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DEPARTMENT OF COMMERCE (COMPUTER APPLICATIONS)

E-NOTES

Subject code : CCP42

Principles of Marketing

{IV Semester B.COM (CA) }

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SYLLABUS

Objective: To enable the student to understand the concept and importance of marketing and the developments that have taken place in the field of marketing in the global get scenario.

Unit – I Introduction

Meaning of market – classification of markets - meaning and defintion of marketing - features of marketing – Importance of marketing – difference between marketing and selling –Evolution of marketing concepts of marketing - functions of marketing

Unit –II Market Segmentation and Consumer Behaviour

Meaning and definition of market segmentation –different patterns of market segmentation – Bases for segmenting consumer markets-benefits and limitations of market segmentation

Defintion of consumer behaviour – consumer behaviour theories – factors determining consumer behaviour

Unit- III Marketing Mix and Product Policy

Defintion and components of marketing mix – four P's of marketing mix – defintion of product -- features of a product – classifications of products – stages in new product development - product life cycle – Branding – advantages of branding a product – packaging – functions of packaging – labelling – functions of labelling – kinds of labels

Unit – IV Pricing Policy, Channel of distribution and Promotion Mix

Meaning of Price – factors affecting price decision – Types of pricing strategies – Defintion of channel of distribution – features of marketing channels – types of channels of distribution – factors determining channel of distribution – functions of wholesalers – types of retailers – promotion mix – Advertising – types of advertising – personal selling – qualities of a good salesman – sales promotion – kinds of sales promotion

Unit –V Recent trends in Marketing

Social Marketing – De-Marketing – Re – marketing – Over marketing – Meta marketing – E-marketing – online retailing – shopping malls

Text Books:

1.Dr.C.B.Gupta Principles of Marketing, Sultan Chand and sons
2.Rajan Nair, Marketing, Sultan Chand and sons
3.Prof.Kavita Sharma, Dr.Swati Agarwal, Principles of marketing, Taxmann's

Reference Books:

1. Philip T.Kotler, Gary Armstrong ,Principles of marketing, Pearson Publications
2.Jaisankar, Marketing, Margham Publications

PRINCIPLES OF MARKETING

UNIT 1

1.1 INTRODUCTION

The purpose of an operating system is to provide an environment in which a user can execute programs in a convenient and efficient manner. An operating system is large and complex, it must be created piece by piece. Each of these pieces should be a well-delineated portion of the system, with carefully defined inputs, outputs, and functions. An operating system is software that manages the computer hardware. The hardware must provide appropriate mechanisms to ensure the correct operation of the computer system and to prevent user programs from interfering with the proper operation of the system.

Meaning of Market

The term market is a Latin word '<u>marcatus</u>' which means merchandise or a place where business is conducted. The word 'market' stands for a place where goods and persons are physically present. It is a congregation of buyers and sellers to transact a deal.

1.2 Classification of Market—Traditional

Markets can be classified on different bases of which most common bases are: area, time, transactions, regulation, and volume of business, nature of goods, and nature of competition, demand and supply conditions. This classification is adjunct of traditional approach.

Traditionally, a market was a physical place where buyers and sellers gathered to buy and sell the goods. Economists describe a market as a collection buyers and sellers who transact over a particular product or product class.

1.2.1 On the Basis of Area

Local Market

Local markets confine to locality mostly dealing in perishable and semi-perishable goods like fish, flowers, vegetables, eggs, milk, and others.

National Market

The area covered by national markets are national boundaries dealing in durable and non-durable consumer goods, industrial goods, metals, forest products, agricultural produce.

International Market:

The movement of goods are world - wide making it as a single market, due to the latest technologies in transport, storage and packaging, even the most perishable goods are sold all over the world, not only the durables.

1.2.2. On the basis of Time

Short Period and Long Period Market

Short-period markets are for highly perishable goods of all kinds and long-period markets are for durable goods of different varieties which are produced or manufactured.

1.2.4. On the basis of Transactions

Spot and Future Market

In spot market, as soon as the transaction takes place, the delivery takes place, while in case of future markets, transactions are agreed on, but, delivery and payment will be kept pending, for future dates.

1.2.5. On the basis of Regulation

Regulated and Non-regulated

A regulated market is one in which business dealings take place according to the rules and regulations formulated regarding, quality, price, source changes and so on.These can be in agricultural products or produce and securities. On the other hand, unregulated market is a free market where there are no rules and regulations; even if they are there, they are amended as per the requirements of parties of exchange.

1.2.6 On the Basis of Volume of Business

Wholesale Market and Retail Market

Wholesale markets are featured by large volume business and Wholesalers.

On the other hand, Retail Markets are those where quantity bought and sold is on small-scale. The dealers are retailers who purchase from wholesalers and sell to the consumers.

1.2.7. On the basis of Nature of Goods

Commodity market and Capital market

Commodity markets deal in favour of material, produce, manufactured goods may be consumer and industrial and bullion market dealing precious metals.

Capital market is a market for finance. These markets can be subdivided into money market dealing in lending, and borrowing of money, **Securities market** or **stock market** dealing in buying and selling of shares and debentures and **foreign exchange** market dealing in buying and selling of foreign currencies. It determines the relative values of different currencies.

1.2.8 On the basis of Nature of Competition

Perfect and Imperfect Market

A perfect market is one which is characterized by:

(a) Large number of buyers and sellers

(b) Prevalence of single lowest price for products those are homogeneous

(c) The perfect knowledge on the part of buyers and sellers

(d) Free entry and exit of firms in market. These types for markets exist hardly.

The imperfect market is featured by:

(a) Products may be similar but not identical

(b) Different prices for a class of goods

(c) Existence of physical and psychological barriers on movement of goods

(d) No perfect knowledge of products and other dimensions on the part of buyers and sellers.

1.2.9 On the basis of Demand and Supply

Seller's and Buyer's Market

A seller's market is one where sellers are in driver's seat and the buyers are at the receiving end.

In other words, it is a situation where demand for goods exceeds supply. On the other hand, buyer's market is one where buyers are in commanding position,where the supply exceeds the demand for the goods.

1.3 Classification of Market —Modern

The modern classification is based on the consumer orientation because in modern economic system consumer is the king-pin and a decisive driving force.
Accordingly, the marketing experts have identified markets based on such broad-based classification namely, consumer, business, global and, non-¬profit and government markets.

1.3.1 Consumer Market

These markets specialize in selling mass consumer durable and non-durable products and services devote good deal of time in an attempt to establish a superior brand image. These items may be shoes, apparels, clothing, household items like television, sound system, washing machines, fans, on one hand and tea, coffee, tea powder, coffee powder, biscuits, bread spreads, dental cream, personal care beauty-aids, rice, wheat, oat, gourmet mixes and so on the other.
Much of the brand strength rests on developing a superior product and packaging, ensuring its availability and engaging communications and reliable service. This task of image building is really ticklish as consumer market goes on changing its colour over the period of time.

1.3.2 Business Market

This is a market of business buyers and sellers. Business buyers buy goods with a view to make or resell a product to others at a profit. Business marketers are to effectively demonstrate as to how their products will help the buyers in getting higher revenue or lower costs.
Therefore, companies selling business goods and services often face well-trained and well informed professional buyers who are skills in evaluating competitive offerings.
These markets deal in raw-materials, fabricated-parts, appliances, equipments, supplies and services that become the part of end products of the business consumers. Advertising plays its due role.

1.3.3 Global Market

Global markets consist of buyers and sellers all over the world. The companies selling goods and services in the global market place play global gain involving decisions and challenges.

To be successful, they must decide as to which country to enter? How to enter each country?

That is, as an exporter, license partner of a joint venture, contract manufacturer or only manufacturer, how to adapt their product and source features to each country?

How to price their products in different countries? And how to adapt their communications to differing cultures of various countries?

These decisions are to be made in the face of differing requirements for buying, negotiating, owning, and disposing of property under different culture, language, and legal and political systems; and the foreign currency that is subject to fluctuations having its own implications. It is needless to say that these goods and services both consumer and industrial or business.

1.3.4 Non-profit and Government Market

Companies do sell their products and services to non-profit organizations like temples, churches, universities, charitable institutions and to governmental departments at local, state and central level. The companies that market their products and services have to consider the price aspect because these buyers have limited purchasing power. Lower prices badly affect the features and quality of products and services if an attempt is made to design such an offering.

1.4 Features of Marketing

Main features of marketing are

1.4.1 Needs and Wants

The main objective of marketing process is to satisfy the needs and wants of the customers. All the people have almost the same needs but their wants happen to be different. A seller tries to find out the needs of the consumers and how those needs are to be satisfied.

1.4.2 Creating a Market Offering

The second feature of marketing is creating market offering. It refers to providing complete information about the product and services, e.g., providing information about the name of the product and service, type, price, size, centre of availability, etc. A good market offer is always prepared keeping in mind the needs and priorities of the customers.

1.4.3. Customer Value

A buyer analyses the cost and the satisfaction that a product provides before buying it. When he/she finds that the satisfaction that it provides outweighs the cost factors, only then he/she buys it. The seller should manufacture the product keeping in view this tendency of the customer. A seller who does not pay attention to the importance that a buyer pays to a product is sure to lag behind in the race of competition.

1.4.4 Exchange Mechanism

Exchange has a special importance in marketing. Literal meaning of marketing is exchanging things. Marketing has two sides-buyer and seller. Marketing becomes possible only by the medium of exchange between the two.

For example, the seller gives goods and services and in exchange the buyer gives money or something equivalent to it. These days the distance between the place of production and the place of consumption has increased.

To lessen this distance the help of many intermediaries like the agents, wholesalers, retailers, etc., is taken. All these reduce this distance through the medium of marketing. Therefore, it can be said that exchange is the essence of marketing following things are important in respect of exchange.

(a) The presence of two sides the buyer and the seller.

(b) Both should be capable of playing each other something, e.g., money in exchange of product.

(c) Both must have the ability to communicate. In the absence of communication no buying and selling can take place.

(d) Both do the transaction independently and without any pressure.

(e) Both the parties make transaction for their own satisfaction.

1.5 Importance of Marketing

1.5.1 Marketing Helps in Transfer, Exchange and Movement of Goods

Marketing is very helpful in transfer, exchange and movement of goods. Goods and services are made available to customers through various intermediaries' viz., wholesalers and retailers etc. Marketing is helpful to both producers and consumers.

1.5.2 Marketing is helpful in raising the standard of Living

Marketing is above all the giving of a standard of living to the community. **Paul Mazur** states, "Marketing is the delivery of standard of living". **Professor Malcolm McNair** has further added that "Marketing is the creation and delivery of standard of living to the society". By making available the uninterrupted supply of goods and services to consumers at a reasonable price, marketing has played an important role in raising and maintaining living standards of the community. Community comprises of three classes of people i.e., rich, middle and poor. Everything which is used by these different classes of people is supplied by marketing. In the modern times, with the emergence of latest marketing techniques even the poorer sections of society have attained a reasonable level of living standard. This is basically due to large scale production and lesser prices of commodities and services. Marketing has infact, revolutionised and modernised the living standard of people in modern times.

1.5.3 Marketing Creates Employment

Marketing is complex mechanism involving many people in one form or the other. The major marketing functions are buying, selling, financing, transport, warehousing, risk bearing and standardisation, etc. In each such function different activities are performed by a large number of individuals and bodies. Thus, marketing gives employment to many people. It is estimated that about 40% of total population is directly or indirectly dependent upon marketing. In the modern era of large scale production and industrialisation, role of marketing has widened.

This enlarged role of marketing has created many employment opportunities for people. Converse, **Huegy and Mitchell** have rightly pointed out that "In order to have continuous production, there must be continuous marketing, only then employment can be sustained and high level of business activity can be continued".

