MARKETING MANAGEMENT

UNIT I

Nature and Scope Of Marketing, Corporate orientations towards the marketplace, The Marketing Environment, Environment Scanning.

Concepts of Marketing

Introduction: Marketing, as indicated in the term, denotes a process that is continuous in nature. The market should be continuously involved in initiating, conducting and finalizing transactions and exchange. This is an unending process and would continue till production and consumption cease to exist in the world.

Meaning: The term ‘marketing’ can be defined analytically or operationally. The analytic way of explaining the terms to show how marketing differs from various other activities of a firm, marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “***meeting needs profitably”.***

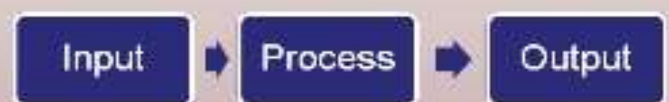
Definitions: According to kotler: “Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target **market at a profit. Marketing** identifies unfulfilled needs and desires”

- **According to American management association:** “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives”.

NATURE OF MARKETING

NATURE OF MARKETING

- Exchange is the essence of marketing.
- Marketing is customer/ consumer oriented.
- Marketing starts and ends with customers/ consumers.
- Modern marketing precedes and succeeds production.
- Marketing is goal oriented and the goal being profit maximization through satisfaction of human needs.
- Marketing is a science as well as an art.
- Marketing is the guiding element of business (It tells what, when, how to produce; Marketing is capable of guiding and controlling business.
- Marketing is a system .



- Marketing is a process, i.e., series of interrelated functions.

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SCOPE OF MARKETING

Scope of Marketing

Marketing has a very wide scope it covers all the activities from conception of ideas to realization of profits. Some of them as discussed as below:

- **Study of Consumer Wants and Needs:** Goods are produced to satisfy consumer wants. Therefore study is done to identify consumer needs and wants. These needs and wants motivates consumer to purchase.
- **Study of Consumer behaviour:** Marketers performs study of consumer behaviour. Analysis of buyer behaviour helps marketer in market segmentation and targeting.
- **Product Planning and development :** It includes the activities of product research, marketing research, market segmentation, product development, determination of the attributes, quantity and quality of the products.
- **Branding:** Branding of products is adopted by many reputed enterprises to make their products popular among their customer and for many other benefits. Marketing manager has to take decision regarding the branding policy, procedures and implementation programs.
- **Packaging**: Packaging is to provide a container or wrapper to the product for safety, attraction and ease of use and transportation of the product.

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Scope of Marketing

- **Channels of Distribution:** Decision regarding selection of most appropriate channel of distribution like wholesaling, distribution and retailing is taken by the marketing manager and sales manager.
- **Pricing Policies:** Marketer has to determine pricing policies for their products. Pricing policies differs form product to product. It depends on the level of competition, product life cycle, marketing goals and objectives, etc.
- **Sales Management:** Selling is a part of marketing. Marketing is concerned about all the selling activities like customer identification, finding customer needs, persuading customer to buy products, customer service, etc.
- **Promotion:** Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.
- **Finance:** Marketing is also concerned about the finance, as for every marketing activity be it packaging, advertising, sales force budget is fixed and all the activities have to be completed with in the limit of that budget.
- **After Sales services:** Marketing covers after sales services given to customers, maintaining good relationships with customers, attending their queries and solving their problems.

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Marketing Process

- **Introduction: The activities of marketers both reflect and shape the world we live in.** Every year new products and services are launched and some of them succeeds on an unprecedented scale. As in the case of Apple's iPod, iPhone, and also iPad. They all are great inventions and highly successful in market.
- **Meaning of Marketing Process** The Marketing Process of a company typically involves identifying the viable and potential marketing opportunities in the environment, developing strategies to effective utilise the opportunities, evolving suitable marketing strategies, and supervising the implementation of these marketing efforts.

- Marketing process involves ways that value can be created for the customers to satisfy their needs. Marketing process is a continual series of actions and reactions between the customers and the organisations which are making attempt to create value for and satisfy needs of customers. In marketing process the situation is analysed to identify opportunities, the strategy is formulated for a value proposition, tactical decisions are taken, plan is implemented, and results are monitored.

Steps in Marketing Process

- Following are the steps involved in the Marketing Process :-
- **Situation Analysis**
- **Marketing Strategy**
- **Marketing Mix Decision**
- **Implementation and Control**

1. **Situation Analysis:Analysis of situation in which the organisation finds itself serves as** the basis for identifying opportunities to satisfy unfulfilled customer needs. Situational and environmental analysis is done to identify the marketing opportunities, to understand firms own capabilities, and to understand the environment in which the firm is operating.
2. **Marketing Strategy :After identifying the marketing opportunities a strategic plan is** developed to pursue the identified opportunities.

3. **Marketing Mix Decisions: At this step detailed tactical decisions are made for the** controllable parameters of the marketing mix. It includes - product development decisions, product pricing decisions, product distribution decisions, and product promotional decisions.
4. **Implementation and Control: Finally, the marketing plan is implemented and the** results of marketing efforts are monitored to adjust the marketing mix according to the market changes.

CORPORATE ORIENTATION TOWARDS THE MARKETPLACE

As the market has changed, so has the way the company deals with the marketplace. The company orientation towards marketplace deals with the concepts which a company may apply while targeting a market. There are basically five different orientations which a company takes towards the marketplace.

1. Production Concept
2. Product Concept
3. Selling Concept
4. Marketing Concept
5. Societal Marketing Concept

- **1.Production Concept: Those companies who believe in this philosophy think that if** the goods/services are cheap and they can be made available at many places, there cannot be any problem regarding sale. Keeping in mind the same philosophy these companies put in all their marketing efforts in reducing the cost of production and strengthening their distribution system. In order to reduce the cost of production and to bring it down to the minimum level, these companies indulge in large scale production.
- **2.Product Concept: Those companies who believe in this philosophy are of the opinion** that if the quality of goods or services is of good standard, the customers can be easily attracted. The basis of this thinking is that the customers get attracted towards the products of good quality. On the basis of this philosophy or idea these companies direct their marketing efforts to increasing the quality of their product.

- **3.Selling Concept: Those companies who believe in this concept think that leaving** alone the customers will not help. Instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold.
- **4.Marketing Concept: Those companies who believe in this concept are of the opinion** that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods/service should be made available which the consumers want or desire and not the things which you can do.
- **5.Societal Marketing Concept: This concept stresses not only the customer satisfaction** but also gives importance to Consumer Welfare/Societal Welfare. This concept is almost a step further than the marketing concept. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

The Marketing Environment

Introduction: Environmental analysis is a strategic tool. It is a process to identify all the external and internal elements, which can affect the organization's performance. The analysis entails assessing the level of threat or opportunity the factors might present. These evaluations are later translated into the decision-making process. The analysis helps align strategies with the firm's environment.

Our market is facing changes every day. Many new things develop over time and the whole scenario can alter in only a few seconds. There are some factors that are beyond your control. But, you can control a lot of these things.

Businesses are greatly influenced by their environment. All the situational factors which determine day to day circumstances impact firms. So, businesses must constantly analyze the trade environment and the market.

There are many strategic analysis tools that a firm can use, but some are more common.

The most used detailed analysis of the environment is the PESTLE analysis. This is a bird's eye view of the business conduct. Managers and strategy builders use this analysis to find where their market currently. It also helps foresee where the organization will be in the future.

- Political factors
- Economic factors
- Social factors
- Technological factors
- Legal factors
- Environmental factor

P for Political factors: The political factors take the country's current political situation. It also reads the global political condition's effect on the country and business. When conducting this step, ask questions like "What kind of government leadership is impacting decisions of the firm?" Some political factors that you can study are:

- Government policies
- Taxes laws and tariff
- Stability of government
- Entry mode regulations

E for Economic factors: Economic factors involve all the determinants of the economy and its state. These are factors that can conclude the direction in which the economy might move. So, businesses analyze this factor based on the environment. It helps to set up strategies in line with changes. Here listed some determinants you can assess to know how economic factors are affecting your business below:

- The inflation rate
- The interest rate
- Disposable income of buyers
- Credit accessibility
- Unemployment rates
- The monetary or fiscal policies
- The foreign exchange rate

S for Social factors: Countries vary from each other. Every country has a distinctive mindset. These attitudes have an impact on the businesses. The social factors might ultimately affect the sales of products and services. Some of the social factors you should study are:

- The cultural implications
- The gender and connected demographics
- The social lifestyles
- The domestic structures
- Educational levels
- Distribution of Wealth

T for Technological factors: Technology is advancing continuously. The advancement is greatly influencing businesses. Performing environmental analysis on these factors will help you stay up to date with the changes. Technology alters every minute. This is why companies must stay connected all the time. Firms should integrate when needed. Technological factors will help you know how the consumers react to various trends. Firms can use these factors for their benefit:

- New discoveries
- Rate of technological obsolescence
- Rate of technological advances
- Innovative technological platforms

L for Legal factors: Legislative changes take place from time to time. Many of these changes affect the business environment. If a regulatory body sets up a regulation for industries, for example, that law would impact industries and business in that economy. So, businesses should also analyze the legal developments in respective environments**. Here** mentioned some legal factors you need to be aware of:

- Product regulations
- Employment regulations
- Competitive regulations
- Patent infringements
- Health and safety regulations

E for Environmental factors: The location influences business trades. Changes in climatic changes can affect the trade. The consumer reactions to particular offering can also be an issue. This most often affects agri-businesses. Some environmental factors you can study are:

- Geographical location
- The climate and weather
- Waste disposal laws
- Energy consumption regulation
- People’s attitude towards the environment

- There are many external factors other than the ones mentioned above. None of these factors are independent. They rely on each other. If you are wondering how you can conduct environmental analysis, here are 5 simple steps you could follow:

1. Understand all the environmental factors before moving to the next step.
2. Collect all the relevant information.
3. Identify the opportunities for your organization.
4. Recognize the threats your company faces.
5. The final step is to take action.

Environmental Scanning

- Environmental scanning is a part of SWOT Analysis. Environment scanning is a process in which the organization undertakes a study to identify the opportunities and threats in an industry. The information obtained through environmental scanning can be used by leaders to design new objectives and strategies or modify existing objectives and strategies. An organization must be agile in responding to environmental challenges while making most of the available opportunities.


