STUDY MATERIAL FOR B.COM AND B.COM BANKING FINANCE

PRINCIPLES OF MARKETING

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Unit – I

Introduction to Marketing

Introduction

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

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

Meaning:

The word 'market' is derived from the Latin word 'marcatus'. Meaning merchandise, wares, traffic, trade or a place where business is conducted. The common uses of market means a place where goods are bought and sold.

Definition of market and marketing

Market includes both place and region in which buyers and sellers are in free competition with one another – Pyle.

Market is a place where goods and services are exchanged. Markets consist of buyers and sellers with facilities to communicate each other for transactions of goods and services.

Marketing is the economic process by which goods and services are exchanged between the producers and the consumers and their value determined in terms of money price.

According to kotler (2000) - "a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others."

Objectives of marketing

- The first and foremost objective of marketing is the satisfaction of human wants.
- Profit maximisation is the second objective of marketing.
- Effective distribution of products is the third objective of marketing.
- It aims to find sources for further information concerning the market problems.
- To study marketing problems according to circumstances and to suggest solutions.
- To enable managers to assess and decide a particular of action

Functions of marketing:

Every business concern's prosperity depends on the efficiency with which its goods are marketed. If the marketing functions are not efficiency carried out the business unit may not be in a position to dispose of its commodities and all the efforts made for production may not bear fruits. Due to this business units give much importance to marketing.

According to clark & clark functions of Marketing are divided into three groups.

I. Functions of exchange

a) Buying
b) Assembling
c) Selling

II. Functions of physical supply

a) Transportation
b) Storage and warehousing

III. Facilitating Functions

a) Financing
b) Risk taking
c) Standardization and grading
d) Market information

I. Functions of exchange:

Functions of exchange include all those activities which are performed to transfer possession as well as ownership of goods by the seller to the buyer.

(a) Buying:

Everyone in this world buys goods as a matter a daily routine.

Kinds of buying:

- ✓ Hand to mouth buying
- ✓ Speculative buying
- ✓ Buying by inspection
- ✓ Buying by samples
- ✓ Buying by description
- ✓ Contract buying scheduled buying

- ✓ Period buying
- ✓ Buying by requirement/need
- ✓ Open market buying
- ✓ Reciprocal buying
- ✓ Concentrated buying
- ✓ Scattered buying

(b) Assembling:

Assembling of goods is done only after they have been bought. Assembling refers to the process of keeping the goods, purchased from different places, at a particular place.

(c) Selling:

The process of transferring ownership of goods from the seller to the buyer is what is known as selling.

Kinds of selling:

- ✓ Sale by inspection
- ✓ Sale by sample
- ✓ Sale by description
- ✓ Under cover method
- ✓ Auction
- ✓ Tender system
- ✓ Sale at a flat rate
- ✓ Gentlemen's agreement

II. Functions of physical supply:

(a) Transportation:

The goods produced in a particular place are not consumed there itself. From the place of production the goods need to be taken to the various consumption centers which are scattered throughout the country or even throughout the world.

Classification transport:

- ✓ Land transport
- ✓ Road transport
- ✓ Rail transport

- ✓ Sea transport
- ✓ Air transport

(b) Storage and warehousing:

Storage:

- ✓ A manufacturer needs to keep adequate stock of raw materials to ensure smooth production.
- ✓ Maintenance of stocks of raw materials and finished products calls for storage.

Warehousing:

- ✓ A warehouse is a place where goods are stored.
- ✓ It is otherwise known as a 'godown'.
- ✓ It is usually found away from the place of business of merchant.

III. Facilitating function:

These are the ancillary functions of marketing. But their importance cannot be ignored.

(a) Financing:

- ✓ Needless to say finance is the life-blood of any business.
- ✓ A business needs finance for various purposes.
- ✓ One such purpose is marketing.
- ✓ Both fixed capital and working capital are required for marketing.

(b) Risk taking:

A marketer has to encounter different types of risks while performing his activities. Marketing risks can be grouped under the following categories:

- ✓ Risks due to natural calamities
- ✓ Physical risks
- ✓ Economic risks
- ✓ Risks due to changes in buyer preference
- ✓ Risks due to technological development
- ✓ Political risks

(c) Standardization and grading:

- ✓ A 'standard', in the context of marketing, provides the basis that enables the consumers to make a comparison between goods.

- ✓ In the case of agricultural goods, there will be variations between products of the same variety. The size, shape, colour and taste of two or more pieces of tomato or beetroot will not be the same. This process is what is known as 'grading'.

(d) Marketing information:

The marketer requires lot of information about the market. Such information helps him in taking certain important decisions. Information is generally required in respect of the following:

- ✓ Substitutes available
- ✓ Demand
- ✓ Tastes and preferences of the consumers
- ✓ Positive and negative aspects of the product.
- ✓ Views of the retailers and so on.

Evolution of marketing

The evolution of marketing refers to the changes in marketing strategies and techniques that have occurred over time. These changes have been driven by a variety of factors, including changes in production capabilities, the rise of competition, and the emergence of new technologies:

1. Early marketing

In ancient civilizations, marketing began with bartering and the use of clay tablets for transactions. Egyptians used hieroglyphics to advertise, and the ancient Greeks and Romans used public announcements.

2. Production orientation

This era began in the 1900s and focused on making products cheaper and more efficient to produce.

3. Sales orientation

This era began in the 1930s and saw companies changing their marketing tactics to gain a competitive advantage.

4. Marketing orientation

This era began in the 1940s and saw companies realizing that focusing solely on their business needs left customers unsatisfied.

5. Social orientation

This era, also known as the Relationship Orientation, began in the 1970s and focused on building social relationships with customers.

6. Digital marketing

The rise of the internet and smart devices has led to the popularity of digital marketing strategies such as content marketing, SEO, and mobile marketing.

Conceptualization of marketing

Marketing concept means the philosophy which guides the marketing, efforts, i.e., What weight should be given to the interests of the organization, consumers and the society. Very often these interests are conflicting. There are five marketing concepts which are adopted by organizations for their marketing activities.

1. The production concept
2. The product concept
3. The selling concept
4. The marketing concept
5. The socio marketing concept

1. The production concept

It is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available and inexpensive. Managers of production- oriented business concentrate on achieving high production efficiency, low costs, and mass distribution.

2. The product concept

It proposes that consumers favour products that offer the most quality, performance, or innovative features. Managers in these organizations focus on making superior products and improving them overtime.

3. The selling concept

It holds that consumers and businesses, if left alone, won't buy enough of the organization's product. The organization must therefore undertake an aggressive selling and promotion effort.

4. The marketing concept

The marketing concept holds that the key to achieving organizational goals is being effective than competitors in creating, delivering, and communicating superior customer value to your chosen target markets.

5. The socio marketing concept

Kotler calls it as —the societal marketing concept. According to him: the societal marketing concept holds that the organizations task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumers and the society's well-being. The distinguishing feature is that the company should balance three factors: profits, consumer want satisfaction and public interest. Under this approach a company has to take into consideration several factors affecting the product and the society e.g., product safety, non pollutant motor vehicles, using containers which decompose naturally etc. The societal marketing approach imposes several responsibilities on marketers.

Benefits of modern concept of marketing:

- Benefits of modern concept of marketing are given below:
- The management recognizes and appreciates the customer needs.
- It enables the producer to identify new opportunities.
- It is also enables the manufacturers to innovate new products.
- It helps a businessman to add his prestige and acquire a better image in his line of business.
- Since the main aim of a concern to satisfy the needs of customers, the marketing concept helps to make a cordial relationship with consumers.
- It helps of eliminate dead stock.
- A satisfied customer is the best advertiser.

Innovation in Marketing

Innovation in marketing is not only the incorporation of new technology but also the implementation of new effective ideas. Innovation is essential since it helps improve your product or service. With innovation, you can reach new markets, and increase sales and revenue.

Innovation can be presented in different forms and influence various areas of a business. You can bring new technologies or ideas into practice so that your company can stand out from the competition. After implementing some changes, you might notice higher customer satisfaction, more sales, and higher profit. Consider implementing design, manufacturing, and product innovation depending on your needs and problems.

If you manage to adapt to consumer preferences, needs, and behaviour, you can focus on your customers. Innovative marketing strategies and campaigns enable you to find the right approach to your target audience and win their attention. Conduct research to find out the features your product needs for a better user experience. Excellent customer experience will bring benefits to your customers and business.

Now that you know the importance, it's time to explore the three types of marketing innovation. After discovering the types, you'll be able to find out which one is the most suitable for your business.

Types of Marketing Innovation

We can differentiate three types of marketing innovation. In this section, we'll review each of them in detail so you can identify them quickly.

1. Radical innovation. It brings drastic changes to the brand, its market, or business growth. This type of innovation occurs when a company completely changes its product, positioning, or working processes. Let's take Apple as an example. When the brand released its I Phone, people had already used smart phones. However, Apple's product brought features that changed the market and people's perceptions. Now everyone knows that I Phone users can make great images and videos. They don't even need to buy professional cameras.

2. Incremental innovation. It doesn't bring significant changes to a product. Incremental innovation involves adding new features to a product, company, or production method. Often, it's already implemented but still needs some alterations. So brands make them to increase customer satisfaction. Let's take Google. The company often improves its service and provides users with new features and apps. People can now use the benefits of Gmail, Google Drive, Google Meet, etc.

3. Disruptive innovation. It emerges as a response to behavioural and technical changes. Disruptive innovation reacts to the target market and aims to provide customers with the best customer experience. Let's take a top-rated video streaming service — Netflix as an example. The company that started as a DVD-by-mail rental service now has 220.67 million paid subscribers worldwide. The company's profitability grew drastically.

Methods of Marketing Innovation

The top 10 methods are rebrand, retain, educate, expand, interact, host events, personalize, reprice, partner, and collaborate.

1. Rebrand

One of the most common methods of marketing innovation is rebranding. Rebranding refers to the act of changing a brand's logo, packaging, target market, or mission based on market research. Before rebranding, make sure your brand asset management is updated to ensure consistency. Additionally, you may need to recreate your brand strategy or update your current approach when rebranding.

2. Retain

Innovative marketing depends on client retention. Marketers may choose to launch customer loyalty programs, coupons, offers, exclusive content or products, or customer memberships to encourage brand loyalty and word-of-mouth advertising in order to create and maintain customer relationships.

3. Educate

If your company is planning to use innovative marketing strategies to launch a new product or rebrand, you will want to be seen as an industry leader. Create a content strategy plan that focuses on educating consumers about your industry, its leading products, and your services. Designing customer trainings can also help educate your target audience about your product and company.

4. Expand

Expansion into new markets — particularly those in different regions — is another important method for marketing innovation. New and expanded partnerships can increase a company's number of potential customers; stretch a product or service's reach, and influence marketers to envision new ideas for further expansion and innovation.

5. Interact

Innovative marketing also depends on the customer experience, and customer engagement and interaction is no exception. Information about innovative products and services can quickly be distributed across social media and other communication platforms where businesses can interact with client reviews, collect opinions, and analyze other reactions. This type of interaction can also increase loyalty, improve promotion, and encourage customer communication.

6. Host Events

If your company is innovating, you need to consider new and unique ways to advertise your products and services. Hosting events — such as fundraisers or community get-togethers — can strengthen customer relationships and excite them about your company's new opportunities.

7. Personalize

Besides products and services, customers search for one thing when considering companies to support: an enjoyable experience. Using marketing data, innovative marketers can increase personalized experiences with name recognition, geographically specific products, and segmented strategies. These personalization techniques can increase feelings of belonging and loyalty, which help build consistent and satisfied customer relationships.

8. Reprice

Permanent or temporary repricing can increase business interest. Whether your company is running a one-off sale or has permanently lowered a commodity's price, customers may be more inclined to purchase from or advertise for your company. If you're considering repricing, use a price comparison template to analyze your competitors' current options to better balance our pricing.

9. Partner

Partnering with organizations outside your company can increase transparency while also drumming up positive publicity — depending on who you partner with. Worthwhile and effective partner management is based in social responsibility, community service, and other mutually beneficial activities. Businesses using this method of innovative marketing should use partner portals to connect and work together.

10. Collaborate

While your organization may choose to engage in outside partnerships, it's just as important to prioritize internal collaboration. A company's creative workflow process needs to include individuals or teams across multiple departments, including marketing, IT, and sales. Include steps for these teams in your marketing project plans to ensure their inclusion in your innovative marketing efforts.

Some innovations in modern marketing:

Personalization

Using marketing data to create personalized experiences for customers, such as with name recognition, geographically specific products, and segmented strategies.

Process innovation

Developing and implementing new methods, techniques, or systems to improve the efficiency and effectiveness of marketing activities.

Voice search

As voice searches become more common, businesses can adapt their strategies to take advantage of this convenience for users.

Artificial intelligence (AI)

AI can be used to assist with analysis and decision-making. Causal AI is a type of AI that is expected to have more human-like intelligence.

Emerging technologies

Technologies like robotics and artificial intelligence can improve efficiency and reduce costs.

Business model innovation

Involves making changes to an organization to create value and enhance advantage.

Fostering innovation

Marketing professionals can draw inspiration from other industries to create distinctive campaigns and solutions.

Role of marketing

Marketing is a process that helps businesses identify, anticipate, and satisfy customer needs. It's a key tool for businesses to establish a strong presence in the market, connect with their target audience, and drive growth.

Marketing's role includes:

Research

Marketing involves researching what customers want and what they might want in the future.

1. Brand management

Marketing helps define a company's brand, including what it stands for, what it says about itself, and how it acts.

2. Campaign management

Marketing identifies products and services to focus on, and then creates materials and communications to promote them.

3. Content creation

Marketing creates content for a company's website to improve search engine optimization.

4. Social media

Marketing manages a company's social media pages.

5. Internal communications

Marketing creates internal communications to help employees understand the company's values, goals, and priorities.

6. Customer communications

Marketing communicates with customers to foster engagement and loyalty.

7. Distribution

Marketing ensures that products are transported from the supplier to the customer.

Importance of marketing

The purpose of marketing is to help businesses grow efficiently and reach their highest potential for ROI by promoting brands, products and services. Marketing promotions usually focus on boosting content engagement, increasing sales of products and services and growing brand awareness. Marketing and promotions can be traditional, digital or both. Traditional marketing refers to print media, and digital marketing refers to digital media. Some traditional and digital marketing avenues include:

- Postal mail
- Billboards and posters
- Articles in print magazines or newspapers
- Email
- Social media
- Digital ads
- Blogs and posts online

Marketing may also use market research and analysis to determine where to target content and analytics—this can help with accurately tracking performance or engagement. For example, completing and analyzing market research may help a company determine where to place promotional ads, and later, marketing and sales analytics can provide information about the effectiveness of those ads.

Reasons marketing is important in business

It's important to remember that marketing is a process, and to market your business, it might require some time and attention to detail. However, there are many benefits to executing a comprehensive marketing strategy, including:

1. Brand awareness

Brand awareness refers to how recognizable an organization is based on its logo, style and reputation. Brand awareness helps businesses retain customers and reach new ones. Effective marketing can help generate brand awareness by placing a brand where consumers or other businesses might see it. For example, a brand whose target audience is kids might place their products in children's stores or place ads for their products during children's television programs to expand their reach. Brand awareness is also important because consumers often want something they are familiar with, whether they are trying something new or performing a daily task. A consumer who is used to a specific toothpaste brand, for example, may purchase that brand over one they are unfamiliar with, even if the less familiar brand is cheaper and has the same ingredients. If you are looking to grow your organization, consider using some of these brand awareness marketing strategies:

- ❖ Developing brand identity
- ❖ Strategizing ways to position your brand
- ❖ Using social media to expand brand recognition

2. Engagement and communication

Engagement marketing refers to in-person or online interactions and communications a business might use to promote its products and services. A business may engage with customers or other businesses through social media, email or customer service. One marketing strategy that can help your business engage customers is creating social media and SEO content like blogs or articles. Using this method may help boost customer engagement develop lasting relationships because you can customize your content to your target audience's interests. Communication marketing is also important because it can influence how customers view businesses. For example, a business with the right balance of informative emails and incentives, like promotional discounts, may help persuade customers to re-engage with the business. These positive effects might include increases in sales, customer loyalty and customer referrals. If you are interested in boosting your business's engagement and customer communications, consider using these marketing strategies:

- ❖ Creating engaging and interactive content

- Using data to understand customers
- Promoting user-generated content

3. Personalization

Personalization marketing is when businesses customize experiences for individual customers. A business's email communication to a customer may address them directly by using their name, or they might receive special promotions based on their relationship with the business if they are a member. This type of personalization marketing might make a consumer more likely to read the entire email and use the business's product or service in the future. Another way you can use personalized marketing is by letting customers choose which advertisement they want to view. For example, if a business is paying for an ad on a streaming service, they may give viewers the option to choose between two ads based on a short preview. This allows the ad experience to feel more personalized, which can build loyalty and interest. If your business wants to personalize its marketing, use strategies like these:

- Creating customized messages
- Targeting customers based on location
- Promoting similar products

4. Sales

Marketing is important for sales because it can inform consumers about what a business offers, its value and what sets it apart from competitors. For example, a business offering tax services might call attention to how they make doing taxes easier. Campaigns like this can help encourage customers to buy the products or services your business offers. Marketing can also target individuals or groups who may be more likely to buy a business's product or service. A business may use its analytics to re-target former customers who all bought a similar product when releasing an updated version of the product. If your business needs to increase sales, these marketing strategies may help:

- Implementing specialty marketing campaigns
- Highlighting benefits
- Identifying networking opportunities

5. Analytics

Marketing analytics can provide data and numbers to help professionals make informed marketing decisions that will achieve the greatest ROI. A business may use marketing analytics to identify audiences who previously didn't engage with their business, then develop future campaigns that specifically address those audiences to engage them. Strategically using information from marketing analytics may help maximize a company's chances of increasing sales or consumer engagement. Businesses can also use marketing analytics to document their growth, which can be important when deciding whether to expand and when sharing statistics with investors or board directors. Other ways to use marketing analytics are:

- Identifying market changes
- Tracking customer engagement
- Examining sales and market trends

Market

When we talk about a market we generally visualize a crowded place with a lot of consumers and a few shops. People are buying various goods like groceries, clothing, electronics, etc.

And the shops are also selling a variety of products and services as well. So in a traditional sense, a market is where buyers and seller meet to exchange goods and services.

But what is a market in economics? In economics, we do not refer to a market as a physical place. Economists will describe a market as coming together of the buyers and sellers, i.e. an arrangement where buyers and sellers come in direct or indirect contact to sell/buy goods and services.

For example, the market for mobile will constitute all the sellers and buyers of mobile phones in an economy. It does not necessarily refer to a geographic location.

Features of a market

- In economics, the term market will refer to the market for one commodity or a set of commodities. For example a market for coffee, a market for rice, a market for TV's, etc.
- A market is also not restricted to one physical or geographical location. It covers a general wide area and the demand and supply forces of the region.
- There must be a group of buyers and sellers of the commodity to constitute a market. And the relations between these sellers and buyers must be business relations.
- Both the sellers and buyers must have access to knowledge about the market. There should be an awareness of the demand for products, consumer choices, and preferences, fashion trends, etc.
- At any given time only one price can be prevalent in the market for the goods and services. This is only possible in the existence of perfect competition.

