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MARKETING

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UNIT-I

Marketing-Definition-Objectives- Micro and Macro Marketing- Modern Marketing concept- Marketing in Economics Development

Meaning of Marketing

The concept of marketing can be viewed from social and managerial perspectives. So Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. At its simplest, marketing can be defined as exchange transactions that take place between the buyer and the seller. Marketing is the management function, which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand.

Definitions of Marketing

According **to American Marketing Association** -The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

According to **Philip Kotler**, Marketing is the set of human activities directed at facilitating and consummating exchanges. Three elements must be present to define a marketing situation. (i) Two or more parties who are potentially interested in exchange, (ii) each possessing things of value for the other; and (iii) each capable of communication and delivery.

- According to **Cundiff and still,** -Marketing is the business process by which products are matched with markets through which transfer of ownership is effected.
- According to committee on Definition of **American Marketing Association**, Marketing consists of the performance of business activities that direct flow of goods and services from producer or supplier to the consumers or end-users.
- According to **Converse**, Marketing includes those business activities which are involved in the flow of goods and services from production to consumption.

Objectives of Marketing

1. **Enter a New Market**

Suppose your company has maxed out growth opportunities in its current territory or industry and wants to expand to a new vertical, location, or market. While saying “We want to expand our international business into South America” is an ambitious goal, it’s vague and hard to measure. An attainable objective can be to research current product leaders in the target market and their marketing strategies. Other objectives could include to:

Develop appropriate messaging for target customers based on market research findings within 1st quarter 2022

- ✓ Increase form submissions from Brazil by 10% within 3rd quarter 2022
- ✓ Boost Facebook impressions in Colombia by 1,000% by 4th quarter 2022

Notably, these examples showcase objectives that are time-bound and measurable. Apart from providing a clear route to your goals, they also offer a framework to track progress.

2. **Launch a New Product**

New product launches are a standard marketing remit. As is typical, marketing will be expected to drive consumer interest in the product through various channels. Your marketing objectives here may differ depending on the individual tasks of each marketing unit. For instance, your social media manager might focus on generating 10,000 unique Twitter impressions during the first month before the official product launch. In email marketing, the goal may be to a) build a 5,000 strong email list of prospects interested in the new product; and b) create and administer a five-week nurture sequence with a 10% end-date conversion rate.

3. **Increase Sales**

Achieving increased sales is one of the most common marketing objectives for obvious reasons- effective marketing brings high-quality leads that eventually convert into paying customers.

There are many different strategies for increasing sales, including cross-selling and upselling. You could plan to:

- ✓ Increase upsell conversions by 15% year on year or quarter on quarter
- ✓ Boost cross-sell click-through rate (CTR) by 13% through redesigned calls to action (CTAs) in your e-commerce email sequence
- ✓ Increase landing page conversion rate by 3%

Marketers have their own term for the dollar value of a sales goal. Target revenue is defined by Monash University as “the desired income from sales of the goods and services produced." As taught in marketing courses, revenue is the product of sales volume and price. Target revenue reflects not just the amount of sales but also the average price.

4. Amplify Brand Awareness

Every company wants to extend its brand reach and engage more customers. But attaining this goal depends on selecting and measuring the right objectives. For example, while higher sales figures are good for the company, they don't necessarily mean more people are buying. It could just be the same customers buying more from you.

Instead, engagement-related objectives would likely tell a better tale if your goal is to amplify brand awareness. Some objectives you could implement include to:

- ✓ Increase website traffic by 50% within the first half of the year
- ✓ Increase social media mentions by 160% in March
- ✓ Generate 500% more likes and comments on company tweets by year-end 2022
- ✓ Increase new signups by 40% in the 3rd quarter by sponsoring a YouTube influencer.

5. Enlarge Market Share

Greater market share often means higher valuation and a larger slice of industry sales. But achieving this goal can be challenging due to the considerable commitment involved and the numerous variables that contribute to a firm's market share. For instance, Investopedia defines a company's market share as the total sales in its industry compared to that of competitors. However, gaining higher sales depends on many factors such as customer base, competitor performance, brand dominance, etc.

How do you develop a clear roadmap for this goal? Marketing objectives that may help include to:

- ✓ Increase customer engagement (web traffic, CTRs, and conversions) through a series of blog posts that showcase your company's unique value proposition.
- ✓ Run a print and TV ad campaign to increase the number of discovery calls by 30% quarter on quarter.
- ✓ Increase customer base by 20% by year-end.
- ✓ There are various other ways of capturing greater market share, apart from this. Ideally, your marketing objectives should look to concretize a time-based plan covering how your company intends to reach its desired market share. With this in hand, it's easier to break the goal down into bite-sized actions that can be time-boxed and properly tracked.

6. **Enhance Brand Authority**

Brand authority can also contribute to brand dominance and a larger market share. Regardless, this goal can also be separate and distinct because it is an end in itself. Gaining brand authority means setting your company up as the go-to in specific niches or industry use-cases. As a result, you want any marketing objectives you curate here to rally around those particular areas where you want to build authority.

7. **Boost Company Profit**

Marketing, at its core, is a profit-seeking activity. Resultantly, marketing actions ultimately have revenue and cost considerations at their bottom line. If you're marketing objectives or top-level goals do not focus on profit or profit-driven actions, then you're likely barking up the wrong tree. As the folks at Impact put it, "At the end of the day, if you grew traffic but sales plummeted, no one would be celebrating marketing."

8. **Optimize Sales Funnel**

If you're getting low-quality leads or find too many leads prematurely exit your funnel, your marketing objectives might focus on correcting this. After all, maintaining an efficient sales funnel is not just up to sales; marketing also plays a part in consistent messaging and prospect education. Though many things can go wrong in a sales funnel, your specific objectives will depend on where you think something isn't working. You might decide to:

9. **Induce New Customers**

Focusing on attracting new customers not only helps freshen up your customer base, but it's also one of the fastest ways to increase revenue. Besides, a healthy rate of new customer influx is a universal litmus test of effective marketing.

10. **Craft or Strengthen Social Voice**

Social positioning has become an emerging focus of marketing departments, especially considering customers' increasing preference for brands that care.

If your marketing plan for the year includes strengthening your company's social positioning, you might consider:

Advantages of Marketing

1) An obvious advantage of marketing is the promotion of your business; getting the recognition and attention of your target audience across a wide ranging or specific market.
2) Going hand-in-hand with this is the enhanced brand recognition. Over time potential customers and members of the public will begin to associate your logo and your brand with your business.

3) Every business needs to 'spend money to make money'. Investing in marketing is no different. The most important advantage of marketing is therefore quite simply improving the businesses profits by boosting sales.

Disadvantages of Marketing

1. The first disadvantage of marketing in general is the cost. Adverting and marketing costs money. If you don't do the proper research then you might end up throwing money away. Wasting marketing efforts by targeting the wrong audience using an inappropriate medium would be a serious and costly mistake. So it is important to do your research beforehand and keep your costs to a minimum.
2. As well as the financial cost, marketing your business will require investment of time. Researching the appropriate marketing strategy, designing and writing the adverts, getting them published, dealing with any response. It's important to spend time keeping track of how successful or not your marketing campaign is. A potential disadvantage of marketing here is the risk of time wasted for an unsuccessful campaign.
3. Research shows that people in general have to see a piece of information between 3 and 30 times before it sinks in. So the obvious disadvantage of marketing here is the fact that your marketing campaign will need to be ongoing and consistent. Increasing costs and time spent on it. This is where drip marketing comes in.

Specific Advantages and Disadvantages of Marketing

For specific types of media there may be other advantages and disadvantages of marketing. Each will obviously vary depending on your business, your market and your chosen marketing techniques.

Print Advertising

Print advertising uses printed media such as newspapers, magazines, direct mail and billboards to advertise services and attract more customers to a business. This form of advertising aims to capture an audience's attention when they read particular publications or receive something in the mail.

Advantages and disadvantages of print marketing are reasonably obvious.

Advantages:

1. Choosing the appropriate magazine or newspaper to advertise and market your business allows you to appeal to a specific audience and demographic.
2. Often an advantage of marketing via print media is the flexibility. The size, placement and type of advert can be adopted and changed according to your needs.
3. Another advantage marketing this way is the repeated display of your advert over time. Multiple appearances in various issues of the paper or magazine will improve chances of your brand sticking with the customers and also the results you will see in terms of sales leads.

