



MBA 1ST SEMESTAR

SUBJECT : (MARKETING MANAGEMENT)

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MM

Module - I

The marketing concept :

The marketing concept rests on the conviction that a business should start with the determination of the consumer needs and ^{end} with the satisfaction of these needs. The concept represents the customer centered orientation towards the marketplace and the business.

According to Philip Kotler, "the marketing concept may be defined as a management orientation that holds that the key task of organisation is to determine the needs, wants and values of a target market and to adapt the organisation to delivering the desired satisfaction more effectively and efficiently than its competitor."

Under marketing concept, the emphasis is given on selling satisfaction rather than selling a product. It is a consumer oriented concept backed by integrating marketing aimed at generating customer satisfaction as the key to satisfy organisational goals.

The key attributes of this concept are:

- (A) Unflinching customer orientation - The consumer is sovereign. An overwhelming emphasis on the consumer and his needs is the first key attribute of the marketing concept. The concept puts the consumer at the pedestal placing him both at the beginning and end of the business cycle. It stipulates that the business as a whole should be organized around the marketing function and its task should be one of anticipating, stimulating and meeting the needs of the consumer.
- (B) Integrating management action with marketing as the fulcrum - All the limbs of the business are tightly integrated with each other keeping marketing as the pivot.

(2)

This flows from ~~organisation~~ the realization that every function has a bearing on the consumer and that they all must make a favorable impact on consumers.

- (C) Emphasis on generating customer satisfaction - The third key attribute emphasizes that it is not enough if a firm has a consumer orientation; it is essential that such an orientation leads to customer satisfaction.
- (D) Emphasis on profit - In marketing concept whenever an organisation is emphasizing the customer requirement - simultaneously it should emphasize the sales volume of the organisation because growth and profit are major requirements of any business organisation. This concept is against profiteering but not against profit. It appreciates that attractive returns and surpluses are essential for the survival and growth of the organisation.
- (E) Attaining all the goals of the corporation through customer satisfaction - The concept prescribes that all goals of the corporation, including profit, must be realized through customer orientation and generation of customer satisfaction. For this presently organisation leads to generate customer satisfaction as it is the path to attain all the goals of the org.

Benefits of Marketing Concept -

- (1) Marketing concept has both strategic and philosophical implications as it allows the business firm to direct its activities towards the broader and long range objectives like sustained interaction with the customer and stability and growth of the business.
- (2) It leads to follow an integrated and coordinated approach of marketing.
- (3) It concern about market or customer needs rather than product reduces the chances of a business firm becoming a seek unit. Because it is obvious that the firm will produce those products which will satisfy the needs of the customer and will be easily accepted by the society.
- (4) A satisfied customer pays less attention to competing brands and gives repeat orders.

Marketing/management process :

(3)

According to AMA "marketing is an human activity which directs the flow of goods and services from producer to consumer".

The marketing/management process consists of analyzing market opportunities, researching and selecting target markets, developing marketing strategies, planning marketing tactics, and implementing and controlling the marketing effort.

Step-1: Analyzing Market Structure and Behaviour - A company's marketing environment consists of the actors and factors external to the marketing management function of the organisation that impinge on the marketing management's ability to develop and maintain successful transactions with its target customers.

Microenvironment (immediate environment) : ~~publics~~

Suppliers, customers, competitors (Desired, Generic, Form, Brand), publics - A public is a distinct group of people and/or organisations that have an actual or potential interest and/or impact on an organisation. Types of publics: Input publics (Support, Supplier and Regulatory), Internal publics, Agent publics, Consuming publics (Consumer, customer, influencer & General) publics also referred to as-

-Stakeholders.

consumer - the one who actually consumes product or service.

customer - the one who pays for product or service.

Influencer - the one who influences the decision making process of customer and/or consumer.

Macroenvironment (Large Society Forces) :

Demographic: population growth, migration, Birth rate, ageing, marriage age, No of children/family, Divorce rate, working women, Non-family households, Education, Ethnic & Racial Profile

Economic: Real Income growth, Inflation, Consumer Savings & Debt, Consumer Expenditure patterns

Physical: Shortages of certain raw materials, cost of energy, Pollution
Technological, Political/Legal, Social/Cultural

(3)

Step-2: Researching and selecting target markets - Moving beyond general terms to specifics and carrying out an analysis of market structure.

- First to define the market - Define the general boundary conditions of the market. Determine all the actual and potential members of the market.
- Second the Market Segmentation - It consists of dividing the market into fairly homogenous parts where any part may conceivably be selected as a market target to be reached with a distinct marketing mix. Segmentation may be on the basis of any segmentation variables that one may choose. Typical Segmentation variables are Geographic, Demographic and Psychographic.
- Third is Market targeting - Market Segmentation reveals the market segment opportunities facing the organisation. Now it has to evaluate the various segments and decide how many to serve i.e. evaluating the market segments and decide on market coverage strategy.
- Then the fourth is the positioning - It's the act of designing the organisation's product and marketing mix to fit a given place in the consumer's mind.

Step-3: Developing Market Strategies ÷ Marketing Strategy is the marketing logic by which the business unit expects to achieve its marketing objectives. It consists on - marketing decision on the business's marketing expenditures, marketing mix, and marketing allocations in relation to expected environmental and competitive conditions. Marketing mix is the mixture of controllable marketing variables that the organisation uses to pursue the sought level of sales in the target market.

Marketing mix variable - 4P's (product, price, place & promotion)

Step-4: Planning Market Tactics - Strategy is broad direction, whereas Tactics is detailing.

Step-5: Implementing and controlling the marketing effort - Getting down to execution, collecting feedback and getting back to planning.

Functions of Marketing :

Firms must spend money to create time, place and ownership utilities. Several studies have been made to measure marketing costs in relation to overall product costs and service costs and most estimates have ranged between 40-60%. These costs are not associated with raw materials or any of the other production functions necessary for creating form utility. What then does the consumer receive in return for this proportion of marketing cost? This question is answered by understanding the functions performed by marketing.

On the following table, marketing is responsible for the performance of 8 universal functions: Buying, selling, transporting, storing, standardizing and grading, financing, risk taking and securing marketing information. Some functions are performed by manufacturers, others by marketing intermediaries like wholesalers and retailers. Buying and selling, the first two functions represent - exchange functions. Transporting and storing are physical distribution functions. The final four marketing functions - standardizing and grading, financing, risk taking and securing market information - are often called facilitating functions because they assist the marketer in performing the exchange and physical distribution functions.

Functions of marketing can be categorized into

- (A) Exchange functions
- (B) Physical distribution functions
- (C) Facilitating functions

Marketing Function	Relevance/Description
(A) <u>Exchange function:</u> 1. Buying- 2. Selling-	1. Ensuring that product offerings are available in sufficient quantities to meet customer demands. 2. Using advertising, personal selling and sales promotion to match goods and services to customer needs.
(B) <u>Physical distribution functions:</u> 3. Transporting- 4. Storing-	3. moving products from their points of production to locations convenient for purchasers. 4. Warehousing products until needed for sale.
(C) <u>Facilitating functions:</u> 5. Standardizing and grading- 6. Financing- 7. Risk taking- 8. Securing market information-	5. Ensuring that product offerings meet established quality and quantity control standards of size, weight and so on. 6. providing credit for channel members or consumers. 7. Dealing with uncertainty about consumer purchases resulting from creation and marketing of goods and services that consumers may purchase in the future. 8. Collecting information about consumers, competitors and channel members for use in marketing decision making.

Marketing Environment (Elements of micro & macro environment)

The term marketing environment refers to the forces and factors that affect the organisation's ability to build and maintain good relationships with its customers. Marketing environment surrounds the organisation and impacts upon the organisation. Marketers have to interact with internal and external people at micro and macro level and build internal and external relationships. The key elements of marketing environment are as follows:

- Internal environment
- Micro environment
- Macro environment

● Internal environment:- Internal factors like men, machine, money, material, etc., on which marketing decision depends consist internal marketing environment. The internal environment refers to the forces that are within the organisation and affect its ability to serve its customers. It includes marketing managers, sales representatives, marketing budget, marketing plans, procedures, inventory, logistics, and anything within the organization which affects marketing decisions, and its relationship with its customers.