Classification of Markets

Broadly there are two classifications of markets – the product market and the factor market. The factor market refers to the market for the buying and selling of factors of production like land, capital, labour, etc. The other classification of markets is as follows,

On the Basis of Geographic Location

1. Local Markets: In such a market the buyers and sellers are limited to the local region or area. They usually sell perishable goods of daily use since the transport of such goods can be expensive.

2. Regional Markets: These markets cover a wider are than local markets like a district, or a cluster of few smaller states

3. National Market: This is when the demand for the goods is limited to one specific country. Or the government may not allow the trade of such goods outside national boundaries.

4. International Market: When the demand for the product is international and the goods are also traded internationally in bulk quantities, we call it an international market.

On the Basis of Time

1. Very Short Period Market: This is when the supply of the goods is fixed, and so it cannot be changed instantaneously. Say for example the market for flowers, vegetables. Fruits etc. The price of goods will depend on demand.

2. Short Period Market: The market is slightly longer than the previous one. Here the supply can be slightly adjusted.

3. Long Period Market: Here the supply can be changed easily by scaling production. So it can change according to the demand of the market. So the market will determine its equilibrium price in time.

On the Basis of Nature of Transaction

1. Spot Market: This is where spot transactions occur, that is the money is paid immediately. There is no system of credit

2. Future Market: This is where the transactions are credit transactions. There is a promise to pay the consideration sometime in the future.

On the Basis of Regulation

1. Regulated Market: In such a market there is some oversight by appropriate government authorities. This is to ensure there are no unfair trade practices in the market. Such markets may refer to a product or even a group of products. For example, the stock market is a highly regulated market.

2. Unregulated Market: This is an absolutely free market. There is no oversight or regulation, the market forces decide everything

Niche marketing

Niche marketing is a highly targeted form of advertisement. With niche marketing, businesses promote their products and services to a small, specific and well-defined audience. As social media algorithms become increasingly specific and personal, it gets harder for brands to cut through the noise. Companies need to tap into these distinct niches with highly relevant marketing campaigns to compete in today's environment. Consumers in a niche market have specific preferences or needs that differ from the broader sector. Brands divide almost every market into subsections according to things like:

- Geographic location
- Psychographic data (interests, attitudes and values)
- Demographic base (age, income level, gender, education level)
- Quality level (premium, moderate, high, low)
- Price (high, discount, wholesale)

Niche marketing is often easier than promoting to a wide audience. Niche audiences have very specific needs and wants.

For instance, a company that simply sold handbags would need to appeal to a broad range of tastes and expectations. However, a business selling handbags for new moms that also work as diaper bags has more of a focus. Niche marketing has also become easier with tools like Facebook ad targeting and social media monitoring.

The benefits of niche marketing

Niche marketing allows companies to understand the specific needs of their audience and speak to them directly. It's all about making the right connections, which is why many social media channels have improved their targeting options for niche markets. With niche marketing and a social strategy, companies can reap the following benefits:

1. Develop greater brand loyalty

Fewer people in a niche audience mean more chances to develop intimate, valuable relationships Take the company Black Girl Sunscreen, for example.

There are plenty of sunscreen brands on the market, but few are created with the needs of Black skin in mind. Most use ingredients that oxidize on the skin, leaving a white cast or grayish tint on deeper skin tones. Black Girl Sunscreen created a product specifically for Black women and has become a cult-followed product as a result.

2. Compete against fewer brands

The more specialized your business is, the fewer competitors you'll have offering the exact same products or services. A niche reinforces your unique selling proposition, allowing your brand to differentiate itself in the marketplace.

Humankind, for example, is a gender-inclusive swimwear and apparel brand. Instead of competing with every other clothing brand, it creates stylish, comfortable and inclusive clothing that appeals to people who don't want to be limited by traditional gender norms.

Because they cater specifically to people looking for gender-neutral clothing, they face less competition than swimwear brands looking to appeal to everyone.

3. Optimize marketing spend

Ads tailored to a niche audience are more likely to be relevant and appealing, leading to better performance metrics, such as higher click-through rates (CTR) and lower bounce rates.

Similarly, working with niche influencers offers a higher return on investment because their rates are typically much lower than those of macro-influencers with mass appeal.

This cost-effectiveness doesn't come at the expense of impact. Niche influencers often have highly engaged audiences who trust their recommendations.

How brands can use influencers to connect with niche markets

There are many benefits to niche marketing and working with niche influencers, but there's a learning curve. Plus, while you might already know of some well-known broad influencers, finding an influence within a specific niche requires a little more digging.

Here's what you need to do to get started.

Identify a niche within your target audience

The niche pockets within your target audience have unique preferences and needs. For instance, the makeup sector is broad, but within that market, there's makeup for acne-prone skin, professional artists, older skin—and that's just scratching the surface.

To identify niches thriving within your target audience, start with native platform research.

Unless you're looking into a specific hunch, there's no need to start off with a hyper-structured approach. Instead, consume content with an open mind for potential brand applications.

Scroll through the comment sections of your brand profiles. Check out competitor profiles or use the "see similar accounts" feature to see what's trending.

Build on any hunches using a social listening tool. Social listening data can summarize the conversations surrounding a topic and reveal the insights that matter most for your strategy.

Unit - II

Market Segmentation

Introduction

Market segmentation is a way of aggregating prospective buyers into groups or segments, based on demographics, geography, behaviour, or psychographic factors, in order to better understand and market to them.

Market segmentation is a marketing strategy in which select groups of consumers are identified so that certain products or product lines can be presented to them in a way that appeals to their interests.

Meaning

Market segmentation is an extension of market research that seeks to identify targeted groups of consumers to tailor products and branding in a way that is attractive to the group. The objective of market segmentation is to minimize risk by determining which products have the best chances of gaining a share of a target market and determining the best way to deliver the products to the market. This allows the company to increase its overall efficiency by focusing limited resources on efforts that produce the best return on investment (ROI).

Market segmentation recognizes that not all customers have the same interests, purchasing power, or consumer needs. Instead of catering to all prospective clients broadly, market segmentation is important because it strives to make a company's marketing endeavors more strategic and refined. By developing specific plans for specific products with target audiences in mind, a company can increase its chances of generating sales and being more efficient with resources.

Definition

"Market segmentation is the process of dividing mass markets into groups with similar needs and wants".

From an economic perspective, "segmentation is built on the assumption that heterogeneity in demand allows for demand to be disaggregated into segments with distinct demand functions".

Benefits of Market Segmentation

Marketing segmentation takes effort and resources to implement. However, successful marketing segmentation campaigns can increase the long-term profitability and health of a company. Several benefits of market segmentation include:

1. **Increased resource efficiency:** Marketing segmentation allows management to focus on certain demographics or customers. Instead of trying to promote products to the entire market, marketing segmentation allows a focused, precise approach that often costs less compared to a broad reach approach.

2. **Stronger brand image:** Market segmentation forces management to consider how it wants to be perceived by a specific group of people. Once the market segment is identified, management must then consider what message to craft. Because this message is directed at a target audience, the company's branding and messaging are more likely to be very intentional. This may also have an indirect effect of causing better customer experiences with the company.
3. **Greater potential for brand loyalty:** Marketing segmentation increases the opportunity for consumers to build long-term relationships with a company. More direct, personal marketing approaches may resonate with customers and foster a sense of inclusion, community, and a sense of belonging. In addition, market segmentation increases the probability that the company lands the right client, who fits its product line and demographic.
4. **Stronger market differentiation:** Market segmentation gives companies the opportunity to pinpoint the exact message they want to convey to the market and competitors. This can also help create product differentiation by communicating specifically how a company is different from its competitors. Instead of a broad approach to marketing, management crafts a specific image that is more likely to be memorable and specific.
5. **Better targeted digital advertising:** Marketing segmentation enables a company to perform better targeted advertising strategies. This includes marketing plans that direct effort toward specific ages, locations, or habits via social media.

Limitations of Market Segmentation

Market segmentation also comes with some potential downsides. Here are some disadvantages to consider when implementing market segmentation strategies.

1. **Higher upfront marketing expenses:** Marketing segmentation has the long-term goal of being efficient. However, to capture this efficiency, companies must often spend resources upfront to gain the insight, data, and research into their customer base and the broad markets.
2. **Increased product line complexity:** Marketing segmentation takes a large market and attempts to break it into more specific, manageable pieces. This has the downside risk of creating an overly complex, fractionalized product line that focuses too deeply on catering to specific market segments. Instead of a company having a cohesive product line, a company's marketing mix may become too confusing and inconsistently communicate its overall brand.
3. **Greater risk of misassumptions:** Market segmentation is rooted in the assumption that similar demographics will share common needs. This may not always be the case. By grouping a population together with the belief that they share common traits, a company may risk misidentifying the needs, values, or motivations of individuals within a given population.

4. **Higher reliance on reliable data:** Market segmentation is only as strong as the underlying data that support the claims that are made. This means being mindful of what sources are used to pull in data. This also means being conscious of changing trends and when market segments may have shifted from prior studies.

Criteria for segmentation

Identifying the requirements for effective market segmentation allows companies to create marketing campaigns that are essential for their growth and development. Here are the five criteria for effective market segmentation:

1. Measurable

The size and purchasing power profiles of your market should be measurable, meaning there is quantifiable data available about it. A consumer's profiles and data provide marketing strategists with the necessary information on how to carry out their campaigns.

It would be difficult to create advertisements for markets that have little to no data or for audiences that can't be measured. Always ask whether there is a market for the kind of product or service that your business wants to produce then define how many possible customers and consumers are in that market.

2. Accessible

Accessibility means that customers and consumers are easily reached at an affordable cost. This helps determine how certain ads can reach different target markets and how to make ads more profitable.

A good question to ask is whether it's more practical to place ads online, on print, or out of house. For example, gather data on the websites a specific target market usually visits so you can place more advertisements on those websites instead.

3. Substantial

The market a brand should want to penetrate should be a substantial number. You should clearly define a consumer's profiles by gathering data on their age, gender, job, socio-economic status, and purchasing power.

It doesn't make sense to try and reach an unjustifiable number of people — you're just wasting resources. However, you also don't want to market the brand to a group too small that the business doesn't become profitable.

4. Differentiable

When segmenting the market, you should make sure that different target markets respond differently to different marketing strategies. If a business is only targeting one segment, then this might not be as much of an issue.

But for example, if your target market is college students, then it's essential to create a marketing strategy that both freshman students and senior students react to in the same positive way. This process ensures that you are creating strategies that are more efficient and cost-effective.

5. Actionable

Lastly, your market segments need to be actionable, meaning that they have practical value. A market segment should be able to respond to a certain marketing strategy or program and have outcomes that are easily quantifiable.

As a business owner, it's important to identify what kind of marketing strategies work for a certain segment. Once those strategies have been identified, ask yourself if the business is capable of carrying out that strategy.

Types of Market Segmentation

There are four primary types of market segmentation. However, one type can usually be split into an individual segment and an organization segment.

1. Demographic Segmentation

Demographic segmentation is one of the simple, common methods of market segmentation. It involves breaking the market into customer demographics such as age, income, gender, race, education, or occupation. This market segmentation strategy assumes that individuals with similar demographics will have similar needs.

Example: The market segmentation strategy for a new video game console may reveal that most users are young males with disposable income.

2. Firm graphic Segmentation

Firm graphic segmentation is the same concept as demographic segmentation. However, instead of analyzing individuals, this strategy focuses on organizations and looks at a company's number of employees, number of customers, number of offices, or annual revenue.

Example: A corporate software provider may approach a multinational firm with a more diverse, customizable suite while approaching smaller companies with a fixed-fee, more simple product.

3. Geographic Segmentation

Geographic segmentation is technically a subset of demographic segmentation. This approach groups customers by physical location, assuming that people within a given geographical area may have similar needs. This strategy is more useful for larger companies seeking to expand into different branches, offices, or locations.

Example: A clothing retailer may display more raingear in their Pacific Northwest locations compared to their Southwest locations.

4. Behavioural Segmentation

Behavioural segmentation relies heavily on market data, consumer actions, and the decision-making patterns of customers. This approach groups consumers based on how they have previously interacted with markets and products. It assumes that consumers' prior spending habits are an indicator of what they may buy in the future.

Example: Millennial consumers traditionally buy more craft beer, while older generations are traditionally more likely to buy national brands.1

5. Psychographic Segmentation

Often the most difficult market segmentation approach, psychographic segmentation strives to classify consumers based on their lifestyle, personality, opinions, and interests. This approach may yield the strongest market segment results as it groups individuals based on intrinsic motivators as opposed to external data points. However, it's also difficult to achieve, primarily because the traits it focuses on can change easily and there may be a lack of readily available objective data.

Example: A fitness apparel company may target individuals based on their interest in playing or watching a variety of sports.

Market Targeting

Market Targeting undertakes the decision of choosing the best target audience and the degree to which the target market should be targeted. In simple terms, it is a process of choosing the best target audience for the product/service and declaring the other segments to be useless for a particular kind of product/service.

A business must determine the target audience after thorough research; otherwise, the business is going to end up wasting time and resources with no return on investment. Generally, a new product/service is first made available to a single target, and if it remains optimal, the business takes up other segments as well. Market targeting also depends on the size of the company. Besides, the more the target markets, the more will the cost of targeting.

For example

Nike's target market includes those people who are interested in getting fitter.

Positioning

The activity of positioning involves placing the product/service in the minds of the target customers and making the image of the product/service superior as compared to other similar products. Various factors affect the process of positioning such as:

- The larger the size of the target market, the more it will be difficult to position the product/service.
- If there is no competition in the market, then the business can create a completely different and new market positioning strategy.
- If the product has already a good brand value, then it will be of advantage to the business to position any new product/service.

- If the company decides to offer fewer prices for its product/service than the rival firms, then the business can have an advantage in market positioning.

For example

Starbucks wanted to make itself 'The Third Home' between home and work so that people can come and relax whenever they are tired. They decided to target customers with medium and high-level income. Starbucks uses the following taglines to strengthen its positioning in the market:

- 100% Recycled Paper Use
- The Finest Milk Use
- The Best Coffee
- Rich & Smooth Flavours
- Natural & Clean

STP Marketing Example

1. McDonald's

Segmentation – McDonald's segments its market based on several factors:

- **Demographics:** They consider age, gender, income, and family size. For instance, they have offerings like Happy Meals for children and Value Meals for budget-conscious consumers.
- **Psychographics:** McDonald's taps into consumers' lifestyles and personalities. For example, they offer healthy options for health-conscious individuals and late-night hours for those seeking convenience.
- **Behavioural:** They target customers' buying behaviour, through the frequency of visits and order preferences. They have tailored options for regular customers and promotions to attract occasional visitors.

Targeting – McDonald's primary target audience includes:

- **Families:** They provide a family-friendly atmosphere with play areas and offerings like Happy Meals, targeting parents and children.
- **Young Adults:** The menu offers a range of products that are appealing to young adults, from classic burgers to trendy items like wraps and salads.
- **Teens:** They attract teenagers with affordable items, quick service, and a place to hang out.
- **Children:** Through Happy Meals, toys, and colourful packaging, they create an appealing environment for kids.
- **Positioning:** McDonald's positions itself using the following strategies:

- **Convenience:** They emphasize fast service, drive-through options, and extended hours, positioning themselves as a quick and convenient dining option.
- **Affordability:** McDonald's offers value menus and combo meals at reasonable prices, targeting budget-conscious consumers.
- **Variety:** Their diverse menu caters to different tastes, from classic burgers to salads and healthier options, appealing to a broad range of preferences.
- **Consistency:** McDonald's maintains a consistent quality and taste across its global locations, creating a sense of familiarity and reliability.

Repositioning

Introduction

The term, "repositioning," refers to the process of changing a target market's understanding or perception of a product or service. A product's positioning involves what customers think about its features and how they compare it to competing products. Therefore, repositioning involves completely altering how the target market perceives the product. Repositioning is often a challenge, especially for brands that are well known to the public.

Companies choose to reposition products for a variety of reasons. If a product is performing poorly or causing the company to lose money, it may be cost effective in the long term to reposition the item or service. If there has been a major shift in cultural trends or the economy, it may be necessary to reposition a product to make it more relevant.

In some cases, companies find it easier and cheaper for the brand to discontinue the product and launch a new one instead. Whether or not repositioning is the best strategic choice depends on the company and its circumstances.

Consumer Behaviour

Introduction

Consumer behaviour is a key element of a marketing strategy. In fact, before implementing a strategy, it is essential to fully understand the needs and expectations of the consumers you want to influence. To do this, you need to understand how the consumer will react and be influenced by your marketing strategies. The goal of every entrepreneur is to meet the demands of the public and market, which will give a boost to the organization's sales and customer satisfaction.

To achieve this goal, an entrepreneur conducts a study and gains insights into the consumer's behaviour, who can be potential buyers. Surveys and research studies make decision-making easier and aid in improving relationships with customers.

Consumer behaviour in marketing

Consumer behaviour is important in marketing because it explains how consumers make decisions about what products to buy when to buy them, and from whom to buy them. Marketers can develop effective marketing strategies that target the right consumers with the right message at the right time by understanding consumer behaviour.

Here are some examples of how consumer behaviour affects marketing:

1. Segmentation

Consumer behaviour research helps marketer's behavioural markets. Marketers can modify their marketing messages and strategies to better appeal to each demographic by recognizing these segments.

2. Product design

Understanding consumer behaviour can also aid in product development. Marketers can create products that better meet consumer needs and preferences by analyzing customer requirements and tastes, leading to increased sales and customer satisfaction.

3. Pricing Strategies

Marketers can use consumer behaviour data to determine the price points at which customers are willing to pay for a product, as well as the pricing strategies most likely to appeal to each market segment.

4. Branding

Consumer behaviour research helps in the development of branding strategies. Marketers can create brand messages and strategies that resonate with consumers and build brand loyalty by understanding consumer attitudes and perceptions of brands.

Why is consumer behaviour so important

Businesses invest a lot of time and resources in their product or service. Hence, it is absolutely essential that their offerings cater to the needs of their customers. Or they will incur huge amounts of losses.

So, in order to make sure that the products, as well as the brand, are well-accepted by the consumers, it is important to first know what consumers want and are likely to buy.

1. Better marketing and communications

As living standards, trends, and technology keep changing, consumers' choices also keep varying. Understanding how these factors affect customers' buying habits helps organizations design their messaging accordingly. Thus, having insights into consumers' purchase behaviour can help marketers in meeting their objectives.

2. Improve customer retention

It is far more beneficial to retain an existing customer than to gain new customers. It's easier to sell new products and services to your existing customers than to find new ones. Entrepreneurs who are able to retain their customers and create strong relationships manage to create strong new brand loyalty for their businesses. Customer loyalty can prove to be a promoter of your business and spread positive word of mouth. Satisfied customers share their happy experiences with their friends and family. So, retaining as many customers as possible should be the goal of entrepreneurs interested in growing their companies.

3. Increase customer loyalty

Understanding customer behaviour helps in finding out ways to boost customer loyalty, which in turn, will lead to higher sales and a strong brand. Analyzing trends in sales can aid in offering discounts as well as suggesting the best products and services to them.

4. Better plan inventory

Researching customer attitudes helps companies plan inventory and stock raw materials. In the case of a service-based business, the management team can better plan their human resources. If businesses see a trend in demand for specific products, they are likely to send more purchase orders to their suppliers. Consumer behaviour data can help them to balance demand and supply.