1.5.4 Marketing as a Source of Income and Revenue

The performance of marketing function is all important, because it is the only way through which the concern could generate revenue or income and bring in profits. **Buskirk** has pointed out that, "Any activity connected with obtaining income is a marketing action. It is all too easy for the accountant, engineer, etc., to operate under the broad assumption that the Company will realise many dollars in total sales volume. However, someone must actually go into the market place and obtain dollars from society in order to sustain the activities of the company, because without these funds the organisation will perish."

Marketing does provide many opportunities to earn profits in the process of buying and selling the goods, by creating time, place and possession utilities. This income and profit are reinvested in the concern, thereby earning more profits in future.

1.5.5 Marketing Acts as a Basis for Making Decisions

A businessman is confronted with many problems in the form of what, how, when, how much and for whom to produce? In the past problems was less on account of local markets. There was a direct link between producer and consumer. In modern times marketing has become a very complex and tedious task. Marketing has emerged as new specialised activity along with production.

1.5.6 Marketing Acts as a Source of New Ideas:

The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reaching effects on production and distribution. With the rapid change in tastes and preference of people, marketing has to come up with the same. Marketing as an instrument of measurement, gives scope for understanding this new demand pattern and thereby produce and make available the goods accordingly.

1.5.7 Marketing Is Helpful In Development Of An Economy:

Adam Smith has remarked that "nothing happens in our country until somebody sells something". Marketing is the kingpin that sets the economy revolving. The marketing organisation, more scientifically organised, makes the economy strong and stable, the lesser the stress on the marketing function, the weaker will be the economy.

1.6 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

1.7 Evolution of Marketing Concepts

A 'concept' is a philosophy, an attitude, a course of thinking, an idea or a notion relating to any aspect of divine and human creations. The philosophy of an organisation in the dynamic realm of marketing is referred to as a 'marketing concept.' A concept is an orientation or a philosophy;

A correct understanding of marketing concept is fundamental to the study of modern marketing and marketing management. In any walk of life, thinking precedes doing; the way of thinking that determines the very course of action.

This marketing philosophy has undergone a thorough and gradual change since the great Industrial Revolution that took place during the latter-half of the 18th and first-half of the 19th centuries. This gradual change can be traced under four periods and captions namely, production orientation period, sales-orientation period, customer-orientation period and social orientation period.

Following is the brief explanation of each philosophy and corresponding period:

1.7.1 Production Orientation Philosophy or Product concept

Till 1930s, there prevailed a strong feeling that whenever a firm has a good product, it results in automatic consumer response and that needed little or no promotional efforts. This production-oriented marketing concept was built on "Good wine needs no push." That is, if the product is really good and the price is reasonable, there is no need for special marketing efforts.

The assumptions of this concept are:

(i) Anything that can be produced can be sold,
ii) The most important task of management is to keep the cost of production down.
(iii) A firm should produce only certain basic products.

This concept can be illustrated as under:

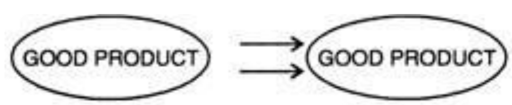


Fig. 1.01

Under this concept, production is the starting point. The product acceptability occurs after the product is produced.

1.7.2 Sales Orientation Philosophy or Concept

The failures of the production orientation philosophy of 1930s paved the way for change in the outlook that was possible during 1940s. This reshaped philosophy was sales-orientation that holds good to a certain extent even today. It states that mere making available the best product is not enough; it is futile unless the firm resorts to aggressive salesmanship.

Effective sales-promotion, advertising and public- relations are of top importance. High pressure salesmanship and heavy doses of advertising are a must to move the products of the firm. The essence of sales orientation philosophy is "Goods are not bought but sold." The maker of product must say that his product is best and he fails if he keeps mum.

The assumptions of this philosophy are:

(i) Producing the best possible product.

(ii) Finding the buyer for the product,

(iii) The management's main task is to convince the buyers through high pressure tactics, if necessary.

It can be illustrated as under:

Fig. 1.02

The philosophy has been prevailing since 1940. It is more prevalent in selling all kinds of insurance policies, consumer non-durables and consumer durable products, particularly the status-symbols.

1.7.3 Customer Orientation Philosophy or Concept

This philosophy was brought into play during 1950s and points out that the fundamental task of business undertaking is to study and understand the needs, wants, desires and values of potential consumers and produce the goods in the light of these findings so that consumer specifications are met totally.

Here, the starting point is the customer rather than the product. The enterprise is to commence with the consumer and end with the requisite product. It emphasizes the role of marketing research well before the product is made available in the market place.

The assumptions are:

1. The firm should produce only that product as desired by the consumer.

2. The management is to integrate all its activities in order to develop programmes to satisfy the consumer wants.

3. The management is to be guided by 'long-range profit goals' rather than 'quick sales.'

It can be illustrated as under

Fig. 1.03

This means a radical change in the philosophy.

It meant two basic changes namely

(i) Move from production to market-orientation,

(ii) Gradual shift from age old "Caveat emptor" to "Caveat vendor".

Since 1950, this philosophy is in vogue and will continue so long as consumer is the King of the market.

4. Social Orientation Philosophy or Concept

There has been a further refinement in the marketing concept particularly during 1970s and 1980s. Accordingly, the new concept goes beyond understanding the consumer needs and matching the products accordingly. This philosophy cares for not only consumer satisfaction but for consumer welfare or social welfare. Such social welfare speaks of pollution-free environment and quality of human life.

The assumptions of social-orientation philosophy are

(i) The firm is to produce only those products as are wanted by the consumers,

(ii) The firm is to be guided by long-term profit goals rather than quick sales.

(iii) The firm should discharge its social responsibilities,

(iv) The management is to integrate the firm's resources and activities to develop programme to meet these individual consumer and social needs.

This concept can be illustrated as under

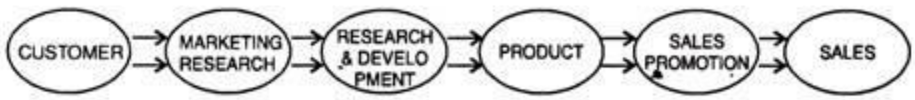


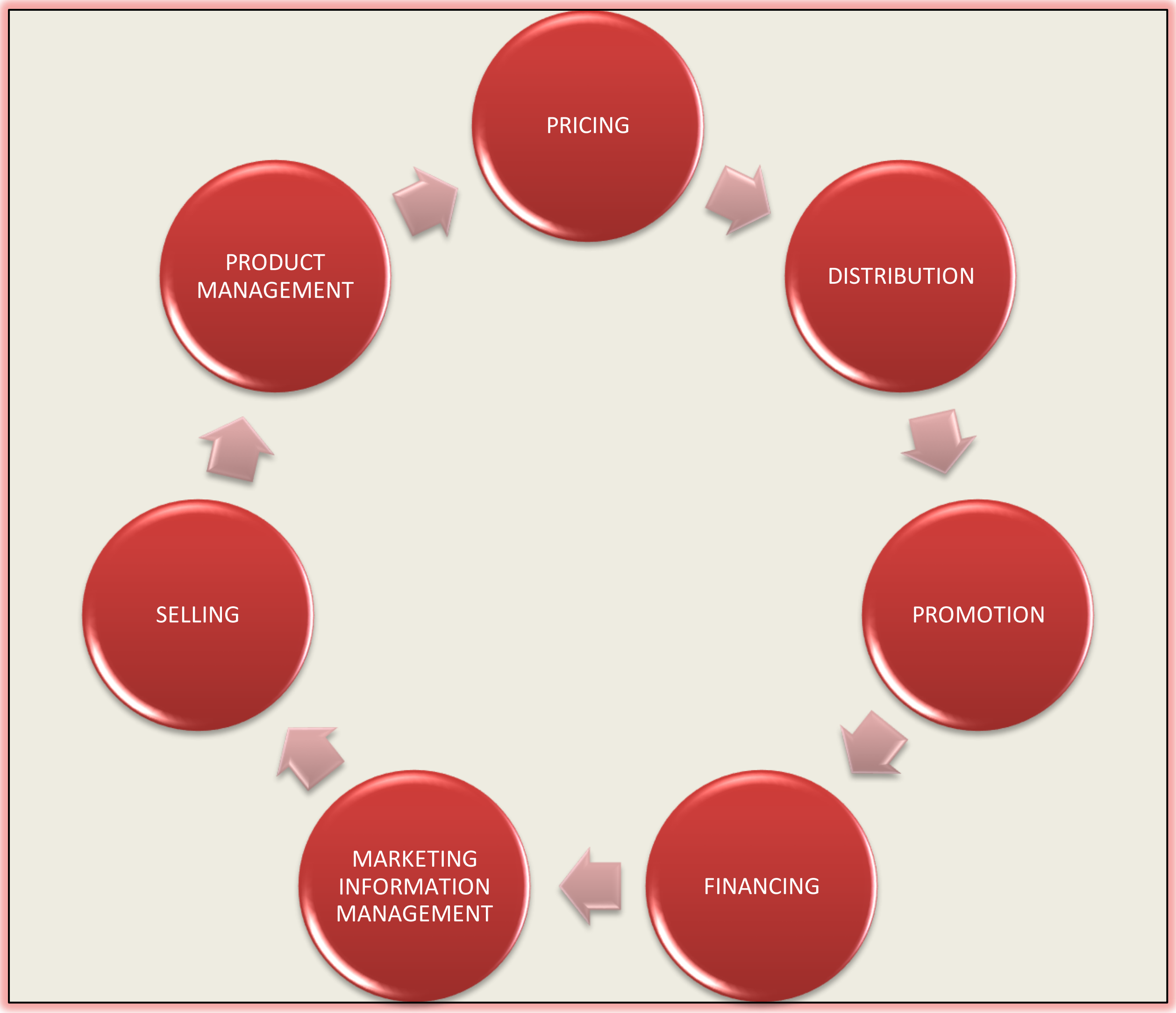
Fig. 1.04

This social oriented philosophy is the latest and is considered as an integrated concept. This philosophy, as it covers earlier long-standing concepts, is bound to rule the marketing world for pretty long time.

However, we are to wait and see as to what changes are likely in the coming years and decades that will shape the new marketing concept.

1.8 FUNCTIONS OF MARKETING

The seven functions of marketing are as follows:



1.8.1 Pricing

Pricing is one of the seven function of marketing that you also find in the commerce mix. Pricing opinion or decision dictate how much to gripe for commodities and services in plan to make a profit. Pricing decision can be based on cost, competitors price and value expressed to customers.

1.8.2 Distribution

Distribution is the process of influential how to get foods in customer’s hands. Although they would not precisely relate it to marketing, it is an essential function of marketing: without distribution, the value does not end where you intend it to be.

The main methods of transportation are by truck, rail, ship or air. Some large retail chain store product in central warehouse for later distribution.

1.8.3 Promotion

Promotion is the attempt to inform, persuade or remind future customers about a business’s product or services. As such, it plays a vital role in communication value to customers, which makes it part of the seven functions of marketing.

Online ads, Television and radio commercials are forms of promotion. This type of promotion is called advertising. Promotion concepts and strategies are used to achieve success in marketplace.

1.8.4 Financing

Financing is getting the money that is binding to pay for setting up and running a business. Without marketing, the company does not deliver value to customers and does not sale their products.

“As a consequence, there are no profit and no need for finance”.

Business owners often obtain bank loans to start a new business. Some also form corporation and may sell shares or stock of the business. It also involves decision whether to offer credit to customers. Most retailers offer customers payment option such as Mastercard or Visa, while other store offer their own credit card.

1.8.5 Marketing information management

Sound business and marketing decisions rely on rich information about customers, trends and competing products. Gathering this information, storing it, and analyzing it are part of marketing information management. Collecting information is done on a continual basis and through special marketing research studies. Companies conduct research so they can be successful at marketing and selling their products.

1.8.6 Selling

It provides a key link between creation of value and delivery of value to the customers. It reflects the change of ownership of value and provides customers with the goods and services they want. This includes selling in the services they want.

This includes selling in the retail market to you, the customer, and selling in the b2b market to wholesaler, retailer or manufactures. The selling process influences purchasing decision and enhances future business opportunities.