External micro factors:-

1. Suppliers: They are the people who provide necessary resources needed to produce goods & services. Policies of the suppliers have a significant influence over the marketing manager's decisions because, it is laborers, etc. A company must build cordial & long-term relationship with suppliers.
2. Marketing intermediaries: They are people who assist the flow of products from the producers to the consumers; they include wholesalers, retailers, agents, etc. These people create place & time utility. A company must select an effective chain of middlemen, so as to make the goods reach the market in time.

3. Consumers: The main aim of production is to meet the demand of the consumers. Hence, the consumers are the center point of all marketing activities. If they are not taken into consideration, before taking the decisions, the company is bound to fail in achieving its objectives. A company's marketing strategy is influenced by its target consumer.
4. Competitors: A prudent marketing manager has to be in constant touch regarding the information relating to the competitor's strategies. He has to identify his competitor's strategies, build his plans to overtake them in the market to attract competitor's consumers towards his products.
5. Public: A company's obligation is not only to meet the requirements of its customers, but also to satisfy the various groups. A public is defined as "any group that has an actual or potential ability to achieve its objectives".

External macro environment:

These are the factors/forces on which the company has no control. Hence, it has to frame its policies within the limits set by these forces:

1. Demography: It is defined as the statistical study of the human population and its distribution. This is one of the most influencing factors because it deals with the people who form the market. A company should study the population, its distribution, age composition, etc. before deciding the marketing strategies.
2. Economic Environment: A company can successfully sell its products only when people have enough money to spend. The economic environment affects a consumer's purchasing behavior either by increasing his disposable income or by reducing it.
3. Physical Environment or Natural Forces: A company has to adopt its policies within the limits set by nature. A man can improve the nature but cannot find an alternative for it.
4. Technological Factor: From customer's point of view, improvement in technology means improvement in the standard of living. In this regard, it is said that "Technologies Shape a person's Life".
5. Social & Cultural Factors - most of us purchase because of the influence of social & cultural factors.

Competitor Analysis :

On formulating marketing strategy, managers must consider the strategies of the firm's competitors. While in highly fragmented commodity industries the moves of any single competitor may be less important, in concentrated industries competitor analysis becomes a vital part of strategic planning.

Competitor analysis has two primary activities.

1. Obtaining information about important competitors
2. Using that information to predict competitor behavior.

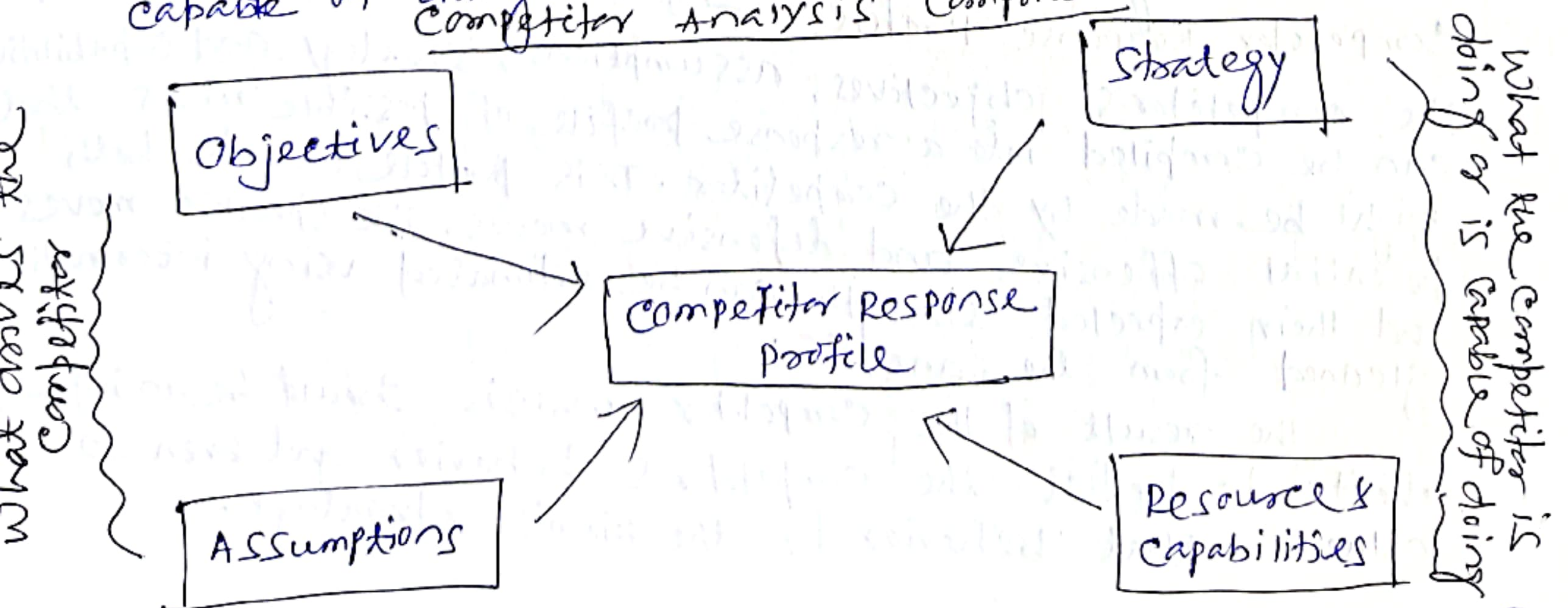
The goal of competitor analysis is to understand:

- With which competitors to compete,
- Competitor's strategies and planned actions
- How competitors might react to a firm's actions
- How to influence competitor behavior to the firm's own advantage.

Causal knowledge about competitors usually is insufficient in competitor analysis. Rather, competitors should be analyzed systematically, using organized competitor intelligence gathering to compile a wide array of information so that well informed strategy decisions can be made.

Competitor Analysis Framework - Michael Porter presented a framework for analyzing competitors. This framework is based on the following four key aspects of a competitor:

- Competitor's objectives
 - Competitor's strategy
 - Competitor's assumptions
 - Competitor's capabilities
- Objectives and assumptions are what drive the competitor, and strategy and capabilities are what the competitor is doing or is capable of doing. These components can be depicted as shown in diagram.



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A Competitor analysis should include the more important existing competitors as well as potential competitors such as those firms that might enter the industry, for example, by extending their present strategy or by vertically integrating.

Competitor's Current Strategy - The two main sources of information about a competitor's strategy is what the competitor says and what it does. What a competitor is saying about its strategy is revealed in:

- Annual Shareholder reports
- 10K reports
- Interviews with analysts
- Statements by managers
- Press releases

However, this stated strategy often differs from what the competitor actually is doing. What the competitor is doing is evident in where its "cash flow" is directed, such as in the following tangible actions:

- Hiring activity
- R&D projects
- Capital investments
- Promotional campaigns
- Strategic partnerships
- Mergers and acquisitions

Competitor Response Profile - Information from an analysis of the competitor's objectives, assumptions, strategy, and capabilities can be compiled into a response profile of possible moves that might be made by the competitor. This profile includes both potential offensive and defensive moves. The specific moves and their expected strength can be estimated using information gleaned from the analysis.

The result of the competitor analysis should be an improved ability to predict the competitor's behavior and even to influence that behavior to the firm's advantage.

PORTER'S FIVE FORCES MODEL:

(1)

The model of pure competition implies that risk-adjusted rates of return should be constant across firms and industries. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure.

Michael Porter provided a framework that models an industry as being influenced by five forces. The strategic business manager seeking to develop an edge over rival firms can use this model to better understand the industry context in which the firm operates.

Diagram of Porter's 5 Forces

- (A) Rivalry
- (B) Threat of Substitutes
- (C) Buyer power
- (D) Supplier power
- (E) Threat of New entrants and Entry Barriers.

Generic Strategies to counter the five forces can be formulated on three levels.

- Corporate level
- Business unit level
- Functional or departmental level

The business unit level is the primary context of industry rivalry. Michael Porter identified three generic strategies that can be implemented at the business unit level to create a competitive advantage. The proper generic strategy will position the firm to leverage its strengths and defend against the adverse effects of the five forces.