ENVIRONMENTAL SCANNING
Opportunities and Threats
Organizational Leadership
New Objectives and Goals
Support Process Redesign

The frequency of environmental scanning depends on the needs of the organization. An organization operating in an industry which is highly impacted by technological innovations needs to constantly monitor its environment and use the results to design its processes. On the other hand, some organizations might need to conduct an environmental scan on an ad-hoc basis.

In environmental scanning, the following areas need to be covered-

a) Economic conditions

b) Competition

c) Global opportunities

d) Employment trends

e) Technological advancement

f) Industry

g) Geo-political climate

Qualities of Marketing manager

- **Introduction:** Some common characteristics of good marketing managers. So, if you are in marketing and looking for a promotion, and wondering what you can do to improve yourself, or if you are looking to hire a new marketing manager; these are the characteristics of a good marketing manager.

1. **Follow international marketing trends:** One of the characteristics of good marketing managers is to follow international marketing trends and stay on top of the game by implementing the relevant trends.

2. **Be obsessed with analytics and ROI: If something cannot be measured, it is best** not to do it at all. Increased brand awareness or knowledge that can be measured by an annual brand survey is not good enough; as everyone knows, the research results can be easily manipulated. You also need benchmarks to improve though, so just because you need to be able to show return on investment, it does not mean you should not try new things that you have not done before.

3. **Do not brief an agency for everything: Agencies have other clients, so when you** brief them, you get placed fairly in a queue and this slows things down. Becoming an agile marketer that can quickly take advantage of situations means you need to be able to respond quickly. Plus, you should understand your industry and target market better than any agency, so you should be able to put together great strategies very quickly.
4. **Present to customers and prospects: Instead of sitting in your office creating** great presentations and marketing strategies, spend a portion of your time going out to see customers and prospects with your sales team. Then when you are out, use the presentation templates you have created and try to present. This will highlight areas that need improvement instead of continually hearing complaints that you do not understand from your sales team.

5. **Read marketing news and thought leadership:** You are fantastic, but getting perspective by reading the views of other fantastic peers will only make you more fantastic!

Unless you have time and budget to attend many marketing conferences, reading is also the best way to keep up with marketing trends, especially international trends. A characteristic of good marketing managers it they schedule time in their diaries everyday to read, do the same.

6. **Work towards a revenue target:** Initially, set yourself a revenue target that you need to achieve through your marketing strategies by finding new business and by increasing billing of existing customers, but do not tell anyone. This will allow you to set a benchmark of what you can achieve and will also highlight any issues with tracking performance and linking it to marketing campaigns.

7. **Encourage people to criticize your work: This is one of the most difficult things to** do in marketing. When you put so much effort into campaigns; the last thing you want to hear is negativity. Whenever someone says something negative about something you have done, ask them how they would have done it better. The insights you will receive by doing this will only result in better campaigns in future.
8. **Aim to achieve one revenue-generating goal a day; Everyday you need to be able** to easily identify one thing you did that directly and tangibly touched customers or prospects resulting in revenue being generated for the company.

MARKETING MANAGEMENT

UNIT II

Marketing information system and Marketing Research, Understanding consumer and Industrial markets, Market Segmentation, Targeting and Positioning.

MARKETING INFORMATION SYSTEM

MARKETING INFORMATION SYSTEM [MKIS] :

A marketing information system consists of people, equipment and procedures to gather sort, analyse, evaluate & distribute needed tiny and accurate information to marketing decision makers.

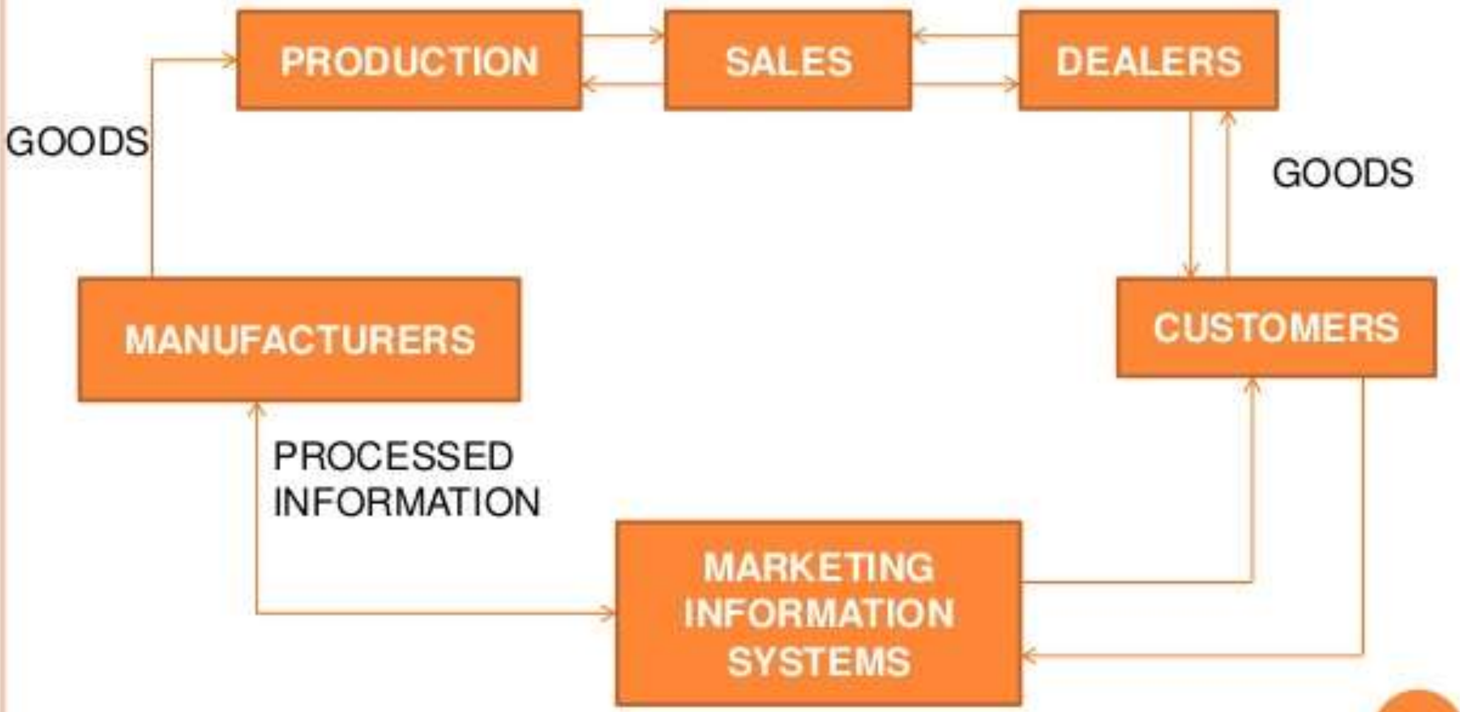
The company's MKIS should represent across between what managers think & they need , what managers really need and what is economically feasible.

" A structural, interacting complex of persons, machines & procedures designed to generate and orderly flow of pertinent information, collected from both intra and extra firm sources, for use as the basis for decision making in specific responsibility areas of marketing management ".

KINDS / COMPONENTS OF MKIS :

1. Marketing control system {marketing intelligence system}
2. Marketing planning system {internal record system}
3. Marketing research system
4. Marketing decision support system [DSS]

THE ORGANISATION OF MARKETING INFORMATION SYSTEM [MKIS] :



DIFFERENCES B/W MKIS V/S MARKETING RESEARCH :

MKIS :

- It is future oriented
- MKIS is continuous
- MKIS became popular in 1960's
- MKIS uses computer
- The main objective is to assist decision making
- MKIS is wider scope

MARKETING RESEARCH :

- It is post mortem
- Marketing research is not continuous
- Marketing research became popular in 1950's
- Marketing research may be or may not be.
- To achieve certain objective marketing research is conducted.
- Marketing research is a part of MKIS.

MARKETING RESEARCH :

" The systematic gathering, recording and analysing of data about problems relating to the marketing of goods & services ".

Such research may be undertaken by impartial agencies or by business firms or their agencies for the solution of their marketing problems and inclusive term which embraces all research activities carried down in connection with the management of marketing work.

OBJECTIVES OF MARKETING RESEARCH :

- ✓ To define probable market for a particular product.
- ✓ To find out general market conditions and tendency's
- ✓ To assess competitive strengths and policies[SWOT analysis]
- ✓ To indicate the distribution methods best suited to the product & market
- ✓ To assess the probable volume of future sales
- ✓ To know customer acceptance [consumer survey]

FUNCTIONS OF MARKETING RESEARCH [M.R] :

- The production of marketable goods
- The distribution of marketable goods
- The size, nature & the organization of the sales
- The demand creation activities
- It ascertains the position of a company in specific industry
- It indicates the present & future trends of the industry
- It helps in the development & introduction of new products
- It offers guidance for improving the current products of the company
- It helps in assessing & enhancing the effectiveness of sales management
- It can reduce the risk involved in marketing decisions.

ELEMENTS OF MARKETING RESEARCH :

1. Market research
2. Sales research
3. Product research
4. Packaging research
5. Advertising research
6. Business economic research
7. Export marketing research
8. Media research
9. Distribution research

ADVANTAGES OF MARKETING RESEARCH :

- It facilitates planned production
- To forecast the demand
- Acceptance of new products is judged
- It helps to remove wasteful expenditure and cost
- Marketing research helps to study the effectiveness of pricing policies, channels of distribution, advertising , sales promotion & other activities
- To understand consumer behaviour
- Helpful in improving relations with dealers
- Helpful in overcoming sales resistance

LIMITATIONS OF MARKETING RESEARCH :

- Marketing research huge amount of time & money.
- Small business firms cannot afford it.
- It is the study of human behaviour. so., it cannot be 100% accurate.
- It depends on the quality of research staff.
- Individual views of executives may give bias/ carelessness
- Time lag b/w research study and implementation
- It is very difficult to measure the effectiveness of marketing research.

PROCESS OF MARKETING RESEARCH :

1. Problem formulation
2. Decision on fact
3. Data collection
4. The marketing sample
5. Data evaluation
6. Interpreting the data
7. Report preparation
   - Executive report
   - Technical report
   - Data report
   - Popular report
8. Designing questionnaire
9. Interviewing

UNDERSTANDING CONSUMER AND INDUSTRIAL MARKETS

What is a market?