1.8.7 Product Management

Product management is obtaining, developing and improving a product or a product mix in response to market opportunities. An important part of it is new product development.In addition, marketing research guides product management towards ***what the consumer needs and wants.***

UNIT 2

MARKET SEGMENTATION AND CONSUMER BEHAVIOUR

2.1 Meaning of market segmentation

Market Segmentation is a process of dividing the market of potential customers into different groups and segments on the basis of certain characteristics. The member of these groups share similar characteristics and usually have one or more than one aspect common among them. There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create a custom marketing mix for each segment and cater them accordingly.

2.2 Definition: Market Segmentation

The concept of market segmentation was first identified by Smith back in the 1950s. He was one of the first to recognize the importance of market segmentation, as shown in the following quote:

- *"Market segmentation is based upon developments on the demand side of the market and represents a rational and more precise adjustment of product and marketing effort to consumer or user requirements." (Smith, 1956)*
- *"**Market Segmentation** is the sub-dividing of a **market** into homogeneous subsets of customers, where any subset may conceivably be selected on a **market** target to be reached with a distinct **marketing** mix." - Philip Kotler*
- *"Market segmentation is the process of splitting customers, or potential customers, in a market into different groups, or segments, within which customers share a similar level of interest in the same, or comparable, set of needs satisfied by a distinct marketing proposition"* (McDonald & Dunbar, 2004)
- *"Market segmentation involves aggregating prospective buyers into groups that (1) have common needs and (2) will respond similarly to a market action."* (Kerin, 2011)

2.3 Patterns of market segmentation

Market segments can be build up in many ways, one way is to identify **preference segments**. For example cookies buyers are asked how much they value sweetness and saltiness in biscuits as two product attributes. Three different patterns can emerge:-

2.3.1 Homogeneous Preferences: It shows a market where all the consumers have roughly the same preferences. The market shows no natural segments. We would predict that existing brands would be similar and cluster around the middle of the scale in both sweetness & saltiness.

2.3.2 Diffused Preferences: At the other extreme, consumer preferences maybe scattered throughout the space, indicating that customers vary greatly in their preferences. The first brand to enter the market is likely to position in the center to appeal to the most people.

2.3.3 Clustered Preferences: The market might reveal distinct preference clusters, called **natural market segments**. The first firm in this market has three options. It might position in the center, hoping to appeal to all groups. It might position in the largest market segment **(concentrated marketing).** It might develop several brands, each positioned in a different segment. If the first firm developed only one brand, competitors would enter and introduce brands in the other segments.

2.4 Bases for segmenting consumer markets

The most common bases for segmenting markets are as follows:

2.4.1 Geographic Segmentation:

Geographic location is one of the simplest methods of segmenting the market. People living in one region of the country have purchasing and consuming habit which differs from those living in other regions.Banking needs of people in rural areas differ from those of urban areas. Even within a city, a bank branch located in the northern part of the city may attract more clients than a branch located in eastern part of the city.

2.4.2 Demographic Segmentation:

Demographic variables such as age, occupation, education, sex and income are commonly used for segmenting markets.

(a) Age:

Teenagers, adults, retired.

(b) Sex:

Male and female.

(c) Occupation:

Agriculture, industry, trade, students, service sector, house-holds, institutions.

(i) Industrial sector:

Large, small, tiny.

(ii) Trade:

Wholesale, retail, exporters.

(iii) Services:

Professionals and non-professionals.

(iv) Institutions:

Educational, religions, clubs.

(v) Agriculture and cottage industries.

(d) Income Level:

Above Rs. 1 lakh per annum, Rs. 50,000 to Rs. 1 lakh, Rs. 25,000 to Rs. 50,000 per annum, i.e., higher, middle and lower.

(e) Family Life-cycle:

Young single, young married no children, young married youngest child under six, young married youngest child over six, older married with children, older married no children under eighteen, older single, etc.

2.4.3 Psychographic Segmentation: Under this method consumers are classified into market segments on the basis of their psychological make-up, i.e., personality, attitude and lifestyle. According to attitude towards life, people may be classified as traditionalists, achievers, etc.

Rogers has identified five groups of consumer personalities according to the way they adopt new products:

(a) Innovators:

These are cosmopolitan people who are eager to try new ideas. They are highly venturesome and willing to assume the risk of an occasional bad experience with a new product.

(b) Early Adopters:

These are influential people with whom the average person checks out an innovation.

(c) Early Majority:

This group tends to deliberate before adopting a new product. Its members are important in legitimising an innovation but they are seldom leaders.

(d) Late Majority:

This group is cautious and adopts new ideas after an innovation has received public confidence.

(e) Laggards:

These are past-oriented people. They are suspicious of change and innovations. By the time they adopt a product, it may already have been replaced by a new one.

Understanding of psychographic of consumers enables marketers to better select potential markets and match the product image with the type of consumer using it.

Psychographic classification may, however, be an oversimplification of consumer personalities and purchase behaviour. So many factors influence consumers that an early adopter of one product might well be a laggard for some other product and vice versa.

2.4.4 Behaviouristic Segmentation:

In this method consumers are classified into market segments not the basis of their knowledge, attitude and use of actual products or product attributes.

Any of the following variables might be used for this purpose:

(a) Purchase Occasion:

Buyers may be differentiated on the basis of when they use a product or service. For example, air travellers might fly for business or vacation.

(b) Benefits Sought:

The major benefit sought in a product is used as the basis of classify consumers. High quality, low price, good taste, speed, sex appeal are examples of benefits.

(c) User Status:

Potential buyers may be classified as regular users, occasional users and non-users. Marketers can develop new products or new uses of old products by targeting one or another of these groups.

2.4.5 Volume Segmentation:

Consumers are classified light, medium and heavy users of a product. Marketers can decide product features and advertising strategies by finding common characteristics among heavy users. **M**arketers should pay attention to all the user groups because they represent different opportunities. The non-users may consist of two types of people, those who do not use the product and those who might use it. Some may change over time from a non-user to a user.

2.4.6 Product-space Segmentation:

The buyers are asked to compare the existing brands according to their perceived similarity and in relation to their ideal brands. First, the analyst infers the latent attributes that consumers are using to perceive the brand. Then buyers are classified into groups each having a distinct ideal brand in mind. The distinctive characteristics of each group are ascertained.

2.4.7 Benefit Segmentation :

Consumer behaviour depends more on the benefit sought in product/service than on demographic factors. Each market segment is identified by the major benefits it is seeking. Most buyers seek as many benefits as possible.

Research studies on benefit segmentation reveal that it is easier to take advantage of existing segment, then to create new segments. As no brand can appeal to all consumers, a marketer who wants to cover the market fully must offer multiple brands.

The following benefit segments have been identified:

(a) The Status Seeker:

This group comprises buyers who are very much concerned with the prestige of the brand.

(b) The Swinger:

This group tries to be modern and up-to-date in all of its activities.

(c) The Conservative:

This group prefers popular brands and large successful companies.

(d) The Rational Man:

This group looks for benefits such as economy, value, durability and other logical factors.

(e) The Inner Directed Man:

This group is concerned with self-concept, e.g., sense of homour, independence, honesty, etc.

(f) The Hedonist:

This group is concerned mainly with sensory benefits.

Marketing experts suggest that benefit segmentation has the greatest number of practical implications than any other method of segmentation.

2.5 Benefits and limitations of market segmentation

There are 6 main advantages of segmentation.

2.5.1 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 business. 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.

2.5.2 Increase in competitiveness

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.

2.5.3 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.

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.

2.5.4 Customer retention

By using segmentation, Customer retention can be encouraged through the life cycle of a customer. The best example of this is the Automobile and the Airlines segment. You will find major example of customer life cycle segmentation in the Hospitality segment whether they be hotels, airlines, or hospitals.

In India, Titan is an example of products which are planned through the life cycle of a customer. From fast track to Sonata and the high range watches, Titan has them by price segment as well as life cycle segment. Thus a watch is available for any customer who enters a Titan showroom, whatever be his age.

2.5.5 Have better communication

One of the factors of marketing mix which is absolutely dependent 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.

2.5.6 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.

2.6 Defintion of consumer behaviour

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.

Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determin which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

The study of consumer behaviour assumes that the consumers are actors in the marketplace. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process.

Definition

According to **Louden and Bitta, "**consumer behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services**"**.

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

2.7 Consumer buying behaviour theories

All social sciences have contributed separate theories have contributed separate theories and tried to find out the motivational processes that influence buying behaviour.These theories may be grouped as under :

a) Economic theories
b) Psychological theories
c) Psycho-analytic theories
d) Socio-cultural theories

2.7.1 Economic Theories

a) Marginal Utility Theory : This theory was developed by classical economists. According to them , a consumer will continue to buy such products that will deliver the most utility or maximum satisfaction at relative prices. Marketers do not accept this theory has it fails to explain how product and brand preferences are formed. This theory is also referred to as **Marshallian model** which provides a useful frame of reference for analysing only one small corner.

b) Income and savings theory : This theory is based on the fact that purchasing power is the real determinant of buying. Purchasing power is dependent on disposable income i.e income left after payment of tax and savings.The theory states that personal consumption spending tends both to rise and fall at a slower rate than does the disposable income.

2.7.2 Psychological theories

The mportance of brand loyalty and repeat purchase make learning theory more relevant in the field of marketing. These theories are also called as '**Learning Theories.'**

a) Stimulus Response Theory : Purlon, Skinner, Thorndike and Kotler developed this theory on the basis of experiments.they did on animals. According to them, " Learning occurs as a person responds to some stimulus and is rewarded with need satisfaction for a correct response." This theory is based on four central processes. They are **drive, cue, response and reinforcement.** 'Drives are needs or motives that are stronger, whereas cue is a weaker stimuli. Reinforcement is the process by which rewarding experiences in the past are strengthened.

b) Cognitive Theory : This theory was propounded by Festinger mainly to explain certain post-buying behaviour. According to it, stimulation of want is conditioned by a customer's knowledge, his perception, beliefs and attitudes. Perception is the sum total of Physical stimuli and personal factors.Post-decision anxiety is caused by 'noise' that is congnitive dissonance arising from doubts on the decision taken. The theory was developed to explain a post - decision phenomenon, it is also suitable for explaining pre-decision anxiety. The important goal for both of advertising and personal selling is to reduce cognitive dissonance on the part of buyer and prospects.