PORTER'S 5 FORCES

(2)

Supplier Power

- Supplier concentration
- Importance of volume to Supplier
- Differentiation of inputs
- Impact of inputs on cost or differentiation
- Switching costs or terms in the industry
- Presence of substitute inputs
- Threats of forward integration
- Cost relative to total purchase in industry

Threat of New entrants

- Absolute cost advantages
- Proprietary learning curve
- Access to inputs
- Government policy

RIVALRY

- Economies of scale
- Capital requirements
- Brand identity
- Switching costs
- Access to distribution
- Expected retaliation
- Proprietary products

Buyer Power

- Bargaining leverage
- Buyer volume
- Buyer information
- Brand identity
- Price sensitivity

Threat of backward integration
product differentiation

- Buyer concentration vs. industry
- Substitutes available
- Buyer's incentives

Threat of Substitutes

- Switching cost
- Buyer inclination to substitute
- Price performance trade-off substitute

Degree of Rivalry

- Diversity of rivals
- Corporate stakes
- Exit barriers
- Industry concentration
- Fixed cost/ value added
- Industry growth
- Intermittent over capacity
- Product differences

Market Research :

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Market research is "the function that links the consumers, customers, and public to the marketer through information. The information used to identify and define marketing - opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications."

It is the systematic gathering, recording, and analysis of qualitative and quantitative data about issues relating to marketing products and services. The goal of marketing research is to identify and assess how changing elements of the marketing mix impacts consumer behavior. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned - specifically with markets, while marketing research is concerned specifically about marketing process.

Nature of Marketing Research : The nature of the research dictates the methodology which then impacts on the scope of marketing research. For example, some marketing researches will require the application of a research methodology that is long term and complex.

For example, a market research to establish the effect of a certain cereal in the market requires a long term study. It involves the release of the seeds into the market, observation when the farmers plant it and then the effect of the cereals to the market after harvest. The scope of this marketing research is higher as it will also require the installation of control experiments.

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Research process: Marketing research is the systematic gathering, recording, and analysis of data about issues relating to marketing products and services. The term is commonly interchanged with market research; however, expert practitioners may wish to draw a distinction, in that market research is concerned specifically with markets, while marketing research is concerned specifically about marketing processes.

While there are dozens of little steps along the path, each fits into one of the eight steps in the marketing research process. The main steps in marketing research are:

- Step-1: Identifying and defining the problem
- Step-2: Determination of dimension of the study
- Step-3: Selection of research method
- Step-4: Selection of sample design
- Step-5: Collection of data
- Step-6: Data processing and analysis
- Step-7: Interpretation of findings
- Step-8: Preparation of market research report

Advantages:

A business organisation can derive following advantages by conducting market research.

- Helps forecasting the demand for the product
- Helps assessing product acceptance by the target consumer.
- Helps suggesting rightful way of promotion of the product
- Helps understanding the opportunities for new market
- Helps in assessing the suitability of the channels of distribution.

The Quality of Data Needed: When initiating a marketing research, there are objectives set. These are the guiding factors and so, they play a major role in spelling out the scope of marketing research. Depending on the objectives, the research can either be shallow or detailed. If more detailed data is needed, then the scope of marketing research is higher and vice versa. This factor is also responsible for the determination of other factors like the methodology of the research and the nature of the research.

Consumer Behavior :

(15)

Consumer Behavior is the study of how people buy, what they buy, when they buy and why they buy. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics, psychographics, and behavioural variables in an attempt to understand people's wants.

Factors influencing consumer behavior : Consumer purchases are influenced strongly by four factors: i, 2

- (A) Cultural factor
- (B) Social factor
- (C) Personal factor
- (D) Psychological factor

(A) Cultural factor : Cultural factor divided into three sub factors (i) culture (ii) Sub culture (iii) Social class

Culture - The set of basic values perceptions, wants, and behaviours learned by a member of society from family and other important institutions. Culture is the most basic cause a person's wants and behaviours. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country.

Sub-culture - A group of people with shared value systems based on common life experiences and situations. Each culture contains smaller subcultures a group of people with shared value system based on common life experiences and situations. Sub culture includes nationalities, religions, racial groups and geographic regions. Many sub-culture make up important market segments and marketers often design products.

Social Class - Almost every society has some form of social culture, social classes are society's relatively permanent and ordered divisions whose members share similar values, interests and behaviour.

(B) Social factor: A consumer's behaviour also influenced by social factors, such as the (i) groups (ii) family (iii) Roles & status

Reference Groups - Two or more people interact to accomplish individual or mutual goals. A person's behaviour is influenced by many small groups. Groups that have a direct influence and to which a person belongs are called membership groups. Some are primary groups includes family, friends, neighbours and coworkers. Some are Secondary groups, which are more formal and have less regular interaction. These includes organisations like religious groups, professional association and trade unions.

Family - Family members can strongly influence buyer behaviour. The family is the most important consumer buying organisation. Society and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife and children on the purchase of different products and services.

Role and Status - A person belongs to many groups, family, clubs, organisations. The person's position in each group can be defined in terms of both role and status. For example Mr X plays the role of father, in his family he plays the role of husband, in his company, he plays the role of manager, etc. A role consists of the activities people are expected to perform according to the persons around them.

(C) Personal factor: It includes (i) Age and life cycle stage (ii) occupation (iii) Economic situation (iv) Life style (v) personality and self concept

Age and life cycle stage - People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle.

Occupation - A person's occupation affects the goods and services bought. Blue collar workers tend to buy more rugged work clothes, whereas white-collar workers buy more business suits. A company can even specialize in making products for board managers, accountants, engineers, lawyers, and doctors.

Economic situation (income) - A person's economic situation will affect product choice.

Life style - Life style is a person's pattern of living. Understanding these forces involves measuring consumer's major AIO dimensions i.e. Activities (work, hobbies, shopping, support, etc.) Interest (food, fashion, family recreation) and opinions (about themselves, business, products).

Personality and Self Concept - Each person's distinct personality influences his or her buying behaviour. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.

(D) Psychological factor: It includes these factors such as

Motivation - Motive (drive) a need that is sufficiently pressing to direct the person to seek satisfaction of the need.

Perception - The process by which people select, organize, and interpret information to form a meaningful picture of the world.

Learning - Changes in an individual's behaviour arising from experience.

Beliefs and attitudes -

- Belief is a descriptive thought that a person holds about something.
- Attitude, a person's consistently favourable or unfavourable evaluations, feelings, and tendencies towards an object or idea.

Consumer decision making process :

(18)

Consumer buying decision process include ~~five~~ ^{five} stages. They are: problem recognition, Information Search, Evaluation of alternatives, purchase decision and post purchase evaluation.

Need Recognition & Problem Awareness



Information Search



Evaluation of Alternatives



purchase



post-purchase evaluation

1. Problem Recognition -

The buying process starts with need recognition. At this stage, the buyer recognizes a problem or need. It stands for a process of perceiving a difference between a person's ideal and actual situations.

2. Pre purchase information Search -

The information search stage clarifies the options open to the consumer and may involve several sources.

(18)

- Personal sources - family, friends, neighbors, etc.
- Commercial sources - Advertising, sales people, Retailers, Dealers, packaging, point-of-sale displays
- Public sources - News papers, Radio, Television, consumer organizations, specialist magazines.

The usefulness and influences of these sources of information will vary by product and by customer.

3. Evaluation of Alternatives -

The information search clarifies the problem for the consumer by suggesting criteria to use for the purchase.

