped in boosting the growth of international markets. Marketing research helps in conducting market survey for export.

It collects information on marketing environment prevailing in a country. By collecting data on consumers from different countries, it indicates export potentials.

10. Managerial decision-making:

Marketing research plays a vital role in the decision-making processes by supplying relevant, up-to-date and accurate data to the decision-makers.

Managers need up-to-date information to access customer needs and wants, market situation, technological change and extent of competition.

MANAGEMENT INFORMATION SYSTEMS (MIS)

- ❖ A management information system (MIS) is a computerized database of financial information organized and programmed in such a way that it produces regular reports on operations for every level of management in a company.
- ❖ It is usually also possible to obtain special reports from the system easily. The main purpose of the MIS is to give managers feedback about their own performance; top management can monitor the company as a whole.

- ❖ Information displayed by the MIS typically shows "actual" data over against "planned" results and results from a year before; thus it measures progress against goals. The MIS receives data from company units and functions.
- ❖ Some of the data are collected automatically from computer-linked check-out counters; others are keyed in at periodic intervals.
- ❖ Routine reports are preprogrammed and run at intervals or on demand while others are obtained using built-in query languages; display functions built into the system are used by managers to check on status at desk-side computers connected to the MIS by networks. Many sophisticated systems also monitor and display the performance of the company's stock.

DISTINGUISH BETWEEN MARKETING RESEARCH AND MARKETING INFORMATION SYSTEM

	MARKETING INFORMATION SYSTEM	MARKETING RESEARCH
Meaning	MIS means to collect, analyze and supply relevant marketing information to the marketing managers. The marketing managers use this information for taking effective marketing decisions. It is a permanent and continuous process.	Marketing Research (MR) is a systematic process of collecting and analyzing information to solve a specific marketing problem.
Purpose	The main purpose of MIS is to provide relevant information to marketing managers and enable them to make effective marketing decisions.	However, the main purpose of Marketing Research (MR) is to solve a specific marketing problem.
Scope	The scope of MIS is wide. Marketing Research (MR) is one of its component. It is not only used to solve problems but also helps to prevent problems in the future	The scope of Marketing Research (MR) is narrow. It is one small part of MIS. It solves a specific present marketing problem.
Nature	MIS is more nonspecific or general in nature. It can solve many types of marketing problems.	Marketing Research (MR) is more specific or particular in nature. At one time, it can only solve a single type of marketing problem.

Reports	MIS gives four types of reports namely, plan-reports, periodic-reports, triggered-reports and demand reports.	Marketing Research (MR) provides only one report called as 'MR Report.'
Reports	MIS gives four types of reports namely, plan-reports, periodic-reports, triggered-reports and demand reports.	Marketing Research (MR) provides only one report called as 'MR Report.'
Orientation :	Orientation of MIS is more future-oriented when compared to MR.	However, the orientation of Marketing Research (MR) is more past and present one when compared to MIS. It concentrates more on earlier and latest information. It uses this information to solve a current marketing problem.
Problems	MIS deals with and attempts to solve many different marketing problems at one time. For this, it collects, stores, analyze and supply relevant market information to the marketing managers	Marketing Research (MR) only deals with a single marketing problem at one time. It doesn't solve multiple marketing problems simultaneously.
Data	In MIS, the data is collected more frequently, usually almost daily. This is a must for every company.	In Marketing Research (MR), the data is not collected as frequently as MIS. It is collected on a required basis.

MARKETING DECISION

A marketing decision support system (sometimes abbreviated MKDSS) is a decision support system for marketing activity. The system is used to help businesses explore different scenarios by manipulating already collected data from the past events.

IMPORTANCE IN MARKETING DECISIONS

Regardless of whether a new organization is developing a brand-new marketing plan or if an established organization is tweaking or re-creating a plan that already exists, any effective marketing plan is built on the core fundamentals. Most marketing decisions fall into one of four main categories. These categories are known as the four Ps: product, price, place and promotion.