5. Increase sales

A company always aims to satisfy specific market niches. Even if the company operates in different sectors, it should target potential buyers in each segment. If you know your customers well, you can have better conversations with a high probability of closing the deal.

Instead of taking random shots and trying to sell to anyone, having knowledge about your customers' likes and dislikes helps in making smarter decisions. Such a strategy has a higher chance of generating sales.

6. Research competition

Studying consumer buying behaviour helps in understanding the competitive market. You can plan on how to position your products and services to offer competitive advantages. Find out answers to questions like:

i. Is the customer already using a competitor brand?

ii. What drives a consumer to buy from your competitor?

iii. Are potential customers happy with the competitor brands?

iv. What are the gaps between your products and that of competitors?

Types of Consumer Behaviour for effective marketing strategies

Marketers must understand several types of consumer behaviour to create effective marketing strategies and meet customer needs. This section will look at the four types of customer behaviour and how they affect businesses.

1. Complex buying behaviour

When customers are actively involved in the purchasing decision process and are aware of the significant differences between the various brands, this happens. Before making purchasing decisions, consumers conduct extensive research, gather information, and evaluate alternatives.

2. Dissonance-reducing buying behaviour

This type of behaviour happens when people make expensive or risky purchases and then feel uncomfortable or confused about their decision. Consumers may seek reassurance, information, or feedback from others to reduce confusion.

3. Habitual buying behaviour

This happens when customers make purchases with minimal decision-making and marketing efforts or information search. Based on prior experiences, they have developed brand and customer loyalty also buying habits, and they may buy things out of habit, convenience, or familiarity.

4. Variety-seeking buying behaviour

This type of behaviour happens when customers are not deeply involved in the purchase decisions but seek variety or uniqueness in their purchases. They may most often change brands or products to satisfy their curiosity or need for variety.

Factors influence consumer behaviour while purchasing

Consumer behaviour is influenced by many external factors and internal factors such as situational, psychological, environmental, and marketing factors, personal factors, family, and culture. Businesses try to collect data so that they can make decisions on how they can reach their target audience in the most efficient way. While some influences may be temporary and others can be long-lasting, these factors can influence a person to buy or not buy. Let’s now look at some of these factors in detail.

1. Situational factors

They are temporary in nature and include physical factors such as a store’s location, layout, colours, music, lighting, and even scent. Companies try to make these factors as favourable as possible. Other situational factors include holidays, time, and moods of the consumer.

2. Personal factors

These factors include demographic factors such as age, gender, income, occupation, etc. It also depends on one’s interests and opinions. To further understand consumers, companies also look more closely at their lifestyles – their daily routine, leisure activities, etc.

3. Social factors

This factor also includes social class, level of education, religious and ethnic background, sexual orientation, customer orientation, and people around you – family, friends, or social network. Different cultures have varying customs and rituals that influence how people live their lives and what products they purchase. Generally, consumers in the same social class exhibit similar buying behaviour. Most market researchers believe a person’s family is one of the biggest determinants of buying behaviour.

4. Psychological factor

A person's ability to understand information, perception of needs, and mind set influence consumer behaviour. One's reaction to a marketing campaign will depend on one's beliefs and state of mind.

How to collect data on consumer behaviour?

To understand consumer buying behaviour, you need to know how consumers think and feel about the different alternatives available in the market, how they reason, and how they choose between different options.

The motivations that influence consumer behaviour are so broad that the most effective way to study them is to use different market research methods. These methods should collect both qualitative and quantitative data. Some of the common data collection methods are:

1. Surveys

Surveys are a popular method for collecting data about customer behaviour. Online, phone or in-person surveys can provide quantitative information about customer opinions, preferences, and behaviour.

2. Focus groups

Small, moderated consumer discussions about a specific good or service are called focus groups. Focus groups provide qualitative information on consumer opinions and views and also insights into how customers interact with products and services.

3. Interviews

Consumer interviews can provide detailed data on customer behaviour, attitudes, and preferences. Interviews can be conducted in person or over the phone, and they can provide qualitative data to boost quantitative data.

4. Observations

Observational research entails watching and recording consumers in their natural surroundings. This method can aid in identifying patterns of behaviour and offer insights into how consumers engage with products and services.

5. Experiments

Experiments involve changing one or more variables to see what effect it has on customer behaviour. It can be carried out in a controlled environmental analysis or in the field, and it can provide information about the connections between variables and consumer behaviour.

6. Data analysis

Data from sources such as sales data, web analytics, and social media can be analyzed to gain an understanding of customer behaviour. This method entails recognizing patterns and trends in data in order to determine consumer behaviour and preferences.

Online surveys are the most efficient method of conducting consumer behaviour studies. You can create a survey using survey software and send it to your target audience. You can also customize the survey flow to ask only relevant questions to respondents.

It also helps in designing pricing models, and the maximum amount customers can pay for a specific bundle of features.

Consumer Buying Process

The consumer decision-making process is also known as the consumer buying process. It is a journey that individuals follow to make purchase decisions. It commences when consumers become aware of and can identify their needs. Subsequently, they gather information to determine the optimal solution for these needs. This leads to a phase of exploring alternatives, culminating in the purchase decision and post-purchase evaluation. This structured process reflects how consumers navigate their buying choices, which is vital for businesses seeking to engage and cater to their target audience effectively.

Buying Decision Process

The buying decision process, or customer decision journey, is the steps that lead a customer to purchase a product or service. The buying decision process is present in many industries, from retail to e-commerce. This journey flows through three stages: before, during, and post-purchase.

Many factors can influence the buying decision process. Some of these factors include:

- Personal factors like age, gender, lifestyle, and personality
- Psychological factors like motivation, perception, attitudes, and beliefs
- Social factors like family, friends, peer groups, and culture
- Situational factors like time, place, circumstances, and availability

Factors related to the product and business also influence customers' buying decisions, including marketing campaigns, the sales process, pricing strategies, and brand loyalty.

Although the buying decision process seems simple, it is a complex, strategic, and interactive process that enables a company to boost and increase revenue, sales, and profitability.

The Stages of the Buying Decision Process

The buying decision process isn't linear and fluctuates from time to time due to distinctive customer purchasing patterns. However, when the buyer's journey is understood, companies can minimize and even leverage these variations in purchasing habits. Organizations can optimize revenue by analyzing and collecting data on the buying decision process and how each stage of the buyer's journey moves the customer to make a decision.

Here are the five stages of the buying decision process.

Stage 1: Needs Requirement

Needs requirement is the first and most fundamental step in the potential customer's decision-making process. The customer's need results from two main influences: internal and external stimuli. Companies wanting to optimize this stage of the buying process need to help potential customers recognize and define their needs. Gathering information through market research, interviews, surveys, and focus groups helps organizations understand their customers' needs.

Stage 2: Information Search

In this specific stage, having recognized a problem or need, customers want to identify their selections. The Information Search stage is when consumers seek information about a product or service. They might do this by talking to friends and family, looking online, reading reviews, or visiting a store. During this stage, consumers are trying to learn more about what they want and determine which options are available.

Businesses can influence customer behaviour at this stage by running advertising and social media campaigns and optimizing their website content for SEO purposes.

Stage 3: Evaluation of Alternatives

After gathering information, consumers will enter the evaluation of alternatives stage. They will compare their options and decide which is best for them. They might consider factors such as price, quality, or features.

In this stage of the buying decision process, businesses influence consumer behaviour by providing information about the products or services available. This can be done through advertising, product demonstrations, and other marketing activities. The goal is to persuade the customer that the company's products or services are the best option available. Therefore, businesses must provide accurate and unbiased information about their products or services during this stage. Doing so can increase the chances that customers will choose their company's products or services over their competitors.

Stage 4: Purchasing Decision

The purchasing decision stage of the buying decision process is when customers make a final decision about which product or service to buy. Businesses can influence this stage by providing product reviews, detailed descriptions, and pricing information to help customers compare and choose between different options. By helping customers understand their options and make an informed decision, businesses can increase the chances of making a sale.

Stage 5: Post-Purchase

Finally, the post-purchase stage helps foster brand loyalty and referral business. Post-purchase is when consumers use and assess the product or service and decide if they are satisfied or not and whether or not they would recommend it to others.

Businesses influence customers in the post-purchase stage in several ways.

First, companies can encourage customers to leave positive reviews about their products or services. This helps to build word-of-mouth marketing and creates social proof that can influence other potential customers.

Second, businesses can offer loyalty programs or discounts for customers who make repeat purchases.

Third, businesses can stay in touch with customers after purchase using follow-up emails, surveys, and phone calls. By staying in touch, companies can build strong relationships with their customers and create a loyal customer base.

Fourth, businesses can offer a warranty or guarantee on their products or services, which gives customers peace of mind and shows that the company is confident in its offerings. Finally, businesses can ask customers for feedback and use it to improve their products or services. This helps ensure that customers are always happy with what they purchase and helps businesses continuously improve. Businesses can influence customers in the post-purchase stage and create loyal, satisfied customers by using these techniques.

The Importance of Pricing in the Buying Decision Process

Potential customers want to purchase the best possible product or service from a company that meets their particular needs or requirements. Pricing is a core factor for potential customers when assessing the value of a product.

There are several reasons why pricing is a primary factor in the buying decision process:

1. Buyers want to get the best value for their money. They compare prices to find the best deal.
2. Price can signal quality. A high price may indicate that a product is of better quality than a lower-priced product.
3. Pricing can influence perceived value.

If buyers perceive a product as valuable, they may be willing to pay more. Pricing is a complex topic, and there are many factors to consider when setting product prices. When setting prices, businesses must consider the importance of pricing in the buying journey. They must balance making a profit with offering a fair price to attract buyers. Brands that set prices too high may miss out on potential sales. On the other hand, if they set prices too low, they may not make enough profit to sustain their business. Finding the right balance is essential for companies to be successful.

Post Purchase Behaviour

When we buy things, what happens after we make the purchase is just as important as what happens before. It's called "post-purchase behaviour," and it can have a big impact on businesses. Good post-purchase behaviour can keep customers coming back and buying more, but bad behaviour can make them stop buying and tell others not to buy either.

If businesses want to keep their customers happy, they need to make sure that everything after the purchase goes smoothly. That means things like delivering the item quickly and being helpful if the customer has questions or concerns. In the following paragraphs, we will define post-purchase behaviour, discuss its importance for businesses, and provide steps to improve it.

Defining Post-Purchase Behaviour

As the name might suggest, the actions and attitude of a customer after making a purchase is called post-purchase behaviour. It can include anything from their satisfaction with the product or service, their likelihood of making a repeat purchase, to their potential to recommend the product to others. Post-purchase behaviour can both be positive and negative, depending on the customer's experience and can have a lasting impact on the customer's relationship with your business.

Importance of Post-Purchase Behaviour for Businesses

Post-purchase behaviour is critical to the success of any business, especially in today's competitive market, where customers have many options to choose from. Here are some key points to further emphasise the importance of post-purchase behaviour for businesses:

1. Customer Retention: Post-purchase behaviour has the biggest impact on customer retention. If a customer has a good experience after they've made a purchase, they're more likely to return and buy from the same business again. Similarly, if they have a bad experience, they're likely to not use your product again and move on to a competitor.

2. Brand Reputation: The relationship between post-purchase behaviour and brand reputation is directly proportional to each other. If customers are happy and satisfied with your service, they tend to spread the word about the brand in a positive way. But if they're not happy, they might leave negative reviews that could not only influence future buyers but can harm the brand's overall image as well.

3. Increased Sales: When customers have a positive post-purchase experience, it can lead to increased sales for a business in a number of ways. Satisfied customers are more likely to return and make additional purchases from the same business. This can lead to increased revenue as these customers become loyal and repeat customers.

4. Competitive Advantage: Focusing on post-purchase behaviour can give a business a competitive advantage. By providing exceptional customer service and support after purchase, businesses can differentiate themselves from competitors and stand out in the marketplace.

5. Lower Costs: Positive post-purchase behaviour can also lead to lower costs for businesses. Satisfied customers are less likely to require refunds, returns, or customer service support, which can save the business time and money.

6. Better Insights: Measuring post-purchase behaviour can provide businesses with valuable insights into customer preferences, needs, and pain points. This can help businesses improve their products, services, and customer support to better meet customer needs and expectations.

Steps to Improve Post-Purchase Behaviour

Post-purchase dissonance occurs when customers experience cognitive dissonance or conflicting thoughts and feelings after making a purchase. This can happen when customers are not sure about the purchase, regret making the purchase decision, or feel like they paid too much. To correct post-purchase behaviour and improve customer satisfaction, here are some steps that businesses can take:

1. Provide Excellent Customer Service

While your product or service is the main event, customer service is equally important for improving post-purchase behaviour. As a business, you should focus on providing excellent customer service as well. Train customer service representatives to help customers with any questions or concerns they may have about their purchases and to handle their complaints professionally and efficiently.

2. Offer Returns and Refunds

Nobody likes a bad purchase, especially when they are shopping online. Pair that with the inability to return products, and you will have customers that wanted to buy something but didn't, as they wouldn't be able to return it after purchase. Allowing customers to return or exchange their purchases can help alleviate post-purchase behaviour. Businesses should have a clear and transparent returns policy to make the process as easy and hassle-free as possible.

3. Follow Up with Customers

Following up with customers after their purchase can show that the business cares about their satisfaction and is not just trying to extract money from them. This can be done through email, phone calls, or even surveys to get feedback on the customer experience. Even a small gesture of thanking them for the purchase will go a long way.

4. Provide Additional Information

Not everyone comes pre-decided about what they're going to buy. Some need to conduct in-depth research in order to make an informed decision. By providing customers with additional information about their purchase, you can help improve post-purchase behaviour. This can include anything from product manuals, tutorials, links to YouTube videos, or even additional product recommendations that can enhance the customer's experience.

5. Engage Customers on Social Media

Around 60% of the world's population uses social media daily. The average time spent is nearly 2.5 hours. These stats should be enough to convince any business that engaging customers on social media is absolutely necessary in 2023. It not only gets the word out and acts as a marketing funnel but also helps in building relationships and trust. Businesses can use social media to answer questions, respond to comments, share customer stories and reviews, launch new products, or promote their latest discounts and offers.

6. Offer Discounts and Promotions

Everybody likes to save some money wherever they can. Offering discounts and promotions can incentivise customers to make additional purchases and improve their overall perception of the brand.

Motives in consumer behaviour

Motives in consumer behaviour are the reasons that drive people to make purchases. These motives can be emotional or rational, and can be influenced by personal and situational factors.

Here are some examples of consumer motives:

1. Social motive

People may be influenced by social factors like peer pressure or social status.

2. Acceptance

People may be interested in a product or service if they see their peers purchasing it.

3. Patronage motive

People may be encouraged to buy from a particular business or brand based on loyalty.

4. Security

People may be motivated by a desire for stability or security, and may purchase a product to fulfil this need.

5. Esteem

People may be motivated by a desire to feel approved, respected, or admired by others.

6. Customer involvement

The level of involvement a consumer has can change based on personal attributes, the product, and situational factors. Understanding consumer motives can help product and marketing teams create strategies that connect with customers' needs and desires.

Freud's theory of motivation

Sigmund Freud's theory of motivation, also known as Freudian motivation theory, suggests that a person's behaviour is shaped by unconscious psychological forces, such as hidden desires and motives. This theory is often used in sales and marketing to help understand consumer motivations.

Freud's theory is based on the idea that humans have two instinctual drives: life (Eros) and death (Thanatos). Each drive causes people to behave in certain ways, and the dominant drive determines whether a person acts to promote life or death:

1. Life drive (Eros)

Causes people to engage in behaviours that promote the preservation of life, such as eating, exercising, and having sex

2. Death drive (Thanatos)

Causes people to engage in risky or aggressive behaviours, such as driving dangerously, starting fights, or doing stunts. Freud believed that life instincts largely tempered death instincts, which he believed were an unconscious wish for death that all humans have.

Components of Freudian motivation theory

According to Freud, the human psyche has two different parts: the conscious mind and the unconscious mind. Both these include three components in total: id, ego and superego.

- **Id:** According to Sigmund Freud, the id is the biological component of every individual's thought process. Id includes instinctive senses that everyone holds since birth. It is the unconscious mind.
- **Ego:** Ego represents the conscious mind, and it is made up of thoughts, memories, feelings that individuals may base their decisions on. The ego gives a sense of personality to an individual.
- **Superego:** This includes society's perceptions regarding ethics, values, taboos, etc. It is the moral branch that can influence how humans make decisions. This component shows that humans may not always act on impulse and is the "inner-voice" or conscience of humans.

In some people id may be stronger; however, in others superego may be stronger. The relative strength of id, ego and superego determines how a human being takes decisions.

Freudian motivation theory can be applied in the fields of sales and marketing. The theory suggests that individuals may decide which products to buy based on their emotions and feelings, without consciously knowing it.

Importance the Freudian motivation theory

Freudian motivation theory can be applied in the fields of sales and marketing. The theory suggests that individuals may decide which products to buy based on their emotions and feelings, without consciously knowing it.

Consider the example of a man who buys a new car given the fact that his old car is in good working condition. It is possible that the man's decision to purchase a car was motivated by his urge to create a status symbol for himself in society. This decision may not be as conscious as the buyer would think it to be.

To utilise the Freudian motivation theory's emotional standpoint, salespersons can incorporate specific marketing tactics that could trigger an emotional response from the customer, leading him to buy the product. Thus, motivation theory can help sellers achieve the desired response from the customers.

How is the Freudian motivation theory applied

Corporations may reach out to motivation researchers who collect data from potential customers. The data is collected through interviews to understand the deeper motives behind buying a particular product.

These researchers may use various techniques like word association, picture interpretation, sentence completion, role-playing, etc to understand how individuals make decisions. This information can enable marketing researchers to decide how these unconscious motivations can be best exploited to make the product lucrative to individuals.

Freudian motivation theory states that the sale process has three parameters:

1. Consumer satisfaction
2. Functional needs satisfaction
3. Unconscious needs

What are some other theories of motivation?

Apart from Freud's theory of motivation, there are two other popular motivation theories. These include:

- **Optimal-level Theory:** This theory is also referred to as the theory of homeostasis, a term coined by French psychologist Claud Bernard. Homeostasis refers to the state of equilibrium in the body. This ideology belongs to the "hedonistic" theory, which states that happiness is the highest good.

According to the hedonistic theory, there is an optimal level of normal functioning in every individual, allowing him to make the right decisions. However, if the individual were to fluctuate from this position to disequilibrium, he would not find it pleasurable.

Thus, every human being strives to be in a state of equilibrium by maintaining an optimal level of needs like food, water, etc.

- **Humanistic Theory:** This theory believes in human beings' capacity to realise their own potential, strengthen their self-confidence, and achieve the ideal self. These can include biological factors like hunger, thirst; safety needs; love and belongingness need, esteem needs like respect and approval; self-actualisation motive like attaining maximum level of one's capacities.

Unit – III

Product & Price

Marketing mix

A marketing mix includes multiple areas of focus as part of a comprehensive marketing plan. The term often refers to a common classification that began as the four Ps: product, price, placement, and promotion.

Marketing Mix is a set of marketing tool or tactics, used to promote a product or services in the market and sell it. It is about positioning a product and deciding it to sell in the right place, at the right price and right time. The product will then be sold, according to marketing and promotional strategy. The components of the marketing mix consist of 4Ps Product, Price, Place, and Promotion. In the business sector, the marketing managers plan a marketing strategy taking into consideration all the 4Ps. However, nowadays, the marketing mix increasingly includes several other Ps for vital development.