4. Purchase Decision - On purchase decision again there are three possibilities.

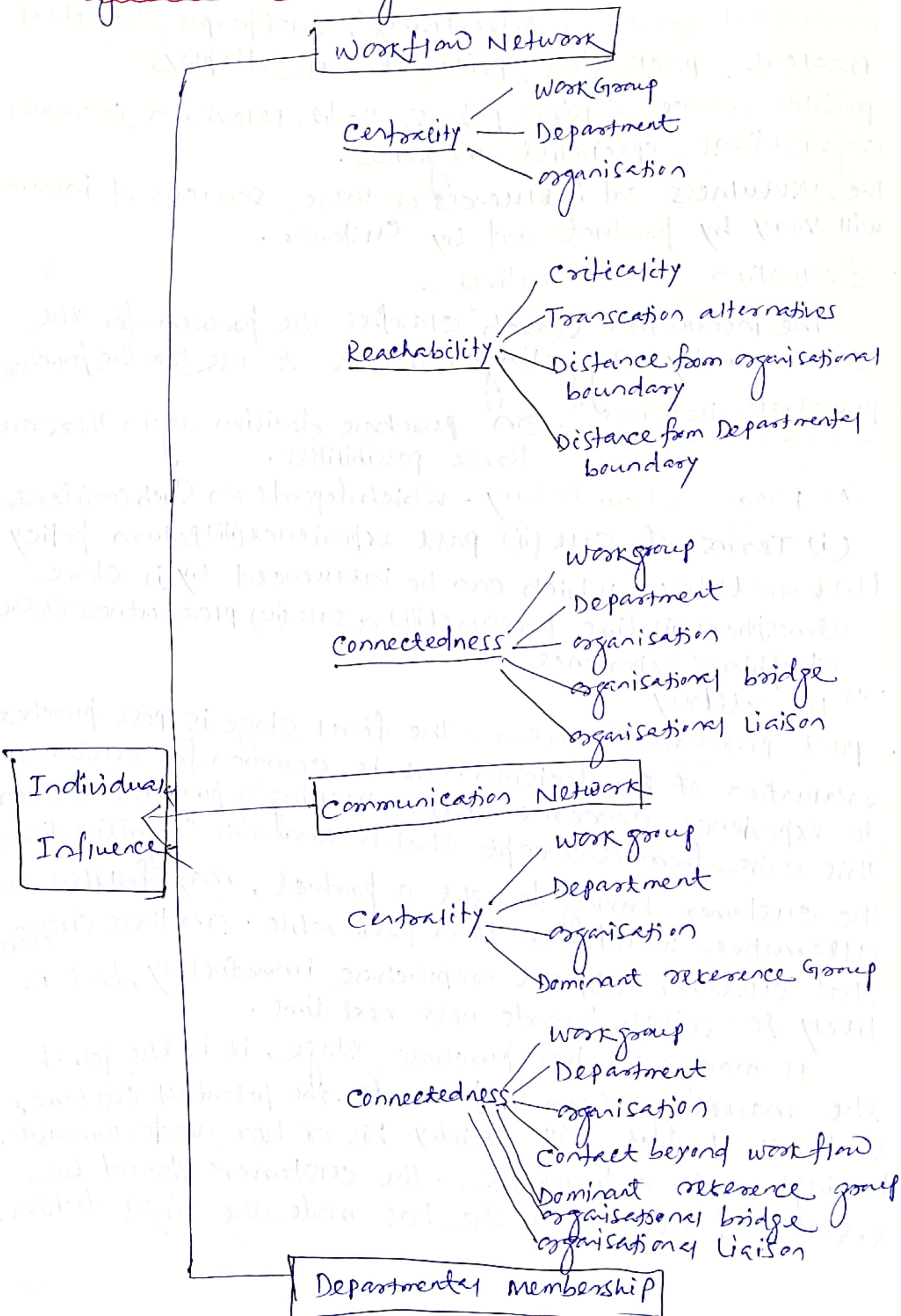
- (A) From whom to buy - which depends on such considerations
 - (i) Terms of sale (ii) past experience (iii) Return policy
- (B) When to buy - which can be influenced by (i) store atmosphere (ii) time pressure (iii) a sale (iv) pleasantness of the shopping experience
- (C) Do not buy

5. Post Purchase Evaluation - The final stage is post-purchase evaluation of the decision. It is common for customers to experience concerns after making a purchase decision. This arises from a concept that is known as "cognitive dissonance". The customer having bought a product, may feel that an alternative would have been preferable. On these circumstances that customer will not repurchase immediately, but is likely to switch brands ~~next~~ next time.

To manage the post-purchase stage, it is the job of the marketing team to persuade the potential customer that the product will satisfy his or her needs. Then after having made a purchase, the customer should be encouraged that he or she has made the right decision.

organisational buying behavior :

(20)



Module-II

Market Segmentation :

It is the process of identifying distinct groups and or subgroups of customers in the market, who have distinct needs, characteristics, preferences and/or behaviors, and require separate product and service offerings and corresponding marketing mixes.

"Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix."

Bases of Segmentation :

Consumer's market can be segmented on the following customer characteristics.

- Geographic
- Demographic
- Psychographic
- Behavioralistic

Geographic Segmentation -

The following are some examples of geographic variables often used in the Segmentation.

- (A) Region: by continent, country, state, or even neighborhood
- (B) Size of metropolitan area: Segmented according to size of population
- (C) Population density: often classified as urban, suburban, or rural.
- (D) Climate: according to weather patterns common to certain geographic regions

Demographic Segmentation -

Some demographic Segmentation variables include:

- (A) Age
- (B) Gender
- (C) Family Size
- (D) Family Life Cycle

- (E) Generation: Baby-boomers, Generation X, etc.
- (F) Income
- (G) Occupation
- (H) Education
- (I) Ethnicity
- (J) Nationality
- (K) Religion
- (L) Social Class

(22)

Many of these variables have standard categories for their values. For example Family Life Cycle often is expressed as bachelor, married with no children (DINKS: Double Income, No Kids), full-nest, empty-nest, or solitary survivor. Some of these categories have several stages, for example, full nest I, II or III depending on the age & children.

Psychographic Segmentation -

Psychographic Segmentation groups customers according to their lifestyle. Activities, interests, and opinions (AIO) surveys are one tool for measuring like style. Some psychographic variables are

- (A) Activities (B) Interests (C) opinions (D) Attitudes (E) values

Behavioralistic Segmentation -

It is based on actual customer behavior toward products. Some behavioralistic variables include:

- (A) Benefit Sought
- (B) Usage Rate
- (C) Brand Loyalty
- (D) User Status: potential, first-time, regular, etc.
- (E) Readiness to buy
- (F) occasions: Holidays and events that stimulate purchases

Behavioralistic Segmentation has the advantage of using variables that are closely related to the product itself. It is fairly direct starting point for market Segmentation.

Market Positioning:

(23)

As a part of STP, after deciding upon the targets to cater to, the marketer needs to position the product or service offering. Positioning is the act of designing the product and service offering of a company in the minds of the customers so that (i) the consumer can relate the product and service offering to a need or want, (ii) the marketer can create a distinct image of himself (iii) The consumer can perceive a brand's characteristics relative to those of competitive offerings. It is a process of creating an image of the product and service offering in the minds of the consumer, trying to differentiate itself from the competitor.

Positioning strategies: A marketer could choose among two kinds of positioning strategies; he could either opt for positioning on POP or POD.

(i) Points of Parity (POP): Here the product in question is not unique in nature; it is shared by other competitive brands; the product or service offering is similar to that of the competitor. Example: Complan, Milo and Bournvita: Positioned as: All help children to grow. POP has two basic forms, viz (a) Category point-of-parity (b) Competitive point-of-parity

(A) Category point of Parity: The product or service offering should possess these qualities in order to qualify being a part of the product or service category. These are the bare minimum that all the brands should possess in order to qualify as a part of the product or service industry. Example - All mouthwashes contain antimicrobials; they are also minty.

(B) Competitive Point-of-parity - These are developed to fight against and balance out with the competitors' point-of-difference. Example: Listerine vs Scope: Listerine claims to leave you fresh after a rinse and prevents bad breath; Scope claims that it does the same but in a milder way.

(ii) Points of Difference (POD): Here the product or service offering is unique; the positioning is based on the Unique Selling Proposition (USP). The uniqueness should be something that the 'customers value', and can relate to favorably. This USP leads to differentiation and can thus develop competitive brand positioning. Ex - Auto color and contrast setting: LG Golden Eye.

(23)

Marketing planning :

It is the process of developing marketing plan -
 - incorporating overall marketing objectives, strategies, and programs of actions designed to achieve these objectives.
 Marketing planning involves setting objectives and targets, and communicating these targets to people responsible to achieve them. It also involves careful examination of all strategic issues, including the business environment, the market itself, the corporate mission statement, competitors, and organisational capabilities.

Marketing planning process :

Marketing planning process is a series of stages that are usually followed in a sequence. Organisations can adapt their marketing plan to suit the circumstances and their requirements. This process involves both the development of objectives and specifications for how to achieve the objectives. Following are the steps involved in a marketing plan.

1. Mission - Mission is the reach for which an organisation exists. Mission statement is a straightforward statement that shows why an organisation is in business, provides basic guidelines for further planning, and establishes broad parameters for the future. Many of the useful mission statements motivates staff and customers.
2. Corporate objectives - Corporate objectives are most important goals the organisation as a whole wishes to achieve within a specified period of time, say one or five years. All the departments of an organisation including marketing department works in harmony to achieve the corporate objectives of the organisation. Marketing department must appreciate the corporate objectives and ensure its actions and decisions support the overall objectives of the organisation. Mission statement & Corporate objectives are determined by the top level management of the orgⁿ.