Disadvantages:

1) Cost can be prohibitive. The bigger the advert the more the cost. Magazines and newspapers with a wider audience generally cost more to advertise in and marketing over time in this manner may be too expensive for some businesses.
2) Competition in the marketing space may be another disadvantage. You want your advert to stand out, but unless you can afford to pay for a full page spread you will be competing with the other businesses scrambling for attention.
3) Magazines are often released on a monthly basis, meaning it can take longer for your advert to take hold in a potential customers mind.

Television & Radio Marketing

The advantages and disadvantages of marketing via radio or television will clearly be considerably different to those of print.

Advantages:

- There are many radio and television stations out there. You can appeal to your local audience by using a local radio or television station. You may also run an advert on a specific station with a genre which would suit your business. The variety of radio and television stations makes it easy to appeal to a specific audience.
- Your advert may well be repeated throughout the day at specific times, which would allow you to reach the best audience for your marketing.
- Radio and television marketing allows for regular repetition of your advert, helping satisfy the law of 29.

Disadvantages:

- Unless you are targeting a specific audience, you might have to push your advert across a number of radio and television stations to reach everyone you need to.
- An obvious disadvantage of radio and television marketing is the temporary nature of the advert. Unlike print, potential customers cannot go back to look for your contact information. So you will need to run the advert many times to get the best effect.
- Listeners/viewers may stop paying attention during advert breaks, which are essentially a disturbance to their enjoyment of the show.

Direct Mail Marketing

Your chosen market might benefit from a direct marketing campaign. Send your adverts, catalogues or product samples straight through your customer's letterbox. You could target the right audience by using the electoral register to find the right age, sex and demographic or acquire access to marketing mailing lists.

Advantages:

1) Direct mail marketing will allow you to target to your specific customer.
2) Personalizing your message to have the best possible impact on them.
3) Unlike other forms of advertising, your marketing will not need to stand out on a page full of other adverts. It will just need to stand out from the pile on the doormat. A brightly colored, appealing envelope may be all it takes.
4) This type of marketing allows you target a specific area or locality. Especially important if your business is local.

Disadvantages:

1. Direct mail is often seen as "junk" mail. So if your marketing doesn't stand out and appeal in just the right way it might find its way straight from the letterbox to the bin.
2. The law of 29 means you will need to do a direct mailing campaign many times before it has an effect.
3. You risk annoying your customers by plaguing them with regular "junk" mail campaigns.

Telemarketing

Cold-calling and other telemarketing campaigns have their place in business. They can be effective if done correctly. Like the other types of marketing, they have their own advantages and disadvantages.

Advantages:

- ✓ Personal contact with the customer is more effective than something abstract designed to appeal to a multitude of people. It makes the customer feel more important if you can make them think you are only there to help them with their needs.
- ✓ Results are easy to measure and often a potential customer can be easily led to a sale over the phone. In other words the call to action will be more effective.

Disadvantages:

- ✓ Cold-calling, like junk mail, can have an unwanted effect as it has negative connotations. Unwanted calls are often dealt with harshly and you might risk damaging your reputation.
- ✓ Technology is out there which is being used to block unwanted telemarketing calls. There is also legislation that needs to be abided by (Privacy and Electronic (EC Directive) Regulations 2003.)
- ✓ Costs may be more expensive than other forms of marketing, depending on your plan

Micro Marketing

Micro marketing is a marketing strategy that is used over a targeted group of customers in a niche market. It is typically used to advertise a product or service with a narrow customer base. The customer base is chosen by the marketer based on a certain characteristic such as age, gender, job title, location, etc. For example, Uber uses a location-based micromarketing strategy in each city it is expanding into. When Uber entered the Vancouver market recently, it used the rainy weather of the city to incentivize people to use the ride-hailing app instead of walking on the busy streets with umbrellas. Macro marketing can be defined as the influence marketing policies, strategies, and objectives have on the economy and society as a whole. Specifically, macro marketing refers to how product, price, place, and promotion the four Ps of marketing create demand for goods and services, and thus influence what products or services are produced and sold. Over time, businesses have become more adept at reaching potential consumers through an expanding set of media. Marketing has thus become an universal part of a consumer's daily life. Because marketing affects what and how consumers purchase or do, it affects how individuals and businesses interact with each other, the environment, and society as a whole.

Definition of Micro Marketing

Micro Marketing can be defined as an activity used to market products or services directly to targeted groups of individuals based on specific information that has been collected about them. The efforts are designed to meet the demands of a small section of people in the market.

Examples of Micro Marketing

A good example of micro marketing can be found in the real estate industry. Any local realtor who develops its reputation in dealing with properties in a specific price range also understands the requirements and demands of those who can afford to buy property within that price range.

Types of Micromarketing

There are many types of micro marketing. Here are the most common ones:

1) **Loyalty-based** market to people who are fans of an established brand. For example, selling Beatles mugs and T-shirts to Beatles lovers.

2) **Local-based** market to people who live in a specific area for example, second-hand clothing shops in a local neighborhood.

3) **Relationship-based market** to those you know, such as your colleagues, family members, friends, existing customers, etc.

4) **Job-title-based market** to people who work in a particular field, e.g. marketing specialists, music teachers, etc.

5) **Industry-based market** to a specific industry, e.g. tech, education, non-profit, etc.

6) **Customer-based target** the customers' exact needs or solve a pain point—for example, teaching people how to sew handmade gifts.

7) **Customer recovery** wins back customers with special deals and offers.

8) **Price-sensitivity** makes an affordable but quality alternative to a popular product.

Advantages of Micromarketing

1. Micromarketing is highly targeted, as it tends to target a specific segment of the population.
2. Micromarketing helps in saving costs, as it narrows down the population you target. Small micro-budgets are assigned for this type of marketing, and overall, it reduces the marketing expenses for a company.
3. Micromarketing provides user-generated growth. It means that if the first users like your product or service, they are likely to spread the word to their friends and family. It offers the potential of boosting a company's sales.

Disadvantages of Micromarketing

1) Micromarketing is time-consuming, as it requires the marketer to carefully select the segment of the population it wants to target. It requires a large amount of research and resources. Additionally, the marketer must spend time on developing the campaign.
2) Micromarketing requires a higher cost of customer acquisition because the target segment comprises fewer people. The average cost of acquiring a new customer may increase.
3) Micromarketing may not target the right audience, and there's a possibility of resources and time being wasted on the wrong segment of the population.

Modern Marketing Concept

The consumer-oriented marketing has given rise to a new philosophy in business known as 'marketing concept'. The marketing concept emphasizes the determination of the requirements of potential customers and supplying products to satisfy their requirements. Modern marketing concept focuses on customer's need and wants and it aims in meeting the customer's satisfaction. Modern marketing is customer oriented. It is based on new marketing concept and refers to a broader concept. Traditional marketing concept is based on pull marketing. It is multidimensional as along with selling product and getting profit it also gives emphasis on customer satisfaction, planning, after sales service and many other variables. Under the marketing concept customer is the fulcrum around which the business moves. The objective of a firm is not the maximization of profitable sales volume but profits through satisfaction of customers. And all the marketing activities in a firm are integrated and directed towards this objective. The managers practicing this philosophy think in terms of what benefits the market or what needs are they satisfying. The marketing concept considers marketing as an integrated process of identification, assessment and satisfaction of human needs and wants. It regards creation of customer and satisfaction of his wants as the justification of business. Determination of wants of the customers takes precedence over production and other business activities. In other words, production is carried on according to the needs of the customers. Thus, the emphasis in modern business is on selling satisfaction and not merely on selling goods.

The marketing concept is based on the following pillars:

i. Identification of the prospective customers or the target market.
ii. Understanding the needs and wants of the customers or the target market by connecting with them.
iii. Development of products or services for satisfying the needs of the target market.
iv. Satisfying the needs of target market better than the competitors.
v. Ensuring profitable sales for the business.

Features of the Modern Marketing Concept:

The marketing concept is characterized by the following features:

(i) Customer Orientation:

It emphasizes the necessity of consumer- orientation of the entire business. Marketing starts with the determination of customers' wants and continues until the customers' wants are completely satisfied and they are delighted with the goods and services.

(ii) Integrated Approach:

Marketing concept forces business firms to use an integrated approach in their operations. Each firm should coordinate the activities of production, finance and marketing departments to satisfy the needs and expectations of customers. Thus, marketing should not be considered merely as a fragmented assortment of marketing functions. Each and every department has to contribute for the satisfaction of customers.

(iii) Long-Term Perspective:

Marketing concept seeks development of the business and profits over a long period of time. The marketers offer value proposition to the customers and build lasting relationships with them so as to attract new customers and retain them in future.