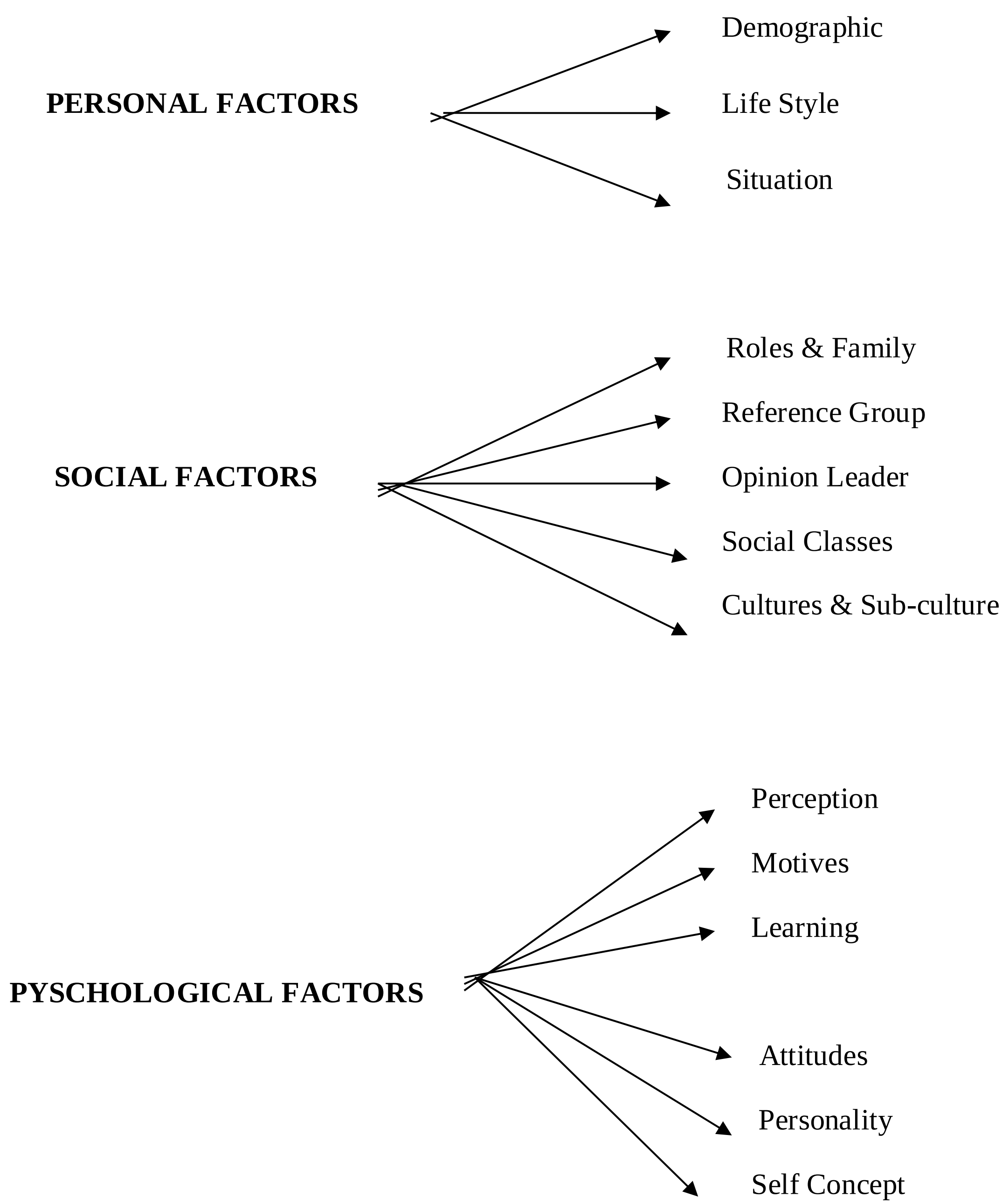
c) Gestalt and Field Theory: According to this theory, learning and consequent behaviour is not independent, but is a total process. It was formulated by **Kurt Lewin.** A person based on this theory may take decision to buy, taking into consideration product, price, quality, advertising, retailers etc., all combined into a particular pattern, consistent with buyer's expectations.

2.7.3 Psycho-analytic theories: This theory is developed from the thoughts of **Sigmund Freud.** He postulated that the personality has three basic dimensions : the id, the ego and the super ego. The **id** refers to the free mechnanism that leads to strong drives. **Ego** refers to the act of weighing conseqeunces and tries to reconcile with reality. **Super ego** is a person's conscience. It is highly rational and tries to keep the activities morally right.

2.7.4 Socio-cultural theories: This theory is also known as **Veblenian model**. The theory was developed by **Thorstein Veblen.** He asserted that man is primarily a social animal and his wants and behaviour are largely influenced by the group of which he is a member. **Reference groups** indicate the position of a particular group of persons in a society.

Culture, sub-culture, social classes, references groups, family are the different factor groups that influence buying behaviour.

2.8 Factors determining consumer behaviour:



2.8.1 Personal factors

A number of personal factors also influence the consumer behaviour. In fact this is one major factor that influences consumer behaviour. The sub factors under personal factor are listed below.

a) **Age and life cycle stage**

Age of a consumer and his life cycle are two most important sub factors under personal factors. With the age and the life cycle the consumers purchase options and the motive of purchase changes, with his decisions of buying products change.

b) **Occupation**

Occupation of a consumer is affects the goods and services a consumer buys. The occupations group has above average interest in buying different products and services offered by organizations. In fact organizations produce separate products for different occupational groups.

c) **Financial or economic situations**

Everything can be bought and sold with the help of money. If the economic situation of a consumer is not good or stable it will affect his purchase power, in fact if the consumers or the economy of a nation is suffering a loss it defiantly affects the consumers purchase or spending decisions.

d) **Life style**

People originating from different cultures, sub cultures, occupations and even social class have different styles of living. Life style can confirm the interest, opinions and activities of people. Different life styles affect the purchase pattern of consumers.

2.8.2 Social factors

Social factors are also subdivided into the following:

a) **Role and Family**

The behaviour of a consumer is not only influenced by their motivations and personalities but also their families and family members who can two or more people living together either because of blood relationship or marriage.

People who belong to different organizations, groups or club members, families play roles and have a status to maintain. These roles and status that they have to maintain also influences consumer behaviour as they decide to spend accordingly.

b) Reference groups

Under social factors reference groups have a great potential of influencing consumer behaviour. Of course its impact varies across products and brands. This group often includes an opinion leader.

a) Social Class

Society possesses social class; in fact every society possesses one. It is important to know what social class is being targeted as normally the buying behaviour of a social class is quite similar. Remember not just the income but even other factors describe social class of a group of consumers.

b) Culture

Culture is a very complex belief of human behaviour it includes the human society, the roles that the society plays, the behaviour of the society, its values customs and traditions. Culture needs to be examined as it is a very important factor that influences consumer behaviour.

c)Sub-Culture

Sub-culture is the group of people who share the same values, customs and traditions. You can define them as the nation, the religion, racial groups and also groups of people sharing the same geographic location

2.8.3 Psychological factors

Psychological factors are also subdivided into the following;

a) Perception

Perception is sensing the world and the situations around and then taking a decision accordingly. Every individual look as the world and the situations differently. The judging ability and capacity of every individual is different and hence the look at the world differently. This is what separates the decision taking abilities.

b) **Motivation**

Motivation is activating the internal needs and requirements of the consumer. It can also be described as goals and needs of the consumers. Motivation arouses and directs the consumers towards certain goals. These needs can be psychological needs, needs of security, social needs, esteem needs and also self actualizing needs.

c) **Learning and experience**

Learning is the research of products and services before the consumer takes the decision of buying a product. Learning and self educating these days is done online and also in groups. Experience is taking a lesson from the past experiences of a product and service. Learning and experience both again play an important role in influencing the consumer's behaviour as it influences their purchase decision.

d) **Attitude and beliefs**

Attitude is a consumer's favourable and unfavourable emotional condition or emotional feeling, also its tendency of reaction to certain actions and behaviours. Beliefs of people that are the belief that people assume the products to be as make the specifications of the products.

e) **Self concept and personality**

Every individual is different and have different and distinct personalities. Their distinct personalities and distinct physiology effects their buying decisions. Hence purchase of products and services defers from person to person.

UNIT 3

MARKETING MIX AND PRODUCT POLICY

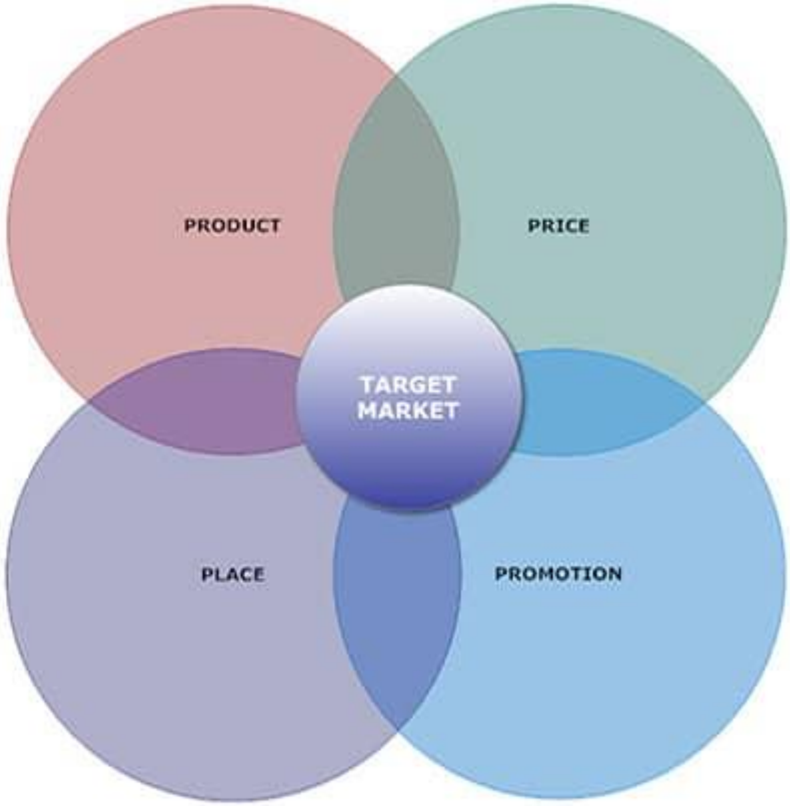
3.1 Defintion

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market.

3.2 Components of marketing mix

A marketing expert named E. Jerome McCarthy created the Marketing 4Ps in the 1960s. This classification has been used throughout the world. Business schools teach this concept in basic marketing classes.

The marketing 4Ps are also the foundation of the idea of marketing mix. The 4Ps make up a typical marketing mix - Price, Product, Promotion and Place. The 4Ps are price, place, product and promotion. The services marketing mix is also called the 7Ps and includes the addition of **process**, people and physical evidence.



3.2.1 Product:

It refers to the item actually being sold. The product must deliver a minimum level of performance. A product is an item that is built or produced to satisfy the needs of a certain group of people. The product can be intangible or tangible as it can be in the form of services or goods. A product has a certain life cycle that includes the growth phase, the maturity phase, and the sales decline phase.

3.2.2 *Price* :

It refers to the value that is put for a product. It depends on costs of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors. There can be several types of pricing strategies, each tied in with an overall business plan. Pricing can al so be used a demarcation, to differentiate and enhance the image of a product.. There are three major pricing strategies, and these are:

- Market penetration pricing
- Market skimming pricing
- Neutral pricing

3.2.3 Place*:* It refers to the point of sale. In every industry, catching the eye of the consumer and making it easy for her to buy it is the main aim of a good distribution or 'place' strategy. Retailers pay a premium for the right location. The location of the service provision is carefully analyzed to allow ease of access and the desire to make the effort to reach it.

3.2.4 Promotion: This refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes.

MARKETING MIX 7P'S

The 7Ps model is a marketing model that modifies the 4Ps model. The 7Ps is generally used in the service industries. Here is the expansions from the 4Ps to the 7Ps marketing model.

3.2.5 People :

Proposed by **Judd in 1987**, a fifth P was added to the model. This stood for **People**. The basis for this was that the people providing the product or service to the customer had an important role to play in communicating the right message and had a significant impact on the use. It is important to hire and train the right people to deliver superior service to the clients, whether they run a support desk, customer service, copywriters, programmers etc.

3.2.5 Process :

The systems and processes of the organization affect the execution of the service.It could be your entire sales funnel, a pay system, distribution system and other systematic procedures and steps to ensure a working business that is running effectively.

3.2.6 Physical evidence :

In the service industries, there should be physical evidence that the service was delivered. It is the physical evidence of a business' presence and establishment. A concept of this is branding. The level of comfort and attractiveness of a service location may make a lot of difference to the user experience.

3.3 Defintion

Term product has been variously defined by the experts in the field.

- **Philip Kotler:**

"Product is anything that can be offered to someone to satisfy a need or a want."

- **William Stanton:**

"Product is complex of tangible and intangible attributes, including packaging, colour, price, prestige, and services, that satisfy needs and wants of people."

- **W. Alderson:**

"Product is a bundle of utilities, consisting of various product features and accompanying services."