3. Marketing/Audit - Marketing audit helps in analysing and evaluating the marketing strategies, activities, problems, goals and results. It is done to check all the aspects of business directly related to marketing department. It is done not only at the beginning of the marketing planning process but, also at a series of points during the implementation of plan. The marketing audit clarifies -
- Opportunities and threats, so that required alterations can be done to the plan if necessary.

4. SWOT Analysis - The information gathered through the marketing audit process is used in development of SWOT Analysis.

- Strength and Weaknesses are factors inside the organisation that can be controlled by the org. USP of a product can be the example of strength, whereas Lack of innovation can be the example of weakness.
- Opportunities and Threats are factors outside the organisation which are beyond the direct control of an organisation. Festive season can be an example of opportunity to make maximum sales, whereas increasing FDI in a nation can be the example of threat to domestic players of that nation.

5. Marketing Objectives and Strategies - After identification of opportunities and challenges, the next step is to develop marketing objectives that indicate the end state to achieve. Marketing objectives reflects what an orgⁿ can accomplish through marketing in the coming years. Objective identify the endpoint to achieve. -
Marketing Strategies are formed to achieve the marketing objectives. Marketing strategies are formed to determine how to achieve those end points. Strategies are -
- broad statements of activities to be performed to achieve those end points.

6. Marketing Assumptions - A good marketing plan⁽²⁶⁾ is based on deep customer understanding and knowledge, but it is not possible to know everything about the customer, so lot of different things are assumed about customer.

For example:

- Target Buyer Assumptions - Assumptions about who the target buyers are.
- Messaging/offering Assumptions - Assumptions about what customer think are the most important features of product to be offered.

7. Forecast the Expected Results - Marketing managers have to forecast the expected results. They have to project the future numbers, characteristics, and trends in the target market. Without proper forecasting, the marketing plan could have unrealistic goals for far short on what is promised to deliver i.e forecasting customer response, marketing cost, the market and forecasting the competition.

8. Create Alternate Plan - A alternate marketing plan is created and kept ready to be implemented at the place of primary marketing plan if the whole or some part of the primary marketing plan is dropped.

9. Marketing budget - It is the process of documenting the expected costs of the proposed marketing plan. One common method to allocate marketing budgeting is based on a percentage of revenue. Other methods are - Comparative, all you can afford, and task method.

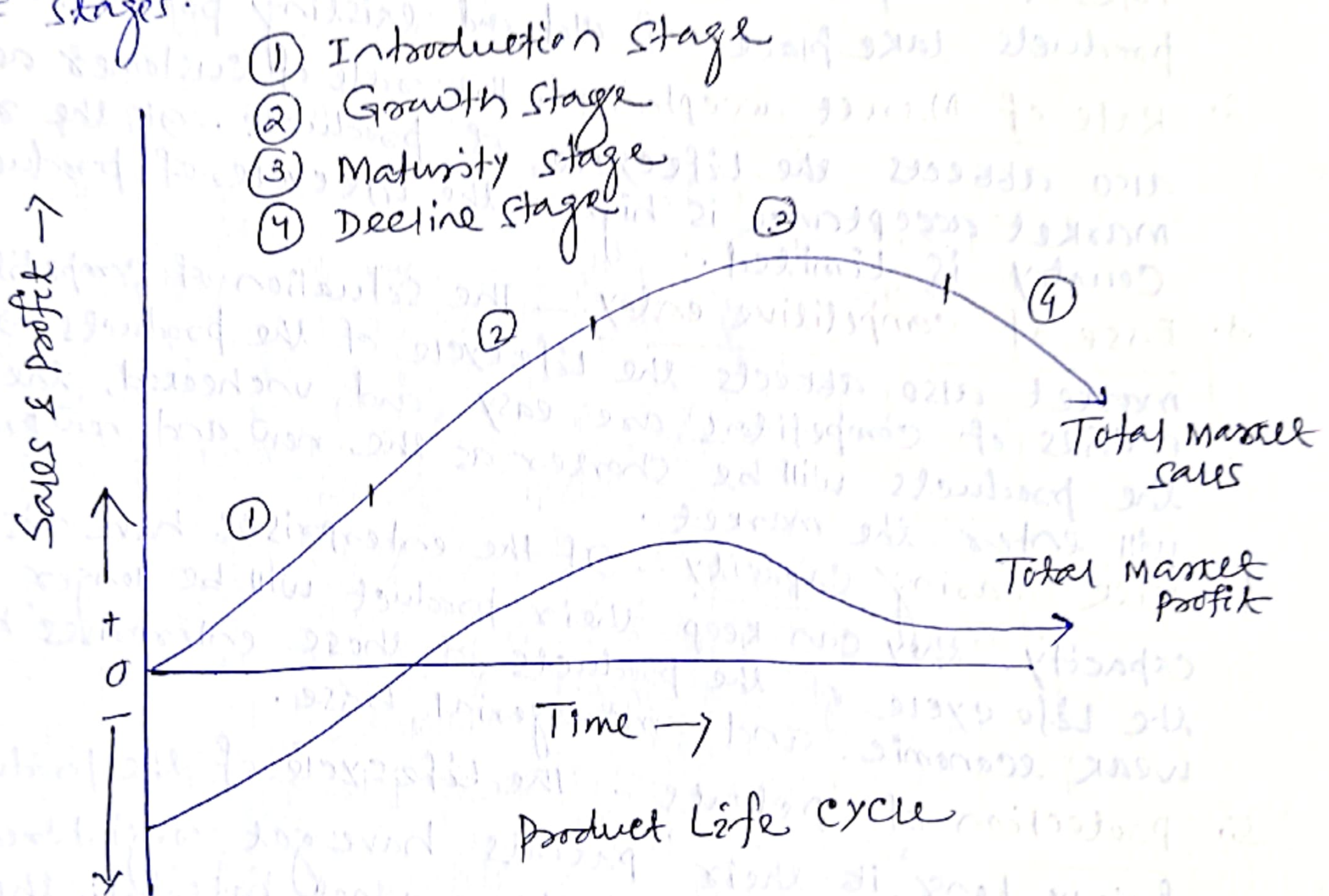
10. Implementation and Evaluation - At this stage the marketing team is ready to actually start putting their plans to action. This may involve spending money on advertising, launching new products, interacting with potential new customers, opening new retail outlets, etc.

The marketing planning process is required to be evaluated and updated regular. Regular evaluation of marketing efforts helps in achieving marketing goals.

Product Life cycle:

According to Philip Kotler, "The product life cycle is an attempt to recognise distinct stage in the sales history of the product".

Product Life cycle (or PLC) is the succession of strategies used by business management as a product goes through its life-cycle. The condition in which a product is sold (advertising, saturation) changes over time and must be managed as it moves through the succession of stages.



Introduction - A period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses incurred with product introduction.

Growth - A period of rapid market acceptance and substantial profit improvement.

Maturity - A period of a slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilise or decline because of increased competition.

Decline - The period when sales show a downward drift and profits erode.

Factors affecting the life cycle of a product -

1. Rate of Technical Change - Lifecycle of a product is affected by the rate of technical change in the country. If the rate of technical change in the country is very high, the life of the products is limited because new and improved products take place of old and existing products.
2. Rate of Market acceptance - The rate of customer acceptance also affects the lifecycle of products. If the rate of market acceptance is high, the life cycle of products in that country is limited.
3. Ease of competitive entry - The situation of competition in the market also affects the lifecycle of the products. If the entries of competitors are easy and unchecked, the life of the products will be shorter as the new and new products will enter the market.
4. Risk bearing Capacity - If the enterprises have risk bearing capacity, they can keep their product will be longer than if the life cycle of the products of those enterprises having weak economic and managerial base.
5. Protection of patents - The lifecycle of the products is fairly long if their patents have got registered. On the other hand, if the products are not patented, their life is out short.
6. Goodwill of the enterprise - If the goodwill of the enterprise is good in the market as the producer of good quality products, its product will last long in the market as compared to the products of those enterprises whose goodwill is not good or ~~low~~ which are not known to the public.

New product Development process :

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Introducing a new product is a difficult task, there is no guarantee that new product developed is accepted in the market, hence, the risk is high. It is better to adopt a scientific approach for the development of new products. The following are the different stages of a new product development.