Definition of Marketing Mix

The marketing mix is defined by the use of a marketing tool that combines a number of components in order to become harden and solidify a product's brand and to help in selling the product or service. Product based companies have to come up with strategies to sell their products, and coming up with a marketing mix is one of them.

4 P's of Marketing mix

1. Product in Marketing Mix:

A product is a commodity, produced or built to satisfy the need of an individual or a group. The product can be intangible or tangible as it can be in the form of services or goods. It is important to do extensive research before developing a product as it has a fluctuating life cycle, from the growth phase to the maturity phase to the sales decline phase.

A product has a certain life cycle that includes the growth phase, the maturity phase, and the sales decline phase. It is important for marketers to reinvent their products to stimulate more demand once it reaches the sales decline phase. It should create an impact in the mind of the customers, which is exclusive and different from the competitor's product. There is an old saying stating for marketers, "what can I do to offer a better product to this group of people than my competitors". This strategy also helps the company to build brand value.

2. Price in Marketing Mix:

Price is a very important component of the marketing mix definition. The price of the product is basically the amount that a customer pays for to enjoy it. Price is the most critical element of a marketing plan because it dictates a company's survival and profit. Adjusting the price of the product, even a little bit has a big impact on the entire marketing strategy as well as greatly affecting the sales and demand of the product in the market. Things to keep on mind while determining the cost of the product are, the competitor's price, list price, customer location, discount, terms of sale, etc.,

3. Place in Marketing Mix:

Placement or distribution is a very important part of the marketing mix strategy. We should position and distribute our product in a place that is easily accessible to potential buyers/customers.

4. Promotion in Marketing Mix:

It is a marketing communication process that helps the company to publicize the product and its features to the public. It is the most expensive and essential components of the marketing mix, that helps to grab the attention of the customers and influence them to buy the product. Most of the marketers use promotion tactics to promote their product and reach out to the public or the target audience. The promotion might include direct marketing, advertising, personal branding, sales promotion, etc.

Marketing Mix Example:

At first, the company targeted older individuals who need to keep their diet under control, this product was introduced. However, after intense research, they later discovered that even young people need to have a healthy diet. So, this led to the development of a cereals product catered to young people. In accordance with all the elements of the marketing mix strategy, the company identified the product, priced it correctly, did tremendous promotions and availed it to the customers. This marketing mix example belongs to Honeycomb, one of the most renowned companies in the cereal niche.

Importance of Marketing Mix

The marketing mix is a remarkable tool for creating the right marketing strategy and its implementation through effective tactics. The assessment of the roles of your product, promotion, price, and place plays a vital part in your overall marketing approach. Whereas the marketing mix strategy goes hand in hand with positioning, targeting, and segmentation. And at last, all the elements, included in the marketing mix and the extended marketing mix, have an interaction with one another.

Product

Meaning

The first P of the Marketing Mix is Product. It is the bases of the marketing mix of a company. It is important for a company to develop the perfect product for the right market. Here we will look at the various types of products and the life cycle of a product.

A product is the item offered for sale. A product can be a service or an item. It can be physical or in virtual or cyber form. Every product is made at a cost and each is sold at a price. Product marketing is the process of positioning a product or feature so customers will want to buy it. This often involves developing consistent branding among marketing and sales teams and tailoring messaging to speak to specific customer needs.

Definition

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

Characteristics of a Product

Size, shape, performance, price, and functionality — these are just a handful of attributes customers might consider before purchasing your product. Product characteristics vary depending on the product type, industry standards, and consumer preferences. Businesses often prioritize a product's attributes based on their target markets and competitive landscapes.

Though product characteristics vary widely, a few basic ones are universal. A product is:

1. Intended for customers: This differentiates products from projects or anything else you might produce for your own use or enjoyment. Products are typically created to be sold and consumed by someone else, whether that is an individual consumer or a business.

2. Created to provide benefits to a market: Identifying and meeting a market need can be challenging. But at a base level, a product should provide some advantage to users.

3. Exchanged for value: The most typical value exchange is money — meaning products have a price and can be bought and sold. In some cases, products are offered in exchange for feedback, exposure, trade, or other forms of value.

In addition to basic characteristics, each product has desirable attributes from the customer's point of view. Common examples include:

Quality: Superiority of the product

Durability: Ability to withstand wear and tear

Functionality: How well it performs an intended purpose

Reliability: Consistency in performance and dependability over time

Design: Aesthetics, style, visual appeal

Usability: Ease of use/user friendliness

Safety: No risk or hazards from using the product

Compatibility: Ability to work with other products

Customers also consider other attributes (such as size, material, and packaging), especially when it comes to physical products. For larger-ticket product offerings — such as a car, laptop, or software suite — things like brand, price, warranty, customization, and customer support also factor into a customer's purchasing decisions.

Types of Product

I. Consumer Products

Products are broadly classified into two categories – consumer products and industrial products. Consumer products are products that the ultimate consumer purchases himself for direct use. The consumer purchases these consumer products to satisfy his personal needs and desires. Some examples of consumer products are toothpaste, eatables, textiles, computers etc and various such products.

Now there are many types of consumer products as well. Let us take at the classification of consumer goods based on the shopping effort involved:

1. Convenience Products: These are consumer goods that are very convenient to purchase. They are bought frequently and with very little effort. Examples include medicines, toiletries, newspapers etc. Such convenience products have ongoing and continuous demand. Such goods are also bought in small quantities and are also generally lowly priced.

2. Shopping Products: To shop for these consumer products, consumers devote considerable time and effort. They compare prices and features and a lot of thought is involved before making the decision to buy. Some such examples are electronics, furniture, jewellery etc. These products generally fall in the higher price range. Such products are pre-planned purchases.3.

3. Specialty Products: For specialty products, consumers make special efforts to buy them. They are not your regular run of the mill consumer products. The buyer is willing to go through a lot of effort to purchase such products. Take for example any artwork, paintings, sculptures etc. The demand for such specialty products is usually pretty limited and the prices are high.

Industrial Products

These are products which are used as input for manufacturing other products. Unlike consumer goods, these are not for direct consumption. These are meant for business and non-personal use. Some examples of industrial products are raw materials, machines, tools etc.

Here the demand for industrial products is limited. Since they are not consumer goods the demand for them is not vast. The three broad categories of Industrial goods are as follows

1. Machine and Machine Parts: These goods are used entirely in the manufacturing process. These include raw materials like cotton, lumber, petroleum etc. They also include manufactured products like glass, rubber etc.

2. Capital items: These are goods/products used to manufacture finished goods. They include installations (lifts, mainframe computers etc) and equipment (hand tools, personal computers etc)

3. Business Services and Supplies: These are industrial goods and services that facilitate the manufacturing process. They include services such as painters, technicians, maintenance, and repairs. And products such as lubricants, stationary etc.

New Product development

But there is more to a product launch than you might think. Planning and delivering a new product (or even a new feature for an existing product) is complex. The launch is only one piece of the entire product development process: a massive body of work encompassing everything it takes to bring a new product to life. This includes the "active" building and launch activities as well as behind-the-scenes strategizing, planning, and analysis.

Different organizations identify different phases when it comes to developing a new product. We categorize product development into nine stages (and the launch stage is one of them). The graphic below illustrates the nine stages within a product development framework. This flowchart can be a helpful reference for folks, especially as you introduce the different phases of product development to your team.

Product development frameworks

Although product development is creative, it requires a systematic approach to guide the processes required to develop, test and get new products to market. Organizations such as the Product Development and Management Association as well as the Product Development Institute help businesses select the best development framework for a new product or service. This framework helps structure the actual development of the product.

Development frameworks, such as the fuzzy front end (FFE) approach, define the steps that should be followed early in the development process, but leave it up to the product development team to decide in which order the steps make the most sense for the specific product that's being developed. The five elements of FFE product development are as follows:

1. Identification of design criteria: Brainstorming exercises are used to identify possible new products.

2. Idea analysis: A closer evaluation of the product concept includes market research and concept studies to determine if the idea is feasible and within a business context that's relevant to the company or to the consumer.

3. Concept genesis: This involves turning an identified market opportunity into a tangible concept.

4. Prototyping: A rapid prototype for a product concept is created.

5. Product development: This is the actual creation of the product.

Stages in New Product Development

Product development is done varies depending on the organization creating it. However, a general plan should include the following steps:

1. Identify a product need and business case: Using practices such as test marketing and surveys, organizations can gauge interest in a product. This ensures the product has a strong reason to be created given the business model it's based on.

2. Create a product vision: This covers determining the purpose of the product, what it does, who it's for and what the product design is. Having these details in place also determines the scope of the project and helps project managers craft the guiding principles for the work.

3. Draft a roadmap: Once the project has been envisioned conceptually, an actual roadmap or detailed plan of action can be created. The roadmap aids in identifying what goals should be met when. Implementation teams create schedules, break down significant portions of the project into sprints and generate iterations of the product.

4. Implement the roadmap: With a roadmap in hand, iterations of the product can be made, reviewed and improved upon. This identifies weak areas of the product as well as helps development teams fix and improve it.

5. Continue with development and assessments: Development teams work on enhancements and changes to the product. In this step, customer feedback is gathered to improve the product based on customer input.

Product Life Cycle

Product life cycle is a representation of the cycle through which each product goes through from introduction to decline and eventual demise of the product. The Product Life Cycle helps us recognize which stage the products are in. Accordingly, the company can adjust their marketing strategy to make most of the conditions.

There are four distinct stages in a product's lifecycle. Right from the introduction of the product in the market to its end. Every stage has its own distinct features. And the company should change its marketing strategy every time the product makes its move from one stage to another. Let us take a look at the four stages.

1. Introduction

As the name suggests this is the stage of introduction of the product to the market. At this stage, the demand for the product is only a proved demand and not effective demand. This stage is categorized by the following features

- The product's sale is at its lowest and is increasing but very slowly

- During the introduction, the promotion expense is very high. Extensive promotions have to be undertaken to create awareness and demand for the product.
- The products are put in limited outlets. The distribution is also kept limited to a few channels. The point is to try out the product before expanding distribution.

2. Growth Stage

This is the second stage of the product lifecycle. Now the sales begin to take off and the product becomes well known. Some other characteristics are

- The promotion expenses still remain high. Now the focus will be on brand recognition and brand image. This helps the product maintain and extend its selective demand.
- With a rise in sales, the profits also rise sharply
- This is the stage where new competitors may enter the market with better research and better products. To keep up with their products, the company may make improvement and modifications to their products

3. Maturity Stage

- This is the stage where the market saturates and sales growth of the firm slow down and finally stabilizes at a stage.
- Competition in the market will intensify in this stage. All competitors will want to maintain a production level to enjoy economies of scale
- This stage may also see a price war in order to keep their market share. Reducing prices may affect the profit margin of the company.

4. Decline Stage

This the terminal stage of the products, they are no longer relevant in the market. So the end of this stage is the eventual demise of the product in the market.

Pricing

Meaning

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

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

- ✓ The identity of the goods and services
- ✓ The cost of similar goods and services in the market

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

What is Pricing Method

Pricing method is a technique that a company apply to evaluate the cost of their products. This process is the most challenging challenge encountered by a company, as the price should match the current market structure and also compliment the expenses of a company and gain profits. Also, it has to take the competitor's product pricing into consideration so, choosing the correct pricing method is essential.

Definition of pricing

Pricing is defined as the amount of money that you charge for your products, but understanding it requires much more than that simple definition. Baked into your pricing are indicators to your potential customers about how much you value your brand, product, and customers. It's one of the first things that can push a customer towards, or away from, buying your product. As such, it should be calculated with certainty.

Objectives of Pricing

The objectives of pricing encompass a range of strategic goals that businesses aim to achieve through their pricing decisions. These objectives guide how products or services are priced and contribute to overall business success. Key objectives of pricing include:

1. Revenue Generation: Pricing can be used to maximise total revenue by finding the optimal balance between price and quantity sold. This objective is particularly relevant when a business aims to capture a larger market share.

2. Market Ruler: A business would want to rule the market and acquire a significant share in the market against its rival firms. For this, it will try to increase its revenue and customer base. In order to do the same, the company will need to agree on an optimal price for its product/service that the customers can afford.

3. Survival: Pricing decisions focus on generating revenue which helps the firm to survive in the market. Without revenue and profits, a firm can not survive for a longer period. Pricing generates revenue and revenue is used in further production in order to produce goods.

4. Profit Maximisation: One of the primary objectives of pricing is to generate maximum profit for the business. Pricing strategies are designed to ensure that the revenue generated from sales exceeds the costs incurred in producing and marketing the product or service.

5. Attraction and Retention of Customers: Having a proper and affordable pricing strategy helps the business in acquiring new customers and retention of previous customers. A more customer base means more revenue.

Importance of Pricing

Pricing is of paramount importance in the realm of business and commerce due to its multifaceted impact on various aspects of an organisation's operations, financial health, and overall success. The significance of pricing can be outlined as follows:

1. First Impression: Price is the first thing that the customers think of while purchasing any product/service. Even if the customer makes his/her overall decision on the overall benefit from the product he/she is going to get, they are still going to compare the prices of other similar goods. If the prices are too high than what customers can afford, they are going to lose interest.

2. Right-Level Pricing: Setting up the wrong prices can even shut down the company due to the non-generation of revenue. A thorough market research is required before setting up the final prices for the product.

3. Sales Promotion: As the basic idea of more sales includes lowering the prices, a sales manager may suggest the business to cut down the prices in order to generate more sales.

4. Flexible Element: Price is the most flexible element of marketing in comparison to product, place, and promotion. Price can be changed rapidly and is affected by many factors like customer perception of value, inflation, economy, overall costs, etc.

5. Profit Generation: Pricing directly influences a company's revenue and profit margins. Setting the right price ensures that the revenue generated from sales exceeds the costs incurred in production, distribution, and marketing, thereby contributing to profitability.

6. Competitive Edge: Pricing strategies can differentiate a business from its competitors. Appropriate pricing helps create a competitive advantage by appealing to customers through factors such as affordability, perceived value, or quality.

7. Demand Management: Effective pricing can regulate demand for products or services. Price adjustments, discounts, or promotions can stimulate demand during slow periods or manage peak demand to prevent stock outs.

Factors Affecting Pricing Decisions

The pricing of products is influenced by a multitude of factors that businesses must carefully consider to determine an appropriate and effective pricing strategy. These factors can vary across industries, markets, and individual businesses. Some of the key factors affecting product pricing include:

1. Customer's Perception of Value: The customers' expectation of the price of the product plays an important role in deciding the price of the product. Customers only bear the cost of a product that they can afford. If a business keeps the price of its product/service very high, it will have a very small customer base. Customer-oriented price approach is generally followed in order to cover the customers' perception of value. In a customer-oriented price approach, the customer is considered as the 'king' and all the decisions relating to pricing are taken from the viewpoint of the customer.

2. Competitors: Competitors' pricing strategies, market share, and positioning can significantly impact how a product is priced. Businesses may choose to price their products at a premium, match competitors' prices, or use other strategies to differentiate themselves.

3. Government Law and Regulations: Pricing decisions are also affected by federal and state regulations. Some laws prevail in order to protect the customers from getting exploited at the hands of manufacturers, promotion of ethical behaviours from the end of manufacturers, etc. For example, Firms coming together and joining hands, agreeing on charging higher prices for a particular type of product, is illegal.

4. Economy: Economic environment like fluctuations in the general price level, interest rates, and unemployment level also affects the pricing strategy of firms.

5. Product Costs: The total cost that the manufacturer incurred in the production of the product affects the pricing decision. Production costs can be of several types, like fixed costs, variable costs, semi-variable costs, etc. Also, promotional costs, distribution channel costs, packing costs, etc., are considered while deciding the price.

6. Market Demand: The level of demand for the product at different price points affects pricing decisions. High demand might allow for higher prices, while low demand could require competitive pricing to attract customers.

7. Elasticity of Demand: Price elasticity measures how sensitive demand is to price changes. Inelastic demand allows for price increases without significant drops in demand, while elastic demand requires more cautious pricing adjustments.

8. Market Segmentation: Different customer segments may have varying willingness to pay. Businesses can tailor pricing strategies to target specific segments and maximize revenue from each.

9. Branding and Positioning: Premium brands can command higher prices due to their reputation and perceived quality. Pricing can be used to reinforce the brand's image as luxury, value-oriented, or innovative.

10. Distribution Channels: The chosen distribution channels can impact pricing. Direct-to-consumer sales might allow for more flexibility in pricing compared to working through intermediaries.

Kinds of Pricing

1. Value-based pricing

With value-based pricing, you set your prices according to what consumers think your product is worth. We're big fans of this pricing strategy for SaaS businesses.

2. Competitive pricing

When we use a competitive pricing strategy, you're setting your prices based on what the competition is charging. This can be a good strategy in the right circumstances, such as a business just starting out, but it doesn't leave a lot of room for growth.

3. Price skimming

If we set our prices as high as the market will possibly tolerate and then lower them over time, we'll be using the price skimming strategy. The goal is to skim the top off the market and the lower prices to reach everyone else. With the right product it can work, but you should be very cautious using it.

4. Cost-plus pricing

This is one of the simplest pricing strategies. You just take the product production cost and add a certain percentage to it. While simple, it is less than ideal for anything but physical products.

5. Penetration pricing

In highly competitive markets, it can be hard for new companies to get a foothold. One way some companies attempt to push new products is by offering prices that are much lower than the competition. This is penetration pricing. While it may get you customers and decent sales volume, you'll need a lot of them and you'll need them to be very loyal to stick around when the price increases in the future.

6. Economy pricing

This strategy is popular in the commodity goods sector. The goal is to price a product cheaper than the competition and make the money back with increased volume. While it's a good method to get people to buy your generic soda, it's not a great fit for SaaS and subscription businesses.

7. Dynamic pricing

In some industries, you can get away with constantly changing your prices to match the current demand for the item. This doesn't work well for subscription and SaaS business, because customers expect consistent monthly or yearly expenses.

Unit – IV

Promotions & Distributions

Promotions

Meaning

Promotion is a marketing tool, used as a strategy to communicate between the sellers and buyers. Through this, the seller tries to influence and convince the buyers to buy their products or services. It assists in spreading the word about the product or services or company to the people. The company uses this process to improve its public image. This technique of marketing creates an interest in the mindset of the customers and can also retain them as a loyal customer.

Promotion is a fundamental component of the marketing mix, which has 4 Ps: product, price, place, and promotion. It is also an essential element promotional plan or mix, which includes advertising, self and sales promotion, direct marketing publicity, trade shows, events, etc.,

Key Points of Promotion

- ✓ It is a communication tool that incorporates all the elements used to spread awareness and convince customers to buy good and services
- ✓ It is applicable only for short term sales
- ✓ It is one of the variables of the marketing mix
- ✓ The effect of promotion is short term
- ✓ The result or outcome of the promotion is immediate
- ✓ It is an economic marketing tool as compared to advertising
- ✓ It can be used for all sorts of businesses irrespective of the size, brand of a company

Types of Promotion:

Advertising

It helps to outspread a word or awareness, promote any newly launched service, goods or an organization. The company uses advertising as a promotional tool as it reaches a mass of people in a few seconds. An advertisement is communicated through many traditional media such as radio, television, outdoor advertising, newspaper or social media. Other contemporary media that supports advertisement are social media, blogs, text messages, and websites.