(iv) Profitable Sales Volume:

Marketing is considered successful only when it is capable of maximizing profitable sales through customer satisfaction over the long-run.

Benefits of Modern Marketing Concepts

1. **Increased employment opportunities**

   As a business grows, thanks to acquiring customers based on professional services satisfying their needs, they will need to hire more employees to accommodate expanding operations.

2. **Awareness and acknowledge of consumer and social well-being**

   When consumers are doing well then that leads to society as a whole doing well. A business can make sure that this is happening by prioritizing needs outside of what services it can offer to its consumers by improving production and operations.

3. **Focus on the scientific frame of thought**

   In order for a business to strategically find a way to be beneficial to society as a whole, it must be based, not only on market research but on scientific research as well.

4. **Increased quality of production**

   Knowing what the consumer needs can allow for a business to mold their products in the production process to meet expectations, thus increasing the quality of what they have to offer.

5. **The reason for business operations**

   What is the point of running a business and offering products and services, if said business does not even know what people want or need?

6. **Creates an environment for healthy competition**

   Different people want/need different things. This allows for multiple businesses (no matter the size) to thrive in the same marketing by catering to those various needs.

7. **Increasing consumer status**

   The more a consumer is happy with a business' products/services, the more they will buy. New consumers become and the more they buy, they eventually become a business' targeted and loyal demographic.

8. **Streamlining business and societal goals**

   The collaborative effort in a business attempting to align their goals with societal wants leads to more satisfaction across the board.

9. **Marketing career**

   Creating effective marketing strategies based on consumer wants is a sure way to lead a long and successful career in the marketing field.

10. A balancing force in society

Good business makes people happy. When more people are happy, the better society becomes.

Difference between Traditional Marketing and Modern Marketing:

S. No.	TRADITIONAL MARKETING CONCEPT	MODERN MARKETING CONCEPT
1.	Traditional Marketing concepts focus on products only.	Modern Marketing concepts focus on customer's needs and wants.
2.	In traditional marketing the objective is maximum profit.	In modern marketing the objective is maximum customer satisfaction.
3.	Traditional marketing is short term oriented.	Modern marketing is long term oriented.
4.	It targets customer in focus of product/service selling and availing high profit.	It targets customer in focus of providing product/service and availing satisfactory profit.
5.	In traditional marketing concept there is less promotional activities.	In modern marketing concept there are sustained promotional activities.
6.	Traditional marketing is one type of push marketing.	Modern marketing is one type of pull marketing.
7.	It is based on manual and physical marketing concepts.	It includes digital/automated marketing along with traditional marketing methods.
8.	Traditional Marketing concept is a narrow concept.	Whereas modern marketing is a broader concept.
9.	In traditional marketing segments are developed by product portfolio.	In modern marketing segments are developed by differences between customers.
10.	It is stuck in existing market.	It is always in search for potential market.

11.	It has no target set of customers or any regular customer base.	It has target set of customers or a regular customer base.
12.	It is based on production and selling concept.	It is based on social and selling concept.
13.	It ignores the market survey and market competition.	It does the market survey and efforts to know market competition.
14.	Geographical scope of traditional market is local area.	Geographical scope of modern market is global area.
15.	The traditional marketing concept is oriented towards company view point which is to sell the product to the customer irrespective of customer needs and wants.	The modern marketing concept is oriented towards customer view point in which company looks for the needs and wants of customers and then only customizes the product.
16.	It is single dimensional as the sole target lies in selling of goods to customers for earning profits.	It is multidimensional as it makes out not only in selling of goods to the customers for earning profits but gains customer satisfaction too.
17.	It is not cost-effective compared to modern marketing as it involves a lot of printing material cost.	It is cost-effective compared to traditional marketing.
18. .	It is not as suitable approach for targeting a large audience when compared to modern marketing approach.	For targeting a large audience, modern marketing approach is best one.

Marketing in Economic Development

Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them.

Importance of Marketing for the Economic Development of a Country

Marketing has acquired an important place for the economic development of the whole country. It has also become a necessity for attaining the object of social welfare. As a result of it, marketing is considered to be the most important activity in a business enterprise while at the early stage of development it was considered to be the last activity. For convenience, the importance of marketing may be explained as under:

1. **Delivery of standard of living to the society**

   A society is a mixture of diverse people with diverse tastes and preferences. Modern marketing always aims for customer satisfaction. So, main liability of marketing is to produce goods and services for the society according to their needs and tastes at reasonable price. Marketing discovers needs and wants of society, produces the goods and services according to these needs creates demand for these goods and services. They go ahead and promote the goods making people aware about them and creating a demand for the goods, encouraging customers to use them. Thus, it improves the standard of living of the society.

2. **Decrease in distribution cost**

   Second important liability of marketing is control the cost of distribution. Through effective marketing the companies can reduce their distribution costs to a great extent. Decrease in cost of distribution directly affects the prices of products because the cost of distribution is an important part of the total price of the product.

3. **Increasing employment opportunities**

   Marketing comprises of advertising, sales, distribution, branding and many more activities. So the development of marketing automatically gives rise to a need for people to work in several areas of marketing. Thus the employment opportunities are born. Also successful operation marketing activities requires the services of different enterprises and organization such as wholesalers, retailers, transportation, and storage, finance, insurance and advertising. These services provide employment to a number of people.

4. **Protection against business slump**

   Business slump cause unemployment, slackness in the success of business and great loss to economy. Marketing helps in protecting society against all these problems.

5. **Increase in national income**

Successful operation of marketing activities creates, maintains and increases the demand for goods and services in society. To meet this increased demand the companies need to increase the level of production in turn raising their income. This increase, in turn, increases the national income. Further effective marketing leads to exports adding to the national income. This is beneficial to the whole society.

UNIT-II

Functions of Marketing- Marketing Mix- Marketing Segmentation- Market Targeting and Positioning

Functions of Marketing

Marketing functions are a series of specialized activities concerned with the marketing of goods and services. These services can be broadly classified as follows:

1. Functions of exchange
2. Functions of physical supply
3. Facilitating functions

These functions of exchange are those activities which are performed in the transfer of ownership from sellers to buyers. The functions of physical supply are concerned with the activities involved in the physical investment of goods. Facilitating functions refer to those activities which are concerned with helping the process of exchange.

1. **Buying and Assembling:** Buying is concerned with the purchase of raw materials for use in production or the purchase of finished goods either for consumption or for the purpose of resale. Efficient buying is essential for successful marketing. Raw materials of right quality and quantity are purchased for use in production. Wholesalers purchase the right type of goods in sufficient quantity for purposes of resale to retailers. Retailers buy a variety of goods for resale to the end users, i.e., the ultimate consumers. Goods can only be sold at a profit if they are of right type, right quality and right quantity. Assembling differs from buying. It begins after the goods are bought. It implies collection of goods purchased from different sources at a common point, or under a common roof. Assembling of goods entails purchase and gathering together of raw materials in order to produce goods and services. It helps in reduction of transportation expenses since goods can be transported in bulk.
2. **Selling:** The main objective of all marketing activities is to sell the goods and services. Selling enables an organization to achieve its objectives by satisfaction of requirements and the needs of customers. Selling denotes locating the customers and transferring the goods to them for value, i.e., in exchange for money. Selling involves transfer of the ownership of goods from the seller to the buyer. It could be a negotiated sale or an auction sale. The various activities involved in selling include locating buyers, discovering their preferences, sale, the mode of delivery and

provision of after-sales services. An organization may decide to sell goods directly or through wholesalers and retailers.

3. **Transportation:** Transportation refers to the physical movement of goods from the places of where they are produced to the places where they are consumed. Modern business organizations produce on a large scale in order to cater to the needs of consumers scattered all over the world. Therefore, transportation is an important part of the marketing process. It implies assembling and dispensing of goods. Transportation brings together the producers and consumers who are not located in the same place. It creates place utility by means of transportation have resulted in removal of the problems of distance, i.e., place utility, as well as in time utility because speedy transport minimizes the time of transit. Transportation plays a significant part in the economic, political and social development of a country.
4. **Storage or Warehousing**: Storage denotes the process of holding and preserving goods for future use. Goods are generally produced in the modern day, in anticipation of demand. There is a time gap between their production and purchase and consumption or the resale of goods. During this period, they should be properly stored in warehouses to protect them from fire, theft, damage, and so on. Storage is an indispensable service. It creates time utility by shortening the gap between the time of production and the time of consumption. It helps an organization to manufacture or purchase goods in anticipation of demand. It makes goods available to buyers as and when they are needed. It also helps in lessening fluctuations in price by adjusting the supply with the demand. Modern warehouses are used for labeling, grading and packaging purposes as well.
5. **Marketing Research**: Marketing research implies use of the intelligence services of a business organization. It is a systematic investigation of facts, pertinent to various aspects of marketing. It is the process of systematically and critically gathering and analyzing facts related to the different aspects of marketing. It involves the collection, analysis and supply of information to managers to facilitate decision making in the fields of marketing research. It may be conducted in areas of marketing, for example, popularity of the product, level of price, channels of distribution, advertising effectiveness, consumer preferences, buying habits, and so on. It is required to help the marketing manager in understanding and satisfying the needs and wants of customers with the right product, at the right price and place. In marketing research, data is collected both from primary sources, i.e., customers, salesmen and dealers as

well as secondary sources, i.e., press reports, trade directories, government publications etc. to provide marketing managers with timely, accurate information for them to take proper decisions.