1. Idea Generation - New product development starts with an idea. The idea may come from any source. Ex- Competitors, Newspapers, Govt. Research & Development Department, etc.
2. Screening Analysis - Here the company evaluates all ideas. The intention here is to avoid unnecessary expenses by stopping further processing of unwanted ideas, which do not suit the company requirements. An idea is evaluated with reference to various factors such as consumer needs, investments, profitability, technology, etc.
3. Concept Testing - On the stage the concept of the new is tested. The company evaluates whether the concepts would suit the company requirements.
4. Business Analysis - Here a detailed financial analysis is done. It is carried out to find out the financial marketing viability. Usually, they analysis competitive & manufacturing viability. The task of the management is done by the experts. This step to identify the product features, estimate the market demand & the products profitability. Those ideas, which promise more profits with minimum payback are selected.
5. Product Development - On this stage, product on paper is converted into a physical product. This is done by the engineering department or by the research & development department. Proper care must be taken while developing the product, so that new product does not become a waste. For this purpose research reports, company's budget

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product features, etc have to be studied carefully. Undue waste in developing new product results in premature death. On the other hand, if the time taken is too long, the company may lose the opportunity to the competitors.

6. Test marketing - After developing the product, the next stage is to test its commercial viability. This process is known as test marketing. It is defined as "developing a temporary marketing mix & introducing the new product to a market called, the sample market to verify and analyze the market reaction for the new product". This is one of the most important steps because for the first time, the information on the new product acceptance by the market is collected.

While, test marketing, the company changes the marketing mix namely, product, price, promotion & physical distribution depending upon the test marketing results. If it is accepted, it choose the best marketing mix for the product, otherwise the project is rejected.

7. Commercialization - When once is successful in test marketing, i.e. when the market accepts the new product, it is launched in other markets on a large scale in a wider market is known as commercialization. It is from this stage that a new product is really born from the customer's point of view.

Module - III

PRICING :

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Pricing can be defined as the process of determining an appropriate price for the product, or it is an act of setting price for the product. Pricing involves a number of decisions related to setting price of product. Pricing policies are aimed at achieving various objectives. Company has several objectives to be achieved by the sound pricing policies and strategies. Pricing decisions are based on the objectives to be achieved. Objectives are related to sales volume, profitability, market shares, or competition.

OBJECTIVES of PRICING : It can be classified in five groups.

(A) Profits-related objectives-

- (i) Maximum current profit - one of the objectives of pricing is to maximize current profits. This objective is aimed at making as much money as possible. Company tries to set its price in a way that more current profits can be earned. However, company cannot set its price beyond the limit. But, it concentrates on maximum profits.
- (ii) Target Return on Investment - Most companies want to earn reasonable rate of return on investment.

Target return may be:

- fixed percentage of sales
- return on investment or
- a fixed rupee amount.

Company sets its pricing policies and strategies in a way that sales revenue ultimately yields average return on total investment. For example, company decides to earn 20% return on total investment of 3 crore rupees. It must set price of product in a way that it can earn 60 lakh rupees.

(B) Sales-related objectives-

- (i) Sales growth - Company's objective is to increase sales volume. It sets its price in such a way that more and more sales can be achieved.

It is assumed that sales growth has direct positive impact on the profits. So, pricing decisions are taken in way that sales volume can be raised. Setting price, altering in price, and modifying pricing policies are targeted to improve sales.

(ii) Target market share - A company aims its pricing policies at achieving or maintaining the target market share. Pricing decisions are taken in such a manner that enables the company to achieve targeted market share. Market share is a specific volume of sales determined in light of total sales in an industry. For example, company may try to achieve 25% market shares in the relevant industry.

(iii) Increase in Market Share - Sometimes, price and pricing are taken as the tool to increase its market share. When company assumes that its market share is below than expected, it can raise it by appropriate pricing; pricing is aimed at improving market share.

(c) Competition-related Objectives :

(i) To face competition - Pricing is primarily concerns with facing competition. Today's market is characterized by the severe competition. Company sets and modifies its pricing policies so as to respond competitors strongly. Many companies use price as a powerful means to react to level and intensity of competition.

(ii) To keep competitors away - To prevent the entry of competitors can be one of the main objectives of pricing. The phrase 'prevention is better than cure' is equally applicable here. If competitors are kept away, no need to fight with them. To achieve the objective, a company keeps its price as low as possible to minimize profitability of products. In some cases, a company reacts offensively to prevent entry of competitors by selling product even at loss.

(iii) To achieve quality Leadership by pricing - pricing ³³ ₁₁ also aimed at achieving the quality leadership. The quality leadership is the image in mind of buyers that high price is related to high quality product. In order to create a positive image that company's product is standard or superior than offered by the close competitors; the company designs its pricing policies accordingly.

(iv) To Remove Competitors from the market - The pricing policies and practices are directed to remove the competitors away from the market. This can be done by forgoing the current profits - by ~~charging~~ keeping price as low as possible - in order to maximize the future profits by charging a high price after removing competitors from the market. price competition can remove weak competitors.

(D) Customer-related objectives:

(i) To win confidence of customers - customers are the target to serve. company sets and practices its pricing policies to win the confidence of the target market. company, by appropriate pricing policies, can establish, maintain or even strengthen the confidence of customers that price charged for the product is reasonable. customers are made feel that they are not being cheated.

(ii) To satisfy customers - To satisfy customers is the prime objective of the entire range of marketing efforts. And, pricing is no exception. company sets, adjusts, and readjusts its pricing to satisfy its target customers. In short, a company should design pricing in such a way that results into maximum consumer satisfaction.

(E) Other objectives:

(i) market Penetration - This objective concerns with entering the deep into the market to increase the number of customers. This objective

calls for charging the lowest possible price to win price-sensitive buyers.

(ii) Promoting a new product - To promote a new product successfully, the company sets low price for its products in the initial stage to encourage for trial and repeat buying. The sound pricing can help the company introduce a new product successfully.

(iii) Maintaining image and Reputation in the market - company's effective pricing policies have positive impact on its image and reputation in the market. company, by charging reasonable price, stabilizing price or keeping fixed price can create a good image and reputation in the mind of the target customers.

(iv) To skim the cream from the market - This objective concerns with skimming maximum profit in initial stage of product life cycle. Because a product is new, offering new and superior advantages, the company can charge relatively high price. Some segments will buy product even at a premium price.

(v) Price Stability - company with stable price is ranked high in the market. company formulates pricing policies and strategies to eliminate seasonal and cyclical fluctuations. Stability in price has a good impression on the buyers. Frequent changes in pricing affect adversely the prestige of company.

(vi) Survival and Growth - Finally, pricing is aimed at survival and growth of company's business activities and operations. It is a fundamental pricing objective. pricing policies are set in a way that company's existence is not threatened.

These above five are the various objectives of pricing which can be classified as like as.

FACTORS INFLUENCING PRICING:

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A company's price level sends signals about the quality of its products to the customer. A customer always compares the company's prices with those of its competitors. The competitors also keep an eye on the price levels of a company. Very low prices may invite price wars, while high prices without sufficient additional features or quality invite bad publicity. Distribution channel members also exert pressure on prices by demanding higher margins.

1. Price - quality relationship - customers use price as an indicator of quality, particularly for products where objective measurement of quality is not possible, such as drinks and perfumes. Price strongly influences quality perceptions of such products. If a product is priced higher, the instinctive judgement of the customer is that the quality of the product must be higher, unless he can objectively justify otherwise.

2. Product line pricing - A company extends its product line rather than reduce price of its existing brand, when a competitor launches a low price brand that threatens to eat into its market share. It launches a low price fighter brand to compete with low price competitors' brands. The company is able to protect the image of its premium brand, which continues to be sold at a higher price. At a later stage, it produces a range of brands at different price ~~moments~~ points, which serve segments of varying price sensitivities. And when a customer shows the inclination to trade up, it persuades him to buy one of its own premium brands. Similarly, if a customer or one of its premium brands wants to trade down, it encourages him to buy one of its value brands.

3. Explicability - The company should be able to justify the price it is charging, especially if it is on the higher side. Consumer product companies have to send cues to the customers about the high quality and the superiority of the product. A superior finish, fine aesthetics or superior packaging can give positive cues to the customers when they cannot objectively measure the quality of the offering. A company should be

aware of the features of the product that the customers ⁽³⁶⁾ can objectively evaluate and should ensure superior performance of those features.

4. Competition - A company should be able to anticipate reactions of competitors to its pricing policies and moves. Competitors can negate the advantages that a company might be hoping to make with its pricing policies. A company reduces its price to gain market share.

One or more competitors can decide to match the cutback. The ambitions of the company to games market share. But all competitors are not the same and their approaches and reactions to pricing moves of the company are different. The company has to take care while defining competition.