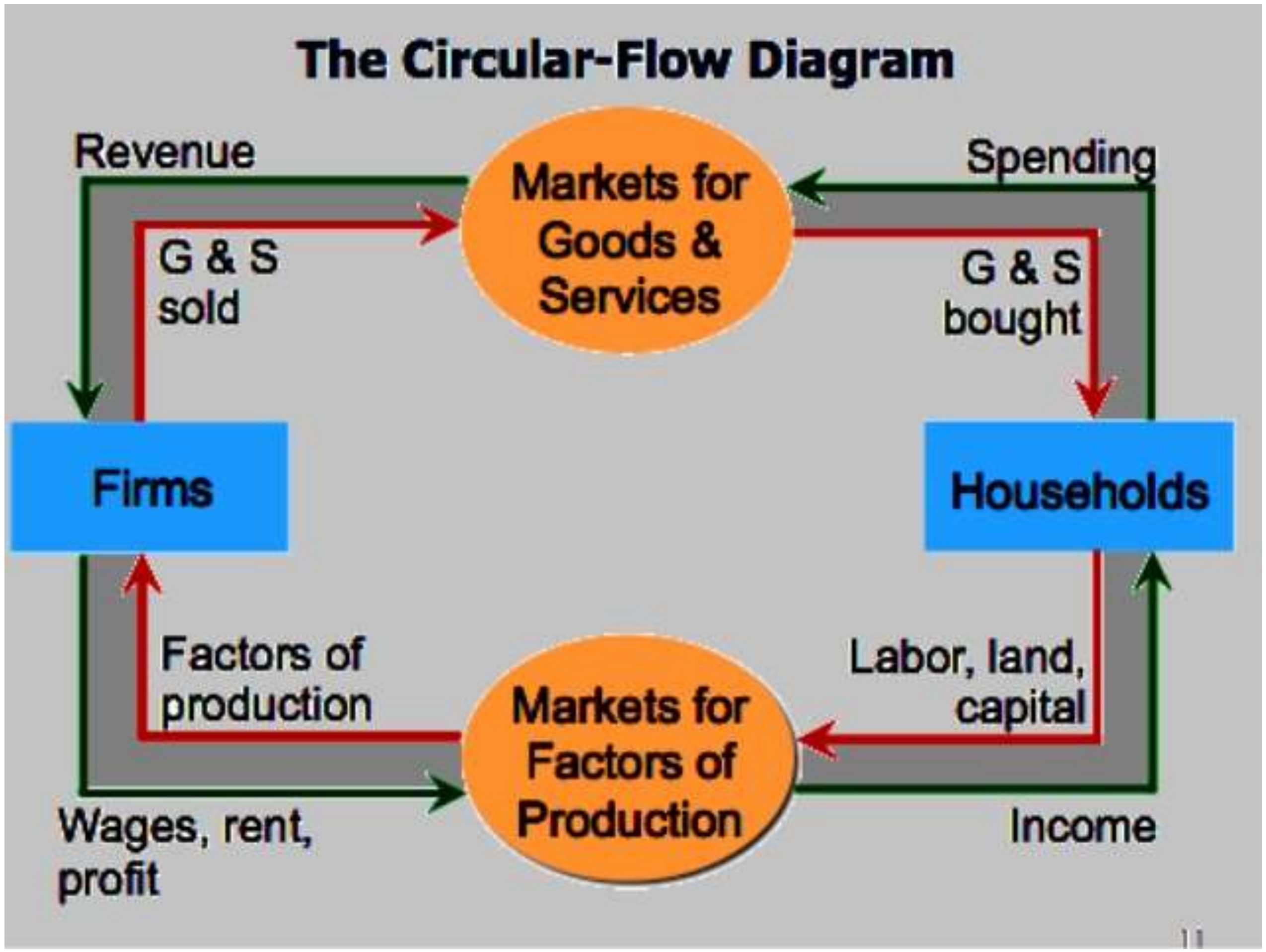
- *A meeting place for buyers(consumers) & sellers.*
- *Shop, Restaurant, Telephone, Internet, etc.*

INDUSTRIAL MARKET

Organizations' which purchase goods and services to use in the production of other goods and services.

CONSUMER MARKET

Individuals who purchase goods or services for personal or domestic use.


The Circular-Flow Diagram
Revenue
Spending
Markets for Goods & Services
G & S sold
G & S bought
Firms
Households
Factors of production
Labor, land, capital
Markets for Factors of Production
Wages, rent, profit
Income
11

Consumer Buyer Behavior

Refers to the buying behavior of final consumers- individuals & households who buy goods and services for persona consumption.

Consumer market refers to all of the personal consumption of final consumers.

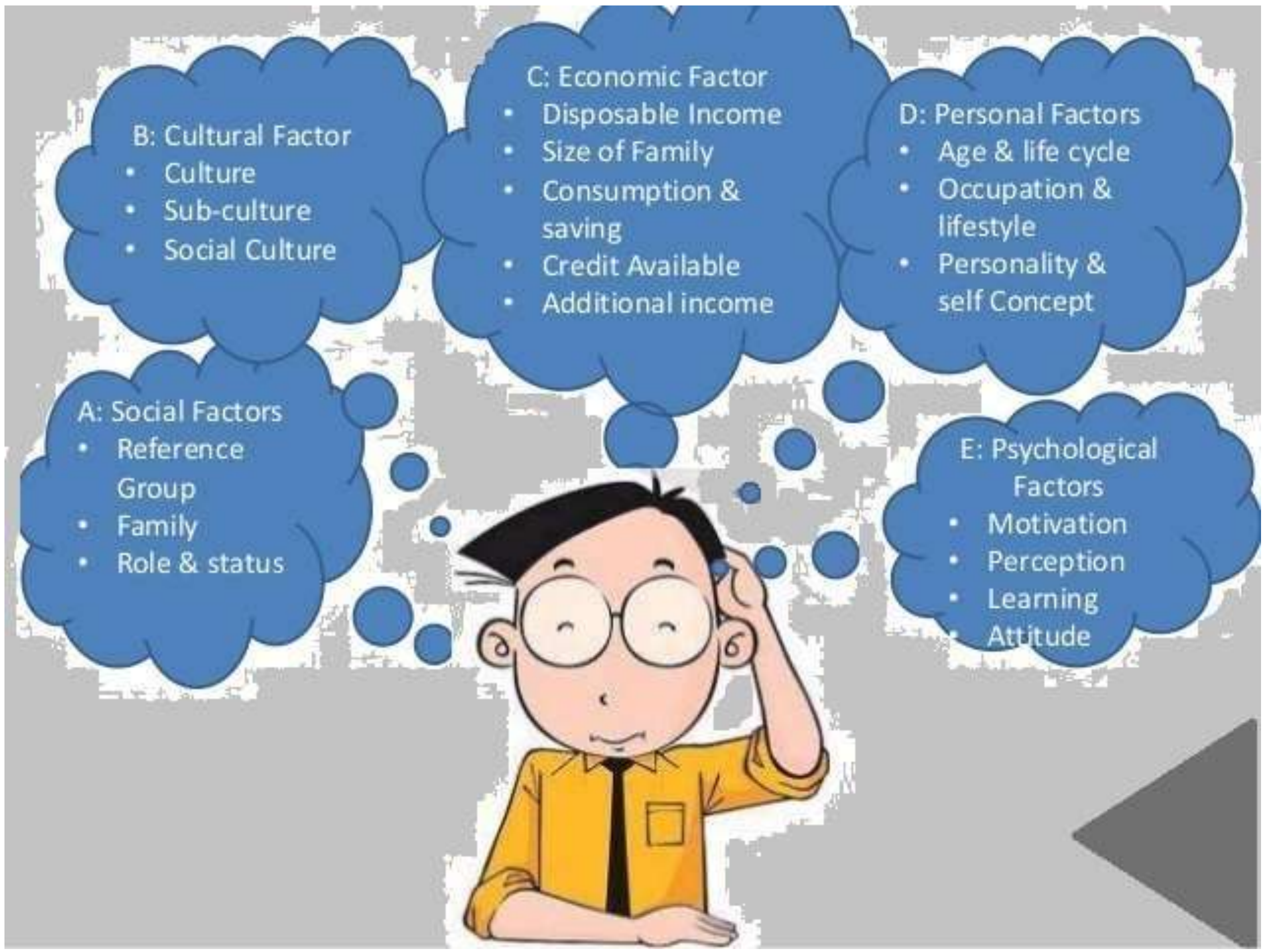
MODEL OF CONSUMER BEHAVIOUR

Marketing stimuli consists of

PRODUCT
PRICE
PLACE
PROMOTION

Other stimuli include

ECONOMIC FORCES
TECHNOLOGICAL FORCES
POLITICAL FORCES
CULTURAL FORCES


B: Cultural Factor
• Culture
• Sub-culture
• Social Culture
C: Economic Factor
• Disposable Income
• Size of Family
• Consumption & saving
• Credit Available
• Additional income
D: Personal Factors
• Age & life cycle
• Occupation & lifestyle
• Personality & self Concept
A: Social Factors
• Reference Group
• Family
• Role & status
E: Psychological Factors
• Motivation
• Perception
• Learning
• Attitude

Types of Buying Decision Behavior

Complex
- Highly involved, significant brand differences
- Example – computer

Dissonance-reducing
- Highly involved, little brand differences
- Example – carpeting

Habitual
- Low involvement, little brand differences
- Example – salt

Variety-seeking
- Low involvement, significant perceived brand differences
- Example – cookies

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior


5
STAGES
OF BUYING
DECISION
PROCESS
Need/Problem recognition
Information search
Evaluation of Alternatives
Purchase Decision
Post-Purchase Behavior

INDUSTRIAL MARKET BEHAVIOUR

Is a branch of communications and sales that specializes in providing goods and services to other businesses, rather than to individual customers.