6. **Product Planning and Development**: Products are the foundation of a marketing programme. Therefore, this aspect relates to development of new products and improvement of the existing products so as to meet the anticipated needs and preferences of customers. Product planning and development denotes several important decisions pertaining to the size, design, color, quality, package and other characteristic features of a product. Every product has a limited life. Therefore, it becomes necessary that the existing products are improved and new products are developed. Product planning and development has assumed increasing importance in modern times owing to the every changing expectation of customers, growing competition and technological progress.
7. **Standardization and Grading**: Standardization is concerned with the process of setting certain standards or specifications for a product on the basis of its desired qualities. Standards denote the desirable qualities like durability, safety, utility etc which should be present in a product. It ensures conformity with the required specific qualities of a product. It facilitates purchasing by description. Buyers need not go to the extent of verifying the quality of standardized products. For example, those products bearing the ISI mark carry the guarantee of the Indian Standards Institution as regards their quality. Grading is concerned with the division and sorting of products into classes made up of units which possess similar features. It is the process of dividing the products into batches or lots in accordance with certain specifications depending upon predetermined standards of quality. Grading is applicable in the case of agricultural products like food grains, vegetables, cotton, tobacco etc. It is helpful in commanding remunerative prices for different products.
8. **Packaging**: It is the process of designing and producing suitable packages for a product to protect it from damages in transit. A package may be a wrapper or a container in which a product is enclosed, encased or sealed. Packaging protects the product when it is stored and transported. It may reduce the risks of spoilage, breakage, leakage and so on. It provides an opportunity to the manufacturer to present useful information to the customers. A well-packaged good acts like a silent salesman in self-service stores like shopping malls, super bazars and super markets.

9. **Branding:** It is the procedure of giving a separate identity to a product with the help of special brand names. A brand can also be a sign, symbol, design or a combination of all these, which is necessary to differentiate the product of one business enterprise from another. Tata Tea, Nescafe Coffee, LG Refrigerators, Britannia Cakes, Nike Shoes, and so on, is examples of a few brand names. Branding helps to build the reputation of a manufacturer. It enables the producer to create a separate, distinct image in the market as well as ensures repeated sales. Brands like Hallmark, Archies, Pepsi, HP and IBM have become popular in India and customers have begun to associate them with the products.
10. **Pricing:** It is concerned with the procedure of fixation of the price for a product or service. Determination of the correct price is an important managerial function. The term price ‘denotes the exchange value of a product or service expressed in terms of money. Pricing assumes importance in an enterprise due to the fact that customers will not purchase a product unless the price is reasonable and acceptable to them. Price determines the volume of sales and profit of a business enterprise. Thus, the price of a product or service must be carefully fixed. An enterprise must decide upon a price which will attract different types of customers if it has to survive in a competitive market. Price is generally fixed depending upon three factors, i.e., the total cost of production, the demand for a product and degree of competition in the market.
11. **Promotion:** Promotion includes all the activities targeted to influence the behavior of buyers. It consists of informing and persuading customers to make the product and services known and acceptable to them. Promotion is essential for creation, maintenance and increase in the demand for a good or service. The importance of promotion has increased with increased in competition in the market. The techniques are used for promotion include advertising, personal selling, publicity and sales promotion.
12. **Financing**: In marketing finance is necessary for purchasing, storing and transporting the goods as well as for selling the goods on credit. Finance and credit are lubricants that facilitate the working of the marketing function. Finance is concerned with the provision of money and credit required by manufactures and sellers to make goods available to the consumers. It may be obtained from various sources like owners, bankers, trade creditors, financial institutions, and so on.

13. **Insurance:** It entails management of the risks inherent in the ownership and possession of goods. Marketing involves various risks like deterioration of goods in warehouses on account of rodents, dust and moisture. Fire, flood, earthquake, cyclone and so on may damage the goods. Strikes and lockouts could results in loss of production and sales. Negligence, dishonesty and theft on the part of employees or customers could lead to loss of goods and cash. The sale of goods could go down due to change in fashion, competition and the tastes and preferences of the people. Loss can also result from fluctuations in price, bad debts or a political crisis. Insurance is a protection against such risks. These risks are covered by paying a small premium so as to recover any losses due to the occurrence of the risk.

Marketing Mix

A mixture of several ideas and plans followed by a marketing representative to promote a particular product or brand is called marketing mix. Several concepts and ideas combined together to formulate final strategies helpful in making a brand popular amongst the masses form marketing mix. A business's marketing mix refers to the methods, strategies and tools used to reach out to potential customers and drive sales. A good marketing mix contains a range of key strategies that allow business owners to target a specific market and develop a brand image that engages customers. In a marketing plan, or the specific steps a business takes to advertise, the marketing mix identifies all of the elements that influence an ideal target market and how they work together to increase reach.

Elements of Marketing Mix

The elements of marketing mix are often called the four P's of marketing.

1. **Product**

Goods manufactured by organizations for the end-users are called products. Products can be of two types - Tangible Product and Intangible Product (Services). An individual can see, touch and feel tangible products as compared to intangible products. A product in a market place is something which a seller sells to the buyers in exchange of money.

2. **Price**

The money which a buyer pays for a product is called as price of the product. The price of a product is indirectly proportional to its availability in the market. Lesser its availability, more would be its price and vice a versa. Retail stores which stock unique products (not available at any other store) quote a higher price from the buyers.

3. **Place**

Place refers to the location where the products are available and can be sold or purchased. Buyers can purchase products either from physical markets or from virtual markets. In a physical market, buyers and sellers can physically meet and interact with each other whereas in a virtual market buyers and sellers meet through internet.

4. **Promotion**

Promotion refers to the various strategies and ideas implemented by the marketers to make the end - users aware of their brand. Promotion includes various techniques employed to promote and make a brand popular amongst the masses.

Promotion can be through any of the following ways:

Advertising

Print media, Television, radio are effective ways to entice customers and make them aware of the brand's existence. Billboards, hoardings, banners installed intelligently at strategic locations like heavy traffic areas, crossings, railway stations, bus stands attract the passing individuals towards a particular brand.

The original Four P's of Marketing Mix

The term "marketing mix" first appeared in the 1950's during a speech by marketing specialist Neil Borden. Another marketing professor, E. Jerome McCarthy later refined Borden's ideas into the four P's of marketing: price, product, place and promotion. These four elements intersect to identify the core customer and how to advertise to them, guiding the development of a marketing mix.

1. **Price**

The price point of a product is the first driving factor in the marketing mix. Businesses strategize to make their product affordable and accessible to as many people as possible as a budget-friendly product or raise the price and quality as a premium option. A product's pricing influences the number of sales and the overall profitability of a company.

2. **Product**

The actual product or service your business is selling has an intrinsic influence on customer outreach. Businesses create products and services to fill a need, which targets a certain type of user. The product element of the marketing mix also addresses how the product is made, what materials are needed and how long they last.

3. Place

Where you sell a product is connected to which marketing tools will succeed. Online sales require different strategies than selling products in a brick-and-mortar store. Place influences your distribution model and overhead costs including how many employees you need to hire and how you will deliver the product or service to the customer. Finding out where your target customers frequently visit and make purchases can help you set the ideal place to leverage your marketing mix.

4. Promotion

Direct advertising platforms make up the promotion element of the marketing mix. Promotion works closely with placement, and may emphasize the price point to better reach their target customer. Effective promotion requires extensive market research about which channels and tools generate a positive response from consumers.

The four P's of marketing are also known as the four C's of marketing to make them more inclusive of digital marketing and emphasize customer needs instead of product creation. The four C's are consumer (product), cost (price), convenience (place) and communication (promotion).