3.4 Features of a product

Careful analysis of concept of product essentially reveals following features:

- Product is one of the elements of marketing mix or programme.
- Different people perceive it differently. Management, society, and consumers have different expectations.
- Product includes both good and service.
- Marketer can actualize its goals by producing, selling, improving, and modifying the product.
- Product is a base for entire marketing programme.
- In marketing terminology, product means a complete product that can be sold to consumers. That means branding, labeling, colour, services, etc., constitute the product.
- Product includes total offers, including main qualities, features, and services.
- It includes tangible and non-tangible features or benefits.
- It is a vehicle or medium to offer benefits and satisfaction to consumers.
- Important lies in services rendered by the product, and not ownership of product. People buy services, and not the physical object.

3.5 Classifications of products

A company sells different products i.e goods and services to its target market.

They can be classified into two groups, such as:

1. Consumer Products

2. Industrial Products

3.5.1 Consumer Products:

Consumer products are those items which are used by ultimate consumers or households and they can be used without further commercial and engineering processes.

Consumer products can be divided into four types as under:

i. Convenient Products:

These products are used in day-to-day life. These products improve or enhance users' convenience. They are frequently required and can be easily purchased. For example, soaps, biscuits, toothpaste, razors and shaving creams, newspapers, etc. They are purchased spontaneously, without much consideration, from nearby shops or retail malls.

ii. Shopping Products:

These products require special time and shopping efforts. They are purchased purposefully from special shops or markets. Quality, price, brand, fashion, style, getup, colour, etc., are important criteria to be considered.

iii. Durable Products:

Durable products can last for a longer period and can be repeatedly used by one or more persons. Television, computer, refrigerator, fans, electric irons, vehicles, etc., are examples of durable products. Brand, company image, price, qualities including safety, ease, economy, convenience, durability, etc., features including size, colour, shape, weight, etc., and after-sales services including free installation, home delivery, repairing, guarantee and warrantee, etc.are important aspects the customers consider while buying these products.

iv. Non-durable Products:

Durable products have short life than the non-durable products. They must be consumed within short time after they are manufactured. Fruits, vegetables, flowers, cheese, milk, and other provisions are non-durable in nature. They are used for once. They are also known as consumables. Freshness, packing, purity, and price are important criteria to purchase these products.

v. Services:

Services are different than tangible objects. Intangibility, variability, inseparability, perishability, etc., are main features of services. Services make our life safe and comfortable. Trust, reliability, costs, regularity, and timing are important issues.The police, the post office, the hospital, the banks and insurance companies, the cinema, the utility services by local body, the transportation facilities, and other helpers like barber, cobbler, doctor, mechanics, etc., can be included in services.

3.5.2. Industrial Products:

Industrial products are used as the inputs by manufacturing firms for further processes on the products, or manufacturing other products. Some products are both industrial as well as consumer products. Machinery, components, certain chemicals, supplies and services, etc., are some industrial products.Strict classification in term of industrial consumer and consumer products is also not possible, For example, electricity, petroleum products, sugar, cloth, wheat, computer, vehicles, etc., are used by industry as the inputs while the same products are used by consumers for their daily use as well.

Industrial products include:

- Machines and components
- Raw-materials and supplies
- Services and consultancies
- Electricity and Fuels etc.

3.6 Stages in new product development

New product development is the process of bringing an original **product** idea to market. The eight stages or process or steps involved in the development of a new product are listed below:

- Idea generation
- Idea screening
- Concept testing
- Business analysis
- Product development
- Test marketing
- Commercialization

3.6. 1. Idea generation :

The first stage of New Product Development relies on the generation of ideas. A company can generate dozens of innovative and smart ideas through different sources, such as research and development (R&D). All the ideas may not have immediate market potential. The specific activities performed in this stage are:

- Determining the product fields of interest to the company.
- Establishing a programme for planned idea geneartion
- Collecting ideas through an organised work..

3.6.2. Idea screening

At this stage, the idea collected are scrutunised to eliminate those inconsistent with the product policies and objectives of the firm. The main intention of this phase is only to eliminate unsuitable ideas as quickly as possible. According to Kotler, P. "Idea screening helps spot good ideas and drop poor ones as soon as possible" . This stage functions like a filter of ideas. When the best idea arrives, it is time to go to the next step to define all the characteristics and features of the best idea.The procedure adopted includes :

- Expanding each idea into full product concept.
- Assessing each idea for its potential value to the company.

3.6.3. Concept testing

The object of this stage is basically to assess whether the product meets the technical and commercial objectives envisaged in the original proposal.

According to Kotler, P. "An attractive idea must be developed into a product concept. It is important to distinguish between a product idea, a product concept, and a product image".

There are three types of tests usually conducted:-

- Concept testing
- Product testing
- Test Marketig

3.6.4. Business analysis*:*

At this stage, creative analysis is applied to the idea finally selected. Product feature are analysed and a rough programme for its development is fixed. According to Kotler, P. "Business analysis relies on a review of the sales, costs, and profit projections for a new product to find out whether these factors satisfy the company's objectives" .

3.6.5 Product development:

During this stage, the ‘idea-on-the-paper’ is turned into a ‘product-on-hand’. This stage is termed as “Technical Development”. According to Kotler, P. "Product development relies on developing the product concept into a physical product to ensure that the product idea can be turned into a workable market offering" .

3.6.6 Test marketing

The object of this stage is to assess whether the product meets the technical and commercial objectives stated in the original proposal. According to Kotler, P. "Test marketing is the stage of new-product development in which the product and its proposed marketing program are tested in realistic market setting" . There are three types of tests usually conducted:

- Concept testing
- Product testing
- Test marketing

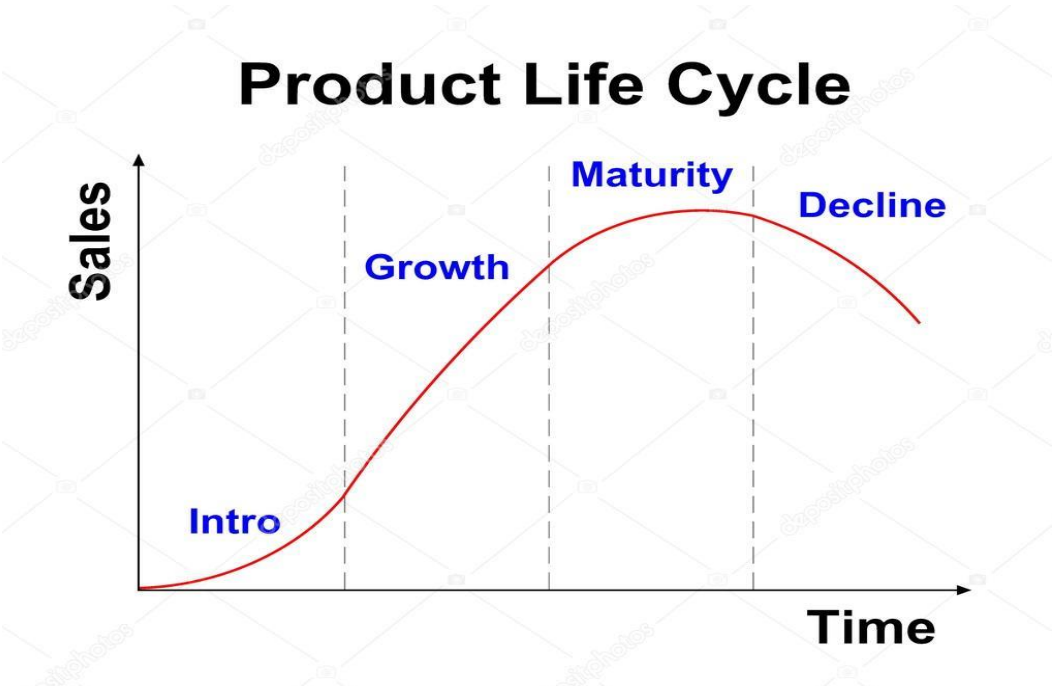
3.6.7 Commercialization

In this stage, the product is submitted to the market and thus commences its life cycle. According to **Kotler, P**. "Commercialization is the stage while introducing a new product into the market". Commercialization is the last step where a new product is finally introduced formally into the market. The following activities are usually undertaken during this stage:

- Completing final plans for production and marketing
- Initiating coordinated production and selling programmes
- Checking results at regular intervals

3.7 Product life cycle

Products, like people, are mortal. They flourish for a time, then decline and die. The product life cycle is broken into **four stages: introduction, growth, maturity, and decline**. This concept is used by management and by marketing professionals as a factor in deciding when it is appropriate to increase advertising, reduce prices, expand to new markets, or redesign packaging. The process of strategizing ways to continuously support and maintain a product is called **product life cycle management**.



3.7.1 Introduction

A product enters the **introduction stage** and the product will then become available in the national market. When a new product is released, it is often a high-stakes time in the product's life cycle - although it does not necessarily make or break the product's eventual success. Costs are generally very high and there is typically little competition.

3.7.2 Growth

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

3.7.3. Maturity

During this stage th manufacturers introduce new models or adopt methods to promote the sale of their brands. When a product reaches maturity, its sales tend to slow or even stop - signaling a largely saturated market. At this point, sales can even start to drop. Pricing at this stage can tend to get competitive, signaling margin shrinking as prices begin falling due to the weight of outside pressures like competition or lower demand. In this stage, saturation is reached and sales volume is maxed out. The maturity stage may last a long time or a short time depending on the product.

3.7.4. Decline

In the decline stage, product sales drop significantly and consumer behavior changes as there is less demand for the product. The company's product loses more and more market share, and competition tends to cause sales to deteriorate. Marketing in the decline stage is often minimal or targeted at already loyal customers, and prices are reduced.

3.8 Branding

Meaning:

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. A brand is a specific term that may include a name, sign, symbol, design or a combination of these, with an intention to identify goods or services of a particular seller. In fact, the word ‘brand’ is derived from the Old Norse word brander, which means ‘to bum’. Branding helps to develop customer loyalty and it is advertised by sellers under their own name. A good brand develops a corporate image.

Definition:

According to Kotler and Amstrong, ‘a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product, or services’.

3.8.1 Advantages of branding a product

The advantages of using brand names for manufacturers, consumers, distributors are as follows:

To the manufacturers:

- It protects the interest of the manufacturer by identifying the product and distinguishes it from other competing products.
- It saves advertising cost if the brand name is popular.

- Brand name creates confidence and goodwill for the products.
- It helps to build image and introduce new brands.
- It helps in segmenting markets.

To the consumers :

- It affords an easy way for purchase by easily identifying a product.
- The brand names assures fixed prices.
- The brand name communicates certain quality by identifying the manufacturer behind the product.

To the distributors :

- It helps in advertising and sales promotion programmes.
- Branding reduces price flexibility.
- Widely popular brands ease the selling process and leads to large sales.

3.10 Packaging

Packing is the process of covering, wrapping or crating goods into a package. This is done for the purpose of delivering the articles to the consumer or for the purpose of transport.

It may be defined as the general group of activities in product planning which involve designing and producing the container or wrapper for a product.