Product

You should first consider what the product or products you offer or plan to offer in the near future will be. Product marketing decisions include coming up with a brand name, creating a quality product, determining the functionality of the item and making the item safe to use. When developing the product, you also must determine if there should be a warranty associated with it and what kinds of repairs or support you will offer.

Price

Most organizations sell products for different prices to different types of consumers. You need to decide what these prices will be. For example, you might sell a product on your website for a certain price. However, if a consumer is willing to buy a box or a crate of the product, you can sell the product for a lower price per unit to sell more units. Likewise, you can decrease the price per unit again if a big-box store or other large retailer wants to buy in bulk and stock the product in many stores.

Place

Place in the marketing sense refers to the distribution of the product. Place considerations involve decisions that affect how you will get the product where it belongs, how you will manage inventory, how warehouse operations will be carried out and if distribution centers will be established. When you consider place, you also must consider where you perceive the product will sell best. For some products this means in the store, while for other products this means online.

Promotions

When you make promotional decisions, you must consider what you view as the most effective means available to communicate to others about the product. For large organizations, this often means a full-out media blitz that includes television commercials, print advertisements, billboards and websites. A smaller organization can talk with local retailers about setting up displays, giving away samples and establishing a social media presence to build word-of-mouth advertising.

INTERACTIVE MARKETING

Meaning

Interactive marketing is a one to one marketing process that reacts and changes based on the actions of individual customers and prospects. This ability to react to the actions of customers and prospects means that trigger based marketing is dramatically more effective than normal direct marketing.

Definition

Trading situation where the buyers specify the nature and application of products they wish to buy and sellers try to match these requests almost instantly or in a very short time. A large part of trading over the internet is through interactive marketing.

FEATURES OF INTERACTIVE MARKETING

Interactive marketing is a type of advertising that includes several types of Internet sales strategies. These include social networking, website architecture and online stores. In today's world of modern technology and e-commerce, many product and service providers are finding that interactive marketing online is cost-effective and provides several advantages.

Increased Sales Conversions

A successful interactive marketing strategy converts consumers from reader to buyer. In sales and marketing terms, this is called a "sales conversion."

A common way to promote sales conversion in an interactive marketing scheme is to label purchasing opportunities with calls to action.

Lower Overhead Expenses

Common interactive marketing techniques such as electronic merchants and online stores can significantly reduce your overhead expenses in rent, payroll, shipping and printing, according to the Terry Ladouceur Internet business website.

By providing shoppers the convenience of instant, electronic purchasing, you eliminate much of the need for warehouses, showrooms, sales representatives and cashiers because transactions are made online.

Audience Engagement

Many interactive marketing techniques allow sellers to engage their audience, provide interesting -- and even fun -- shopping experiences and learn more about their target consumers. For instance, a bakery that provides customized cakes can engage its target audience with a website that allows them to customize a cake.

An interactive site in which visitors can choose the style of the cake, frosting, color, decorations, size and font and view it next to an "Add to Cart" button encourages the purchase. Periodically checking what combinations website visitors experimented with helps gauge consumer needs.

Social Network Sharing

Social networking is a big part of interactive marketing whether your business uses it or not. If you place the link on her social networking page, your friends will see it, their friends will see it and in many cases some percentage of the friends' social network may also click the link or share it themselves.

What this means for the bakery owner is more visits to his website and potentially more customers. Creating social networking profiles specifically for business is an ideal way to interact with consumers and an affordable way to advertise.

Feedback

Social networking campaigns provide instant feedback on products and services and allow sellers to identify target markets, consumer demands and provide or adjust products appropriately.

By posting your ads and promotions through your profile and reading through the comments, you can discover what consumers think about your products and services. Even without direct feedback, you can gauge the effectiveness of your ads by exploring the number of times it has been read and shared.

ADVANTAGES & DISADVANTAGES OF INTERACTIVE MARKETING

Personalization

- A benefit of interactive marketing is that it allows a customer to create his own personalized version of the ad. For example, an auto manufacturer may design a website for one of its car models that allow the customer to select the paint color of the vehicle and the pattern on the car seats, and include additional equipment such as a rear spoiler or tinted windows. The visitor can see what the car looks like with each option selected and order his ideal car.