The updated Seven P's of Marketing

As marketing methodology has expanded, the four P's have transformed to include three more elements: physical evidence, process and people. The new seven P's of marketing takes a more holistic approach to marketing strategies, considering anything that could influence the perspective of the consumer.

5. Physical Evidence

Physical evidence makes up the physical environment where a business provides a service or sells a product. Product packaging is usually the emphasis of physical evidence alongside store layout, ambiance and signage. A store with an attractive facade with appealing colors and clear signs increases its general appeal to an audience.

6. Process

Business procedures and workflow impact user experience, making them a key part of a modern marketing mix. Process involves how orders are fulfilled and who customers talk to during the sales process. Whether a company focuses on standardizing one popular product or customizing and personalizing the sales process changes the ideal marketing message and what tools you need.

7. **People**

As the point of contact with potential buyers, employee training, behavior and appearance all contribute to brand messaging and marketing consistency. Recruitment, professional development and staff skills drive marketing strategies. Employees are a key part of your company’s public perception, which the marketing mix can reinforce or rebrand.

Market Segmentation

Market segmentation is a marketing term that refers to aggregating prospective buyers into groups or segments with common needs and who responds similarly to a marketing action. Market segmentation enables companies to target different categories of consumers who perceive the full value of certain products and services differently from one another.

Understanding Market Segmentation

Companies can generally use three criteria to identify different market segments:

1. Homogeneity, or common needs within a segment
2. Distinction, or being unique from other groups
3. Reaction, or a similar response to the market

Example, an athletic footwear company might have market segments for basketball players and long-distance runners. As distinct groups, basketball players and long-distance runners respond to very different advertisements. Understanding these different market segments enables the athletic footwear company to market its branding appropriately.

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).

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. Therefore, below are five common types of market segmentation.

- ❖ **Demographic Segmentation**

  Demographic segmentation is one of the simple, common methods of market segmentation. It involves breaking the market into customer demographics 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.

- ❖ **Firmographic Segmentation**

  Firmographic segmentation is the same concept as demographic segmentation. However, instead of analyzing individuals, this strategy looks at 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, simpler product.

- ❖ **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.

- ❖ **Behavioral Segmentation**

  Behavioral segmentation relies heavily on market data, consumer actions, and decision-making patterns of customers. This approach groups consumers based on how they have previously interacted with markets and products. This approach assumes that consumer's prior spending habits are an indicator of what they may buy in the future, though spending habits may change over time or in response to global events. **Example:** Millennial consumers traditionally buy more craft beer, while older generations are traditionally more likely to buy national brands.

- **Psychographic Segmentation**

  Often the most difficult market segmentation approach, psychographic segmentation strives to classify consumers based on their lifestyle, personality, opinions, and interests. This may be more difficult to achieve, as these traits (1) may change easily and (2) may not have readily available objective data. However, this approach may yield strongest market segment results as it groups individuals based on intrinsic motivators as opposed to external data points. **Example:** A fitness apparel company may target individuals based on their interest in playing or watching a variety of sports.

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

Marketing segment 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, a company's branding and messaging is 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 you land the right client that fits your product line and demographic.

4) Stronger market differentiation

Market segmentation gives a company the opportunity to pinpoint the exact message the way to convey to the market and to 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 towards specific ages, locations, or habits via social media.

Limitations of Market Segmentation

The benefits above can't be achieved with some potential downsides. Here are some disadvantages to consider when considering 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 within individuals of 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.

Target Market

A target market is a group of people that have been identified as the most likely potential customers for a product because of their shared characteristics such as age, income, and lifestyle. Identifying the target market is a key part of the decision-making process when a company designs, packages, and advertises its product.

Four Target Markets

Marketing professionals divide consumers into four major segments:

1. **Demographic:** These are the main characteristics that define your target market. Everyone can be identified as belonging to a specific age group, income level, gender, occupation, and education level.
2. **Geographic:** This segment is increasingly relevant in the era of globalization. Regional preferences need to be taken into account.
3. **Psychographic:** This segment goes beyond the basics of demographics to consider lifestyle, attitudes, interests, and values.
4. **Behavioral:** This is the one segment that relies on research into the decisions of a company's current customers. New products may be introduced based on research into the proven appeal of past products

Market Positioning:

Marketing positioning is the process of developing a marketing mix that puts the product in a unique position to the targeted segments for attracting potential buyers. Marketing positioning involves arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers, which is accomplished through formulating competitive positioning for a product and a detailed marketing mix. **For example,** in the automobile market, Toyota Tercel and Subaru are positioned on the economy, Mercedes and Cadillac on luxury, and Porsche and BMW on performance. Volvo positions powerfully on safety. Consumers are bombarded with a lot of information about products and services. In each buying situation, they cannot reevaluate products. Consumers arrange products into different categories by positioning products, services, and companies in their minds.

A product's position refers to the complex set of perceptions, impressions, and feelings that consumers bear in their minds for the product compared with competing products. Consumers position products in their minds with or without the help of marketers. But marketers want to play an active role in positioning their products. They must plan positions in a way that will ensure their products the greatest advantage in selected target markets. This implies that marketing mixes must be designed to create these planned positions.

Market Positioning Strategies

a) To be successful, a company should decide on the number and type (s) of differences planning to promote. Let us now have some idea of how a company can decide on this issue. There are differences in opinions among marketing experts and writers about how many differences a company should promote.
b) Some argue that it is always wise to find one suitable attribute and promote that aggressively, highlighting the company's strength in it. The need to invest distinctive benefits in a product gives rise to the concept of the Unique Selling Proposition or USP. This is the feature or feature in a product that offers unique benefits not found in its competitors.
c) To understand the concept, let us take the example of holiday marketing companies. Several holiday companies specialize in the organization of package tours aimed at the young (18-30) travel market. While the product offered is similar in many respects, companies focusing on this market segment seek ways to differentiate their product from others

Importance of Market Positioning

1. **Positioning as the interface between brand identity and brand image**

Brand identity in the marketplace depends on positioning. Customer's perception of the brand develops only when the Market Positioning is proper.

2. **Positioning as a source of competitive advantage**

Better marketing positioning will give the company a competitive advantage over other firms on the market.

3. **Market Differentiation with Positioning – Positioning breaks the clutter of noise**

They are plenty of products and the number of firms delivering them is several. Positioning will help a firm to stand out in the crowd of sellers.

A clear Brand Position enables you to efficiently and effectively communicate and reach your target audience. Clear market positioning makes the brand and its product visible and attractive to the customers.

4. **Positioning Makes Buy easy for Customers**

Consumers want easy solutions and options to make purchase decisions. And positioning triggers an emotional response from your target audiences, giving them a quick way to trust you and increase the interest level of customers and increase sales numbers.

UNIT-III

Product Planning- Development- Product Line- Product Mix Strategies- Product Life Cycle- Diversification- Elimination- Pricing Strategies

Product Planning

Product planning is the process of developing successful products to offer your customers. It includes all aspects of the product development cycle, including market research, strategic planning, product design and development, manufacturing and pricing. A product development plan helps you construct realistic goals for each stage of the development process. It also allows you to measure your progress toward those goals, assess your successes and make adjustments as needed.

Product Planning examples

Here are four ways to develop a product plan with examples for each:

1. **Start with a target market**

The first approach to developing a successful product plan is to know which customers you want to target with your new product. Conducting market research helps you identify the needs of your customers, clarify your focus on key demographics and design products with the specific desires of your customers in mind. As part of this stage of the product planning process, performing quantitative and qualitative research through surveys, focus groups, interviews and other methods can help you gain insight into what your customers want and how your products can fit their needs.

2. **Focus on customer retention**

Another approach to product planning is to consider opportunities to retain current customers. Businesses often look to implement new products that appeal to their current customers in order to retain them and encourage repeat purchases. To improve customer retention, businesses can conduct research into their current customers' buying habits to identify their most popular products, to notice which products customers often purchase together and to determine whether they can offer additional products to supplement or support the functions of their existing products.

3. **Focus on new customers**

The next way to conduct product planning is to identify opportunities to gain new customers by expanding your selection of products. To conduct this method of product planning, consider your current target market and related markets that you haven't yet accessed. Knowing which demographics are related to your current target market can help you identify opportunities for expansion.

4. **Optimize for growth**

One important consideration during the product planning process is optimizing your manufacturing operations and product availability for growth. This means accounting for the expenses of developing, manufacturing, transporting, storing and selling a new product while anticipating your earnings to ensure your new product is profitable. The process of developing new products can be expensive, so it's important to conduct thorough research into your target market. This research helps you determine how likely your customers are to purchase your product and how much they're willing to pay for it so you can budget effectively.