The first level of competitors offer technically similar products. There is direct competition between brands which define their businesses and customers in similar way.

The second level of competition is dissimilar products serving the same need in a similar way. Such competitor's initial belief is that they are not being affected adversely by the pricing moves of the company.

The third level of competition would come from products serving the problem in a dissimilar way. Again such competitors do not believe that they will be affected. But once convinced that they are being affected adversely, swift retaliation should be expected.

5. Negotiating margins - A customer may expect its supplier to reduce price, and in such situations the price that the customer pays is different from the list price. Such discounts are pervasive in business markets, and take the form of order size discounts, competitive discounts, fast payment discounts, annual volume bonus and promotions allowance.

Negotiating margins should be built, which allow price to fall from list price levels but still permit profitable transaction. It is important that the company anticipates the discounts that it will have to grant to gain and retain business and adjust its list price accordingly.

6. Effect on distributors and retailers - When products are sold through intermediaries like retailers, the list price to customers must reflect the margins required by them.

Sometimes list prices will be high because middleman ⁽³⁷⁾ want higher margins. But some retailers can afford to sell below the list price to customers. They run low-cost operations and can manage with lower margins. They pass on some part of their own margins to customers.

7. Political factors - where price is out of line with manufacturing costs, political pressures may ~~act~~ act to force down prices. Exploitation of a monopoly position may bring short term profits but incurs backlash of a public enquiry into pricing policies. It may also invite customer wrath and cause switching upon the introduction of suitable alternatives.

8. Earning very high profits - It is never wise to earn extraordinary profits, even if current circumstances allow the company to charge high prices. The pioneer companies are able to charge high prices, due to lack of alternatives available to the customers.

9. Charging very low prices - It may not help a company's cause if it charges low prices when its major competitors are charging much higher prices. Customers come to believe that adequate quality can be provided only at the prices being charged by the major companies. If a company introduces very low prices, customers suspect its quality and do not buy the product in spite of the low price. If the cost structure of the company allows, it should stay in business at the low price.

PRICING STRATEGY :

^{major} one of the four elements of the marketing mix is price. Pricing is an important strategic issue because it is related to product positioning. Furthermore, pricing affects other marketing mix elements such as product features, channel decisions, and promotion. While there is no single recipe to determine pricing, the following is a general sequence of steps that might be followed for developing the pricing of a new product:

1. Develop marketing strategy - perform marketing analysis, segmentation, targeting and positioning.
2. Make marketing mix decisions - Define the product, distribution, and promotional tactics.

3. Estimate the demand curve - understand how quantity demanded varies with price.
4. calculate cost - include fixed and variable costs associated with the product.
5. understand environmental factors - Evaluate likely competitor's actions, understand legal constraints, etc.
6. Set pricing objectives - for example, profit maximization, revenue maximization, or price stabilization (status quo)
7. Determine pricing - using information collected in the above steps, select a pricing method, develop the pricing structures, and define discounts.

These steps are interrelated and are not necessarily performed in the above order. Nonetheless, the above list serves to present a starting framework.

Marketing strategy and the marketing mix - Before the product is developed, the marketing strategy is formulated, including target market selection and product positioning. There usually is a tradeoff between product quality and price, so price is an important variable in positioning.

Because of inherent tradeoffs between marketing mix elements, pricing will depend on other product, distribution, and promotion decisions.

Estimate the Demand curve - Because there is a relationship between price and quantity demanded, it is important to understand the impact of pricing on sales by estimating the demand curve for the product. For existing products, experiments can be performed at prices above and below the current price in order to determine the price elasticity of demand. Inelastic demand indicates that price increases might be feasible.

calculate costs - If the firm has decided to launch the product, there likely is at least a basic understanding of the costs involved, otherwise, there might be no profit to be made. The unit cost of the product ~~cost~~ sets the lower limit of what the firm might charge, and determines the profit margin at higher prices.

The total unit cost of producing a product is composed of the variable cost of producing each additional unit and fixed costs that are incurred regardless of the quantity produced. The pricing policy should consider both types of costs.

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Environmental Factors - pricing must take into account the competitive and legal environment in which the company operates. From a competitive standpoint, the firm must consider the implications of its pricing on the pricing decisions of competitors. For example, setting the price too low may risk a price war that may not be in the best interest of either side; setting the price too high may attract a large number of competitors who want to share in the profits.

Pricing objectives - The firm's pricing objectives must be identified in order to determine the optimal pricing. Common objectives include the following:

- Current profit maximisation - Seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long-term profits.
- Current revenue maximisation - Seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs.
- Maximise quantity - Seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs as predicted by the experience curve.
- Maximise profit margin - Attempts to maximize the unit profit margin, recognizing that quantities will be low.
- Quality leadership - Use price to signal high quality in an attempt to position the product as the quality leader.
- Partial cost recovery - An orgⁿ that has other revenue sources may seek only partial cost recovery.
- Survival - In situations such as market decline and overcapacity, the goal may be to select a price that will cover costs and permit the firm to remain in the market; in this case, survival may take a priority over profits, so this objective is considered temporary.
- Status quo - The firm may seek price stabilization in order to avoid price wars and maintain a moderate but stable level of profit.

For new products, the pricing objective often is either to maximize profit margin or to maximize quantity (market share). To meet these objectives, skim pricing and penetration pricing strategies often are employed.

PRICING METHOD :

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To set the specific price level that achieves their pricing objectives, managers may make use of several pricing methods. These methods include:

- Cost-plus pricing - set the price at the production cost plus a certain profit margin.
- Target return pricing - set the price to achieve a target return-on-investment.
- Value-based pricing - base the price on the effective value to the customer relative to alternative products.
- Psychological pricing - base the price on factors such as signals of product quality, popular price points, and what the consumer perceives to be fair.

In addition to setting the price level, managers have the opportunity to design innovative pricing models that better meet the needs of both the firm and its customers.

The two methods of pricing are as follows: (A) Cost-oriented method (B) market-oriented methods.

(A) Cost-oriented method: Because cost provides the base for a possible price range, some firms may consider cost-oriented methods to fix the price.

Cost-oriented methods or pricing are as follows:

- 1- Cost Plus Pricing
- 2- Mark-up Pricing
- 3- Break-even Pricing
- 4- Target-return Pricing
- 5- Early cash recovery Pricing

1- Cost plus pricing involves adding a certain percentage to cost in order to fix the price.

2- Markup pricing is a variation of cost pricing. In this case, mark-ups are calculated as a percentage of the selling price and not as a percentage of the cost price. Firms that use cost-oriented methods use mark-up pricing.

3- Here, the firm determines the level of sales needed to cover all the relevant fixed and variable costs. The breakeven price is equal to $\text{Sales revenue} = \text{Cost of goods sold}$.

4- The firm sets prices in order to achieve a particular level of return on investment (ROI).

5- Some firms may fix a price to realize early recovery of investment involved, when market forecasts suggest that the life of the market is likely to be short, such as in the case of fashion-related products or technology-sensitive products.

Such pricing can also be used when a firm anticipates that a large firm may enter the market in the near future with its lower prices, forcing existing firms to exit.

(B) Market-oriented methods:

1. Perceived value pricing
2. Going-rate pricing
 - (i) competitor parity method
 - (ii) premium pricing
 - (iii) Discount pricing
3. Sealed-bid pricing
4. Differentiated pricing
 - (i) customer segment pricing
 - (ii) Time pricing
 - (iii) Area pricing
 - (iv) product form pricing

1- A good number of firms fix the price of their goods and services on the basis of customer's perceived value. They consider customer's perceived value as the primary factor for fixing prices, and the firm's costs as the secondary.

2- In this case, the benchmark for setting prices is the price set by major competitors. If a major competitor changes its price, then the smaller firms may also change their price, irrespective of their costs or demand.

3- This pricing is adopted in the case of large orders or contracts, especially those of industrial buyers or government departments. The firms submit sealed bids for jobs in response to an advertisement.

In this case, the buyer expects the lowest possible price and the seller is expected to provide the best possible quotation or tender. If a firm wants to win a contract, then it has to submit a lower price bid. For this purpose, the firm has to anticipate the pricing policy of the competitors and decide the price offer.

4- Firms may charge different prices for the same product or service.