Delivery

- Interactive marketing can be a less disruptive type of advertising. When a company broadcasts a noninteractive ad during an intermission in a television or radio show, the client may regard the commercial as an annoying interruption of the show. With interactive advertising, the marketer can design the ad so that the customer will search for it herself, instead of having it interfere with her enjoyment of other media, according to the University of Alaska.

Sharing

- With interactive marketing, an advantage is that a satisfied customer can create a customized pitch for another potential customer, according to California State University, Chico. For example, a visitor to a dress maker's website can design a dress with the color and fabric that one of her friends prefers and then send an ad with a picture of the dress to her friend. The dress maker may offer the visitor a free dress if she sends enough of these ads to her friends.

Accessibility

- A disadvantage of interactive marketing is that access to the ad may depend on products that the customer already owns. If a tailor creates a website to display his line of shirts, a customer needs to have access to a computer to be able to view the shirts. If the tailor placed a poster on the side of a building, the customer can walk past the poster and see pictures of the shirts without making another purchase first.

Control

- Another disadvantage of interactive marketing is that a company can lose control of its brand, according to Northern Illinois University. For example, if a tailor allows customers to create their own designs to place on an image of one of her shirts, a customer may create a derogatory image and share it with her friends, which may harm the tailor's reputation.

INTERNET MARKETING

Internet marketing, or online marketing, refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce, in addition to sales leads from Web sites or emails. Internet marketing and online advertising efforts are typically used in conjunction with traditional types of advertising such as radio, television, newspapers and magazines.

WAYS TO USE THE INTERNET FOR MARKETING

1. Increase product awareness

Consumers will only buy products they know about. Products that are unknown and unpopular can easily be snubbed. Internet marketing can increase product awareness, and through Internet marketing the public can be introduced to the existence of your company, who you are, and what you can offer.

2. Reach out to a wider and bigger audience

There is no doubt that print ads, television, and the radio are still the best means to reach out to people, but with the constant technological advancements more and more people are gaining Internet access. In fact, almost one-third of the world's population has access to the Internet. Through Internet marketing, you can reach more people, both local and international.

3. Cost effectiveness

Internet marketing is one of the most cost-effective means of advertising. With just a small amount of money, you can tap into a tremendously large market. Of course, you still have the choice to invest higher amounts of money to be even more effective in Internet marketing. Since the World Wide Web is getting fiercer in terms of competition, you need to be more aggressive with your Internet marketing strategy.

4. Consumer preference

During the past few years, the number of online shoppers has increased consistently. Most people are now turning to the Internet and researching their needs before making a purchase. Since Internet shopping is more convenient and cost-effective on the part of consumers, more and more people are now shopping online. Thus, if you want to increase your sales, you must be present online to catch these customers.

5. Increase traffic

If you already have a website, you cannot expect it to gather more visitors just by itself. You need to actively exert effort in increasing its traffic, and this can be done through Internet marketing and graphic design Gloucester by Blumango. When you have a bigger website audience,

you can easily disseminate information about your company, foster good client relationships, increase profit and gains, improve product image, enhance product awareness, and many other positive points.

6. Increase sales

With all the benefits mentioned above, there is no doubt that you will have a higher return of investment. Not only that, but Internet marketing can put forward a positive compound effect on your website. This means that the effort your exerted last month will still have its effects for years to come.

TYPES OF INTERNET WEB MARKETING

There are several types of internet web marketing, some which work alone, others which work in conjunction with others. Here is a summary:

Search Engine Marketing (SEM)

A type of web marketing which promotes web sites by increasing visibility in search engine results pages through search engine optimization as well as through paid advertising, strategic content marketing and social media networks.

Search Engine Optimization (SEO)

A refinement of SEM, improving the rankings or visibility of a web page in search engines search results. SEO programs work to move targeted search results higher in rankings when results are presented to users of search engines such as Google, Bing, Yahoo!, and others.

The higher the ranking when results are displayed, the more likely consumers are to click on the link and go to the targeted web site.