Features of Industrial market

- *Marketing is one to one in nature. (it is easy for the seller to identify a prospective customer & built a face-to-face relationship.*
- *Highly professional & trained people in buying process are involved*
- *Often the buying or selling process is complex & include many stages(ex-request for proposal, request for tender, contract negotiations etc.)*
- *Selling activities involve long processes of prospecting, qualifying, wooing, making representations, developing strategies.*

- Consumers tend to buy what they want, B2B buyers generally buy what they need

- B2B products are often more complex
- B2B target audiences are smaller than consumer target audiences

- Personal relationships are more important in B2B markets
- B2B buyers are longer-term buyers

Business to Business	Business to Consumer
Marketing is more complex (clients and prospects need to understand how products work and integrate with existing systems)	Simple marketing and sales cycles
Prices highly variable	Fixed prices
High volumes, wide product range	Low quantities
Need for flexible shipping and logistics solutions	Easy shipping
Tax and regulation has a high impact on sales and therefore large workforce employed to work within these restrictions	Little regulation and tax complexity
Wide product range and high volumes	Products easy to showcase and market

Exchange initiated by:	Delivery by: Business	Delivery by: Consumer
Business	B2B Business models, e.g. VerticalNet	B2C Business models, e.g. Amazon.com
Consumer	C2B Business models, e.g. Priceline.com	C2C Business models, e.g. eBay.com

Market Segmentation

Introduction: Market consists of buyers and buyers differ in on or more respects. They may differ in the wants, resources, geographical, location, buying attitudes and buying practices. Any of these variable can be used to segment a market. Each buyer is potentially a separate market because of unique needs and wants. Ideally a seller management design a separate product and or marketing program for each buyer. Most sellers will not find it worth wile to “customize”. Their product to satisfy each specific buyer. Instead the saver identifiers broad classes of buyers who differ in their product requirement and or marketing responses.

As a market is segmented using more characteristics such as age, income, etc., the seller achieves finer precision but at the price of multiplying the no. of segments and thinking gout the population of the segments.

- 3. **Diffused preferences: As the other extreme consumer preferences can the scattered** throughout the space showing that consumer differ in what they want from the product. If one brand exists the market, it is likely to be positioned in the center minimizes sum of total consumer dissatisfaction. A new competitor could take step to the first brand and fight for market share of the competition could locater in a center to win over a customer group that not satisfied with the center brand. If several brands are in the market, they are likely to be positioned throughout the space show real differences to march consumer preference difference.

Types of market segmentation:

- **1.Homogeneous preferences: A market where all consumers have roughly the same** preference. We would predict the existing brands would be similar and located in the center of the preferences as shown in the below.
- 2. **Clustered preference: The market might reveal district preference cluster, called** natural market segments. The first firm in this market has three options. It might position is self in the center hoping to appeal to all the groups (undifferentiated marketing). It might position itself in the largest market segment (consummated marketing). It might marketing several brands, each positioned in a different segment (differentiated marketing) clearly if it is developed only one brand, competition would enter and introduce brands in other segments.

Bases for segmenting consumer market:

- Geographic segmentation
- Demographic segmentation
- Psychographics segmentation
- Behavioral segmentation

1. **Geographic segmentation: - Geographical segmentation for dividing the market into** different geographical units such as nations, states, regions, countries, citizen of neighbor hoods. The company can decide to operate in one or a few demographic areas of operate in all but pay attention to variations in geographic needs and preferences.

Ex: General foods Maxwell house ground coffee is sold nationally but is flavored regionally. Its coffee is flavored stronger in the west than the east

2. **Demographic segmentation: -Demographic segmentation consists of dividing the** market into groups on the basis of demographic variables such as age, sex, family size, family life cycle, income, occupation, education, religion, race and nationality. Demographic variables are the most popular bases for distinguishing customer groups.

3**. Psychographics segmentation: -In psychographics segmentation, buyers are divided** into different groups on the basis of their social class life style and or personality characteristics. People with in the same demographic groups can exhibit very different Psychological profiles.

4.Behavioral segmentation: - In behavioral segmentations buyers are divide into groups on the basis of their knowledge attitude use and response to a products many marketers believe that behavioral are best starting point for constructing market segments.

A). Occasions

B). Benefits

C). User status

D). Usage rate:

E). Loyalty status

F). Buyer readiness stage

TARGETING

Introduction: TARGETING : Once the firm has identified its market-segment opportunities, it has to decide how many and which ones to target.

- **Single-segment Concentration:** The company may select a single segment. Volkswagen concentrates on the small-car market and Porsche on the sports car market. Through concentrated marketing the firm gains a strong knowledge of the segment’s needs and achieves a strong market presence. Furthermore, the firm enjoys operating economies through specializing its production, distribution, and promotion. If it captures segment leadership, the firm can earn a high return on its investment.

- **Selective specialization:** Here the firm selects a number of segments each objectively attractive and appropriate. There may be little or no synergy among the segments, but each segment promises to be a money market. This multi segment coverage strategy has the advantage of diversifying the firm’s risk.
- **Product specialization :** Here the firm specializes in making a certain product it sells to several segments. An example would be a microscope manufacturer that sells microscope to university laboratories, government laboratories, and commercial laboratories. The firm makes different microscopes for different customers groups but does not manufacturer other instruments that laboratories might use. Through a product specialization strategy, the firm builds a strong reputation in the specific product area. The downside risk is that the product may be supplanted by an entirely new technology.

- **Market specialization:** Here the firm concentrates on serving many needs of a particular customer group. An example would be a firm that sells an assortment of products only to university laboratories, including microscopes, oscilloscopes, Bunsen burners, and chemical flasks. The firm gains a strong reputation in serving this customer group and becomes a channel for further products that the customer group could use. The downside risk is that the customer group may have its budgets cut.
- **Full market coverage:** Here a firm attempts to serve all customer groups with all the products they might need. Only very large firms can undertake a full market coverage strategy. Examples include I B M, General Motors, and Coca-Cola. Large firms can cover a whole market in two broad ways: through undifferentiated marketing or differentiated marketing.

POSITIONING

Introduction: **Positioning is the act of designing the company's offering and image to** occupy a distinctive place in the target market's mind.

1. **Under positioning: Some companies discover that buyers have only a vague idea of the** brand. The brand is seen as just another entry in a crowded marketplace. When Pepsi introduced its clear Crystal Pepsi in 1993, customers were distinctly unimpressed. They didn't see "clarity" as an important benefit in a soft drink.
2. **Over positioning: Buyers may have too narrow an image of the brand. Thus a** consumer might think that diamond rings at Tiffany start at $5,000 when in fact Tiffany now offers affordable diamond ring starting at $1,000.

3. **Confused positioning: buyers might have a confused image of the brand resulting from** the company’s making too many claims or changing the brand’s positioning too frequently. This was the case with Stephen job’s sleek and powerful next desktop computer, which was positioning first for students, then for engineers, and then for businesspeople, all unsuccessfully.

4. **Doubtful positioning: Buyers may find it hard to believe the brand claims in view of** the product’s features, price, or manufacturer. When GM’s Cadillac division introduced the Cimarron, it positioning the car as a luxury competitor with BMW, Mercedes, and Audit. Although the car featured leather seats, a luggage rack, lots of chrome, and a Cadillac logo stamped on the chassis, customers saw the car as merely a dolled-up version of Chevy’s Cavalier and Oldsmobile’s firenza. Although the car was positioned as “more for more”, the customers saw it as “less for more”.

MARKETING MANAGEMENT

UNIT III

Product decision, Product Mix, Product Life Cycle, New Product Development, Branding and Packaging decisions, Pricing methods and strategies, Promotion Decision, Promotion Mix.

PRODUCT DECISION

- The product decision is among the first decisions that a marketing manager makes in order to develop a global marketing mix.

Product Mix

- **Introduction: Product mix, also known as product assortment, refers to the total number** of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors. The four dimensions to a company's product mix include width, length, depth and consistency.

- **Width: The width of a company's product mix pertains to the number of product lines that** a company sells. For example, if a company has two product lines, its product mix width is two. Small and upstart businesses will usually not have a wide product mix. It is more practical to start with some basic products and build market share. Later on, a company's technology may allow the company to diversify into other industries and build the width of the product mix.

- **Length: Product mix length pertains to the number of total products or items in a** company's product mix, according to Philip Kotler's textbook "Marketing Management: Analysis, Planning, Implementation and Control." For example, ABC company may have two product lines, and five brands within each product line. Thus, ABC's product mix length would be 10. Companies that have multiple product lines will sometimes keep track of their average length per product line. In the above case, the average length of an ABC Company's product line is five.

- **Depth: Depth of a product mix pertains to the total number of variations for each product.** Variations can include size, flavor and any other distinguishing characteristic. For example, if a company sells three sizes and two flavors of toothpaste, that particular brand of toothpaste has a depth of six. Just like length, companies sometimes report the average depth of their product lines; or the depth of a specific product line.
- **Consistency: Product mix consistency pertains to how closely related product lines are to** one another--in terms of use, production and distribution. A company's product mix may be consistent in distribution but vastly different in use. For example, a small company may sell its health bars and health magazine in retail stores. However, one product is edible and the other is not. The production consistency of these products would vary as well.