Direct Promotion

It is that kind of advertising where the company directly communicates with its customers. This communication is usually done through various new approaches like email marketing, text messaging, websites, fliers, online adverts, promotional letters, catalog distributors, etc.

Sales Promotion

This utilizes all sorts of a marketing tool to communicate with the customers and increase sales. However, it is for a limited time, used to expand customers demand, refresh market demand and enhance product availability

Self-promotion

It is a process where the enterprises send their agents directly to the customers to pitch for their product or service. Here, the response for the feedback of the customer is prompt and therefore, easy to build trust.

Public Relation

Popularly known as PR is exercised to broadcast the information or message between a company (NGO, Government agency, business), an individual or a public. A powerful PR campaign can be valuable to the company.

Online Promotion

This includes almost all the elements of the promotion mix. Starting from the online promotion with pay per click advertising. Direct marketing by sending newsletters or emails.

Advertising

Advertising is a paid marketing tactic that promotes a company's products, services, or cause. It's a key part of a company's promotional mix and is often the most visible aspect of marketing.

Advertising enables companies to bring their products and services in front of the public. There are many types of advertising media, from fliers and business cards to online display and print ads on broadcast TV and radio. In the digital age of today, advertising also engages its public on online platforms like LinkedIn, Facebook, Instagram, Pinterest, and YouTube.

Advertising engages broad audiences with the main purpose of:

- ✓ Generating revenues for companies, large or small.
- ✓ Increasing brand awareness to ensure products stick in the minds of consumers.
- ✓ Persuading people to support the missions of non profits, governmental and non-governmental agencies, political parties, religious affiliations, and more.

Definition

The American Marketing Association has defined advertising as "any paid form of non-personal presentation of ideas, goods or services by an identified sponsor".

Objectives of Advertising

The main objectives of advertising include product or service introduction, brand awareness creation, customer acquisition, value creation and Differentiation from competitors. Advertising also focuses on brand building to enhance the value of the brand. The correct brand positioning helps incite product and brand recall, increasing sales, and profits by targeting the right audience. Lastly, advertising aims to create a desire for the product within customers. This is to trigger an emotional appeal to drive purchases, and invoke a call to action, especially prevalent in the digital advertising sphere, to engage customers and potentially transform them into loyal customers.

1) Introduce a product

The most common reason Advertising is used is to introduce a new product in the market. This can be done by existing brands as well as new brands. Have a look at the latest IPhone in the market or a Samsung smartphone and you will find a lot of advertisement for these new products. The objective of advertising here is to tell customers – "Here is the new product we have launched"

2) Introduce a brand

There are many startups in the market today and many of them are services. Services are generally marketed as a brand rather than marketing their individual service product. Thus, Uber will market its own brand and introduce that Uber has started servicing customers in a new market. Same goes for Oracle or Accenture – Companies which market their brand and their presence in the market rather than marketing an individual product.

3) Awareness creation

According to the AIDA model, the most important job of advertising is to get attention which is nothing but Awareness creation. Advertising needs to capture the attention of people and make them aware of the products or their features in the market.

4) Acquiring customers or Brand switching

One of the major objectives of advertising and the first objective of many advertising campaigns is to acquire more customers. This is also known as making the customers switch brands. This can happen by passing on a strong message so that the potential customer leaves the brand which he is tied up with and comes to your brand.

Example – Most telecom companies launch plans and strategies just to acquire customers and then advertise these strategies in the market so that the customer switches brands. There is hardly any differentiation in the telecom market – thus advertising is a major way to acquire customers.

5) Differentiation and value creation

A most important aspect of Advertising is to differentiate the product or the service from those of the competitor. A customer can only differentiate between services based on the value the firms provide over that of competitors.

If a competitor is just advertising the features, whereas your firm advertises the promises and commitments that it will keep, naturally more customers will "trust" your brand over others. This is the reason that advertising is used commonly to create value and to differentiate one brand from another.

6) Brand building

When a brand regularly advertises and delivers quality products and fulfills the promises it makes, automatically the value of the brand is built. However, there are many other aspects of brand building. One of the first ones is to advertise via ATL and BTL campaigns etc.

Brands have different objectives of Advertising. Brands like P&G and HUL regularly invest funds in building a good brand value for the parent brand. By doing so, even if one brand is affected, the parent brand is untouchable.

7) Positioning the product – Product and brand recall

One of the key factors in the actual purchase of a product is the products recall and the brand recall at the time of purchase. Amongst the objectives of advertising, one objective is to correctly position the brand in the minds of the customer.

Examples include premium brands like Ralph Lauren, Gucci, Hermes or others which are clearly positioned premium. This position is achieved by first having a very premium product line which is high priced but it is also achieved by buying premium advertising and placing the ads in media vehicles which are very premium.

Besides premium marketing, we can also look at niche marketing. Kent is a company which has focused all its advertising on its purification capability. They claim they are the masters of water purifiers. Their repeated advertising creates a high product and brand recall in the minds of the customers thereby positioning them as the top purchased brand in the water purifier segment.

8) Increase sales

Naturally, with so many steps being taken to advertise the product, it is no doubt that one of the objectives of advertising is to increase sales. Many a times this objective is achieved via advertising. However, if the campaign is improper or the audience is not targeted properly, then advertising can fail in its objective.

Nonetheless, there are many seasonal products wherein an immediate increase in sale is observed due to advertising. The best example is Ice cream brands which advertise heavily during the summer months because they know that advertising will immediately influence the sales figures. They do not waste money in advertising during the winter season at all.

Similarly, you will see many ads of raincoats during rainy season and ads of winter wear during winter seasons. All these ads are placed to increase the sale of the product immediately.

9) Increase profits

With the value being communicated and the brand being differentiated as well as sales being increased, there is no doubt that advertising can contribute a lot to increasing profits. Advertising should never be looked at as an expense or a liability. In fact, it is an investment for a firm just like a brand is an investment.

Look at the likes of Siemens or Bosch – Brands which have invested heavily in positioning themselves on the basis of their German engineering. As a result, today they demand high profits in whatever segments they operate in or whatever products they sell.

10) Create Desire

Again, referring to the AIDA model, one of the key factors in advertising is to create a desire for the product so that the customer wants the product. Brands which are known to do this are BMW, Audi, Harley Davidson, Adidas and others. These brands are master of advertising where they create so much desire for the product that the customer absolutely wants a product even if he doesn't need it.

There are many stories of Harley Davidson as a brand wherein customers have saved money for years to buy a particular bike of Harley Davidson. Same stories can be heard about an Audi or a BMW. A unique example in this case is the bottles of Absolut Vodka. Absolut Vodka is so famous for its bottles that there are collectors who desire to collect all different bottle types of Absolut Vodka. Such desire creation is an effect of advertising + brand building + the fan following over time.

11) Call to action

One of the most common objectives of digital advertising and digital marketing is to get a call to action. Brands invest in banner ads, link ads as well as social ads to get their potential customers to take an action. This action can be filling up an Email form, clicking on a link, watching a video, giving a survey or what not.

There are brands which have done ATL advertising and shown half the ads and then attracted customers to their YouTube channel so that they could track their viewers and get them to take some action. Call to actions are also one of the objectives of advertising in which case the actions differ from time to time based on what the marketer wants to achieve.

Advertising media

Advertising media refers to different mass media channels that businesses use to promote their products, services or brand. These mediums showcase promotional content and inform potential customers about the offerings of a company. Marketers use images, videos, speech and text to communicate with and attract their target demographic through different forms of media.

Advertising channels serve as an intermediary between a brand and its customers and provide consumers with important information about the products and their features. Businesses can also use the results of their advertising campaign to evaluate their marketing techniques and learn about their target audience.

Importance of advertising media

Advertising is important because it allows marketers to engage with different audiences in distinct ways. A successful marketing campaign that communicates effectively can increase a company's brand awareness; demonstrate the benefits of their products or services, generate excitement around their brand and increase sales and revenue. Businesses can research customers who interacted with their media campaign to create more relevant and personalized offers. Different media types also allow businesses to cater to different budget requirements, company objectives and business goals. For instance, television media can allow a one-way communication system, whereas social media allows interaction with customers. These different forms of advertisement mediums can be effective for different products targeting a varied customer audience. Businesses usually use different media channels to build multi-channel promotional campaigns.

Types of advertising channels

Different media formats have unique benefits and drawbacks, and choosing the most suitable channel can be essential for businesses to promote their products effectively. Some different options include:

1. Print media

Print media is a means of mass communication through printed publications, such as brochures, magazines, newspapers and leaflets. Some advertisements that typically feature in print media include sales advertisements, which are common in newspapers and magazines. Others are promotional event advertisements that you can typically find in the form of brochures and flyers. Print media is one of the most popular and oldest types of advertising because it allows marketers to reach a large regional audience.

2. Outdoor media

Outdoor media refers to advertising methods that engage consumers when they're outside their homes. They attract audiences as they travel from one place to another, typical examples include billboards, placards, hoardings and electronic displays. Outdoor media gives the advertiser lesser control over the type of customers they attract. Yet marketers usually place outdoor signs and billboards on highways, buildings or in places like cafes and malls to achieve maximum visibility and boost brand awareness. Outdoor media messages are usually short and may just be the company's trademark logo or slogan. Outdoor media also includes the use of public events. These events typically include various activities that allow consumers to experience the product or service through live demonstrations or tests. For instance, a company may set up a stall in the local market and provide customers with free samples of their products.

3. Transportation advertising

Advertisements that appear on the side of public transport are a common type of outdoor media. Some forms of public transportation that can carry advertisements include taxis, train stations, tube stations, buses or business vehicles. Similar to outdoor media, this channel allows businesses to engage their audience during transit. This makes it an indirect form of advertising as the brand isn't actively engaging with the consumer. Transport advertising can be beneficial in big cities or towns, where more people are likely to notice the advertisement while commuting to and from work.

4. Radio media

Radio media involves transmitting promotional messages to customers through auditory means, usually the radio. Radio stations usually operate on a city-wide or regional basis, allowing businesses to reach consumers from a selective geographic segmentation. Radio media is beneficial for companies that want to engage local customers or introduce new products.

5. Television media

Broadcast media comprises television and radio media. Television media is one of the most popular advertising methods and has the potential to reach the most amount of people. Since TV channels have different categories such as news, sports, knowledge, entertainment, movies or kid's channels, advertisers can choose the channel they believe their target audience is most likely to watch. For instance, a retail company selling running gear and equipment may broadcast advertisements on a sports channel.

6. Specialty media

Specialty media involves the use of promotional items, such as printed stickers and membership cards that display the company's logo or message. Speciality media includes distributing free branded merchandise, including caps, badges, mugs, pens, keyrings, phone covers, T-shirts, calendars and bottles. This form of media advertising can increase the 'word-of-mouth' advertising as a person carrying personalised merchandise may end up promoting the business.

7. Digital media

Digital media has become a critical aspect of many marketing campaigns and involves using different digital formats, such as emails, podcasts, social media posts and advertisements on websites. The use of digital advertising channels, particularly social media platforms, can make promotional campaigns more interactive as audiences can engage with the content through sharing it, liking it or commenting on it. Another advantage of digital media is that it's accessible on different devices such as smart phones, computers, laptops and tablets, which are common in daily usage. These forms of media can also allow businesses to create unique advertisement campaigns. For instance, many companies use social media to share behind-the-scenes of campaigns or hold Q&A sessions. Digital media channels also make it easier to collect customer feedback, conduct polls, service customer complaints and leverage viral trends.

8. Direct mail advertising

Direct mail is a type of advertising channel where businesses send messages to target customers through the mail. Brands usually send mail to established customers that have opted for a direct mailing or filled a customer contact form. Direct mailing can boost customer engagement and retention rates and effectively target consumers who've already demonstrated interest in the brand's products or services. Businesses also use direct mail advertising to announce summer or winter sales or offer special promotions or discounts. Traditionally, physical mail has been a popular form of direct mail advertising, but most businesses today prefer email marketing.

Traditional Media vs. Digital Media in Marketing

With many different advertising methods available, companies have numerous options for how and where to spend their marketing budgets. In the past, many businesses advertised solely through traditional media, but recently, digital media advertising has increased substantially, presenting many attractive marketing benefits for companies. While often considered to be in competition with each other, traditional and digital media can instead work together to increase a company's overall reach and engagement.

Traditional media

Traditional media includes all outlets that existed before the internet, such as newspapers, magazines, TV, radio and billboards. Before online advertising, companies typically allocated most of their marketing budgets to traditional media with the goal to increase their brand awareness and attract new customers. Many businesses continue to rely on traditional media for their marketing and advertising campaigns, which can be very effective if their target consumers regularly engage with these forms of media.

Types of traditional media

Here are some common types of traditional media:

Newspapers and magazines

While subscription rates have significantly declined for print media over the last decade, these outlets still provide advertising benefits for companies. Readers of these publications often view them as extremely credible, and advertising there can help to build trust and legitimacy in a brand. Although ads in print media can have a shorter exposure time with audiences, readers generally are more engaged while consuming this type of media. When considering whether to advertise through print media, it can be helpful to ask for readership and circulation figures to determine whether the audience fits your company's target demographic.

TV

Television and how it's consumed has changed drastically since the introduction of the internet. Viewers can now watch TV in real time over broadcast channels, in a delayed manner with DVRs or on different devices through video streaming. Most people still watch television in their homes, where they're more likely to look up a brand or product if an advertisement influences them to do so. Costs for TV advertisements vary widely, so companies with smaller budgets might consider advertising on a specialized channel, such as a cooking or sports network, that's more likely to resonate with their target audience.

Radio

As one of the most cost-effective types of traditional media, radio can be an excellent way for companies to reach a wide group of people. Consumers of radio may choose to listen to their favorite stations at various points throughout their day, including while they're driving, working or relaxing at home. Radio ads can increase listeners' awareness of a brand. These types of ads should be concise and creative in order for listeners to remember the messaging even after they've turned off the station. It's also relatively inexpensive to produce a radio ad as opposed to an ad for television or print publications.

Billboards

Billboards can be a powerful advertising choice, particularly for companies interested in advertising their services or products within a specific geographic location. The effectiveness of billboard advertising depends largely on its location. A creative advertisement on a billboard in a well-placed location can yield a desirable return on investment. Billboard advertising can also expand a company's brand awareness because of the number of people who will drive by it.

Digital media

While traditional media refers to outlets that existed before the internet, digital media includes any online platform, including email, social media, websites and video streaming. Advertising through digital media, also known as new media, can be an attractive option for companies with smaller advertising budgets because these strategies tend to be more cost-effective. With the use of advanced data analytics, digital media allows companies to target specific consumer demographics.

Types of digital media

Here are some common types of digital media:

Email

Email marketing can be a practical marketing choice because companies can send their messaging directly to a potential customer's inbox. With the increased use of smartphones, many people now check their email multiple times a day. Email marketing can range in price based on the technology and volume of emails, but this type of marketing can have a high return on investment, particularly in website growth and lead conversion. It's useful for businesses to build their email databases to reach the greatest number of people and keep track of click-through and unsubscribe rates to determine the appropriate number of emails to send out to their subscribers.

Social media

The number of people using social media continues to increase significantly, making it an effective place to implement marketing techniques. On social media, companies have the chance to take part in direct conversations with their followers. Organic content, which includes any written, graphic or video post made on social media without paid advertising, has the potential to reach a significant number of people. Companies can also use paid advertising to target audiences based on a range of characteristics, such as a person's location, gender, interests or even job title. While social media can be a valid marketing choice, it takes time and effort for companies to build a following, and it's important to maintain an active presence to keep pages up-to-date and informative.

Website

A website allows companies to display their content to consumers, and when paired with an effective SEO strategy, a website also has the potential to reach a wider audience through search functions. SEO, which stands for "search engine optimization," helps companies improve their website rankings within an online search engine. SEO strategies lead to more clicks and views on a company's website, which can generate leads and grow revenue.There are several elements to SEO, including keywords, metadata and links. The correct keywords and metadata will increase a website's chances of appearing at the top of applicable searches, while linking lends credibility to a website. Much like social media, a website requires continued maintenance and new content to keep it relevant.

Video streaming

Video ads can help companies tell a story to their audiences, capturing images that can help sell a product by showing audiences why they should purchase it. Unlike TV advertising, digital video ads give companies the option to target their videos to specific demographics rather than a broad audience. For businesses that choose to run TV commercials, it's often simple to put these videos online as well to allow for the greatest possible reach.

Key Differences between Traditional and Digital Marketing

1. Reach and Targeting

Traditional marketing methods, such as newspaper advertisements, are often seen as highly credible. Newspapers, in particular, are trusted sources of information, which lends a sense of reliability to the ads they carry. However, traditional marketing typically targets a broad audience with limited options for precise targeting. This means that while the message may reach many people, it might not always reach the most relevant audience.

Digital marketing excels in precise targeting. Using tools like HT One Audience (CDPs), marketers can target specific demographics, interests, and behaviours with remarkable accuracy. This ensures that the marketing message is seen by those most likely to be interested in the product or service, increasing the effectiveness of the campaign.

2. Interactivity and Engagement

Traditional marketing offers a tangible experience that can be more focused. For instance, new-age internet brands like Swiggy and Boat have successfully used newspaper jacket ads and other innovative print formats to capture consumer attention. These physical ads create a lasting impression and are often perceived as more legitimate due to their presence in trusted publications.

In contrast, digital marketing provides a virtual experience with higher levels of engagement. Online platforms allow for interactive content such as videos, quizzes, and social media interactions, which can engage users more deeply and keep them interested for longer periods. This interactivity often leads to a more dynamic and immersive brand experience.

3. Measurement and Analytics

The effectiveness of traditional marketing can be measured, though it often requires more effort and collaboration. For example, Brand Lift Studies conducted through partnerships with firms like Kantar can provide insights into how traditional campaigns impact brand perception and consumer behaviour. These studies, however, are usually less granular compared to digital analytics.

Digital marketing offers detailed analytics and metrics that allow for precise campaign evaluation. Marketers can track a wide array of metrics, from impressions and click-through rates to conversion rates and customer lifetime value. This detailed data enables continuous optimization of marketing strategies, ensuring that campaigns can be adjusted in real-time to maximize effectiveness.

Sales Promotion

A sales promotion is a marketing strategy in which a business uses a temporary campaign or offer to increase interest or demand in its product or service. There are many reasons why a business may choose to use a sales promotion (or 'promo'), but the primary reason is to boost sales. Sales boosts may be needed to reach a quota as a deadline approaches, or to raise awareness of a new product.

Types of sales promotion

There are 12 main types of sales promotions. Not all of them are suited for every business, product, or service, but each one offers unique ways of boosting sales and connecting with customers through different methods of sales psychology. Each is also an interesting take on spin selling and offers a look into sales methodology comparison.

1. Competitions and challenges:

Competitions or challenges usually take place on social media, and serve to increase customer engagement as fans try to win a discounted or free product. They usually also result in a large amount of free publicity if the competition or challenge involves sharing the brand on a customer's personal social media account.

2. Product bundles:

Product bundles offer a collection of products for an overall discounted rate, as opposed to buying the products individually. Product bundles give customers a reason to buy a larger variety of products, which makes it more likely they will find a product they like and want to buy again.

3. Flash sales:

Flash sales are extremely short sales that offer extreme discounts for a limited amount of time. These sales work through creating a sense of urgency and need around your sale.