Display Advertising

Advertising in a static, set space which is composed of images or artwork and words. Similar to ads in newspapers and magazines.

Pay Per Click Advertising

Advertising which is presented on speculation by a web publisher such as a search engine results page or a home page on a browser which only charges the advertiser for the number of times someone clicks on the ad to go to the targeted web site, not the number of viewers of the advertisement.

Social Media Marketing

Marketing using social media outlets such as Facebook or other similar sites. This type of marketing includes creating pages on the site directly promoting a company, organization, or product which can be easily accessed from on or outside of the site. Social media marketing can also factor into SEO programs.

E-Mail Marketing

Marketing based on the distribution of a message via e-mail. E-Mail marketing can consist of a text message, a combination of words and images such as in a display ad, or provide access to a video on a web site or public video site such as YouTube.

E-mail marketing also has the ability to offer a link to a specific web site to drive traffic and revenue to that site.

Referral Marketing

One of the most subtle forms of web marketing, referral marketing is based on one individual pleased enough with a web site or social media site to refer it to another person, who hopefully creates a chain reaction of referrals from one group of individuals to another.

Referral marketing also can be a major component of SEO programs.

Affiliate Marketing

Marketing by a third party which refers customers to a specific web site or vendor. “Affiliates” market their own products, such as through a web site, but have links to other web sites unrelated to their site, but have some interest in common for consumers.

Affiliates are rewarded for the number of times someone links from their site to the targeted site.

Inbound Marketing

A method to draw attention and visits to a web site by placing information on a web site others are seeking.

This includes the use of providing valuable information via blogs or articles on a web site, or general information provided as web site content beyond the main purpose of the web site.

Video Marketing

Marketing through the use of videos, such as found on YouTube or similar sites. Videos can be of any length (depending on the limitations of the site hosting the video) and have any content, message, or advocacy for a cause.

Videos may be as simple as an individual standing in front of a camera talking, to full, rich production values as would be found in a movie theater. Video marketing marries the strengths of sound and moving sight to present a powerful message.

BENEFITS OF INTERNET MARKETING

Internet marketing is important because it aligns with the way consumers make purchasing decisions. Studies by analysts such as Gartner indicate that increasing numbers of consumers use social media and research on mobile Internet to carry out preliminary product and price research before making final decisions. Internet marketing enables you to build relations with customers and prospects through regular, low-cost personalized communication, reflecting the move away from mass marketing.

Convenience

Internet marketing enables you to be open for business around the clock without worrying about store opening hours or overtime payments for staff. Offering your products on the Internet is also convenient for customers. They can browse your online store at any time and place orders when it is convenient for them.

Reach

By marketing on the Internet, you can overcome barriers of distance. You can sell goods in any part of the country without setting up local outlets, widening your target market. You can also build an export business without opening a network of distributors in different countries. However, if you want to sell internationally, you should use localization services to ensure that your products are suitable for local markets and comply with local business regulations. Localization services include translation and product modification to reflect local market differences.

Cost

Marketing products on the Internet costs less than marketing them through a physical retail outlet. You do not have the recurring costs of property rental and maintenance. You do not have to purchase stock for display in a store. You can order stock in line with demand, keeping your inventory costs low.

Personalization

Internet marketing enables you to personalize offers to customers by building a profile of their purchasing history and preferences. By tracking the web pages and product information that prospects visit, you can make targeted offers that reflect their interests. The information available from tracking website visits also provides data for planning cross-selling campaigns so that you can increase the value of sales by customer.

Relationships

The Internet provides an important platform for building relationships with customers and increasing customer retention levels. When a customer has purchased a product from your online store, you can begin the relationship by sending a follow-up email to confirm the transaction and thank the customer. Emailing customers regularly with special, personalized offers helps to maintain the relationship. You can also invite customers to submit product reviews on your website, helping to build a sense of community.

Social

Internet marketing enables you to take advantage of the growing importance of social media. An article on the Harvard Business School Executive Education website highlighted the link between social networking and online revenue growth. According to the article, a group of consumers that responded most strongly to the influence of social networks generated increased sales of around 5 percent. You can take advantage of this type of influence by incorporating social networking tools in your Internet marketing campaigns.