Significance and Objects of Product Planning

1. Product planning and development is a vital function due to several reasons. First, every product has a limited life span and needs improvement or replacement after some time. Secondly, needs, fashions and preferences of consumers undergo changes requiring adjustments in products.
2. Thirdly, new technology creates opportunities for the design and development of better products. Product planning and development facilitate the profitability and growth of business. Development of new products enables a business to face competitive pressures and to diversity risks. Product is the most important constituent of marketing mix.
3. Finding and meeting the needs of customers is the key element in a successful marketing strategy. New product development has become all the more important in the modern world characterized by technological change and market dynamics.
4. New product development brings opportunities but also involves heavy commitment of finance, technology and even emotional attachment. New product decisions are necessary as well as costly. Many new products fail causing ruin to business firms.
5. Product development is a continuous and dynamic function. Continuous adjustments and improvements in the product arc necessary to minimize costs of production and to maximize sales. High rate of product obsolescence requires product innovation frequently. At the same time, cost and time scales have increased. In some products, the gestation period is very long, sometimes longer than the life of the product.

6. As a result the role of R&D expert has become very important. He needs to be in touch with sales persons and actual end users. Successful technological innovation involves great resources as well as great risks. Product innovators face spectacular successes as well as disastrous failures.
7. Most of the new product ideas do not become actual products. Many new products achieve limited acceptance in the market. This is so because firms very often are reluctant to move away from tried and tested products.

Thus, product planning is required for the following reasons:

(i) To replace obsolete products;

(ii) To maintain and increase the growth rate/sales revenue of the firm;

(iii) To utilize spare capacity;

(iv) To employ surplus funds or borrowing capacity; and

(v) To diversify risks and face competition.

Benefits of Product Planning

Product planning has several benefits, both for your business and for your customers. Here are some benefits of product planning:

1. **Meeting your customers' needs**

One major benefit of product planning is developing products that fulfill your customers' needs. Products that provide value to your customers are more likely to succeed and may give customers a positive impression of your business. By identifying who your customers are, you can leverage various research tools and techniques to understand which products provide value to them

2. **Using resources effectively**

Creating a detailed product development plan allows you to assess how effectively you're using your resources. Product plans provide an opportunity for you to determine which resources you need in order to develop, manufacture and sell new products. For example, your plan can include budget information, a development timeline and pricing information to show where you're applying your resources and how you've optimized them to generate profit.

3. **Improving inventory control**

Developing a product plan can improve your inventory control by helping you decide how many units of a product to manufacture in a given period. Tracking your inventory allows you to plan for storage and transport, forecast your sales and adjust your production as needed. A product plan includes predictions of how many units you may sell in a time period and compares your expected sales with the cost of manufacturing, storing and transporting products. Assessing the expenses of inventory management with your expected earnings allows you to make inventory decisions that contribute to your profit goals.

Product Development: Meaning

Product development typically refers to all stages involved in bringing a product from concept or idea through market release and beyond. In other words, product development incorporates a product's entire journey.

1) **Standard Stages of Progress in Product Development**

   There are many steps to this process, and it's not the same path for every organization, but these are the most common stages through which products typically progress:

2) **Identifying a market need**

   Products solve problems. So identifying a problem that needs solving (or a better way of being solved) is where this journey should begin. Conversations with potential customers, surveys, and other user research activities can inform this step.

3) **Quantifying the opportunity**

   Not every problem is problematic enough to warrant a product-based solution. However, the pain it causes and the number of people or organizations it impacts can determine whether it's a worthy problem to solve and if people are willing to pay for a solution (be it with money or their data).

4) **Conceptualizing the product**

   Some solutions may be obvious, while others may be less intuitive. Here's where the team puts in the effort and applies their creativity to devising how a product might serve its needs.

5) **Validating the solution**

   Before too much time is spent prototyping and design, whether the proposed solution is viable should be tested. Of course, this can still happen at the conceptual level. Still, it is an early test to see whether the particular product idea is worth pursuing further or if it will be rejected or only lightly adopted by the target user.

6) **Building the product roadmap**

   With a legitimate product concept in hand, product management can build out the product roadmap, identifying which themes and goals are central to develop first to solve the most significant pain points and spark adoption.

7) **Developing a minimum viable product (MVP)**

   This initial version of the product needs just enough functionality to be used by customers.

8) **Releasing the MVP to users**

   Experiments can gauge interest, prioritize marketing channels and messages, and begin testing the waters around price sensitivity and packaging. It also kicks off the feedback loop to bring ideas, complaints, and suggestions into the prioritization process and populate the product backlog.

9) **Ongoing iteration based on user feedback and strategic goals**

   With a product in the market, enhancements, expansions, and changes will be driven by user feedback via various channels. Over time the product roadmap will evolve based on this learning and the objectives the company sets for this product. This work never ends until it's finally time to sunset a product at the end of its lifecycle.

Product Line – Meaning

Product lines are often part of a marketing strategy. Companies keep adding more products to attract buyers. Specifically, they want to attract buyers who are familiar with the brand. A marketing strategy exists when you combine all your marketing goals and objectives into one comprehensive plan. For example, a company that has a product line in grooming and hair care might add a new line in personal care. A company that makes telecommunications software may introduce a new app for tracking a cell phone. Customers who already know the brand will be more willing to buy from their new line. In most companies, the Product Line Manager supervises a product line. This person is in charge of determining what stays and what goes.

Product Mix Strategy– Meaning

A product mix strategy is a marketing strategy that analyzes the company's existing products and allocates resources and efforts on product lines and individual products to best promote them to a specific market or audience and in this way to maximize the company's growth and market share. To make a product mix work, there exist several strategies that can be chosen based on the company's goals. A successful product mix strategy enables a company to focus efforts and resources on the products and product lines within its offerings that have the greatest potential for growth, market share, and revenue.

There are Four key Product Mix Strategies:

1) Expansion, when a company increases the number of product lines that can even be unrelated to the existing product. This is usually done when a company feels that it cannot stand in the market with the existing portfolio.
2) Contraction, when a company eliminates some product lines or individual products that are not profitable enough or to simplify remaining products. In this case, a company decides to focus only on the most profitable models or lines. Of dropping or eliminating one or more product lines or product items. Here, fat product lines are made thin. Some models or varieties, which are not profitable, are eliminated.
3) Alteration of existing products, when a company improves existing products in terms of features, qualities, or performance instead of developing new ones. This strategy is less risky compared to creating a new product from scratch.
4) Product differentiation, when a company starts positioning a product as a superior choice to competition without making alterations to its features, qualities, or price. In this case, a company relies on effective salesmanship, aggressive advertising campaigns and clever promotion techniques to convince its target audience that their product offers better performance or higher quality.

Besides, there are complementary strategies that include:

1. Deepening depth, when a company expands existing product lines with more models or varieties.
2. Developing new uses, when a finds new use cases for existing product lines or products. Rather than changing the product lines, a company suggests new occasions or scenarios when a product can be used.
3. Trading up, when a company expands an existing line with a higher-cost or more prestigious product to an existing line to improve their brand image and goodwill. Adding a higher-end product also encourages demand for cheaper products in the line.
4. Trading down, contrary to trading up, a company adds a cheaper variety to an existing line of high-cost products to attract new customers who cannot afford the original versions. A company adds a lower-cost product to an existing line of higher-cost products.

Product Life Cycle

The term product life cycle refers to the length of time a product is introduced to consumers into the market until it's removed from the shelves. This concept is used by management and by marketing professionals as a factor in deciding when it is appropriate to increase advertising, reduce prices, expand to new markets, or redesign packaging. The process of strategizing ways to continuously support and maintain a product is called product life cycle management.

How the Product Life Cycle Works

- Products, like people, have life cycles. The life cycle of a product is broken into four stages- **Introduction, Growth, Maturity, and Decline**.
- A product begins with an idea, and within the confines of modern business, it isn't likely to go further until it undergoes research and development (R&D) and is found to be feasible and potentially profitable. At that point, the product is produced, marketed, and rolled out. Some product life cycle models include product development as a stage, though at this point, the product has not yet been brought introduced to customers.
- As mentioned above, there are four generally accepted stages in the life cycle of a product- **Introduction, Growth, Maturity, and Decline.**

1. **Introduction Stage**

The introduction phase is the first time customers are introduced to the new product. A company must generally include a substantial investment in advertising and a marketing campaign focused on making consumers aware of the product and its benefits, especially if it broadly unknown what the good will do. During the introduction stage, there is often little to no competition for a product as other competitors may be getting a first look at rival products. However, companies still often experience negative financial results at this stage as sales tend to be lower, promotional pricing may be low to drive customer engagement, and the sales strategy is still being evaluated.