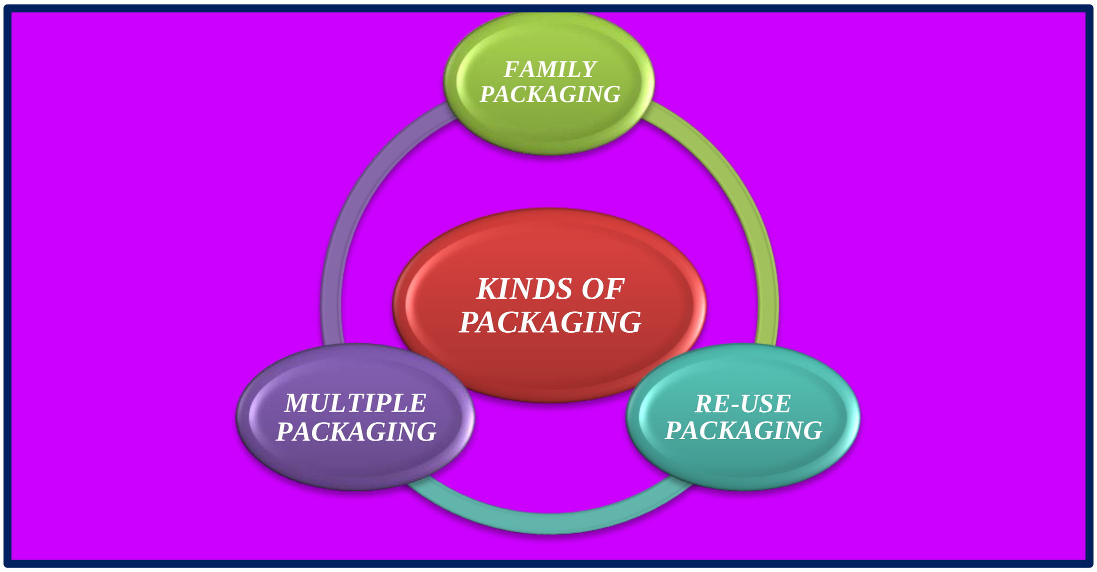
3.10.1 Functions of packaging:

The basic function of any package is to protect the product in transit, in shortage and in use from breakage and spoilage by moisture, fungus, insect and exposure to sunlight. But today packages perform several other functions, some of these functions are:

- To assemble and arrange the contents in the desired form.
- To identify the contents, the brand and the maker.
- To protect the contents from production to final use.
- To provide a suitable product mix including sizes, weights, prices, grades and packages.
- To facilitate retailers functions.
- To facilitate transporting, storing and warehouse handling.
- To enable the display of contents.
- To encourage repurchase and facilitate product use.
- To help in complying with legal requirements.

- To provide opportunity and space for advertising.
- To offer resale value for the consumer.

3.10.2 Kinds of packaging



Kinds of packaging will depend largely on the nature of the contents in terms of their value, physical composition and durability. On the basis of nature, packaging is classified into three categories;

1. **Family packaging:** The products of a particular manufacturer when packed in an identical manner is known as family packaging. The shape, colour, size, etc. of packaging will be similar for all his products. **"Family brands"** are made meaningful by using family packaging. In such cases packaging methods, materials used for packaging, the appearances, etc. will be one and the same for all the products of a manufacturer.
2. **Re-use Packaging:** Packages that could be used for some other purpose after the packed goods have been consumed is known as re-use packaging. This aspect increases the sales value of the product considerably.
3. **Multiple Packaging:** It is the practice of placing several units in one container. This helps to introduce new products and increase the sales. The various aspects of

packaging are now treated as a management activity. The following are the problems encountered in packaging.

- Cost of packaging
- Appearance
- Kinds of design
- Convenience and
- Re-use packaging

3.11 Labellling:

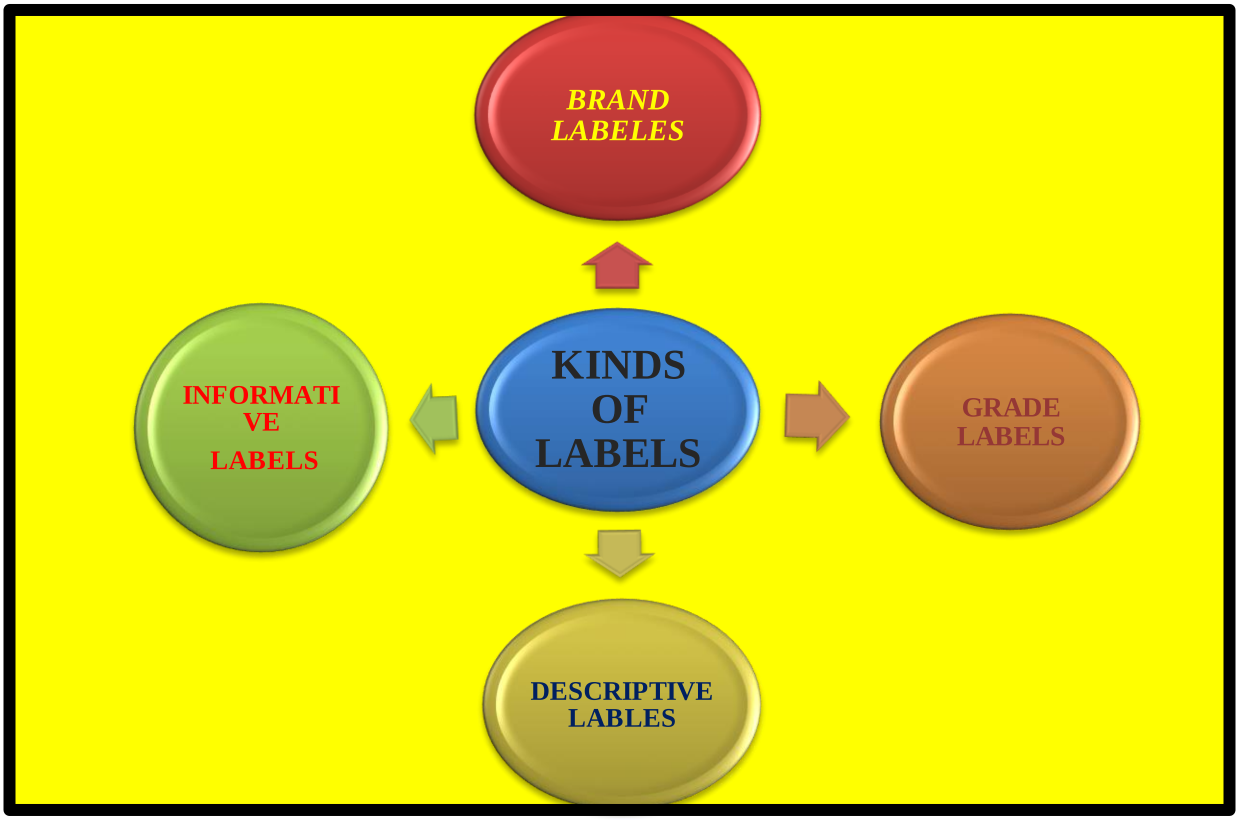
Label is a small slip placed on or near anything (product) to denote its nature, contents, ownership, destination, etc. The function of standardisation is made perfect and known to the users through labels. Packages afford a place where the labels could be affixed. It is a medium through which the manufacturer gives necessary information to the user or consumer. A label plays an important role in making the packaging and branding functions meaningful

.

3.11.1 Functions of Labelling:

a. It gives definition to the product and therefore, the identification of a product is easy.
b. It stresses the standard and other special features of the product which are advertised.
c. It enables the manufacturer to give clear instructions to the consumer about the proper use of his product.
d. It encourages the production of standardised and quality products.
e. It provides a method for the manufacturer by which a contact with the customer is established.
f. By mentoring prices, undue price variations caused by the intermediaries are avoided.

3.11.2 Kinds of labels:



William J. Stanton classifies the labels into four:

Brand, Grade, Descriptive and Information labels.

(i) **Brand Labels:** These labels are exclusively meant for popularising the brand name of the product. Cosmetics manufacturers prefer to use this kind. They are interested, above all, in popularising the brand names for their products.

(ii) **Grade Labels:** These labels give emphasis to standards or grades. This is used as an indirect method of product identification, e.g., cloth, leaf tea, dust tea, etc.

(iii) **Descriptive Labels:** The labels which are descriptive in nature are typified as descriptive in nature. In addition to the product feature, they explain the various uses of the products. Most of the milk-food products and other similar household products invariably have descriptive labels.

(iv) **Informative Labels:** The main object of these labels is to provide maximum possible information. These may contain the products characteristics and in addition the method of using it properly.

3.11.3 Merits:

- It is a social service to customers, who very often do not know anything about the product's characteristic features, False claims are prevented by using labels.
- It avoids price variations by publishing the price on the label.
- It helps advertising activity of the organization.
- It help the customers to assess the superiority of a product.
- It is a guarantee for the standard of the product. Hence it raises the prestige of the product and of the manufacturer.

3.11.4 Demerits:

- For an illiterate population, this is of no use.
- It increases the cost of the product, since labelling involves expenditure on the part of the manufacturer.
- Labelling is effective only where standardisation is compulsory.
- It enables the customer to weigh and compare the advantages of products before they are used. This ultimately ends in discarding of one product in favour of the other.

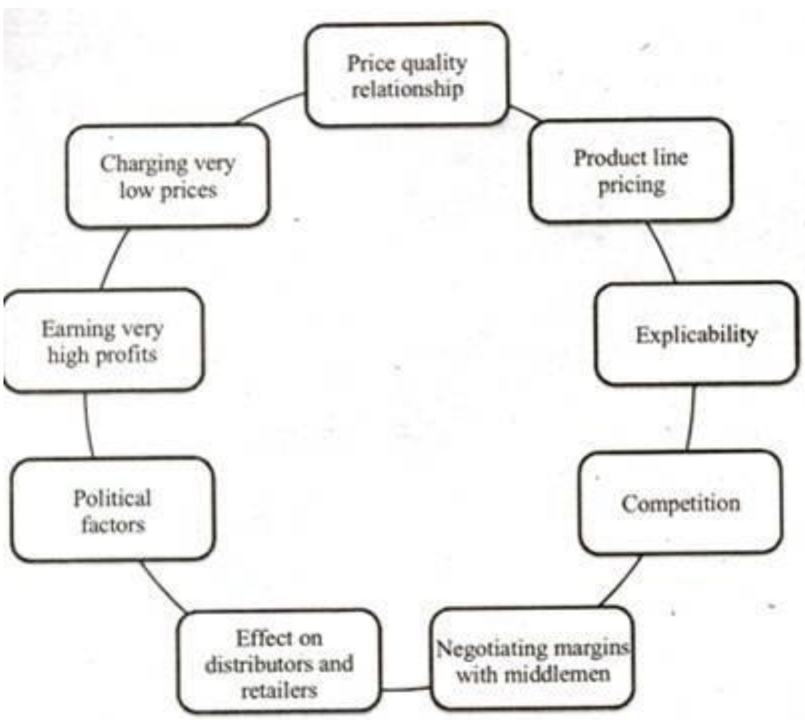
UNIT 4

PRICING POLICY, CHANNEL OF DISTRIBUTION AND PROMOTION MIX

4.1 Meaning of Price

Price is the amount of money charged for a product or a service. A company’s price level sends signals about the quality of its products to the customer. A customer always compares the company’s prices with those of its competitors. The competitors also keep an eye on the price levels of a company. Customers exchange a certain value for having or using the product a value that is price.

4.1.1 Factors affecting price decision



Factors Influencing Pricing Decisions

- **Price-quality relationship:** Customers use price as an indicator of quality, particularly for products where objective measurement of quality is not possible, such as drinks and perfumes. Price strongly influences quality perceptions of such products.

- **Product line pricing**: A company extends its product line rather than reduce price of its existing brand, when a competitor launches a low price brand that threatens to eat into its market share. It launches a low price fighter brand to compete with low price competitor brands. A company's brands should not be floating around, willing to grab any customer that they can, but they should be specifically targeted at segment, customers of the target segment should like the brand, but customers of other segments should not like it enough to buy it.
- **Explicability:** The company should be able to justify the price it is charging, especially if it is on the higher side. Consumer product companies have to send cues to the customers about the high quality and the superiority of the product. The company should be able to justify the price it is charging, especially if it is on the higher side. Consumer product companies have to send cues to the customers about the high quality and the superiority of the product.
- **Competition:** A company should be able to anticipate reactions of competitors to its pricing policies and moves. Competitors can negate the advantages that a company might be hoping to make with its pricing policies. A company reduces its price to gain market share.Competitors who have similar ambitions to increase their market share and have deep pockets will swiftly reduce price if any one of them reduces prices.
- **Negotiating margins**: A customer may expect its supplier to reduce price, and in such situations the price that the customer pays is different from the list price. Such discounts are pervasive in business markets, and take the form of order-size discounts, competitive discounts, fast payment discounts, annual volume bonus and promotions allowance. Negotiating margins should be built, which allow price to fall from list price levels but still permit profitable transactions.
- **Effect on distributors and retailers:** When products are sold through intermediaries like retailers, the list price to customers must reflect the margins required by them Sometimes list prices will be high because middlemen want higher margins.But some retailers can afford to sell below the list price to customers. They run low-cost operations and can manage with lower margins. They pass on some part of their own margins to customers.