ONLINE AUCTIONS**Meaning**

Auction Market' A market in which buyers enter competitive bids and sellers enter competitive offers at the same time. The price a stock is traded represents the highest price that a buyer is willing to pay and the lowest price that a seller is willing to sell at.

Definition

Virtual auctions on the internet. The seller sells the product or service to the person who bids the highest price. For sellers, online auctions open up new sales channels for new products and offer buyers favorable purchasing conditions. .

ADVANTAGES OF ONLINE AUCTIONS

Convenience

- You can buy an item even if you are just in your house or office.

Access to Full Information

- The buyer can get the chance to check all the information about the item for sale. You can even review the terms of payment and feedback ratings of the online seller. You may even check the other items that he/she is selling.

Time Saving

- Shopping is more time-consuming as compared to online auctions.

Selection

- The buyer have the chance to view various similar items before coming up with a decision to join the online auction.

DISADVANTAGES OF ONLINE AUCTIONS

Overpaying

- A lot of people are easily carried away in a bidding contest that they tend to pay over the odds just to get the item that they want.

Fakes

- Some items displayed on online auctions are fake and it may not also match the description posted on the site.

Scams

- Both buyers and sellers can be subject to scamming. There are some instances that a paid item never gets delivered. Some traders make use of unfair or illegal actions just to push up the bids to scam the online buyer.

RECENT TRENDS IN MARKETING

Video ads will start dominating

Video ads are certainly nothing new, with social channels like YouTube dedicated to hosting billions of videos and advertising platforms like Facebook and Bing already offering advertisers video options.

2016 is set to be different because Google is finally getting on board with in-SERP video advertising. It's a sign that users are becoming more accepting of video ads online, and as that

trend continues, expect to see more types of video ads popping up in more unexpected places. With Google's ownership of YouTube, the possibilities are virtually limitless.

App indexing will lead to an explosion of apps

Google has offered app indexing for a while, but as the ranking possibilities for apps become more complex, 2016 will be the year more business owners realize the online visibility advantages of a dedicated app.

A mobile-optimized site works wonders for appealing to the mobile crowd, but soon, apps will begin to replace them. Apps can do everything that websites can, except in more intuitive, convenient, accessible ways. We're still several years away from apps completely replacing websites as a medium, but 2016 will be a pivotal year in app adoption from business owner's perspectives.

Mobile will completely dominate desktop

2015 was a big year for mobile—not only did Google announce that mobile traffic finally overtook desktop traffic in 10 different countries, it was also the year they released the “Mobilegeddon” algorithm update to phase out sites not optimized for mobile.

But apparently, you don't have to have an optimized desktop site in addition to a mobile version—according to Google, a mobile-only site with no desktop counterpart is perfectly acceptable. This alone won't be enough to drive down desktop traffic, but it's clear what side of the fence Google's on; they're banking on desktop traffic fading away, meaning the smart money rests on mobile-focused online marketing.

Digital assistants will lead to a new kind of optimization

Search engine optimization (SEO) and pay-per-click (PPC) advertising are two highly popular strategies for getting your site seen by thousands of previously unknown visitors. But the rise of digital assistants is going to lead to a new kind of optimization.

Digital assistants like Siri and Cortana do utilize traditional search engines, but only when necessary to find information. The key to optimizing in this new format is to make sure your business information is easily accessible to these assistants, rather than trying to funnel people to your site specifically.

Virtual reality will emerge

There are dozens of different virtual reality devices set to release in the next few years, some of which are dedicated for specific applications like video games, and others which are available for general use. Oculus Rift, arguably the most hyped VR device, is set to release in the first quarter of 2016.

Oculus Rift and other VR devices will introduce an entire new medium of online advertising, with integration to popular social media platforms, video channels, and even forms of direct messaging. There's always a chance VR could fizzle as a temporary fad, but there are billions of dollars of funding in limbo, ready to bet otherwise.