4. Free trials:

Free trials or demos are one of the most common sales promotions and one of the most promising strategies to grow a customer base. Businesses can offer either a limited time with the product or a limited quantity of the product to a first-time buyer at no charge to see if they like it.

5. Free shipping and/or transfers:

Free shipping promotions attempt to curb the 70% of customers who abandon their carts when they see the shipping costs. The small loss in shipping fees is usually made up for in happy customer purchases.

6. Free products:

Free product promotions work by offering a small free product with the purchase of a larger, mainstream product. This boosts mainstream sales without costing the company too much inventory or revenue.

7. Early-bird or first-purchaser specials:

These specials offer discounts to first-time purchasers as a way of welcoming them as customers. Customers are more likely to buy at a discount and because the discount only works once, the company doesn't lose a great deal of revenue.

8. BOGO specials:

BOGO, or "buy one, get one free" promotions are primarily used to spread product awareness. Customers can give their extra product to a friend or family member and build a customer base through word of mouth.

9. Coupons and vouchers:

Coupons and vouchers reward current customers for their brand loyalty and encourage future purchases. This is especially effective in companies who use punch cards which incentivize customers to make multiple purchases to earn a free product.

10. Up sell specials:

Up sell promotions are not as common as the others, but they can still be extremely effective. Up sells give first-time customers a less expensive version of a product to try, and then over time, the sales department works to convince them to purchase the more expensive and more effective option.

11. Subscriptions:

Subscriptions are not always considered sales promotion, since they tend to be long-term purchases, but having different amounts of a product available at a different price point is a sales promotion tactic. With a subscription, a customer pays a larger fee upfront for a large amount of product that eventually comes out to less than what they would pay for buying smaller amounts of product individually.

12. Donations:

Donations are an excellent way for a company to build credibility and goodwill within the customer base. Most donations work when the company contributes a portion of each sale during a given period to a charitable cause.

Pros of sales promotions

There are many benefits to running a sales promotion in the short term:

1. Creating new leads:

Sales promotions increase customer acquisition by offering them discounts, free products, free trials, and more. Many potential buyers are willing to try something for a lesser price, and if they like the product they become part of your company's loyal base.

2. Introducing a new product:

Even extremely successful companies need a little help launching a new product. New customers may need incentives to buy, and long-term customers may be committed to their usual products. Providing a discount or promotion on a new product is a great way to create product awareness without doing a sales presentation.

3. Selling out overstock:

No one wants to be in this position, but overstocking happens. When it does, a sales promotion can be a useful tool to get rid of inventory while attracting new customers who may not have the overstocked product yet. It's worth noting that there is a line in terms of selling overstock and it's easy to step over into unethical selling.

4. Rewarding current customers:

Sales success doesn't stop at the first purchase. Nurturing customers over time is essential to keeping brand credibility and loyalty high. Sales promotions are an easy way to provide loyal customers with a discount, voucher, or free product that will continue to keep them engaged with your brand.

5. Increasing last-minute revenue:

Many companies use sales promotions towards the end of a month or quarter to meet revenue or inventory goals. While not a bad strategy, it's best to use this one sparingly so that customers don't get into the habit of waiting for an expected sale.

Cons of sales promotions

While most sales promotions do successfully increase sales, many also come with a cost. When considering using a sales promotion, it's important to remember the two main risks of the "sales promotion trap":

1. Sales promotions can devalue your brand:

While it may not be the case for your company, there is a general assumption in the consumer market that if a brand goes on sale, it's because they are having trouble selling that product—it's why we all wait for the day after Valentine's Day to buy discounted chocolate. While promoting a single product in your line might not make a lasting impression, a sales promotion that covers your entire brand might lead customers to think your business is on its last legs.

2. Sales promotions can make it complicated to sell your product back at its original price point:

Depending on how long your promotion runs, you may attract customers who never paid full price for your product. These customers may then be turned off when you return to full price at the end of a promotion.

It's important, therefore, to set strict promotional timelines and leave space in between promotions to make sure your original price is the most consistent one. The other peril of sales promotions to be on the lookout for is cost. According to Harvard Business Review, the average business spends 66 percent of its advertising budget on sales promotions. This type of spending can seriously hurt a business if the promotions are not bringing in enough revenue to counteract the cost when full-price advertising is not given as wide a budget.

Personal selling

Meaning

Personal selling is a sales approach that involves one-on-one interaction between a buyer and a seller. The goal is to humanize the seller and show that they are there to help the prospect, rather than just sell to them. Personal selling can take place in person, via phone, video, or email.

Definition

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

Personal Selling Examples

For example, salesmen go to different societies to sell the products. Another example is found in department stores on the perfume and cosmetic counters, wherein agents of the company try to sell their products. A customer can get advice on how to apply the product and can try different products. Products with relatively high prices, or with complex features, are often sold using personal selling. Great examples include cars, office equipment (e.g. photocopiers) and many products that are sold by businesses to other industrial customers.

Advantages of Personal Selling

- It is two-way communication. So the selling agent can get instant feedback from the prospective buyer. If it is not according to plan he can even adjust his approach or sales presentation accordingly.
- Since it is an interactive form of selling, it helps build trust with the customer. When you are selling high-value products like cars, it is important that the customer trusts not only the product but the seller also. This is possible in personal selling.
- It also is a more persuasive form of marketing. Since the customer is face to face with the salesperson it is not easy to dismiss them. The customer at least makes an effort to listen.
- Finally, direct selling helps reach the audience that we cannot reach in any other form. There are sometimes customers that cannot be reached by any other method.

Disadvantages of Personal Selling

- It is a relatively expensive method of selling. There is a requirement of high capital costs.
- Also, it is an extremely labour intensive method because a large sales force is required to carry out personal selling successfully.
- The training of the salesperson is also a very time consuming and costly process.
- And the method can only reach a limited number of people. Unlike TV or Radio ads it does not cover a huge demographic.

Qualities needed for a personal seller

- Empathy: The ability to understand and relate to your customers' feelings and needs. This helps you build trust and rapport, and tailor your solutions to meet their needs.
- Listening: The ability to listen actively and attentively to your customers. This helps you understand their concerns and pain points.
- Adaptability: The ability to be flexible and deal with unexpected situations.
- Confidence: The ability to believe in yourself and the product you're selling.
- Communication skills: The ability to communicate effectively with your customers.
- Curiosity: The ability to ask questions that require more than a yes or no answer.
- Persistence: The ability to keep going and not give up.
- Passion: The ability to be enthusiastic and driven.
- Problem-solving: The ability to help your customers solve their problems.

Channels of distribution – Consumer and industrial marketing channels

Meaning

A distribution channel is the network of businesses or intermediaries through which a good or service passes until it reaches the final buyer (the end consumer). Distribution channels can include wholesalers, retailers, distributors, and the Internet.

Distribution channels are part of the downstream process, which addresses the business question "How do we get our product to the consumer?" The downstream process is in contrast to the upstream process—also known as the supply chain

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the intended consumer. Distribution channels can be short or long, depending on the number of intermediaries required to deliver a product or service.

Increasing the number of ways a consumer can find a good can increase sales, but it can also create a complex system that sometimes makes distribution management more difficult. Longer distribution channels can also mean less profit for each intermediary along the way.

Components of a Distribution Channel

Producer:

Producers combine labour and capital to create goods and services for consumers.

Agent: Agents commonly act on behalf of the producer to accept payments and transfer the title of the goods and services as they move through distribution.

Wholesaler:

A person or company that sells large quantities of goods, often at low prices, to retailers.

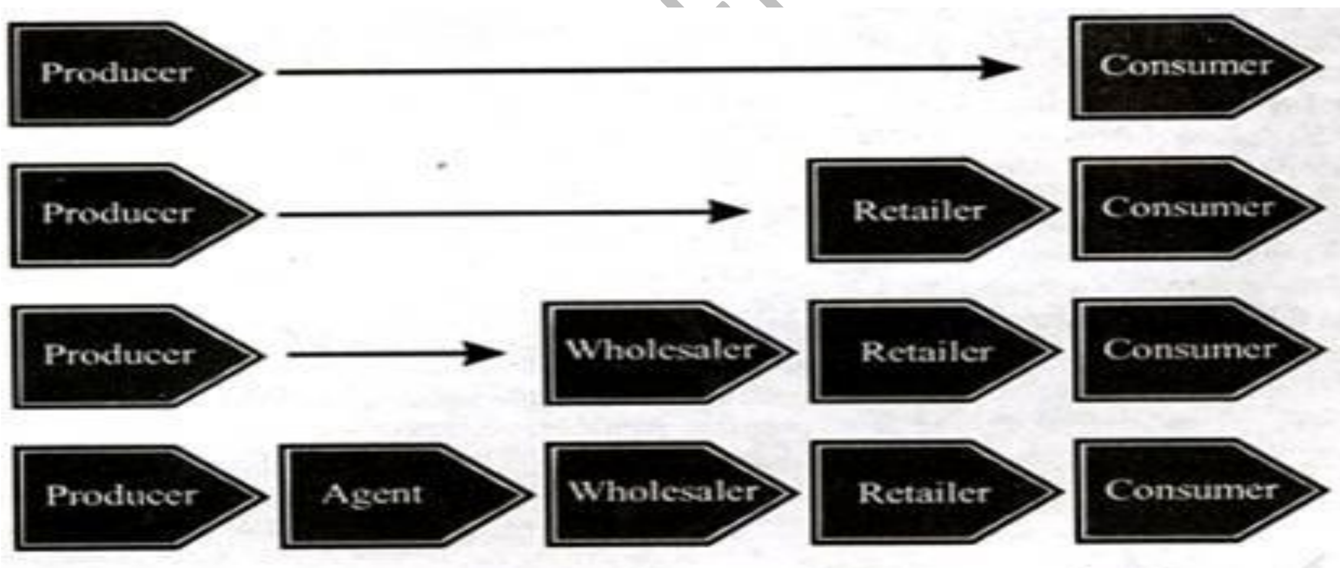
Retailer: A person or business that sells goods to the public in small quantities for immediate use or consumption.

End Consumer:

A person who buys a product or service.

Consumer channels:

Manufacturers may reach out to consumers either directly, i.e., without using distribution channels, or by using one or more distribution channel members.



Distribution Channels for Consumer Goods

Manufacturer to consumer:

Direct marketing includes use of personal selling, direct mail, telephone selling and internet. Avon cosmetics, Tupperware, Aqua guard and Amazon.com are examples of companies engaged primarily in direct marketing.

The company contacts customers directly through salespersons, mail, telephone, or internet and makes sales. The products are sent directly to customers by the manufacturers.

Manufacturer to retailer to consumer:

Retailers have grown in size. Growth in retailer size means that it has become economic for manufacturers to supply directly to retailers rather than through wholesalers.

Supermarket chains and corporate retailers exercise considerable power over manufacturers because of their enormous buying capabilities. Wal-Mart uses its enormous retail sales to pressurize manufacturers to supply products at frequent intervals directly to their store at concessional prices.

Manufacturer to wholesaler to retailer to consumer:

For small retailers with limited order quantities the use of wholesalers makes economic sense. Wholesalers buy in bulk from producers and sell smaller quantities to numerous retailers. But large retailers in some markets have the power to buy directly from manufacturers and thus cut out the wholesalers.

These big retailers are also able to sell at a cheaper rate to consumers than retailers who buy from the wholesaler. Wholesalers dominate where retail oligopolies or monopolies are not dominant.

Manufacturer to agent to wholesaler to retailer to consumers:

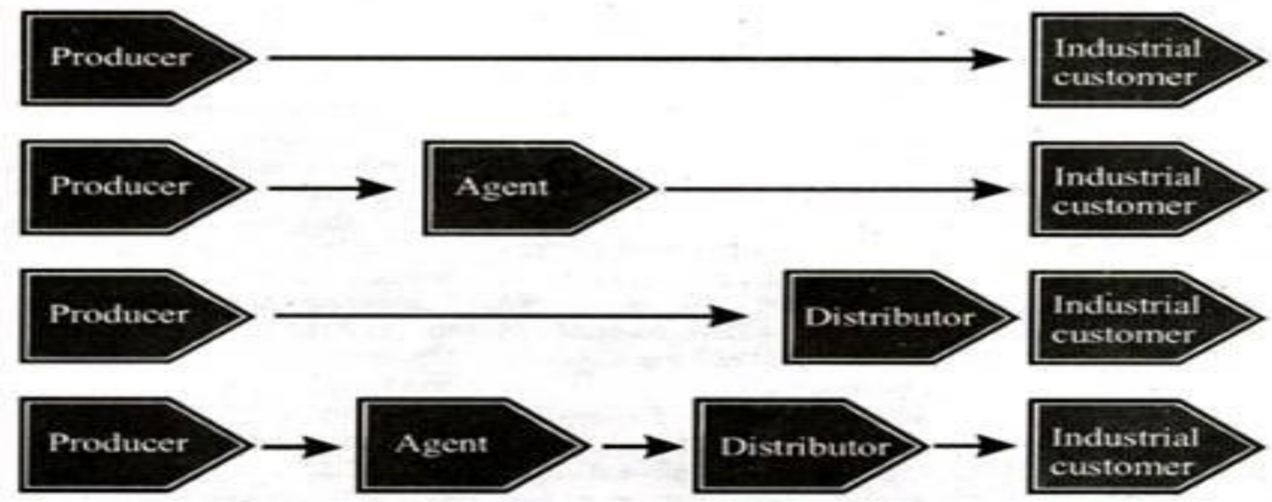
A company uses this channel when it enters foreign markets. It does not have enough sales to warrant the setting up of a sales and distribution infrastructure, and therefore, it delegates the task of selling its product to an agent who does not take title to the goods. The agent contacts wholesalers in the foreign market and receives commission on sales.

Companies want to sell to larger number of customers, and hence are increasingly using multiple channels to distribute their products.

A company's product may be found in a company-owned store, an exclusive store, a multi-brand store and a discount store simultaneously. Companies have realized that all customers of a product do not buy from the same retailer.

Industrial channels:

Industrial channels are usually shorter than consumer channels. Direct selling is prevalent due to closer relationship between the manufacturer and the customer, as well as due to the nature of the product sold.



Distribution Channels for Industrial Goods

Manufacturer to industrial customers:

This is a common channel for expensive industrial products like heavy equipments and machines. There needs to be close relationship between the manufacturer and the customer, because the product affects the operations of the buyer.

The seller has to participate in many activities like installation, commissioning, quality control and maintenance jointly with the buyer. The seller is responsible for many aspects of the operations of the product long after the product is sold.

The nature of the product requires a continuing relationship between the seller and the buyer. The large size of the order makes direct selling and distribution economical.

Manufacturer to agent to industrial customer:

A company that sells industrial products can employ the services of an agent who may sell a range of products from several producers on a commission basis. Such an arrangement spreads selling costs and is beneficial to companies who do not have the resources to set up their own sales and distribution operation.

The arrangement allows the seller to reach a large number of customers without having to invest in a sales team. But the company does not have much control over the agent, who does not devote the same amount of time and attention as a company's dedicated sales team.

Manufacturer to distributor to industrial customer:

For less expensive, more frequently purchased products, distributors are used. The company has both internal and field sales staff. Internal staff deals with customer and distributor generated enquiries and order placing, order follow-up and checking inventory levels. Outside sales staff is proactive.

They find new customers, get product specifications, distribute catalogues and gather market information. They also visit distributors to address their problems and keep them motivated to sell the company's products. Distributors enable customers to buy small quantities locally.

Manufacturer to agent to distributor to industrial customers:

The manufacturer employs an agent rather than a dedicated sales force to serve distributors mainly because it is less expensive to do so.

The agent may sell the goods of several suppliers to an industrial distributor, who further sells it to the business user. This type of channel may be required when business customers require goods rapidly, and when an industrial distributor can provide storage facilities.

Channel members

Channel members are businesses that work together to connect a producer's products to consumers. They are also known as intermediaries or middlemen.

Channel members can include:

Manufacturers, wholesalers, agents, distributors, and retailers.

Channel members perform specialized tasks to get products from production to sale, such as: Managing prices, Advertising to customers, and Transporting products.

Producers use channel members to make the process more efficient and delegate responsibilities to those with more expertise and resources.

When selecting channel members, manufacturers consider things like: The member's experience carrying product lines, their reputation, and their profitability.

3 Main Types of Channel Partners:

- Independent Dealers. These are the dealers and retailers that sell your product. ...
- Distributors. Many companies use distributors to warehouse, transport, and sell their products through dealers, product installers, or to the end customer. ...
- Independent Sales Representatives.

Unit –V

Competitive Analysis and Strategies

Global market environment

The global market environment is a collection of factors that impact businesses that operate internationally. These factors can be both opportunities and threats, and are constantly changing. The global market environment is made up of two parts:

Macro-environment

These are the larger forces that can affect a business's performance, such as:

- ✓ Technology
- ✓ Nature
- ✓ Economy
- ✓ Culture
- ✓ Demographics
- ✓ Politics
- ✓ Country legalities

Micro-environment

These are the factors that are closer to the company, such as:

- ✓ Intermediaries
- ✓ Suppliers
- ✓ Competitors
- ✓ Consumer markets

Businesses that can align themselves with the global environment factors can achieve better performance, higher profits, and better employee morale. To be successful in the global market environment, organizations should: Develop competencies, Respond creatively to changes, Contribute to shaping the environment, and Make sound global marketing decisions.

Adapting Marketing Strategies for the Global Marketplace

Until this point, we've mostly been learning about the bigger-picture decisions that a company must make when deciding whether to enter the global marketplace. Once these company-wide decisions are made, marketing managers must determine the most effective way to market their products in the new markets. They must determine if completely new products or existing products will be offered in the new market. Additionally, they must determine if the other marketing mix variables must be adapted to the local market.

Standardized Global Marketing

A standardized global marketing strategy is one in which a company uses the same marketing strategy in all markets. Coca-Cola primarily uses a standardized marketing strategy in all markets. The brand, brand name, and iconic cursive writing in white on red background can be seen all over the world. The advantage that Coca-Cola has in this strategy is that the company can spread the cost of marketing over all the regions in which it operates. 71

Adapted Global Marketing

Conversely, a company may not find success in a one-size-fits-all marketing strategy. In this case, the company may choose an adapted global marketing strategy, one in which marketing strategies differ among global markets. If a company chose an adapted global marketing strategy, there would be high marketing costs associated with each of the markets in which the company conducted business. Netflix, for example, offers different content (movies and shows) in each of its markets based on the customer demands in each country.

Global market environment social responsibility

Social responsibility in the global market environment is an ethical focus for businesses to balance their operations with activities that benefit society. It can help companies attract consumers, increase customer loyalty, and make a positive impact on communities.

Here are some ways that companies can incorporate social responsibility into their marketing strategies:

Cause-related marketing

Partner with a nonprofit or social cause and donate a portion of profits from core products to support the cause.

Eco-friendly products

Use eco-friendly products and packaging, and highlight the environmental benefits of their products.

Employee volunteer programs

Highlight employee volunteer work on websites and social media.

Social media and content marketing

Share stories and highlight social responsibility initiatives on social media and content marketing channels. Social responsibility is becoming increasingly important to investors and consumers. Investors are increasingly eager to align their portfolios with companies that follow positive environmental, social, and governance principles.