- **Political factors:** Where price is out of line with manufacturing costs, political pressure may act to force down prices. Exploitation of a monopoly position may bring short term profits but incurs backlash of a public enquiry into pricing policies. It may also invite customer wrath and cause switching upon the introduction of suitable alternatives.
- **Earning very high profits:** The pioneer companies are able to charge high prices, due to lack of alternatives available to the customers.The company's high profits lure competitors who are enticed by the possibility of making profits. The entry of competitors in hordes puts tremendous pressure on price and the pioneer company is forced to reduce its price.
- **Charging very low prices**: Customers come to believe that adequate quality can be provided only at the prices being charged by the major companies. The customers' belief about the quality-price equation starts changing. They start believing that adequate quality can be provided at lower prices. The companies which have been charging higher prices come under fire from customers. They either have to reduce their prices or quit.

4.1.2 Types of pricing strategies

Here are 10 different types of pricing strategies you can use to sell your products in a competitive market and still make profits.

- **Premium pricing :** Premium pricing, also called image pricing or prestige pricing, is a pricing strategy of marking the price of the product higher than the industry standards/competitors' products. The idea is to encourage a perception among the buyers that the product has a more utility or a higher value when compared to competitors' products just because it is sold at a premium price.
- **Penetration Pricing:** Penetration pricing is a pricing strategy where the price of the product is *initially* kept lower than the competitors' products to gain most of the market share and to trigger word of mouth marketing. Even though this strategy leads to losses initially, it results in many customers shifting to the brand because of the low prices.
- **Economy Pricing :** Economy pricing is a no-frills pricing strategy followed by generic food suppliers and discount retailers where they keep the prices of the product minimal by reducing the expenditure on marketing and promotion. This strategy is used essentially to attract most price-conscious consumers.

- **Price Skimming :** Price Skimming is a strategy of setting a relatively high introductory price of the product when the product is new and unique and the market has fewer competitors. The idea is to maximise the profits on early adopters before competitors enter the market and make the product more price sensitive.
- **Psychological Pricing :** Psychological pricing refers to the psychological pricing strategies marketers use to make customers buy the products, triggered by emotions rather than logic. Strategies come in the form of:
  1. Charm Pricing
  2. Prestige Pricing
  3. BOGOF: Buy one, get one free
  4. Price Anchoring.
- **Bundle Pricing :** Bundle pricing involves selling packages or set of goods or services at lower prices than they would have actually cost if sold separately. This is an effective strategy to bundle unsold products or products with less demand with the high selling products to clear up the shelf space and to increase the profits.
- **Freemium :** Freemium is an Internet-based pricing strategy where basic services are provided free of charge but charges are levied on additional premium features. The freemium strategy is different from premium with free samples strategy as you don't pay anything to utilize the free services provided under the freemium business model.
  Freemium Example :Candy Crush Saga is a great example of freemium pricing strategy where the game is provided for free but a price is levied if you want more lives to play.
- **Pay What You Want :** Pay what you want is a pricing strategy where the power of deciding the price of a product is given to the buyers, who pay their desired amounts for a product, which could even be zero.
- **Predatory Pricing :** Predatory pricing, or below the cost pricing, is an aggressive pricing strategy of setting the prices low to a point where the offering is not even profitable, just in an attempt to eliminate the competition and get the most market share. An ongoing price war among the competitors may lead to one adopting a predatory pricing strategy to make the competitor exit the arena.

- **Dynamic Pricing :** Dynamic pricing, also called demand pricing, is a comparatively new pricing strategy which charges different prices of the same item from different users depending upon their perceived ability to pay. This pricing strategy is dependent on the internet and is usually used by the eCommerce websites. It uses cookies and internet browsing history of the users to understand their requirements and the urgency to buy and price the products accordingly to increase the sales.

4.2 Meaning of channel of distribution

Distribution channel refers to the network used to get a product from the manufacturer or creator to the end user. A distribution channel also called a **marketing channel** which ensures the distribution of the merchandise from the producer to the customers..

4.2.1 Features of marketing channels

- Place utility, as they help in moving the goods from one place to another.
- Time utility, as they bring goods to the consumers when needed.
- Convenience value, as they bring goods to the consumers in convenient shape, unit, size, style and package.
- Possession value, as they make it possible for the consumers to obtain goods with ownership title.
- Marketing tools, as they serve as vehicles for viewing the marketing organisation in its external aspects and for bridging the physical and non-physical gaps which exist in moving goods from the producers to the consumers.
- Supply-demand linkage, as they bridge the gap between the producers and consumers by resolving spatial (geographical distance) and temporal (relating to time) discrepancies in supply and demand.

4.2.2 Types of channels of distribution

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

- **Direct Channel or Zero-level Channel (Manufacturer to Customer) :** Direct selling is one of the oldest forms of selling products. It doesn't involve the inclusion of an intermediary and the manufacturer gets in direct contact with the customer at the point of sale. Some examples of direct channels are peddling, brand retail stores, taking orders on the company's website, etc. Direct channels are usually used by manufacturers selling perishable goods, expensive goods, and whose target audience is geographically concentrated. For example, bakers, jewellers, etc.
- **Indirect Channels (Selling Through Intermediaries)** : When a manufacturer involves a middleman/intermediary to sell its product to the end customer, it is said to be using an indirect channel. Indirect channels can be classified into three types:
- One**-level Channel (Manufacturer to Retailer to Customer):** Retailers buy the product from the manufacturer and then sell it to the customers. One level channel of distribution works best for manufacturers dealing in shopping goods like clothes, shoes, furniture, toys, etc.
- **Two-Level Channel (Manufacturer to Wholesaler to Retailer to Customer):** Wholesalers buy the bulk from the manufacturers, breaks it down into small packages and sells them to retailers who eventually sell it to the end customers. Goods which are durable, standardised and somewhat inexpensive and whose target audience isn't limited to a confined area use two-level channel of distribution.
- **Three-Level Channel (Manufacturer to Agent to Wholesaler to Retailer to Customer):** Three level channel of distribution involves an agent besides the wholesaler and retailer who assists in selling goods. They are given the duty to handle the product distribution of a specified area or district in return of a certain percentage commission. The agents can be categorised into super stockists and carrying and forwarding agents. Both these agents keep the stock on behalf of the company.
- **Dual Distribution :** When a manufacturer uses more than one marketing channel simultaneously to reach the end user, he is said to be using the dual distribution strategy. They may open their own showrooms to sell the product directly while at the same time use internet marketplaces and other retailers to attract more customers.A perfect example of goods sold through dual distribution is smartphones.

- **Distribution Channels for Services :** Unlike tangible goods, services can't be stored. But this doesn't mean that all the services are always delivered using the direct channels. With the advent of the internet, online marketplaces, the aggregator business model, and the on-demand business model, even services now use intermediaries to reach to the final customers.
- **The Internet as a Distribution Channel :** The internet has revolutionised the way manufacturers deliver goods. Other than the traditional direct and indirect channels, manufacturers now use marketplaces like Amazon (Amazon also provide warehouse services for manufacturers' products) and other intermediaries like aggregators (uber, Instacart) to deliver the goods and services. The internet has also resulted in the removal of unnecessary middlemen for products like software which are distributed directly over the internet.

4.2.3 Factors determining channel of distribution

- **Nature of market** : These are determined by their number, geographical location, buying capacity, buying habits and tastes, frequency of purchase, etc.
- **Nature of products** : They depend upon their design, weight, perishability, utility, service requirements, standardisation, etc.
- **Consumers buying habits**\: For conenience goods long channels are preferre with a network of wholesalers and retailers, but non-standard products which are made to customers' orders and specifications should use the methods of direct selling.
- **Competition :** Competitive products are preferred to be marketed through indirect channel or middlemen so that the goods can be displayed with the products of the competitors in the shops.
- **Financial considerations :** They comprise the factors like company's financial resources, size, product mix, marketing policies and programmes, marketing personnel's experience and capabilities, etc.
- **Cost of channel :** In case of multi-point tax on the sales of products, the producers should use a shorter channel to reach the customers.

The selection of a channel of distribution should be made by a firm keeping in view the likely costs, and sales volume potentialities.

4.3 Functions of wholesalers

A wholesaler is necessary because he performs several marketing functions which are given below:

4.3.1. Assembling: A wholesaler buys goods in bulk from different manufacturers and keeps them at one place. He collects goods from several places much in advance of demand. He may also import goods from foreign countries.

4.3.2 Warehousing or storage: There is usually a large time gap between production and consumption of goods. Goods must, therefore, be stored for a considerable time. A wholesaler stores goods in his warehouse and makes them available to retailers as and when demanded. He stabilizes prices of the goods by adjusting the supply with the demand. He creates time utility.

4.3.3 Dispersion: A wholesaler distributes the assembled goods among a large number of retailers scattered at different places. He sells goods in small quantities according to the choice of retailers. This is known as 'breaking of bulk'.

4.3.4 Transportation: A wholesaler arranges for the transport of goods from producers to his warehouse and from the warehouse to retailers. He carries goods in bulk thereby saving costs of transport.

4.3.5. Financing: A wholesaler often provides advance money with orders to manufacturers. He purchases goods in bulk on cash basis from them. In addition, he often sells goods on credit basis to retailers. In this way, he provides finance to both producers and retailers.

4.3.6. Risk -bearing: A wholesaler assumes the risk of damage to goods in transit and in storage. He also bears the risks arising from changes in demand and bad debts. He serves as the shock absorber in the distribution of goods.

4.3.7. Grading and Packing: Many wholesalers classify the assembled goods into different grades, pack them into small lots and put their own trademarks or brand names. In this way, they perform the functions of grading, packing and branding.

4.3.8. Pricing: A wholesaler anticipates demand and market conditions. He helps to determine the resale price of goods.

4.4 Types of retailers

There are 7 main types of retailers which can be defined by the size of their business and the way they in which they sell their products.

The 7 main types of retailers are;

4.4.1 **Department Store** – This type of retailer is often the most complex offering a wide range of products and can appear as a collection of smaller retail stores managed by one company. The department store retailers offer products at various pricing levels. This type of retailer adds high levels of customer service by adding convenience enabling a large variety of products to be purchased from one retailer.

4.4.2 **Supermarkets** – Generally this type of retailer concentrates in supplying a range of food and beverage products. However many have now diversified and supply products from the home, fashion and electrical products markets too. Supermarkets have significant buying power and therefore often retail goods at low prices.

4.4.3 **Warehouse retailers** – This type of retailer is usually situated in retail or Business Park and where premises rents are lower. This enables this type of retailer to stock, display and retail a large variety of good at very competitive prices.

4.4.4 **Speciality Retailers** – Specialising in specific industries or products, this type of retailer is able to offer the customer expert knowledge and a high level of service. They also add value by offering accessories and additional related products at the same outlet.

4.4.5 **E-tailer** – This type of retailer enables customers to shop on-line via the internet and buy products which are then delivered. This type of retailer is highly convenient and is able to supply a wider geographic customer base. E-tailers often have lower rent and overheads so offer very competitive pricing.

4.4.6 **Convenience Retailer** – Usually located in residential areas this type of retailer offers a limited range of products at premium prices due to the added value of convenience.

4.4.7 **Discount Retailer** – This type of retailer offers a variety of discounted products. They offer low prices on less fashionable branded products from a range of suppliers by reselling end of line and returned goods at discounted prices.

4.5 Promotion Mix

Promotion mix refers to the combination of various promotional tools used by a business firm to create, maintain and increase demand. A specific combination of promotional methods used for one product or a family of products. Elements of a promotion mix may include print or broadcast advertising, direct marketing, personal selling, point of sale displays, and/or merchandising marketing.