PRODUCT LIFE CYCLE

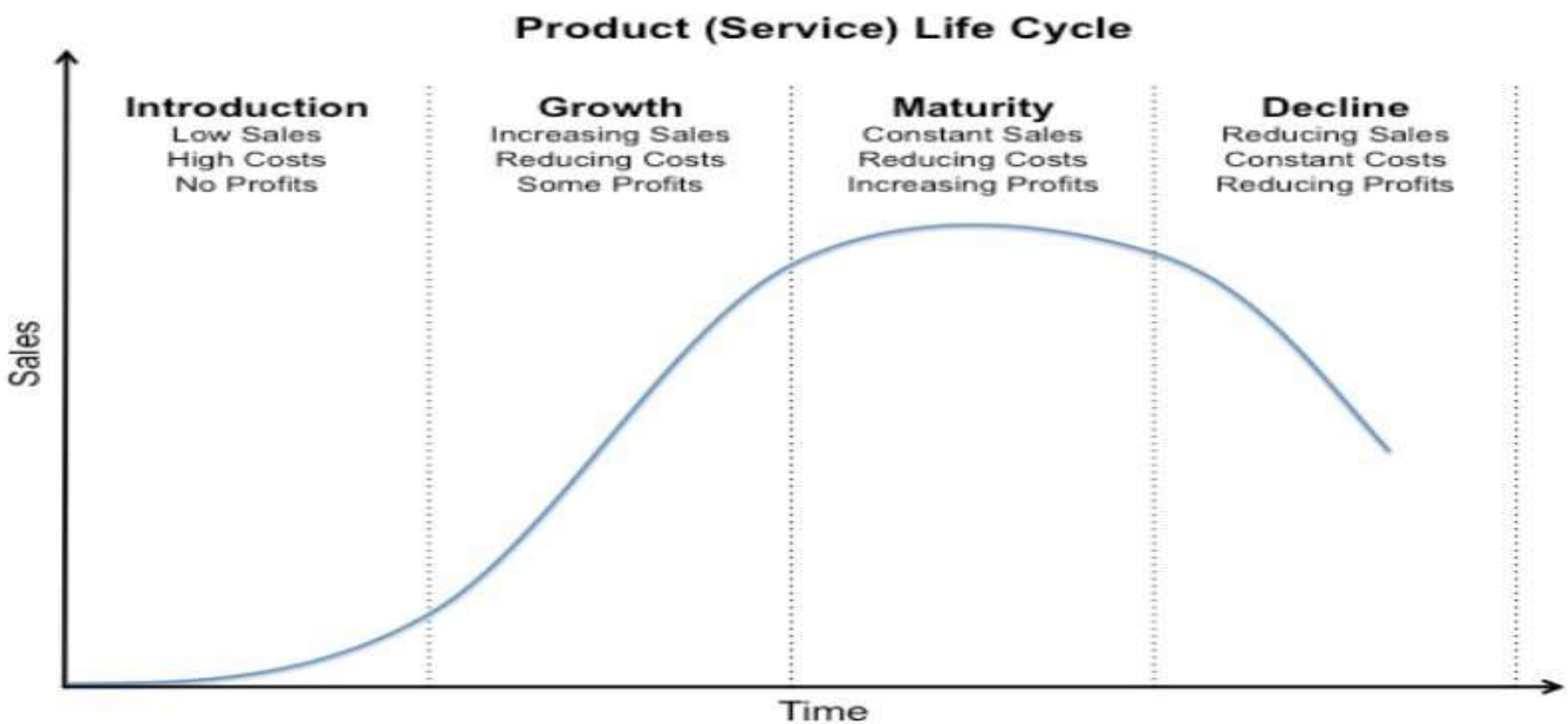
Meaning: -Products, like people, have a certain length of like, during which they pass through different stages. For some the life cycle may be as short as a month, while for other it may last for quite a sufficiently long period.

Definition :The product life cycle (PLC) is an important concept in marketing that provides insight into a product competitive dynamics. The PLC is an attempt to recognize distinct stages in the sales history of the product.

To say that a product has a life cycle is to assert four things

- Products have a limited life.
- Product sales pass through distinct stages each posing different challenger to the seller.
- Product profits rise and full at different stages of the PLC.
- Products require different marketing, financial, manufacturing, purchasing and personnel strategies in the different stages of their life cycle.

PLC Stages:- PLC life being with its market introduction next it goes through a period during which its market grows rapidly. Ultimately it reaches marketing maturity offer which its market declines and finally the product dies. It is worth noting that the duration each stage is different among products. Some take years to pass through the Introduction stages.



1. **Introduction stage: -During this stage of the products life cycle, it is put in the market** with full-scale production and marketing program. The company is an innovator-may be the whole industry. The entire product may be new or the basic product may be well known but a new feature or accessory is in the introduction stage.
2. **Growth stage: - In this stage the product is produced in the sufficient quantity and** put in the market without delay. The demand generally continues to outpace supply. The sales and profit curves rise, often at a rapid rate. Competitors enter in the market in large number if the profit out look appears to be very attractive.

3. **Maturity stage: - During this stage, sales continue to increase but at a decreasing rate,** while the sales carve is leveling off the profits of both the manufacturer and the retailers are starting to decline because of rising expenditure and lowering of prices.
4. **Market decline stage: -This stage is characterized by either the products gradual** placement by some new innovation or by an evolving change in consumer buying behavior. The buyers do not buy as much as they did before. New and superior products are being introduced to the market many of which meet the consumer's demand and need more closely.

New Product Development

Introduction: The new product development is process of eight sequential stages.“New product” includes original products, improved products, modified products and new brands that the firm develops through its own R&D efforts.

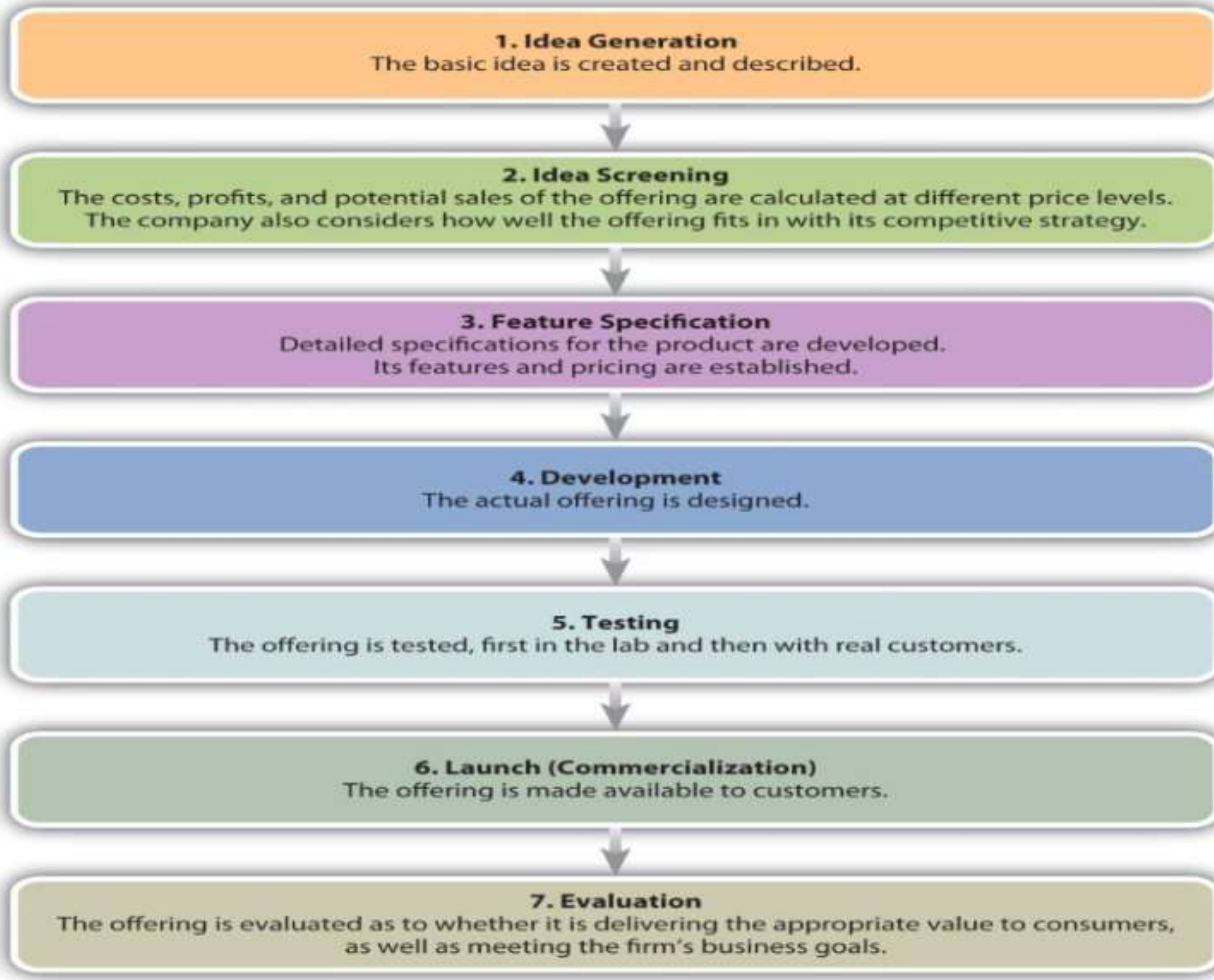
New products include

- **New-to-the-word products: - New products that create an entirely new market.**
- **New-product lines: - New products that allow a company to enter an established** market for the first time.
- **Additions to the existing product lines: - New products that supplement a** company’s establishment product lines.
- **Improvements are to existing products: – New products that provide improved** performance or greater perceived value and replace existing products.
- **Repositioning: - Existing products that are targeted to new markets of market** segments.
- **Cost Reductions: - New products that provide similar performance at lower cost.**

- **Why New Product Fail:**
- A high level executive pushes a favorite idea in research findings.
- The idea is good, but the market size is over estimated.
- The product is not well designed.
- Development costs are higher than expected.
- Competitors fight bat harder than expected.
- Bases for New Product Development:
- Social and governmental constraints.
- Costliness of the new-product development process.
- Capital shortage.
- Shortened time span to completion.

New Product Development Process

- 1. Idea Generation
- 2. Screening
- 3. Concept Development and Testing
- 4. Marketing Strategy
- 5. Business Analysis
- 6. Product Development
- 7. Market Testing
- 8. Commercialization


1. Idea Generation
The basic idea is created and described.
2. Idea Screening
The costs, profits, and potential sales of the offering are calculated at different price levels. The company also considers how well the offering fits in with its competitive strategy.
3. Feature Specification
Detailed specifications for the product are developed. Its features and pricing are established.
4. Development
The actual offering is designed.
5. Testing
The offering is tested, first in the lab and then with real customers.
6. Launch (Commercialization)
The offering is made available to customers.
7. Evaluation
The offering is evaluated as to whether it is delivering the appropriate value to consumers, as well as meeting the firm's business goals.

- **Idea Generation: -“The systematic search for new product ideas”. At Gillette of** Every 45 carefully developed new product ideas. Major sources of new product ideas include internal sources, customers, competitors, distributors & suppliers and others.
- **Idea Screening: - Screening new-product ideas in order to spot good ideas and drop** poor ones as soon as possible. The write u describer the product, the target market; and the competition. It maker some rough estimates of market size, product rice, development time & costs, manufacturing costs & rate of return. The committee than evaluates the idea against a set of general criteria.