Top marketing trends of 2024

To identify the top marketing trends, we researched a range of marketing reports and studies across several areas of marketing. Trends worth keeping in mind as you develop your marketing plans are:

1. Artificial intelligence (AI) is boosting effectiveness and efficiency.
2. Short-form video content, like TikTok, is driving social strategy.
3. User-Generated Content (UGC) is increasing brand awareness.
4. Community efforts and genuine branding encourage consumer trust.
5. Quality editorial content persists.
6. Case studies continue to drive brand recognition and sales lead generation.
7. Search engine changes are shifting search engine optimization (SEO) strategies.
8. AI-powered chatbots are expanding conversational capabilities.
9. Personalization is enhancing the user experience.

Let's take a closer look at each of these trends and the data that informs them.

1. AI boosts effectiveness and efficiency.

AI advancements have made a big impact on marketing. According to HubSpot's State of Marketing Report 2024, 64 percent of marketers are already using AI and automation. What's more, consulting firm Gartner predicts that 80 percent of advanced creative roles in marketing will be tasked with using GenAI to enhance their marketing efforts by 2026.

GenAI for content production

Many marketers use generative AI (GenAI) across different stages of content creation, estimating that they save about three hours of work per piece of content, with 84 percent of those using AI reporting higher efficiency when creating content, 82 percent reporting producing "significantly more" content, and 56 percent reporting increased content performance. We can use GenAI tools like ChatGPT or Google Gemini to generate content ideas, build briefs and outlines, draft content, or even write complete pieces.

- Build key GenAI skills with DeepLearning.AI's Generative AI for Everyone course. In about six hours, you'll learn how GenAI works, what it can be used for, and how to start incorporating this technology into your workflow.
- Using AI for marketing analytics
- Data-driven marketing isn't a new trend, but the way marketers are getting their data is changing, thanks to AI. According to The Work Innovation Lab's 2023 report, The State of AI at Work, 30 percent of workers already use AI for data analysis, and 62 percent of workers want to use AI for data analysis.
- With the power of AI driving your analytics, you can learn about your target audience, identify trends, predict behaviours, and optimize your marketing campaigns faster and with more accuracy than you may have without AI assistance.

- Strengthen your marketing analytics skills with the Meta Marketing Analytics Professional Certificate. You'll learn how to gather and analyze marketing data, and how to turn your insights into actionable strategies.

2. Short-form video content drives social strategy.

As marketers increasingly target digital-first generations, they're meeting them where they are: scrolling short-form videos on TikTok, YouTube, and Instagram. According to HubSpot, short-form video is the content type with the highest return on investment (ROI) and is primed to see the most growth in 2024, with 53 percent of marketers planning to increase their investment in TikTok, YouTube Shorts, and Instagram Reels.

3. UGC increases brand awareness.

User-generated content (UGC) is any type of content that users post about your product on their social media profiles. The content itself may be similar to the type of content you'd see influencers or affiliate partners posting, but unlike those posts, businesses don't work directly with the users to sponsor or produce the content. It's more like word-of-mouth marketing, where users create content and share it with their audiences, and then businesses can leverage that content through tactics like social sharing or giveaways.

Traditional influencer marketing and affiliate marketing programs continue to have a place in marketing strategy, but marketing professionals are also increasingly relying on UGC as a cost-effective way to promote brand awareness in a way that feels organic to the typical viewer. According to Gartner, over 80 percent of consumers believe that UGC improves product discovery, brand trust, and experience.

4. Community efforts and genuine branding encourage consumer trust.

Authenticity is the third-highest value US consumers identify with, according to Gartner, and nurturing a genuine brand voice is going to become increasingly important as AI-generated content becomes more prevalent in online spaces.

The modern marketer's response: lean into emotional connections with community-building efforts. A 2024 report from marketing platform TINT found that 70 percent of marketers agree that community building is key for customer retention and that 82 percent of consumers are more likely to purchase new products from a company with an engaging online community.

5. Quality editorial content persists.

Marketers will continue to invest in editorial content, like blog posts and podcasts, to generate engagement, support conversions, and promote thought leadership. According to HubSpot, 82 percent of marketers surveyed plan to increase or maintain their investment in podcasts and audio content, and 92 percent plan to increase or maintain their investment in blogging in 2024.

6. Case studies drive brand recognition and sales leads.

More traditional content marketing, like case studies, are typically used to increase brand recognition and drive lead generation, particularly for B2B marketing. In 2024, case studies will continue to show up in marketing strategies. HubSpot found that 26 percent of marketing teams already use case studies in their content marketing strategy, and 87 percent of marketers plan to increase or maintain their investment in case studies.

7. Search engine changes shift SEO strategies.

With AI-powered enhancements to popular search engines, Gartner predicts that brands will see a 50 percent decrease in organic search traffic to their websites by 2028. Despite the shifting landscape, HubSpot reports that 92 percent of marketers plan to increase or maintain their investment in SEO in 2024.

In addition to evolving historical strategies, SEO teams are increasingly expanding into video, image, and, in some cases, audio search content, aiming to prioritize a delightful customer experience while capitalizing on all aspects of Google and Bing's latest developments.

8. AI-powered chatbots expand conversational capabilities.

Chatbots and virtual assistants are providing consumers with high-quality answers to common or easily answered questions. With advancements in AI and natural language processing (NLP) technologies, it's becoming easier for marketers to program and use these tools to increase efficiency without disrupting customer satisfaction. According to HubSpot, 58 percent of marketers plan to increase their investments in chatbots in 2024.

9. Personalization enhances user experience.

AI is also enabling personalized experiences, which 96 percent of marketers say leads to repeat business, and 94 percent say increases sales, according to HubSpot [1]. Machine learning product recommendations or immersive experiences, like augmented reality (AR) features that allow users to "view" physical products in their space, tap into individual consumer preferences to unlock data-driven purchase decisions and increase customer satisfaction.

Still, this is an emerging digital marketing trend. HubSpot notes that while 73 percent of marketers agree that personalization is important, only 35 percent feel that their brand offers a personalized user experience.

E-MARKETING

E-marketing is a process of planning and executing the conception, distribution, promotion, and pricing of products and services in a computerized, networked environment, such as the Internet and the World Wide Web, to facilitate exchanges and satisfy customer demands. It has two distinct advantages over traditional marketing. E-marketing provides customers with more convenience and more competitive prices, and it enables businesses to reduce operational costs.

As businesses offer e-marketing and online shopping, customers can get market information from their computers or cell phones and buy goods or find services without leaving home twenty-four hours a day and seven days a week (24/7). They can read ads on the Web or from e-mail, get e-coupons, view pictures of goods, compare prices, and make purchases with a few clicks of their mouse, saving the time and money it would take to shop in person at a brick-and-mortar store. At the same time, e-businesses can reduce costs in distribution channels and physical store space and thus pass the savings on to customers.

To make e-marketing effective and efficient, managers of e-businesses need to know online customer behaviour, e-marketing techniques, costs and benefits of e-marketing over traditional marketing, and pitfalls and legal issues of e-marketing. A discussion of each of these aspects follows.

E-marketing vs. Traditional Marketing

Traditional marketing and e-marketing are similar in approach. But differ in where they reach target audiences.

That means traditional marketing relies on offline methods to reach customers. Like running newspaper, TV, radio, and billboard ads. And participating in events like tradeshows. It can quickly become expensive. But it’s often great for growing brand awareness.

E-marketing reaches audiences via channels like search engine optimization (SEO), social media, and digital advertising (display ads, search ads, etc.). The learning curve is a bit steeper for e-marketing. But it’s ideal for reaching specific audiences and precisely tracking performance.

For example, you can easily measure whether you’re appearing for valuable search terms using Position Tracking.

E-marketing Types

1. SEO

SEO is the process of improving your website’s visibility in search engines’ organic (unpaid) search results. This is important. Because online search is one of the primary ways people discover brands. And appearing in organic results gives you visibility without having to pay anything aside from the cost of what it takes to create that content.

2. Social Media Marketing

Social media marketing is about more than just posting updates; it's about building a community, fostering relationships, and establishing your brand's presence where your audience spends their time. A strong social media presence can drive brand awareness, engagement, and ultimately, sales. For example, Lego has a strong presence on Instagram. They regularly engage with their audience by sharing photos and videos of creative builds.

3. Email Marketing

Email marketing involves using email messages to engage with your audience and promote your products or services. And this form of e-marketing has the added benefit of reaching people directly in their inboxes. For example, eyewear brand Warby Parker regularly sends emails with updates on new collections, special offers, and educational content on how to choose the right frames.

4. Digital Advertising

Digital advertising involves running ads in various places online. And this emarketing activity can be used to generate brand awareness, generate leads, and drive sales.

Some popular places where you can show ads include:

- Search engines like Google
- Social media sites like Facebook and Instagram
- Video platforms like YouTube
- Other websites your audience visits

One of the biggest perks of digital advertising is that you can start seeing results almost immediately. Ads are also a great avenue for experimenting. And trying different approaches to targeting, imagery, and messaging. For example, Dollar Shave Club (a razor company) became known for their funny video ads on YouTube and social media.

5. Affiliate Marketing

Affiliate marketing involves paying publishers (like blogs, websites, or content creators) to promote your products or services. And you only pay when you get results like sales or leads. Many brands do this by joining an existing affiliate program. For example, let's say you're a merchant who sells products on Amazon.

6. Video Marketing

Video marketing involves using video content to engage with your audience and promote your business. It's a great way to connect with new audiences. Because some people prefer watching videos to reading text. And you can post videos on places like your website, YouTube, TikTok, etc. Just know that some platforms have limits on video length.

One example of a brand that leverages video is GoPro. They post YouTube videos showcasing footage their cameras capture.

7. Influencer Marketing

Influencer marketing involves partnering with people who have large online followings to promote your products or services. It can be quite effective for expanding to new audiences who are likely to be receptive to your brand. Because influencers have loyal followers who trust their recommendations. For example, Daniel Wellington (a watch company) regularly partners with fashion influencers who post photos featuring the watches.

M – Marketing

M marketing could refer to mobile marketing, a type of online marketing that uses mobile devices to reach a target audience

Definition

M-Marketing or Mobile Marketing is a marketing strategy that is currently used to reach consumers through their mobile devices. It has become a very effective channel for businesses because most of the population owns a mobile phone and carries it with them all the time.

M-Marketing encompasses a wide variety of tools, such as SMS (text messaging), mobile applications, push notifications, mobile advertising and social networks. In addition, it allows segmenting the target audience better than other advertising media, which increases the effectiveness of advertising campaigns.

Types of Mobile Marketing

Mobile marketing works by connecting with customers through their mobile devices encouraging them to interact with your brand. Here are some types of mobile marketing:

1. In-App Marketing

In-app marketing is marketing through mobile apps. In-app marketing can be either for your own brand or for other brands. For your own brand, In-App marketing refers to the use of banners, overlays, and inbox messaging to market your products to your app users. You can engage customers who are active users of your brand's app and guide their user experience in your app. For other brands, ads can be included on popular apps or your brand's app. The ads can be banners, a full page, or videos. In-app marketing also allows you to increase your customer base through advertisements on popular apps.

2. Mobile Push Marketing

Mobile push marketing sends marketing messages on mobile devices using push technology. It allows you to deliver relevant information to users even if they are not on your website or app. Mobile push notifications allow you to communicate with existing and potential customers in a simple and effective way.

3. SMS Marketing

SMS marketing is a marketing campaign via text message. You can send promotions, alerts, offers, and more to current and potential customers' phones. Text marketing campaigns can be successful because most people have their phones with them, and it is difficult to ignore push notifications.

4. Social Media Marketing

Social media platforms typically have billions of users, making social media a great place to advertise and promote your business. Social media marketing allows you to make a more personal connection with consumers through Facebook ads, promoted tweets, or shoppable pins on Pinterest.

5. Location-Based Marketing

Location-based marketing allows you to target a customer on their mobile device based on their location. You can create specific marketing campaigns based on your customers' location, making the marketing campaign more relevant.

6. QR Code Marketing

QR code marketing allows you to create a link to your website, download your app, review your business, or signup for your newsletter. Customers can scan the QR code with the camera on their smart phones and it is simple to use. QR code marketing allows you to engage more customers and can be used for almost any marketing purpose.

Advantages and Disadvantages of Mobile Marketing

` Mobile marketing allows you to reach highly targeted customer segments and engage with them through relevant marketing campaigns. Advantages of mobile marketing include:

a. Accessible and Immediate – you can reach an audience from anywhere at any time, the fastest way to communicate with customers

b. Global Audience – people have mobile phones across the world, so you can reach who you choose

c. Multiple Channels – provides flexibility and opportunity to reach customers through websites, apps, text, social media, and more

d. Personalization – mobile devices are an extension of the user, so any information customers receive from their mobile devices will seem much more personal to the customer

e. Viral Potential – content is easily shared creating free exposure and the potential for your content to be shared everywhere

Mobile marketing also has some disadvantages including:

a. Little Room for Error – hard to fix any mistakes before they are seen by customers, potential for a negative first Potential for

b. Bad User Experiences – bad ads can also go viral, which can be detrimental to your business

c. Navigation Issues – different devices have different screen sizes making it difficult to standardize an image, some people may not want to or be able to go to your ad with their type of device

d. Privacy and Permission – people are concerned about privacy on their mobile devices, so consider how customers protect themselves online and offer ways to opt out of communications

e. Constant Updates – technology is continually updated, so you will constantly have to educate your team on how to use the latest updates and ensure your customers also know how to access your ad with new updates

Examples of M-Marketing

Here are some examples of how well-known brands have used M-Marketing to connect with their customers:

a. IKEA and Augmented Reality (AR): IKEA launched the "IKEA Place" app, which allows users to visualize how furniture would look in their homes using augmented reality technology. This helps customers make more informed purchasing decisions by being able to see products in a realistic environment before buying.

b. Nike and gamification: Nike developed the"Nike Run Club" app, which turns exercise into an interactive experience. The app offers challenges, progress tracking and rewards, incentivizing users to stay active and engaged with the brand.

c. Burberry and live streaming on social media: Burberry has used Instagram Live to broadcast fashion shows in real time. During these events, viewers can purchase products directly from the stream, creating an immersive and exclusive shopping experience.

d. Sephora and chatbots: Sephora implemented a chatbot on Facebook Messenger that helps customers book services, find products and receive personalized recommendations. This enhances the customer experience by providing instant and personalized assistance.

Mobile Marketing vs. Traditional Marketing

Mobile marketing engages customers through their mobile devices, traditional marketing is any marketing that is not online. Traditional marketing can include newspaper, television, radio, and billboard ads. Typically, traditional marketing is one-way communication, whereas, with mobile marketing, customers can interact with your business through mobile advertisements. Here are some examples of the main differences between mobile and traditional marketing:

1. Reach Audiences – traditional marketing reaches a more general audience; mobile marketing allows you to reach specific customer segments.

2. Engage Audiences – customers cannot directly respond to traditional marketing because it is a one-way message; customers can interact with mobile marketing content.

3. Time – when you stop running a traditional ad it is over, making it a good short-term strategy; mobile marketing exists forever online, making it a more long-term strategy.

4. Measurability – it is more difficult to measure the success of traditional marketing campaigns; mobile marketing campaigns are easier to measure because they target specific audiences.

E- tailing

E-tailing, or electronic retailing, is the practice of selling goods and services online through websites, mobile apps, and social media. It allows businesses to create virtual storefronts where customers can browse products, find information, and make purchases.

E-tailing can include business-to-business (B2B) and business-to-consumer (B2C) sales. It's a subcategory of e-commerce, but differs from it in that it focuses on selling goods and services to customers. E-commerce encompasses all digital transactions, including B2B, C2C, and C2B transactions.

Electronic retailing (E-tailing) is the sale of goods and services through the internet. E-tailing can include business-to-business (B2B) and business-to-consumer (B2C) sales of products and services.

Main types of e-tailing (with examples)

There are a wide range of e-tailing businesses and yours is likely to fall into one of the following seven categories:

1. Online retailers - independent ecommerce apps and websites like ASOS, Target and Walmart
2. Marketplaces - online platforms that bring multiple sellers and buyers together in one place, including Amazon, eBay and Alibaba
3. Coupon providers - e-tailers offering limited-time sales events with discounted prices on specific products like Groupon and Woot
4. Subscription-based model - e-tailers providing products that customers pay recurring fees for, like Dollar Shave Club or HelloFresh
5. Social commerce - e-tailers using social media channels like Instagram, Facebook and Pinterest to sell their products
6. Auction sites - e-tailers using eBay to sell their products in a specific time frame via a bidding process
7. Online classifieds - e-tailers enabling individuals and businesses to list products or services for sale and connect with them directly, like Craigslist and Gumtree

How does e-tailing work?

Most e-tailing businesses are powered by online selling platforms that facilitate the selling and distribution of their products to consumers. Here’s how the process typically works:

1 - Create an online store

If we want to become an e-tailer, we’ll need to create your own online store. This could be a website, a mobile app or we could create both to ensure both desktop and mobile users are catered for.

2 - Upload (and manage) your inventory

Once we’ve created your online store, it’s time to fill its shelves. Uploading product images and descriptions while attaching associated pricing information is the first port of call. This will all be displayed in a user-friendly product catalogue that makes it easy for customers to browse, see other customer reviews and make purchases. In-built inventory management tools will then help you monitor your stock levels and update product availability, ensuring you don't undersell or oversell items.

3 - Enable secure payments

By providing a range of secure payment options, including debit and credit card as well as mobile payments like Google Pay and Apple Pay, potential customers are less likely to abandon their carts.

4 - Fulfil customer orders

We have a number of options when it comes to fulfilling customer orders. Instead of physically holding inventory in storage, many retailers opt for a dropshipping business model. This means you only have to display and sell the items, while a third party fulfils the orders, taking care of packaging and shipping. Of course, this comes at a price, but it is widely regarded as a more cost-effective option than investing in your own storage facility, particularly in the early stages of your business venture.

5 - Provide customer support

Whether through email, live chat or phone support, you need to provide customer assistance for order-related issues, while handling customer feedback. We should think about automating your returns to free up your own time or that of your customer service team, as these will account for lots of the enquiries you deal with.

6 - Create a digital marketing strategy

To attract people to your online store, you can choose from a wide range of strategies. Chief among these are:

- Search engine optimization (SEO) - a free marketing strategy that helps your products appear towards the top of the search engine results page, encouraging conversions
- App store optimization (ASO) - a free marketing strategy that helps your app gain visibility on mobile app stores, encouraging downloads
- Email marketing - a free marketing strategy that allows you to send offers and promotions directly to your customer base
- Display advertising - a paid marketing strategy that gets your products in front of your target audience on social media, encouraging conversions
- Influencer marketing - a paid marketing strategy that leverages the profiles of trusted individuals in your niche to sell your products
- While you should test several of these options, it's likely that your target audience will respond to some channels better than others. Once you work out what these are, you can dedicate more budget to them and less to ineffective channels.

7 - Analytics and optimization

Once our business starts generating revenue, it's important to use analytics to improve your performance. E-tailing platforms provide you with this, including customer behaviour insights as well as historical and real-time internet sales data. This allows us to understand what our best and worst-performing items are, forecast future demand and create a more targeted online marketing strategy.