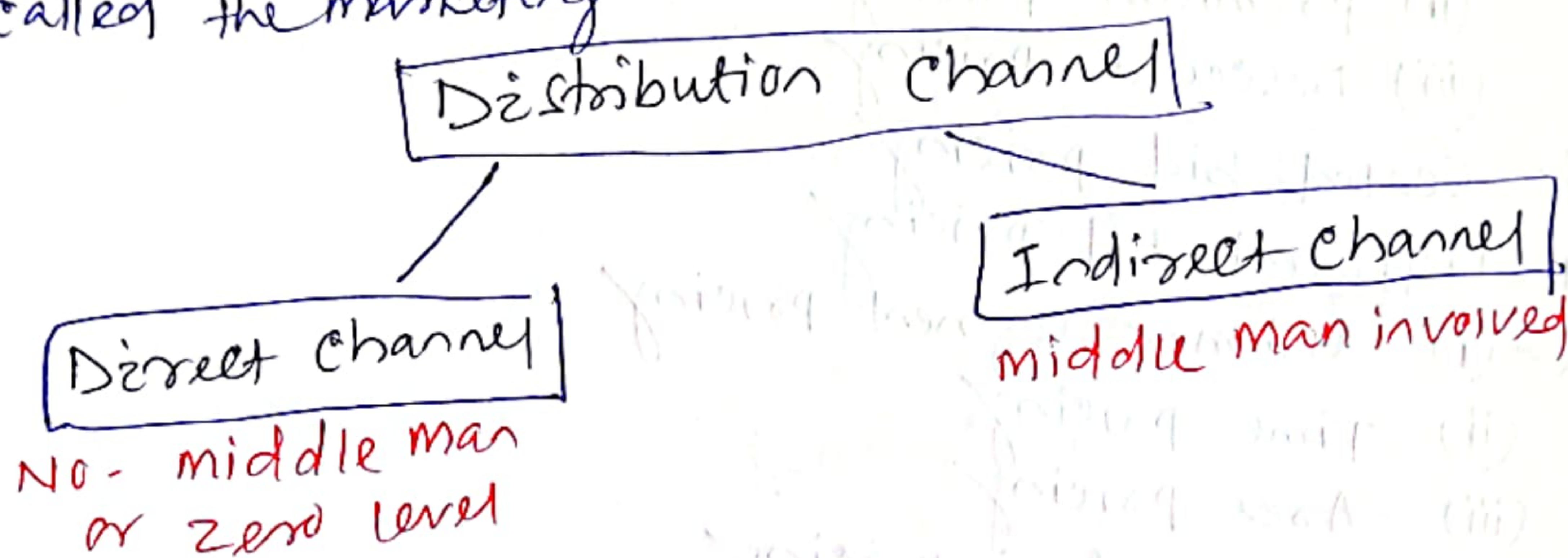
DISTRIBUTION CHANNELS :

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The path between producers and users that goods and services follow is called a marketing channel or channel of distribution or a Trade channel or Distribution channel.

According to AMA "A channel of distribution or marketing channel is a structure of intra company organisation, units and intra-company agents and dealers, wholesalers and retailers through which a commodity product or service is marketed."

According to Philip Kotler, "Every producer seeks to link together the set of marketing intermediaries that best fulfil the firm's objectives. This set of marketing intermediaries is called the marketing channel."



Direct channel

Producer/manufacturer

Consumer

Indirect channel

1. One level

Producer/manufacturer

Wholesaler/ Retailer → Consumer

2. Two level

Producer/manufacturer

→ Wholesaler → Retailer → Consumer

3. Three level

Producer/manufacturer

→ Company Agent/ executive → Wholesaler → Retailer → Consumer

GREEN MARKETING :

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Green marketing can be defined as the marketing of products which are environmentally sound. The notion of green marketing is a comparatively new one within general marketing thought, as it has chiefly grown in acceptance since the 1990s. Nonetheless, as a contemporary branch of marketing thought, it can be seen as one of the fastest growing areas of marketing principles.

The rationale for the devising and emergence of green marketing is thus:

- A higher quantity of persons willing and able to buy green products.
- Heightened awareness among consumers concerning the potentially negative aspects of global climate change.

Green marketers thus target persons who are more environmentally conscious. The segmentation and market research process of numerous firms denote that the target market for green products has grown widely in numerous years.

Accordingly, green marketers are willing to supply what persons are willing and able to buy.

It can also be stated green products are often more expensive than "non-green" products, due perhaps to higher production costs. Nevertheless, green consumers are typically willing to pay higher prices, as a means of doing their part to safeguard the environment of the Planet Earth.

Drawbacks -

- The ideal of "green washing"
- Disputes and contention surrounding the exact meaning of a green product.

Green washing pertains to when a firm misleadingly produces a product, with ostensible green characteristics, which is not actually environmentally sound. In addition to evident ethical issues concerning deceit, such conduct can undermine an organisation's drive to be deemed a "green" company. Accordingly, a firm must be sincere in its efforts to be environmentally sound, regarding its environmental practices and policies.

Moreover, the extent and nature of a green product can be a moot point. To some, a product must be

wholly green to be viewed as green. To others, a product may only possess a reduction in environmentally harmful inputs to be worthy of being labelled green. Nonetheless, a firm can enhance its green marketing efforts if it persuades consumers that the purchase of green products can hence environmental protection.

SERVICE MARKETING :

The American marketing Association defines services as - "Activities, benefits and satisfactions which are offered for sale or are provided in connection with the sale of goods."

The defining characteristics of a service are:
Intangibility - Services are intangible and do not have a physical existence. Hence services can not be touched, held, tasted or smelt. This is most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering.

1. Heterogeneity/variability : Given the very nature of services each service offering is unique and can not exactly repeated even by the same service provider. While products can be mass produced and be homogenous the same is not true of services. e.g. All burgers of a particular flavor at McDonalds are almost identical. However, the same is not true of the service rendered by the same counter staff consecutively to two consumers.
2. Perishability : Services can not be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and can not be delivered to another customer. e.g. A customer dissatisfied with the services of a barber can not return the service of the haircut that was rendered to him. At the most he may decide not to visit that particular barber in the future.
3. Inseparability/Simultaneity of production & consumption : This refers to the fact that services are generated and consumed within the same time frame. Eg. A haircut is delivered to and consumed by a customer simultaneously unlike, say, a takeaway burger which the customer

may consume even after a few hours of purchase. Moreover, it is very difficult to separate a service from the service provider. Eg. the barber is necessarily a part of the service of a haircut that he is delivering to his customer.

Types of Services -

1. Core Services: A service that is the primary purpose of the transaction. e.g. - a haircut or the services of lawyers or teachers.
2. Supplementary Services: Services that are rendered as a corollary to the sale of a tangible product. e.g. Home delivery options offered by restaurants above a minimum bill value.

RURAL MARKETING :

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas. The urban to rural flow consists of agricultural inputs, fast moving consumer goods (FMCG) such as soaps, detergents, cosmetics, textiles, and so on. The rural to urban flow consists of agricultural produce such as rice, wheat, sugar, and cotton. There is also a movement of rural products within rural areas for consumption.

Features: The main reason why the companies are focusing on rural market and developing effective strategies is to tap the market potential, that can be identified as follows:

1. Large and Scattered population - According to the 2001 census, 740 million Indians forming 70% of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big premise for the marketers.
2. Higher purchasing capacity - purchasing power of the rural people is on rise. Marketers have realized the

potential of rural markets, and thus are expanding their operations in rural India. In recent years, rural markets have acquired significance in countries like China and India, as the overall growth of the economy has resulted into substantial increase in purchasing power of rural communities.

3. Market growth - The rural market is growing steadily over the years. Demand for traditional products such as bicycles, mopeds and agricultural inputs; branded products such as tooth paste, tea, soaps and other FMCGs, and consumer durables such as refrigerators, TV, and washing machines has also grown over the years.

4. Development of infrastructure - There is development of infrastructure facilities such as construction of roads and transportation, communication network, rural electrification and public service projects in rural India, which has increased the scope of rural marketing.

5. Low standard of living - The standard of living of rural areas is low and rural consumers have diverse socio-economic backwardness. This is different in different parts of the country. A consumer in a village area has a low standard of living because of low literacy, low per capita income, social backwardness and low savings.

6. Traditional outlook - The rural consumer values old customs and traditions. They do not prefer changes. Gradually, the rural population is changing its demand pattern, and there is demand for branded products in villages.

7. Marketing mix - The urban products can not be dumped on rural population; separate sets of products are designed for rural consumers to suit the rural demands. The marketing mix elements are to be adjusted according to the requirements of the rural consumers.