- **Concept Development:- A detailed version of the new product idea stated in** meaningful consumer terms.
- **Concept Development: Attractive ideas need to be developed in to finer product** If they are to be tested, here a testing distinction can be made between a product idea, a product concept & a product stage.
- **Concept Testing: Testing new product concepts with a group of target consumers** to find out it the concepts have strong consumer appeal. Concept development and testing methodology applies to any product, service, or idea, such as an electric car, a new machine tool, a new banking service, of a new health plan.

- **Marketing Strategy Development: - Designing as initial marketing strategy for a** new product based on the product concept. The marketing strategy statements consist of 3 parts. The first art describes the target market, the planned product positioning & the sales, market share & profit goals for the first few years.

  The second art of the marketing strategy statement cut-lines the product’s planned price; distributor & marketing budget for the first year. The third part of the marketing strategy statement describes the planned long run sales; profit goals & marketing mix strategy

- **Business Analysis: - A review of the sales, costs & profit projection for a new** product to find out whether these factors satisfy the company's objectives. After preparing the sales forecast, management can estimate the expected costs & profits for the product, including marketing, R&D, manufacturing, accounting & finance costs, The company then uses the sales & costs figures to analyze the new products financial attractiveness.
- **Product Development: - Developing the product concept into a physical product in** order to assure that the product idea can be turned into a workable product.

- **Commercialization: - Introducing the new product in to the market. The company** launching a new product must first decide on introduction timing. The company must decide where to launch the new product larger companies, however, may quickly introduce new models into several regions or in to the full national market.
- **Test Marketing: - The stage of new product development in which the product &** marketing program are tested in more realistic market segments, Company test the product & its entire marketing program – positioning strategy, advertising, distribution, pricing, branding & packaging & budget levels.

BRANDING AND PACKAGING DECISIONS

- **Meaning of Branding :** Branding is a process of creating a unique name and image for a product in the mind of consumer, mainly through advertising campaigns. A brand is a name, term, symbol, design or combination of these elements, used to identify a product, a family of products, or all products of an organisation.
- **Definition of Branding**

According to **American Marketing Association - Brand is "A name, term, design, symbol,** or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name."

Elements of Branding

Brand includes various elements like - brand names, trade names, brand marks, trade marks, and trade characters. The combination of these elements form a firm's corporate symbol or name.

Brand Name - It is also called Product Brand. It can be a word, a group of words, letters, or numbers to represent a product or service. For example - Pepsi, iPhone 5, and etc.

Trade Name - It is also called Corporate Brand. It identifies and promotes a company or a division of a particular corporation. For example - Dell, Nike, Google, and etc.

Brand Mark - It is a unique symbol, colouring, lettering, or other design element. It is visually recognisable, not necessary to be pronounced. For example - Apple's apple, or Coca-cola's cursive typeface.

Trade Mark - It is a word, name, symbol, or combination of these elements. Trade mark is legally protected by government. For example - NBC colourful peacock, or McDonald's golden arches. No other organisation can use these symbols.

Trade Characters - Animal, people, animated characters, objects, and the like that are used to advertise a product or service, that come to be associated with that product or service. For example - Keebler Elves for Keebler cookies

Branding Strategies

- There are various branding strategies on which marketing organisations rely to meet sales and marketing objectives. Some of these strategies are as following :-

Brand Extension - According to this strategy, an existing brand name is used to promote a new or an improved product in an organisation's product line. Marketing organisations uses this strategy to minimise the cost of launching a new product and the risk of failure of new product. There is risk of brand diluting if a product line is over extended.

Brand Licensing - According to this strategy, some organisations allow other organisations to use their brand name, trade name, or trade character. Such authorisation is a legal licensing agreement for which the licensing organisation receives royalty in return for the authorisation. Organisations follow this strategy to increase revenue sources, enhance organisation image, and sell more of their core products.

- **Mixed Branding - This strategy is used by some manufacturers and retailers to sell** products. A manufacturer of a national brand can make a product for sale under another company's brand. Like this a business can maintain brand loyalty through its national brand and increase its product mix through private brands. It can increase its profits by selling private brands without affecting the reputation and sales of its national brand.
- **Co-Branding - According to this strategy one or more brands are combined in the** manufacture of a product or in the delivery of a service to capitalise on other companies' products and services to reach new customers and increase sales for both companies' brands.

Packing

- **Introduction: Product packaging plays an important role in the marketing mix. Packaging** plays an important role as a medium in the marketing mix, in promotion campaigns, as a pricing criterion, in defining the character of new products, as a setter of trends and as an instrument to create brand identity and shelf impact in all product groups.

The top ten requests about packaging:

- Even though the consumer is not dissatisfied with the packaging available on the market, he would still like to be tempted by functional and attractive packaging ideas, by multisensory appeal and creative design – preferably with packaging ideas made from board. He acknowledges additional benefits and appeal and is even willing to pay an extra charge for them. Good starting points for improvements, changes, innovations which optimise the features of packaging that determine buying decisions and thus generate new market potential can be summarised in consumers' top ten requests about product packaging:

1. **Eye-catching appearance: A distinctive, unmistakable and eye-catching appearance** is a signal at the POS to which all consumers and particularly the younger ones respond positively. Whatever stands out clearly in the monotonous competitive environment, whatever is surprising scores points with the consumer. Special effort makes a special impression - and is allowed to cost more too.
2. **Design, shape and colour : The purpose of well-considered design, creative printing and** finishing is to entice the consumer to devote attention to the pack and its contents at the POS. Aesthetics and attractiveness are major distinctive features - and are in fact essential in some product segments: beautiful packaging design is of central importance in the cosmetics and confectionery product groups. Consumers like to buy agreeably designed and decorative products!

3. **Functionality: Functional aspects are the basis for all successful packaging and for** thus greater product success too. Product and aroma protection, hygiene and tightness, environmental responsibility and practical handling (in both use and storage) are just as important here as ideas that improve comfort: closure mechanisms, portioning, see-through windows, for example.
4. **Innovation: Novelty has exceptionally strong appeal. An innovative pack can even** make "new products" out of familiar ones. Unusual solutions, functional new developments and originality not only set design trends but also boost sales!

5. **Material What is printed on board is read particularly willingly, while what is** packaged in board sells particularly well. Sustainability, easy disposal and, above all, great design variety and potential are particular features of the material. Popular with consumers, particularly high appeal and many other advantages too.
6. **Efficient communication The packaging is the credible medium at the point of sale** and is consulted willingly and intensively (see "Material"). This makes it an efficient means of communication and, in addition, one that gets closer to the consumer than all others. If several of his senses are appealed to as well, he can be persuaded particularly successfully.

7. **Multisensory appeal Anyone who approaches consumers via several of his senses** attracts greater attention, intensifies perception and stimulates interest in buying. Packaging that can be felt, smelled and heard as well as looked at wins the customer's favour. So much so that he is willing to pay a higher price for this multisensory appeal.
8. **Appropriateness for the product Packaging is considered to be an important** indicator of quality. The quality of the product therefore has to be communicated by good packaging and not just by promises of quality made in the text on the packaging. A credible "overall work of art" is created as a result, in which the contents and the packaging are coherent and the consumer is convinced by their consistency.

9. **Value Packaging is an excellent way to communicate sophistication, class and value.** This makes it an ideal strategic option for expressing premium positioning - as well as being the instrument of choice when a product needs to be upgraded or a brand needs to be revitalised. Products in classy packaging are particularly popular presents too.
10. **Additional benefits Successful packaging not only combines what is pleasant with** what is functionally useful but also provides additional benefits. For example, as a gift or for presentation, with entertaining components or simply by making it possible to continue using the packaging for something else after the product has been consumed.

Functions of Packing

1. **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. For ex

2. **Product Protection: The main function of packaging is to provide protection to the** product from dirt, insects, dampness and breakage. For example, the products like biscuit, jam, chips, etc., need to be protected from environmental contact. That is why they are tightly packed.

3. **Convenience: Packaging provides convenience in the carriage of the product from** one place to another, in stocking and in consuming. For example, the new pet bottles of COKE makes the carriage and stocking easier. Similarly, the pack of FROOTI provides convenience in its consumption.

4. **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.

PRICING

- **Introduction: The company first decides where it wants to position its market offering.** The clearer a firm's objectives, the easier it is to set price.

Five major objectives through pricing:

- Survival ness
- Maximum current profit,
- Maximum market share,
- Maximum market skimming,
- Product-quality leadership.

Pricing Methods

The following are the price setting methods.

Market pricing / cost pricing: - The most elementary pricing method is to add standard markup to the cost of the product. Construction companies omit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers, accountants and other professions typically price by adding a standard markup to their costs.

Target return pricing: - Another cost oriented pricing approach is target return pricing. The firm tries to determine the price that is at would yield the target rate of return on investment. This pricing method is also used by public utilities that are constrained to make a fair return on their investment.

Perceived value pricing: - It fits in well with modern product positioning thinking. The key to perceived value pricing is to accuracy determine the market's perception of the offer is value. Market research is needed to established the market perception of value as a guide to effective pricing. They use the non-price variables in the marketing mix to build up perceived value in the buyers' minds.

Going rate pricing: - In going rate pricing, the firm bases its rice largely on competitors prices, with less attention aid to its own cost or demand. The firm might change the same, more or less than its major competitors. Going rate pricing is quite popular. Where costs are difficult to measure or competitive response is uncertain firms feel that the going rice represents a good solution.

Sealed- bid pricing: - Competitive oriented pricing also dominates where firms bid for jobs. The firm bases its price on expectations of who competitors will rice rather than on a rigid relation to the firm a costs or demand. The firm wants to win the contract and this requires pricing lower than the other firms. The higher its sets its rice above the costs the lower its chance of getting the contract.

PRICE STRATEGIES

Companies do not set a single price but set a pricing structure that covers different products and items in the line and reflect variations in geographical demand and costs market segment intensity of demand, purchase timing and other factors.

- **Geographical pricing: - Geographical pricing involves company in deciding how to** price its products to customers located in different parts rice of the country. Companies have evolved few different approaches to geographical pricing strategy.

They are as follows.

- Uniform delivered pricing.
- Basic-point pricing.
- Zeno pricing.

- **Promotional pricing: - Under certain circumstances, companies will temporality** price their products below the list price and sometimes even below cost promotional pricing takes several forms.