Benefits of e-tailing

Although we covered some of the key benefits of e-tailing in the section above, here are six key takeaways:

1. **Global reach** - because e-tailing uses the internet, it overcomes the geographical barriers involved in traditional retailing
2. **24/7 availability** - online stores have no set business hours, meaning customers can shop at their convenience
3. **Cost efficiency** - with e-tailing, you don't need a brick-and-mortar store and you can leverage dropshipping to keep order fulfilment costs down
4. **Data analytics** - make it easier to understand user behaviour, anticipate seasonal demand, optimise customer experience and, ultimately, increase online sales
5. **Expanded product variety** - because you don't need to stock physical products as an e-tailer, you can offer a wide range of products
6. **Targeted marketing** - using customer data analytics, you can understand your target demographics and create marketing campaigns personalised to them

Customer relationship management (CRM)

Customer relationship management (CRM) is a system and set of strategies that businesses use to manage their interactions with customers, including marketing. The goal of CRM is to improve customer relationships and grow a business

Customer relationship management (CRM) marketing is a term referring to the strategies and tactics, as well as to the technologies supporting the execution of said strategies and tactics, marketers use in order to manage the relationship with their customers throughout the customer lifecycle. The goal of CRM marketing is to improve and optimize customer relationships, in order to drive customer loyalty, retention, revenue and customer lifetime value.

Why is CRM important for marketers?

As a marketer, we collect valuable information with each campaign we send and every customer interaction that results from it (including clicks, views, and purchases across new, existing, and prospective customers). Our customer knowledge is one of the most valuable resources we have for improving your marketing and sales to grow your business. Effectively collecting and organizing your info can tell you everything you need to know about your customers' preferences: Which products they love, what they're looking for, the messages that tell them what they need to know, and where you're still missing the mark.

Benefits of CRM for small business marketers

Finding a CRM tool that meets the needs of your business (even if it's just the basic criteria outlined above) can start to yield immediate benefits for small business marketers. Building a solid foundation for CRM allows you to:

1. Get a better sense of who you're marketing to. When you create a central location for customer reports, you see a clearer picture of who you're talking to and can keep track of any changes as your business continues to grow and evolve.
2. Send the right content to the right people. When you use data to target your messages, it makes it easy to send content that matters to customers (which makes it more likely they'll keep listening). Particularly for small businesses relying heavily on marketing to position their brand, tailoring messages to specific segments is key to making sure you don't overload your audience.
3. Use your data to find new people to talk to. Creating campaigns based on your existing audience knowledge makes it easy to find the people most likely to love what you have to offer, so you can be smarter about targeting your campaigns and getting the most out of your budget and increase your sales productivity.
4. Find new ways to talk to people with shared interests. By seeing all of your data in one place, you'll start to notice patterns in who your contacts are and what interests them. And the more you know about audience trends and preferences, the easier it is to think of new ways to talk to your audience and improve your campaigns.

Market research

Market research is a way that producers and the marketplace study the consumer and gather information about the consumers' needs. There are two major types of market research: primary research, which is sub-divided into quantitative and qualitative research, and secondary research.

Market research is a process of gathering information about your target audience, consumers, and competitors. This process typically involves several steps, such as identifying the research objectives, determining the research method, developing the research instrument, collecting data and reporting the findings. The data gathered in market research includes demographics, psychographics, behavioural data, market trends, competitor data, and customer feedback.

The information helps businesses to develop their marketing and business strategies. Additionally, market research will help in the development of products or services to enhance the user experience.

Objectives of Market Research

- Market research helps companies identify the people interested in their products or services.
- Beyond existing customers, market research helps discover potential buyers who have yet to be targeted.
- Companies use research to evaluate the impact of their promotional efforts. By assessing engagement levels across different platforms, they can fine-tune their strategies.
- Keeping an eye on market trends allows businesses to adapt and stay competitive.
- Research helps identify risks and validate concepts before launching new products or services.

Types of Market Research

1. Primary Research

It involves collecting original data directly from sources or through first-hand experiences. It is tailored to answer specific research questions. The following are the methods to do primary market research:

- ✓ Interviews: One-on-one discussions providing in-depth insights.
- ✓ Surveys: Broad data collection through questionnaires
- ✓ Focus Groups: Group discussions to gauge consumer opinions.
- ✓ Observations: Behavioural assessments in natural settings
- ✓ Experiments: Controlled studies to establish cause and effect

Each method offers unique benefits, such as detailed personal insights from interviews or large-scale survey data.

2. Secondary Research

It utilises existing data compiled by others, often for different purposes. The following are the methods to do secondary market research:

- ✓ Literature Reviews: Analysis of academic and industry publications.
- ✓ Statistical Analysis: Examination of existing datasets.
- ✓ Meta-analysis: Combining results from multiple studies.

These methods help identify trends and benchmarks without the time and cost of primary data collection.

3. Qualitative Research

This approach seeks to understand underlying reasons and motivations through non-numerical data. The following are the methods to do qualitative market research:

- ✓ Interviews: Deep dives into personal experiences.
- ✓ Focus Groups: Collective views on a topic.
- ✓ Ethnographic Studies: Cultural immersion for context understanding.

`Qualitative methods provide rich, narrative data that reveal the 'why' behind behaviours.

4. Quantitative Research

This research quantifies data to analyse variables and patterns statistically. The following are the methods to do quantitative market research:

- ✓ Surveys: Structured questionnaires for numerical data.
- ✓ Experiments: Testing hypotheses in controlled settings.
- ✓ Observational Studies: Systematic tracking and recording of behaviours.

Quantitative methods are ideal for confirming hypotheses and generalising findings to larger populations.

5. Branding Research

This approach assesses how a brand is perceived and positioned in the market. The following are the methods to do branding market research:

- ✓ Brand Audits: Evaluating brand elements and performance.
- ✓ Customer Surveys: Gathering perceptions and experiences.
- ✓ Competitive Analysis: Comparing brand positioning against competitors.

Branding research informs strategic decisions to enhance brand equity and market presence.

6. Customer Research

Customer research explores customer needs, behaviours, and satisfaction levels. The following are the methods to do customer market research:

- ✓ Surveys: Direct feedback on customer experience.
- ✓ Interviews: In-depth discussions on customer journeys.
- ✓ Segmentation Analysis: Grouping customers based on characteristics.

Customer research guides product development and marketing strategies to meet customer expectations better.

7. Competitor Research

This approach analyses rivals to understand their strategies and market standing. The following are the methods to do competitor market research:

- ✓ SWOT Analysis: Identifying competitors' strengths, weaknesses, opportunities, and threats.
- ✓ Market Positioning: Assessing competitors' market share and brand perception.
- ✓ Product Comparisons: Evaluating competing products or services.

Competitor research helps businesses identify market gaps and opportunities for differentiation.

8. Product Research

This research informs the development and improvement of products. The following are the methods to do product market research:

- ✓ User Testing: Real-world product usage to gather feedback.
- ✓ Market Analysis: Studying market demand and trends.
- ✓ Concept Testing: Evaluating product ideas before full development.

Product research ensures that new products meet market needs and have a competitive edge.

Stages in market research

Market research is essential in business. Its primary purpose is to evaluate the viability of a new product or service before they are made available to the general public.

The research aids in the systematic gathering and analysis of data. This helps businesses gain valuable insights that directly influence product design, marketing strategies, and even the company's overall direction.

Market research process is divided into several stages:

1. Research starts with data collection. Information is gathered from various sources such as market trends, consumer behaviour, and competitor analysis.
2. Next comes analysis. It is conducted to make sense of the data using statistical tools to identify patterns and correlations.
3. The final stage involves drawing conclusions and making informed decisions based on the insights gained, particularly concerning the target market's preferences and needs.
4. The marketing research process is not just a preliminary step. It is a crucial research and development (R&D) phase component. It helps businesses avoid costly mistakes by ensuring that the product or service is aligned with market demands.

5. Surveys and questionnaires are common for gauging consumer opinion when conducting market research. Conversely, product testing allows for direct feedback on the user experience. The process also involves interviews and focus groups.

Steps to Conduct Market Research Process

1. Define your target audience

Before we start understanding how our customers operate, we need to quickly understand who our customers are. Create a buyer persona and keep it handy.

2. Understand their behaviour

After knowing well who our target audience is, find out what are the best ways to get in touch with them to get true answers. Evaluate their active hours, tonality, preferences, and so on.

3. Choose a method to get insights

Now is the time to take one of the most important decisions: to choose how to conduct the research. After following step, this should get easy. For example, if you find that your target audience opens their emails regularly and responds to them, you can choose to run a survey. However, if you find that the internet penetration to your target audience is very low and they understand their local dialect, then choosing ethnographic research comes in handy.

4. Collate the responses

This is where all our efforts come down to. It can be an Excel sheet, a Google document, or particular software, documenting every fact is a must. Make sure to protect your data and share it only with the relevant people.

5. Form hypothesis & take actions

After we have a heap of information, it's time to study the data and build a hypothesis. There might be instances where you will realise that you need to change the entire sign-up flow or change the language or take a different approach.

Importance of Market Research

1. Understanding Customer Needs

Market research helps us to understand our target customers' specific needs and preferences. By analysing consumer behaviour and feedback, you can modify your products and services to satisfy customer demands better.

2. Identifying Market Opportunities

Market research pinpoints gaps and opportunities in the market. By studying trends, customer pain points, and emerging technologies, you can discover new niches or untapped segments.

3. Mitigating Risks

Market research allows us to assess potential risks and challenges. By understanding market dynamics, competitive threats, and regulatory changes, you can develop strategies to mitigate risks and protect your investments.

4. Optimising Marketing Strategies

Effective marketing relies on accurate data. Market research provides insights into consumer preferences, channel effectiveness, and messaging strategies. This information helps you optimise marketing efforts for better results.

5. Improving Product Development

Market research informs product development by identifying gaps in existing offerings and uncovering unmet needs. By listening to customer feedback and analysing market trends, we can devise products that resonate with our audience.

6. Enhancing Customer Satisfaction

Understanding customer satisfaction is crucial for retention and loyalty. Market research helps you measure customer satisfaction and identify problems consumers may face, like using the product or the payment gateway of your platform. We can then make the required modifications to enhance the overall customer experience.

7. Monitoring Competitor Activities

Staying informed about competitors is essential. Market research tracks competitor strategies, pricing, product launches, and customer sentiment. This knowledge enables you to remain competitive and adapt to changing market dynamics.

8. Supporting Decision-Making

Data-driven decisions are more reliable. Market research provides relevant data for strategic decision-making, whether entering a new market, launching a product, or adjusting pricing.

9. Forecasting and Planning

Market research helps anticipate future trends and demand. By analysing historical data and market indicators, you can make informed forecasts and develop effective business plans.

10. Measuring Performance

Evaluating performance is critical for growth. Market research provides benchmarks and KPIs to measure success. Regular assessments help track progress and make necessary adjustments.

MIS and marketing regulations

An MIS is a system that collects, analyzes, and distributes marketing data to help businesses make decisions. A marketing information system (MIS) can help businesses monitor and respond to changes in regulations, which can be an important part of marketing:

Marketing Information System Components

A Marketing Information System (MIS) comprises various components that work together to facilitate the collection, processing, storage, and dissemination of information for effective marketing decision-making. These components are integral to the overall functionality of the system:

1. Internal Records:

Internal records are the foundation of an MIS. These include data generated and maintained within the organization. Examples include sales records, customer databases, inventory levels, and financial information. Internal records provide insights into the organization's performance and customer interactions.

2. Marketing Intelligence:

Marketing intelligence involves gathering external information related to the market environment. This includes monitoring competitor activities, analyzing industry trends, and staying abreast of changes in the economic and regulatory landscape. Marketing intelligence helps in understanding the external factors that can impact marketing strategies.

3. Marketing Research:

Marketing research is a systematic process of collecting, analyzing, and interpreting data to understand market opportunities and challenges. It involves both primary research (direct data collection) and secondary research (using existing data). Marketing research helps in gaining insights into consumer behaviour, preferences, and market dynamics.

4. Data Warehousing:

Data warehousing involves the centralized storage of large volumes of data from various sources. It provides a platform for organizing, managing, and retrieving information efficiently. A well-designed data warehouse facilitates analysis and reporting, supporting decision-makers in accessing relevant data when needed.

5. Information Output:

The final component involves presenting information to decision-makers in a meaningful format. This can include reports, dashboards, visualizations, and presentations. The goal is to provide actionable insights derived from the processed data. Effective information output ensures that decision-makers can easily comprehend and utilize the information for strategic planning.

Importance of a Marketing Information System

A Marketing Information System (MIS) plays a crucial role in the success of businesses by providing valuable insights and support across various aspects of marketing. Its importance is evident in several key areas.

1. Decision Making:

One of the key advantages of having an MIS in place is that it aids decision-making. By offering comprehensive data and insightful analysis, it helps decision-makers within a company make well-informed choices. This means they can look at the available options and pick the most suitable ones for the company's benefit.

2. Market Understanding:

Understanding the market is pivotal for successful marketing, and an MIS proves to be quite handy in this regard. It gives a peek into the market dynamics, customer behaviours, and what the competitors are up to. This understanding is crucial for businesses to tweak their strategies in line with what's happening in the market, ensuring they stay on track and meet customer demands effectively.

3. Competitive Edge:

Timely and accurate information is like gold in the business world, and an MIS ensures companies have access to just that. It lets them respond quickly to changes in the market. By staying abreast of industry trends, customer preferences, and what the competition is doing, businesses can position themselves well, making them more resilient and responsive to market needs.

4. Resource Optimization:

Efficient use of resources is a make-or-break aspect for any business, and an MIS helps in optimizing marketing resources. By providing insights into the performance of different marketing channels, it assists in using budgets more effectively. This ensures that resources are channelled toward strategies and campaigns that bring in the best returns, ultimately boosting overall efficiency.

5. Performance Measurement:

Measuring how well marketing strategies are working is an ongoing process, and an MIS aids in this by providing tools for assessment and analysis. Companies can gauge the effectiveness of their marketing campaigns, pinpoint areas that need improvement, and make necessary adjustments. This continuous feedback loop contributes to refining marketing strategies, leading to better overall performance.

Types of Data in a Marketing Information System

In a Marketing Information System (MIS), different types of data play a crucial role in understanding and making decisions about marketing strategies. These data types can be classified into four main categories: primary data, secondary data, quantitative data, and qualitative data.

1. Primary Data:

This type of data is collected firsthand, directly from original sources. It involves gathering information specifically for the purpose at hand. Examples of collecting primary data include conducting surveys, interviews, or focus groups. It's like going directly to the source to get the information you need.

2. Secondary Data:

In contrast to primary data, secondary data is information that has already been collected by someone else for a different purpose. This can include reports, articles, and publicly available data. It's like using existing information that others have gathered to support your marketing insights.

3. Quantitative Data:

Quantitative data involves numbers and measurements. It's about quantities and can be easily expressed in numerical terms. For marketing, this could be data like sales figures, website traffic, or the number of products sold. It's all about the hard, numerical facts.

4. Qualitative Data:

Qualitative data, on the other hand, is non-numeric and focuses on qualities. It helps in understanding the underlying reasons, motivations, and attitudes of consumers. Examples include customer feedback, reviews, or open-ended survey responses. It provides a deeper, more nuanced understanding beyond just numbers.

Steps Involved in a Marketing Information System Process

The process of a Marketing Information System (MIS) involves several key steps that collectively contribute to the system's effectiveness in providing valuable information for marketing decision-making.

1. Data Collection:

The first step involves gathering relevant data from various sources. This can include internal sources such as sales records, customer databases, and inventory levels, as well as external sources like market research, competitor analysis, and industry reports. The goal is to ensure a comprehensive dataset that covers both internal and external aspects of the market.

2. Data Processing:

Once the data is collected, it needs to be organized and processed to extract meaningful insights. This step involves cleaning and structuring the data, performing analyses, and using statistical methods to identify patterns or trends. Data processing transforms raw data into actionable information that can guide marketing decisions.

3. Information Storage:

Processed information needs to be stored in a secure and accessible manner. This involves creating a data repository or a data warehouse where information can be stored centrally. Proper storage ensures that historical data is available for future reference and analysis, contributing to a more informed decision-making process.

4. Information Retrieval:

Retrieval is the process of accessing stored information when needed. Decision-makers should be able to retrieve relevant data easily and quickly. This step ensures that up-to-date information is available for analysis and decision-making, supporting both strategic planning and day-to-day marketing operations.

5. Information Dissemination:

The final step involves presenting the information to decision-makers. This can be done through various means, such as reports, presentations, dashboards, or visualizations. The goal is to communicate insights in a clear and understandable manner, facilitating effective decision-making by providing actionable information.

Benefits of using a Marketing Information System

1. Informed Decision Making:

An MIS provides timely and relevant information to marketing decision-makers, enabling them to make informed and data-driven choices. This leads to more effective planning and execution of marketing strategies.

2. Competitive Advantage:

Access to real-time market data, competitor analyses, and industry trends allows organizations to stay ahead of the competition. The ability to adapt quickly to changing market conditions provides a competitive edge.

3. Resource Optimization:

By having a clear understanding of market demands, consumer behaviour, and product performance, businesses can optimize their resources. This includes efficient allocation of budgets, manpower, and other marketing resources.

4. Improved Customer Satisfaction:

A well-implemented MIS helps in understanding customer preferences, behaviours, and feedback. This knowledge allows companies to tailor their products and services to meet customer expectations, ultimately enhancing customer satisfaction.

5. Strategic Planning:

The insights provided by an MIS support long-term strategic planning. Marketing managers can develop and implement effective marketing strategies based on a thorough understanding of market dynamics, trends, and potential opportunities.

6. Risk Management:

The system assists in identifying potential risks and challenges in the market. By being aware of these risks, organizations can develop proactive strategies to mitigate them, reducing the impact of uncertainties on their marketing activities.

7. Cost Efficiency:

Efficient use of resources is achieved through targeted marketing efforts. Instead of employing a trial-and-error approach, organizations can focus on strategies that are proven effective through data analysis, reducing unnecessary costs.

8. Market Research Efficiency:

MIS streamlines the market research process, making it more efficient and cost-effective. With access to a wealth of data, organizations can avoid duplicating efforts and leverage existing information for decision-making.

Tips for using a Marketing Information System

1. Clearly Define Objectives:

Start by having a clear understanding of what you want to achieve with your MIS. Outline specific goals and objectives that align with your business needs. Whether it's improving decision-making or understanding customer behaviour, having well-defined objectives helps in tailoring the use of your MIS to meet those particular needs.

2. Regularly Update Information:

An MIS is only as good as the data it holds. Make it a habit to update the system regularly with the latest information. This ensures that decision-makers are working with the most current and relevant data, enhancing the accuracy and reliability of the insights derived from the system.

3. Provide User Training:

Our MIS is a tool, and like any tool, it's most effective when the users know how to use it properly. Invest in training sessions for your team so they can navigate the system with ease. This empowers them to make the most out of the MIS, ensuring that valuable insights are extracted efficiently.

4. Ensure Data Security:

Protecting your data is paramount. Implement robust security measures to safeguard sensitive marketing information. This includes setting up access controls, encryption, and regular security audits. Ensuring the integrity and confidentiality of your data maintains the trustworthiness of your MIS.

5. Integrate with Other Systems:

Our MIS doesn't operate in isolation. For seamless business operations, integrate it with other organizational systems. This could include linking it with your Customer Relationship Management (CRM) system or financial software. Integration fosters a smooth flow of information across different departments, avoiding silos and promoting a holistic approach to decision-making.