2. **Growth Stage**

If the product is successful, it then moves to the growth stage. This is characterized by growing demand, an increase in production, and expansion in its availability. The amount of time spent in the introduction phase before a company's product experiences strong growth will vary from between industries and products. During the growth phase, the product becomes more popular and recognizable. A company may still choose to invest heavily in advertising if the product faces heavy competition. However, marketing campaigns will likely be geared towards differentiating their product from others as opposed to introducing their goods to the market. A company may also refine their product by improving functionality based on customer feedback. Financially, the growth period of the product life cycle results in increased sales and higher revenue. As competition begins to offer rival products, competition increases, potentially forcing the company to decrease prices and experience lower margins.

3. **Maturity Stage**

The maturity stage of the product life cycle is the most profitable stage, while the costs of producing and marketing decline. With the market saturated with the product, competition now higher than at other stages, and profit margins starting to shrink, some analysts refer to the maturity stage as when sales volume is "maxed out". Depending on the good, a company may begin deciding how to renovate their product or introduce new ways to capture a larger market presence. This includes getting more feedback from customers, their demographics, and their needs. During the maturity stage, competition is now the highest. Rival companies have had enough time to introduce competing and improved products, and competition for customers is usually highest. Sales levels stabilize, and a company strives to have their product exist in this maturity stage for as long as possible.

4. **Decline Stage**

As the product takes on increased competition as other companies emulate its success, the product may lose market share and begin its decline. Product sales begin to decline due to market saturation and alternative products, and the company may choose to not pursue additional marketing efforts as customers may already have determined themselves loyal to the company's products or not. Should a product be entirely retired, the company will stop generating support for the good and entirely phase out marketing endeavors. Alternatively, the company may decide to revamp the product or introduce it with a next generation, completely overhauled item. If the upgrade is substantial enough, the company may choose to re-enter the product life cycle by introducing the new version to the market. The stage of a product's life cycle impacts the way in which it is marketed to consumers. A new product needs to be explained, while a mature product needs to be differentiated from its competitors.

Advantages of the Product Life Cycle

The product life cycle better allows marketers and business developers to better understand how each product or brand sits with a company's portfolio. This enables the company to internally shift resources to specific products based on those products positioning within the product life cycle. For example, a company may decide to reallocate market staff time to products entering the introduction or growth stages. Alternative, it may need to invest more cost of labor in engineers or customer service technicians as the product matures.

The product life cycle naturally tends to have a positive impact on economic growth as it promotes innovation and discourages supporting outdated products. As products move through the life cycle stages, companies that use the product life cycle can realize the need to make their products more effective, safer, efficient, faster, cheaper, or conform better to client needs.

Limitations of the Product Life Cycle

1) Unfortunately, the product life cycle doesn't pertain to every industry, and it doesn't pertain consistently across all products. Consider popular beverage lines whose primary products have been in the maturity stage for decades, while spin-off or variations of these drinks from the same company fail.

2) The product life cycle may be artificial in industries with legal or trademark restrictions. Consider the new patent term of 20 years from which the application for the patent was filed in the United States.
3) Though a drug may be just entering their growth stage, it may be adversely impacted by competition when its patent ends regardless of which stage it is in.
4) Another unfortunate side effect of the product life cycle is prospective planned obsolescence. When a product enters the maturity stage, a company may be tempted to begin planning its replacement. This may be the case even if the existing product still holds many benefits for customers and still has a long shelf life. For producers who tend to introduce new products every few years, this may lead to product waste and inefficient use of product development resources.

Product Diversification

Meaning

Product diversification is a business strategy that involves producing and selling a new line of products or product division, service or service division that involves either the same or entirely different sets of knowledge, skills, machinery, etc., usually undertaken to ensure survival or growth and expansion

Product Diversification Techniques

There are a number of ways to engage in product diversification, including the options noted below. Product diversification can be expensive, especially when launching it broadly in a new market. Consequently it can make sense to launch in several test markets to determine customer acceptance before rolling out a new concept more broadly.

1) **Repackaging**

   The manner in which a product is presented can be altered to make it available to a different audience. For example, a household cleaning product could be repackaged and sold as a cleaning agent for automobiles.

2) **Renaming**

   An existing product could be renamed, perhaps along with somewhat different packaging, and sold in a different country. The intent is to remain true to the original purpose of the product, but to adjust it to match the local culture.

3) **Resizing**

A product could be repackaged into a different size or standard selling quantity. For example, a product normally sold as a single unit could be packaged into a quantity of ten and then sold through a warehouse store.

4) **Repricing**

The price of a product can be adjusted, along with other improvements, to reposition it for sale through a new distribution channel. For example, a watch movement could be inserted into a platinum casing and sold through jewelry stores, rather than its original positioning as a sport watch.

5) **Brand Extensions**

It may be possible to extend an existing brand at the low or high end, or fill in a hole somewhere in the middle of the product line. For example, a car company decides to build a sports car that is positioned at the top end of its product line.

6) **Product Extensions**

It may be possible to sell several versions of the same product, perhaps by adding additional features or by offering the product in different colors. For example, a smart phone may be offered in several colors.

Objectives of Product Diversification

1. To make profitable and fruitful use of marketing opportunities. There are many resources available in the market that could be used to expand a business. Optimum utilization of production and market facilities is offered.
2. To make stability in the earning and growth of an organization. Thereby maximizing the product's sales and serving the consumer needs of a firm.
3. If the market undergoes the process of saturation, product diversification helps in undergoing and reducing the risk of the business.
4. To maximize the firm's profit by offering and producing different types of products to the market and helps in searching for new opportunities in the market.
5. It creates competition in the market and further helps survive this competition with ease.

6. It helps reduce overhead expenditure and thus amounts to the reduction of indirect expenses overall.
7. To meet the demand of diversified retailers and curtail market expenditure.

Features of Product Diversification

1. **Repackaging**

   A product produced by a company can be altered in packaging and can be resold as a product for different use. For example, a cleaning agent for household purposes can be repackaged by the company for the use of cleaning automobiles.
2. **Repricing**

   With the motive of selling through a new distribution channel, the product's price can be adjusted along with other improvements to position it for sale. For example, a watch manufacturer can insert its casing into a platinum product instead of a sports look to sell it through jewelry stores.
3. **Remaining**

   An existing product could be renamed with different packaging to sell it in the offshore market. Different countries could remain authentic to the product's original purpose but change according to the community's local culture.
4. **Resizing**

   The product could be repacked in different sizes according to the needs of an individual in the market. For example, a product sold as a single unit can be sold in a unit of 10 or 100 after resizing.

Product Diversification Example

Some very famous stories of product diversification are that of General Electric, Disney, Tata Group. GE diversified its products from an electricity-related company into segments like aviation, healthcare, digital industry, venture capital, finance, etc. Similarly, Walt Disney diversified its business from an animation industry to an amusement park film production and television industry. TATA Group initially ventured into the steel manufacturing business and diversified it into other segments such as hospitality, aviation, automobile, power, etc.

Risk

1. The skills required to run the diversified entity may be an altogether different concept. They may be varied from the parent entity, which possesses a challenge on managers' managerial skills and aspirations.
2. It involves decision risk consisting of choosing the product and market for the product to go wrong.
3. The new product that the company manufactures must match the ethical and governance standards of the parent product.
4. The risk of implementation is also involved, such as structure, talent, leadership, processes, and systems that may not prove adequate.
5. The company's stockholder's return may considerably be reduced due to the financial risk involved.

Product Elimination

Product elimination is the decision to drop a product from the portfolio based on its poor market performance. The market demand for such products has been dipped to none and hence product elimination or closure is carried out. Product elimination can also mean that only product under an umbrella brand needs to be stopped and not the entire portfolio.

Factors for Product Elimination

Some of the key indicators of declination are

1. Low Profitability

2. Declining market share

3. Inability to compete

4. Poor fit with the company's objectives

Marketers may look for several options during product elimination Harvest, Divest or Line simplification. We can relate product elimination concept to the BCG matrix. A product might find itself in any of the four quadrants. The activity recommendations vary depending on the quadrant in which the company's product lines. A product which is a star or cash cow or question mark should be invested or harvested or divested upon respectively. Under these cases, product elimination is not required. But if a product is in the dog state, it means that the market growth of the product is low and the market share for the specific company is also low. Such products should be eliminated as the product is doing poorly and also the market prospects are grim. The product is draining resources and capital. It may well find itself obsolete with no demand at all and hence, must be eliminated beforehand.