- **Loss leader pricing: - Here supermarkets and departments stores drop the** price on well-known brands to stimulate additional traffic.
- **Special event pricing: - This will be used by sellers in certain seasons to** draw in more customers. Thus lines are promotionally priced every January to attract shopping-weakly customers into the stores.

- **Cash rebates: - consumers are offered cash rebates to get them to buy that** manufacturer’s product, with in a specified time period. The rebate can help the manufacturer clean inventories without having to cut the list price.
- **Low-interest financing: - This is another tool for stimulating sales without** lowering the price.
- **Psychological discounting: - This involves putting an artificially high rice on** a product and then offering it at substantial savings.
- **Warranties and service contracts: - The company can promote sales by** adding a free warranty offer or serves contract. This is a way reducing the price.

- **Discriminatory pricing: - Discriminatory pricing describes the situation where the** company sells a product or service at two or more prices that do not reflect a proportional deference in costs. It takes several forms.
- **Customer segment pricing: - Here different customer groups are** charged different prices for the same products or service museums will change a lower admission fee to students and senior citizens.
- **Product form pricing: - Here different versions of the product are** priced differently but not proportionality to their respective costs.
- **Image pricing: - Some companies will price the same product at two** different levels based on image differences.

- **Location pricing: - Here different locations are priced differently** even through the cost of offering each location in the same. A theater varies its seat prices because of audience references for curtain locations.
- **Time pricing: - Here prices are varied seasonally by the day and even** by the hour public utilities vary their energy raises to commercial users by time of day and weekend versus week day.
- **Product mix pricing: - Price-setting logic has to be modified when** the product is a part of a product-mix. In this case, the firm searches for a mutual set of prices that maximize the profits on the total product mix.

PROMOTION DECISION

- **Promotion is all about communication**. Promotion is the way in a business makes its products known to the customers, both current and potential.

It is a common mistake to believe that promotion by business is all about advertising. It isn't. There are a variety of approaches that a business can take to get their message across to customers, although advertising is certainly an important one.

The main aim of promotion is to ensure that customers are **aware** of the existence and positioning of products. Promotion is also used to **persuade** customers that the product is better than competing products and to remind customers about why they may want to buy.

It is important to understand that a business will use more than one method of promotion. The variety of promotional methods used is referred to as the **promotional mix.**

Which promotional methods are used depends on several factors:

Stage in the life cycle	E.g. advertising is important at the launch stage
Nature of the product	How much information is required by customers before they buy
Competition	What are rivals doing?
Marketing budget	How much can the firm afford?
Marketing strategy	Other elements of the mix (price, product, place etc)
Target market	Appropriate ways to reach the target market

PRMOTION MIX

- **Definition:** The **Promotion Mix** refers to the blend of several promotional tools used by the business to create, maintain and increase the demand for goods and services.
- The fourth element of the 4 P’s of Marketing Mix is the promotion; that focuses on creating the awareness and persuading the customers to initiate the purchase. The several tools that facilitate the promotion objective of a firm are collectively known as the Promotion Mix.

- The Promotion Mix is the integration of Advertising, Personal Selling, Sales Promotion, Public Relations and Direct Marketing. The marketers need to view the following questions in order to have a balanced blend of these promotional tools.
- What is the most effective way to inform the customers?
- Which marketing methods to be used?
- To whom the promotion efforts be directed?
- What is the marketing budget? How is it to be allocated to the promotional tools?

PROMOTION MIX ELEMENTS

1. *Personal selling:* one of the most effective ways of customer relationship. Such selling works best when a good working relationship has been built up over a period of time. This can also be expensive and time consuming, but is best for high value or premium products.
2. *Sales promotions:* this includes freebies, contests, discounts, free services, passes, tickets and so on, as distinct from advertising, publicity and public relations.
3. *Public relations:* PR is the deliberate, planned and sustained effort to establish and maintain mutual understanding between the company and the public.
4. Advertising: Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. Its three distinguishing features are that the time or space devoted to it is paid for it uses a set format to carry the message rather than personal one-on-one selling it identifies the sponsor of the message
5. Publicity: Publicity involves placing newsworthy information about a company, product, or person in the media. *The principal function of publicity is to build an image.

MARKETING MANAGEMENT

UNIT IV & V

Channel Management, Selecting the type of channel, Conflict and Control in channel, Organizing, implementing, evaluating marketing activities, New issues in Marketing.

CHANNEL MANAGEMENT

- Physical distribution involves planning implementing and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs at a profit. The main elements of total physical distribution costs of a product are transportation, warehousing inventory carrying receiving and shipping packaging administration and other processing. Experts believe that substantial savings can be affected in the physical distribution area, which has been described, as “the last frontier for cost economic” and “the economy’s dark continent.

- **Objectives: -**
- Hitting the right goods to the right places at the right time for the least cost.
- Maximum customer service implies large inventories, premium transportation &multiple warehouses, all of which arise distribution cost.
- Minimum distribution cost implies cheap transportation, low stocks and few warehouses.

Components of physical distribution:-

- **Order processing :- Processing deals receiving, recording, filling & assembling of** product for dispatch. The possible time required from the data of receipt of an order up to the data of dispatch of goods most be reasonable & as start as possible. Order cycle time must not exceed & days.
- **Inventory management:- Inventories are reservoirs of goods held in anticipation** promptly, inventories are kept to meet market demands promptly, inventory means, money is held temporarily in the form of raw materials component parts supplies in process goods and finished goods, 20% to 30% of the total assets of a firm are locked up-inventory.
- **Location of warehouses:-*Storage means holding the stock of goods for a relatively*** longer period as the goods are not immediately in demand warehouses also provide the following services breaking bulk, dispatch of smaller consignments to retailers, holding the stocks for retailers, regulating the goods

- **Determining material handling system:- once the layout for the factories design** the next task is to develop efficient material handling system to move the material from are stage of production to another stage. Little handling involves moving, packaging, storing, all the materials used by the firm with the development of technology a variety of material handling requirements have been developed to economic the cost reduce the effort of workers improve the safety for men & materials.
- **Selecting of a method of transport system: - marketers need to take an interest** in their company's transportation decisions. The choice of transportation carries affects the pricing of products, delivering performance and condition of the goods when they arrive all of which will affect customer satisfaction. In shipping goods to its ware houses, dealers and customers. The company ca

Distribution channel functions:

- **Information: Gathering and distributing marketing research and intelligence** information about actor and faces in the marketing environment immediate for planning and aiding exchange.
- **Promotion: Developing and speeding persuasive communication about an offer.**
- **Contact: Finding and communication with prospective buyers.**
- **Negotiation: Reaching an agreement on price and other terms of the offer so** that ownership or possession can be transferred.

- **Physical distribution: Transporting and storing goods.**
- **Matching: Shaping and fitting the offer to the buyer's needs, including activities** such as manufacturing, grading, assembling and packing.
- **Financing: Acquiring and using funds to cover the cost of the channel work.**
- **Risk taking: Assuming the risks of carrying out the channel work.**

Selecting the Type of Channel

Selecting the Type of Channel

- some firms will distribute directly; others will use a number of intermediaries:
  - producer   consumer **(direct)**
  - producer ▪ retailer ▪ consumer
  - producer ▪ wholesaler ▪ retailer ▪ consumer
  - producer ▪ agent ▪ retailer ▪ consumer
  - producer ▪ agent ▪ wholesale ▪ retailer ▪ consumer
- when would each of these be considered?

Types of channels :

1. **Producer --> Customer**

The producer sells the goods or provides the service directly to the consumer with no involvement with a middle man such as an intermediary, a wholesaler, a retailer, an agent, or a reseller.

2. **Producer --> Retailer --> Consumer**

Retailers, like Walmart and Target, buy the product from the manufacturer and sell them directly to the consumer. This channel works best for manufacturers that produce shopping goods like, clothes, shoes, furniture, tableware, and toys. Since consumers need more time with these items before they decide to purchase them, it is in the best interest of the manufacturer to sell them to another user before it gets into the hand of the consumers

3.**Producer --> Wholesaler/Distributor --> Customer**

Wholesalers, like Costco, buy the products from the manufacturer and sell them to the consumer. In this channel, consumers can buy products directly from the wholesaler in bulk. By buying the items in bulk from the wholesaler the prices of the product are reduced. This is because the wholesaler takes away extra costs, such as service costs or sales force costs, that customers usually pay when buying from retail; making the price much cheaper for the consumer.

4.Producer --> Agent/Broker --> Wholesaler or Retailer --> Customer

This distribution channel involves more than one intermediary before the product gets into the hands of the consumer. This middleman, known as the agent, assists with the negotiation between the manufacturer and the seller. Agents come into play when the producers need to get their product into the market as quickly as possible.

Conflict and Control in Channels

- **Channel conflict** exists when channel members interfere with each others' objectives.
- **Horizontal conflict** involves firms on same level--grocery store vs. drug store.
- **Vertical conflict** involves firms at different levels
  - producer versus wholesaler
  - producer versus retailer
- **Channel Power** is the ability to influence or determine behaviour of others in channel.
  - Based on expertise, rewards and sanctions.

Organizing, implementing, evaluating marketing activities

- **Introduction : Business organizations do marketing planning to incorporate overall marketing** objectives, strategies, and programs of actions designed to achieve marketing objectives. Marketing Planning involves setting objectives and targets, and communicating these targets to people responsible to achieve them.
- **Meaning of Marketing Control -**Developing and implementing marketing plan is not enough to reach marketing objectives; marketing plans and strategies are required to be monitored, evaluated, and adapted to meet the changing market environment, needs, and opportunities. Marketing control ensures performance improvement by minimising gap between desired results and actual results. If the actual results are found deviated from the expected results, plans and strategies are adapted to bring the results back to the desired level.

- **<u>Definition of Marketing Control</u>-**Marketing Control can be defined as "the process of measuring and evaluating the results of marketing strategies and plans, and taking corrective action to ensure that marketing objectives are achieved."
- Marketing Control can also be defined as "the set of practises and procedures employed by firms to monitor and regulate their marketing activities in achieving their marketing objectives."

- **Marketing Control Process: Marketing control is a four step process :-**

1. Define Marketing Objectives
2. Set Performance Standards
3. Compare Results Against Standards
4. Corrections and Alterations

Resources are scarce and costly so it is important to control marketing plans. Controlling marketing plan is not an one time activity, it is a series of actions, and it is required to be done regularly. Marketing control process starts with the review of the marketing objectives.