4.6 Advertising

Advertising is the attempt to influence the buying behavior of customers or clients with a persuasive selling message about products and/or services. In business, the goal of advertising is to attract new customers by defining the target market and reaching out to them with an effective ad campaign.

4.6.1 Types of advertising

- **Online Advertising** : Online advertising or digital advertising as a form in which the message is conveyed via the internet. Advertising online has become very popular in the last decade and has surpassed the expectations of most of the advertising experts. 60% revenue of Google is generated from ads and the same goes for Facebook.
- **Television Ads** : About a decade ago television was the most popular form of advertising. Events like the super bowl, international cricket games, Olympics where the top attractions for advertisers to advertise about their products
- **Ads in Theatres :** The advertisements in movie theatres before all the movies start or during the intimation are called movie ads. These are one of the costliest forms of advertising since people cannot skip it change the channel or move away. Movie ads are different from placement ads.
- **Product Placement :** Product placement is called covert advertising wherein a product is quietly embedded in the entertainment media. Most of the times there is no mention of the product although the audience sees the product.
- **Radio :** Radio advertisements are the ones that are broadcast it through radio waves and heard on radios all over the place. These mostly consist of audible advertisements or

jingles. While some consider this to be an ineffective form of advertising there are still many followers listen to the radio every morning.

- **Print Advertising :** Printing is the slowly decreasing form of advertising. There were days before the evolution of television when printing was a major source of advertising and considered to be one of the most effective media. It consists of magazines, brochures and newspapers.
- **Outdoor advertising :** Outdoor advertising consists of displaying large posters banners or hoardings with the advertisement. These are displayed on the side of the road, on the glass of large buildings, or on specifically targeted places that have huge inflow from the public.
- **Global Advertising :** Google advertising is more of a strategy that the type of advertising but some have classified these as a separate type of advertising. In Global Advertising, a single Ad runs throughout all the countries where the product is present, irrespective of the audience and their language.
- **Outdoor Blank Space Advertising :** It is a newer form of advertising which ensures a large reach of audience. Occupying the empty spaces for advertisements is known as space advertising.
- **E-mailers :** E-mailers have gained a separate category owing to the fact of personalization. The emails sent from companies have a personalized message including a personalized greeting makes E-mailers more effective than most of the forms of advertising.

4.7 Personal selling

Personal selling is where businesses use people (the "sales force") to **sell** the product after meeting face-to-face with the customer. The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy, or at least trial the product.

4.8 Qualities of a good salesman

4.8.1 Personality : A good salesman should possess a good personality. What fragrance is to a flower is personality to an individual. It is the ability to impress others. A charming personality always creates a good impression. He should possess good health, attractive appearance and impressive voice. He should not suffer from physical handicaps like stammering and limping etc.

4.8.2Cheerful Disposition*:* He should have a smiling face. It is rightly said that 'a man without a smiling face must not open a shop. In order to impress upon the customers he should always be cheerful and sweet tempered. He should be properly dressed as the dress greatly enhances the personality.

4.8.3Mental Ingredients*:* An individual cannot be a successful salesman unless he possesses certain mental qualities like imagination, sound judgment, presence of mind, foresightedness, initiative and strong memory. These qualities are of great help to a salesman in dealing with customers having different nature and temperament.

4.8.4 Courtesy: A salesman should always be polite and courteous towards his customers. It costs nothing but wins permanent customers for the product. He should help the customers in making the right choice or in selecting the products. This will definitely help in winning over the confidence of the customers.

4.8.5 Patience and Perseverance: A salesman comes across different type of customers. Some of them purchase nothing but waste time by asking irrelevant questions about the products. Under such circumstances, he should not loose temper but give patient hearing to the customers. He should not get tired with his customers soon. He should try time and again to convince the customers. Customer is supreme for him and he should not leave any stone unturned to give full satisfaction to the customers.

4.8.6.Complete Knowledge About The Self, Product, Company And The Customer: A salesman should clearly know about himself. He should try to find out his limitations and make constant efforts to overcome them. At the same time, he should know his strong points. While dealing with the customers he should exhibit his plus points and avoid displaying the weaknesses. He can remove his weaknesses by undergoing proper training. There is no denying the fact that salesmen are made and not born.

4.9 Sales promotion

According to A.H.R. Delens: "Sales promotion means any steps that are taken for the purpose of obtaining an increasing sale. Often this term refers specially to selling efforts that are designed to supplement personal selling and advertising and by co-ordination helps them to become more effective."

4.9.1 Kinds of sales promotion

- ❖ **Dealer's Level**
  - **Advertising Materials** – The advertising material prepared by the company such as store signs, banners, boards etc.,
  - **Store Demonstration** – A good demonstration with a great deal of action will draw heavy crowds.
  - **Special displays and shows** – These are seasonal in character but could be arranged in an elaborate manner.
  - **Dealer contests** – It is an indirect way of increasing sales.
  - **Dealer Premia** – It is financial in nature.
- ❖ **Consumer's Level**
  - **Coupons –** It is given directly to the consumer.
  - **Price-off offer –** It is also known as bargain offer or Price packs.
  - **Samples –** It is given to the customer for trial.
- ❖ **Salesman's Level**
  - **SMS** promotions – Messages are sent to mobiles
  - **Online games of skill**
  - **Timed music downloads**

UNIT 5

RECENT TRENDS IN MARKETING

5.1 Social Marketing

According to Philip Kotler, social marketing is " the design , implementation and control of programmes seeking to increase the acceptability of a social idea, cause, or practice among a target group." Social marketing may be considered non-profit marketing. Various types of marketing may be classified as follows:

5.1.1 Organisational: Universities, Government and non-government organisations cooperative bodies are some examples of organisations engaged in social marketing.

5.1.2 People based : Individuals such as political candidates seek votes, volunteers, seek donations, etc.,

5.1.3 Place based: Convention centres, industrial sites

5.1.4 Idea based: Family planning, AIDS control, no smoking and other ideas are marketed.

5.1.5 Service based : Education, child-care, community services and library services are some examples of service based marketing.

5.2 De-Marketing

Efforts aimed at discouraging (not destroying) the demand for a product which a firm cannot supply in large-enough quantities, or does not want to supply in a certain region where the high costs of distribution or promotion allow only a too little profit.
margin. Common demarketing strategies include:

- Higher prices
- Scaled-down advertising
- Product redesign

Demarketing efforts have been applied in a wide range of situations:

- To persuade legislators to limit the number of licenses for hunting and fishing
- To discourage the number of visitors to overcrowded national parks
- To persuade hotel guests to request fewer towels
- To persuade homeowners to use less air conditioning and electricity
- To persuade car buyers to purchase more fuel-efficient cars.

Demarketing works best when there is high citizen consensus that the consumption of some good or service should be reduced.

5.3 Re – marketing

Remarketing is any sales and advertising strategy that maintains contact with potential customers after they visit a business. While remarketing existed prior to the Internet, its use online is increasingly common and highly effective. Remarketing consists of any marketing materials that remind people of businesses they have visited in the past, increasing the likelihood that those people will make repeat purchases.

5.3.1 Re – marketing Materials

There are many different ways to stay in contact with customers. All of the following kinds of content can be valuable remarketing materials.

- Newsletters
- Special deals or coupons
- Social network updates
- Browser advertisements

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5.4 Over marketing

Over marketing is when one crosses the thin line between promoting and pretending, when one goes from authority, to the next bla blaiming guy on the internet, when one forgets to do the things, to help people, and not only to make money.

Marketing is vital for business, and if you are skillful, one will literary be able to make money out of everything, but over marketing can turn one into a joke.

The Marketing **process** goes like this:

- One thinks about online money as something magical, working from home or at the beach and making all that cash typing some letters on the keyboard, it just feels right.
- Jumps online and starts looking for ways to make money.
- Finds something that promises to make them a millionaire fast and easy, or that will easily replace their monthly job income.

5.5 Meta marketing

Meta Marketing is "the synthesis of all managerial, traditional, scientific, social and historical foundations of marketing," **- E.J.Kelly**

The combination of an intangible market such as the internet, promoting closely related tangible or intangible products is known as a Meta market.

Market Places – Markets of physical goods and products is known as Market places. The market places has presence of companies which manufacture their own products.

Market space – The online market space with websites such as Ebay, Amazon and others is known as Market spaces. These sites do not have offline products. They only sell others products online.

Meta Markets – An online website such as the Maruti suzuki website for second hand cars which promotes the purchase of physical goods (Maruti suzuki cars) is known as a meta market.

5.5.1 Advantages

- **One place One purpose :** A Meta market will bring all buyers and sellers in one place for one purpose only.
- **Products choice:** Instead of giving multiple products to one customer, a Meta market brings together different customers who need not necessarily differentiate between closely related products.
- **Connectivity:** Meta market is thus, a place, where everything connected with a certain market can be found.
- **Establishing knowledge :** Its relationship to every aspect of life by focussing on all social, ethical, scientific and business experience in marketing, thus establishing a body of knowledge base on the integration of every facet of experience with the human personality.

5.6 E-Marketing

E-Marketing (Electronic Marketing) are also known as Internet Marketing, Web Marketing, Digital Marketing or Online Marketing. E-marketing is the process of marketing a product or service using the Internet. E-marketing not only includes marketing on the Internet, but also includes marketing done via e-mail and wireless media. It uses a range of technologies to help connect businesses to their customers.

Like many other media channels, e-marketing is also a part of **integrated marketing communications (IMC)**, which helps a brand grow across different channels. E-marketing has become a pivotal tactic in the **marketing strategy** adopted by companies using several **digital media** channels.

5.6.1 Advantages of E-marketing

Certain advantages of E-marketing are discussed as below:

1. Much better return on investment from than that of traditional marketing as it helps increasing **sales revenue**.

2. E-marketing means reduced marketing campaign cost as the marketing is done through the internet

3. Fast result of the campaign as it helps to target the right **customers**.

4. Easy monitoring through the web tracking capabilities help make E-marketing highly efficient

5. Using e-marketing, viral content can be made, which helps in **viral marketing**.

5.6.2 Types of e-marketing

There are several ways in which companies can use internet for marketing. Some ways of e-marketing are:

1. Article marketing
2. Affiliate marketing
3. Video marketing
4. Email marketing
5. Blogging
6. Content marketing

5.7 Online Retailing

Online retail marketing contains lot of work. Product descriptions and images to optimize, a website to manage and test, reviews to cultivate and respond to, campaigns to monitor and run and other work too.Most retail businesses can get great results online by using a few specific strategies.

- Target People Who are Ready to Buy
- Get People Ready to Buy
- Provide More Detail with Video
- Suck Them in with Lifestyle Shots
- Build Trust with Influencer Marketing
- Analyze Everything

5.8 SHOPPING MALLS

A **shopping mall** is a specially built covered area containing shops and restaurants which people can walk between, and where cars are not allowed.

A shopping mall's sales marketing plan describes the strategies the mall management will deploy to attract and retain tenants and to bring in more shoppers to these stores. Preparing a plan is critical to success because shopping malls compete with each other and with other retail clusters, such as shopping centers. In metropolitan areas, consumers have numerous choices of stores, ambiance and entertainment options.

A marketing plan for any business should include goals for the upcoming year. In a marketing plan, a key goal is the sales levels you want your tenants collectively to achieve. Set a goal for occupancy percentage -- the amount of available retail space that is occupied by tenants. A mall would also have a goal for rental income. Number of shoppers, also called visitor traffic, is another goal.

Benefits of Shopping Malls

- They have their own parking facility.
- There is a wide variety of products available.
- There are products from competing producers available under one roof. ...
- They have facilities such as restrooms.
- They have gaming zones.
- There are food courts with a wide variety of cuisine.
- There are movie theatres in **shopping** centres.

Links :

- www.businessmanagementideas.com
- www.smallbusiness.chron.com
- http://www.businessdictionary.com/definition/promotion-mix.html
- www.marketing journal.org
- www.wealthmagnate.com
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