After defining/redefining marketing objectives, performance standards are set. Performance standards provide benchmarks to enable managers and employees to decide how they are progressing towards achieving objectives.

Actual results are compared against standards. If the actual results are in direction to the expected results, their is no problem in marketing plan and its execution.

If actual results are deviated from the expected results, their is requirement to correct and alter marketing plan to bring the results back to the desired level.

Social responsible marketing

Introduction :In today's world of cut throat competition every organisation is investing heavily in advertising. Advertising is necessary to make a new product popular in the market and to increase the sales of existing brands. Advertising plays an important role in brand building and informing public about available products so that they can make informed choice among different products or brands.

Advertising is a powerful medium of mass communication. As advertising is a form of mass communication and thus just like other popular forms it too have some social responsibilities associated with it. However, the question is whether advertising fulfill its social responsibilities or not.

Advertisements are meant for the masses and people relate themselves with this medium. Thus, for understanding its responsibilities towards the public, its positive and the negative aspects needs to understood.

- **Positive and Negative Aspects of Advertising: As like any other medium of mass** communication, advertising also have positive as well as negative aspects. Advertising increases sales, advertising makes the product popular, advertising helps in brand formation, advertising makes the public aware with the available brands or products. Advertising is the largest financial source for mass media. Advertising is sometimes subjected to wide criticism. Many of the advertisements are criticised as deceptive or manipulative. Other criticism focus on the social or environmental impact of advertising, the effect of advertising on our value system, commercial clutter, stereotypes, and offensiveness.

- **Ethics in Advertising:Ethics means a set of moral principles which govern a person's** behaviour or activities. Ethics in advertising means a set of well defined principles which govern the ways of communication taking place between the seller and buyer.

Advertising benefits advertisers in many ways, similarly it makes the public aware with the available brands so that they can make informed choice among the available products or brands. But, some of the advertisement doesn't match the ethical norms of advertising, such ads causes political, cultural, or moral harm to society. Ethical ad is one which is in the limit of decency, make no false claims, and doesn't lie. Nowadays advertisements are highly exaggerated and a lot of puffing is used. .

- **Ethical and Moral principles of Advertising: Advertisers must have sufficient knowledge** of ethical norms and principles, so that they can understand and decide what is correct and what is wrong. We can identify several ethical and moral principles that are particularly relevant to advertising. We are speaking briefly of three as follows:-

1. Truthfulness in advertising;
2. The dignity of the human person; and
3. Social responsibility.

Truthfulness in Advertising: Truth in advertising promotes a highly efficient, functioning economy by:

- Discouraging deceptive business practices;
- Encouraging the provision of accurate and truthful information;
- Enhancing competition by ensuring a level playing field; and
- Enabling informed consumer choice.

The Dignity of the Human Person

- The dignity of human beings should be respected; advertisements should not insult the dignity of human beings;
- Different cultures and ethnic groups should be presented in advertising as equal with the majority of the population;
- Special care should be given to weak and vulnerable groups like - children, poor people, or elderly people.

Advertising and Social Responsibility

- Advertising has a strong social responsibility, independent of its known commercial responsibility. Advertisers should have a deeper sense of social responsibility and should develop their own set of ethical and social norms taking into consideration the values of their society.

Retailing, trends in retailing

Introduction: Retailing includes all activities in selling goods or services directly to final customers for personal and non business use.

Why is retailing important?

- Retailers add value to products by making it easier for manufacturers to sell and consumers to buy. It would be very costly for consumers to locate, contact and make a purchase from a manufacturer every time.With out retailing there is no sale to end user for personal purpose
- Push up sale is not possible without retailing. Retailing is the last activity of any selling strategy to earn revenue Retailers also provide service and information back-up that makes buying less risky and more fun in an environment ,Retailers may provide many extra services, from personal shopping to gift wrapping to delivery, that increase the value of products and services to consumers Corporate retailing helps for brand building

Classification of retailers based on:

- 1. Product type
- 2. Relative price
- 3. Control of outlets
- 4. Type of store cluster

- 1. **Product Type**
- Specialty Stores
- Departmental Stores
- Supermarkets
- Convenience Stores
- Superstores
- Combination stores
- Hypermarkets

Specialty Stores :
- Carry a typical type of products
- With a deep assortment within that type
- Specialty stores are flourishing increasing use of market segmentation, market targeting
- and product specialization

Departmental Stores: Carries a wide variety of product types .Each type is operated as a separate department managed by specialist buyers and merchandisers

Supermarkets: Are large, low-cost, low-margin, high volume, self-service stores that carries a wide variety of food, laundry, and household products

Convenience Stores:

- Are small stores that carry a limited line of high-turnover convenience goods
- Such recognized stores are limited in India but our milk shops, selling related products are in the same category
- Convenience Stores
- Such stores are located near residential areas and remain open long hours, seven days a week
- The convenience stores may charge high prices to make up for higher operating costs and lower sales volume , but they satisfy an important consumer need

Superstores:

- Are larger than the conventional supermarket
- Many leading chains are moving toward superstores because their wider chain assortment allows prices to be 5-6% higher than conventional markets

Combination stores:

Are stores are combined with two related needs like food drug stores, hospital and medicine shop , puncture and tyre shop etc.

Hypermarkets:

- Hypermarkets combine discount ,supermarket and warehouse retailing
- They operate like a warehouse
- They usually give discounts to customers who carry their own heavy appliances and furniture out of the store

2. Relative prices

- Discount stores
- Off-price retailers
- Chain stores

Discount stores:

- Sell standard merchandise at lower prices by accepting lower margins and higher volume
- Occasional discounts or specials do not make a store a discount store, a true discount store regularly sells its merchandise at lower prices, offering mostly national brands, not inferior goods

Off-price retailers:

- They obtain a changing and unstable collection of higher-quality merchandise , often leftover goods, overruns, and irregulars at reduced prices from manufacturers or other retailers
- E.g. factory outlets, independent outlet and ware house clubs
- They buy at less than regular wholesale and charge customers less than retail

Chain stores:

Are two or more outlets are commonly owned and controlled, employ central buying and merchandising, and sell similar type of merchandise

3.Control of outlets

- Corporate chain
- Voluntary chain
- Retailer cooperative
- Franchise organization
- Merchandising conglomerate

4.Types of store cluster

- Central business districts
- Shopping centre

Non-Store Retailing

“Non-store retailing now accounts for more than 15% of all consumer purchases, and it may account for over 1/3 of all sales by the end of the century”

Non-Store Retailing

- Direct marketing
- Direct selling
- Automatic vending

Levels of service

- **Self-service retailers**
- Convenience goods e.g. super markets
- Nationally branded, fast moving consumer goods e.g. Mc Donalds outlets
- **Limited –service retaile**rs
- Provide more sales assistance
- Shopping goods about which customer need information
- Their increased operating costs result in higher prices
- **Full-service retailers**
- Specialty stores
- First class department stores
- Have sales people to assist customer in every phase of shopping process
- Provide liberal polices like various credit plans, free delivery, home servicing

Rural Marketing.

Introduction: In an economy like India where around 70% of the population live in villages, Rural Marketing as a subject is being accepted with open arms across B-Schools and Universities. However, the problem is that not many people understand or can define the actual meaning of Rural Marketing. The term, Rural Marketing, means different things to different people. Off late with the opening up of the Indian Economy and the huge opportunity identified by global giants in rural India now demands serious attention towards the subject.

One of the closest definitions of Rural Marketing states Rural Marketing is the process of taking region specific goods and services to the rural market leading to exchanges between urban and rural markets simultaneously satisfying consumer demand and achieving organisational objectives.

- Factors responsible for boom in Rural Marketing in India:

1. Increasing Population of India: The growth of Indian population to being the world's second most inhabited country with 1.252 billion (2013) residing in the nation has propelled increasing demand for consumer goods, services, banking facilities etc- And as stated above, with 70% of this population living in rural areas, a spike in the need for creating rural market specific strategies is inevitable.
2. Rise in Rural Income: India turns to be a $1.7 trillion economy with per capital income soaring by 10.4% in 2013-14 to Rs 74,920, the purchasing power of both rural and urban India is growing every year.

3. Government Rural Development Programs: Various initiatives taken by the Indian government has boosted growth the rural economy. Department of Rural development under the Ministry of Rural Development has initiated many schemes which has been facilitating and boosting the growth of rural India. Mahatma Gandhi National Rural Employment Guarantee Act, Swarnjayanti Gram Swarozgar Yojna, Pradhan Mantri Gram Sadak Yojna, Indira Awaas Yojana and National Social Assistance Programme are the few successful government schemes.
4. Development of Transport and Communication Networks: Easy & quick access to information and to nearby developed cities has made the rural areas dynamically connect to their urban counterparts.

5. Foreign Investments: Foreign investments in NGOs, working towards the betterment of rural areas, have gradually increased in the country. Consequently, there has been a steady rise in rural growth.

New Issues in Marketing

- GLOBALIZATION- Globalization refers to the breakdown in barriers that prevent the exchange and integration of finances, trade and ideas across the world. While debate remains about the precise features or importance of any given cause of globalization, some general agreement exists about the causes themselves. As an integral, but ultimately subordinate, feature of business, the causes of globalization in marketing reflect the causes of globalization in business.

CONSUMERISM

- Consumerism means, Organized-efforts by individuals, groups, and governments to help protect consumers from policies and practices that infringe consumer rights to fair business practices. • A modern movement for the protection of the consumer against useless, inferior, or dangerous products, misleading advertising, unfair pricing, etc.

GREEN MARKETING

- **Green marketing** refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced in an environmentally friendly way, such as:
- Being manufactured in a sustainable fashion
- Not containing toxic materials or ozone-depleting substances
- Able to be recycled and/or is produced from recycled materials
- Being made from renewable materials (such as bamboo, etc.)
- Not making use of excessive packaging
- Being designed to be repairable and not "throwaway"

LEGAL ISSUES

- The legal aspect is very important in marketing. Every business operates within the jurisdiction of legal system. The legal system is an inevitable component of the environment within which a business operates. The commercial law existing within any country influences not only each and every variable of marketing mix but also the environment within which a business operates. This has a direct bearing on the management of marketing