Importance of Product Elimination

A product life cycle has essentially 4 stages- Development, Growth, Mature and Decline. In the development stage, the product looks to find a place in the market, acquire new customers and produce brand awareness. In the growth phase, the product marks a substantial growth in demand, builds a solid customer base and generates healthy revenue for the company. In the mature phase, the market is nearly saturated and the demand for the product sees no more growth. Revenue collection may start to tumble. In the decline phase, the product loses market share and demand and is making losses. It is in this phase that the Product elimination or product deletion is done.

Each product in the company's portfolio plays a unique role in the success of the company. When a product stops doing so, it must be dropped by product elimination. They simply drain company's finances and resources which could be used as investment elsewhere or in developing new products.

Marketers must know when the product enters the decline phase and immediately look to disinvest in the product. The product life cycle can only be extended through innovation. This may help the product stay longer in the growth phase before it matures.

Product Pricing Strategies

Meaning

A product strategy is a high-level plan describing what a business hopes to accomplish with its product and how it plans to do so. The strategy should answer key questions such as who the product will serve (personas), how it will benefit those personas, and the company's goals for the product throughout its life cycle.

A pricing strategy is a model or method used to establish the best price for a product or service. It helps you choose prices to maximize profits and shareholder value while considering consumer and market demand.

Definition

Pricing Strategy is a tool used to fix the price of a particular product or service by considering various factors like the consumption of resources, Market conditions, the ability of customers, demand and supply, need of the product like regular item or occasional, etc.

Objectives of Product Pricing Strategies

Pricing objectives or goals give direction to the whole pricing process. Determining what your objectives are is the first step in pricing. When deciding on pricing objectives you must consider:

1) The overall financial, marketing, and strategic objectives of the company;
2) The objectives of your product or brand;
3) Consumer price elasticity and price points; and
4) The resources you have available.

Some of the more common pricing objectives are:

- ✓ Maximize long-run profit
- ✓ Maximize short-run profit
- ✓ Increase sales volume (quantity)
- ✓ Increase monetary sales
- ✓ Increase market share
- ✓ Obtain a target rate of return on investment (ROI)
- ✓ Obtain a target rate of return on sales
- ✓ Stabilize market or stabilize market price: an objective to stabilize price means that the marketing manager attempts to keep prices stable in the marketplace and to compete on non-price considerations. Stabilization of margin is basically a cost-plus approach in which the manager attempts to maintain the same margin regardless of changes in cost.
- ✓ Company growth
- ✓ Maintain price leadership
- ✓ Desensitize customers to price
- ✓ Discourage new entrants into the industry

- ✓ Match competitors prices
- ✓ Encourage the exit of marginal firms from the industry
- ✓ Survival
- ✓ Avoid government investigation or intervention
- ✓ Obtain or maintain the loyalty and enthusiasm of distributors and other sales personnel
- ✓ Enhance the image of the firm, brand, or product
- ✓ Be perceived as "fair" by customers and potential customers
- ✓ Create interest and excitement about a product
- ✓ Discourage competitors from cutting prices
- ✓ Use price to make the product "visible"
- ✓ Help prepare for the sale of the business (harvesting)
- ✓ Social, ethical, or ideological objectives

Why Product Pricing Strategies are Important?

A good product can flourish or fail in the market depending on its price. If it's deemed too high, customers will look for cheaper alternatives, and sales will be lost. If it's too low, you may sell a decent number, but your profit margins will take a hit. The cost of an item also helps define its perceived value to potential buyers, and the value of your brand. It can help paint a picture about a product's desirability, usefulness, popularity, or quality. Underpricing a product can be worthwhile from a competitive point of view, but for the wrong product, it can also make consumers think less of its value. Additionally, if you're relying on retail outlets like supermarkets to stock your products, they may give preferential shelf space to higher priced competitors because they bring in more margins-despite offering less value for money to customers. This is one situation in which dropping your pricing can make you less competitive, rather than more. So finding the sweet spot will depend on a variety of factors, like the type of product you're selling, to whom, and in which market conditions. High end clothing and electronics, where customers expect a high price point, will differ from run of the mill items such as household products. And of course, in today's age where consumers can buy their products from a huge array of sellers and platforms, a multichannel selling approach is important to consider. If you're only selling in-store, consider whether online could work as well. If you're already selling across platforms, consider whether your price points can vary on each.

Main Product Pricing Strategies

1. Value-based pricing
2. Competitive pricing
3. Price skimming
4. Cost-plus pricing
5. Penetration pricing
6. Economy pricing
7. Dynamic pricing strategies

Seven Main Pricing Strategies

1. **Value-based pricing**

Value-based pricing does what it says on the tin. A business using this approach will price their products based mainly on what the actual or perceived value of the goods or service is. It often works best for tailor-made goods, bespoke or expert services, and craft products – for example, jewelry, high-end fashion, or premium alcohol. It can also work well for items that come with 'extras' or those made popular because of associations with high-profile people or events. This strategy is the opposite of the 'undercut the competitors' approach, and more about making a statement about why your product is worth the higher price. That doesn't mean you won't want to know what your competitors are selling for and where you fit in. But once you're comfortable with the lay of the land, it's about knowing how your product will improve your customers' lives – whether it's helping them achieve their goals, saving them time and hassle, or adding to their social status and perceived desirability. If you get it right, value-based pricing means you'll be winning with higher profits. But it can be a complicated and time-consuming approach, so weighing up the balance is important.

2. **Competitive pricing**

Competitive pricing is all about setting a price-point in relation to similar products sold by other company's one that will give you a competitive advantage. This strategy is often used in saturated markets and with mass-sold goods that are well-established – for example, chewing gum, 'big box' beer, household products, or services like cleaning or dinning. It can also work for businesses with a wide range of goods who want to use the price-point of one product as an entry point for customers to buy other products. Competitive pricing means you'll need to keep a close eye on your competitors, constantly. You'll want to know when they drop their prices or offer promotions. And you'll want to think about how to use creative marketing techniques to give your products an edge – especially at times when undercutting isn't financially viable. If you go with this approach, particularly if your competitor pool is large or aggressive, you'll need a good tracking system to keep you abreast of their movements so you can react quickly if need be.

3. **Price skimming**

Price skimming is about setting the price of a new product high to capitalize on consumer demand, and then eventually lowering it over time. It works best for products that are highly anticipated, innovative, or of the moment – and which have no real competition. Electronics and gaming is a big one for price-skimming. Think about the new Apple products selling at a premium, or the latest PlayStation that customers are willing to pay top-dollar for even knowing the price will eventually drop, or that a new version will be released 1-2 years down the line. It's about capitalizing on popularity, buzz, and scarcity. It can be a great strategy for the right product, but it can also go badly wrong for your brand and sales if it backfires. Before you go with price skimming as your option, explore whether your product can be easily and quickly replicated by competitors. And make sure you have the highest confidence in its uniqueness. If you're forced to drop the price soon after launch, you might end up with angry customers and a tarnished brand.

4. **Cost-plus pricing**

Cost-plus pricing is one of the more common pricing mechanisms used – often by grocery and department stores with a wide range of common products, as well as smaller businesses who aren't able to spend huge amounts on market research. The idea is as the name says – calculate the cost it takes to make a product (or deliver a service) and then add a mark-up depending on what you hope to make a profit. It's a simple way of calculating costs and can also help brands justify their prices because of the easy-to-understand pricing system. Businesses using a cost-plus pricing strategy must beware of hidden production costs. Because this approach relies heavily on the actual cost of making a unit, it's imperative to get that right, or those missed costs will likely eat into your profit margin. Make sure your account for things like materials, as well as labour, and overheads. If you get it right, it can be a beneficial approach, especially for businesses looking for stability and consistency in their returns. It's also helpful if you don't have much budget for market research.

5. **Penetration pricing**

Penetration pricing uses the opposite approach to price skimming. It's when a business looking to break their product into a market offers a low initial price point in order to reel buyers in and lure them away from competitors. The idea is that once the product has a following and has established itself in the market, the price can gradually be adjusted upwards. It can be an effective marketing tool to introduce a large audience to the product or brand. It’s a common approach with online subscriptions where you might be offered one month free, or 50% off the regular price in the hope that you will remain with the service once your offer period ends. We also see it used with taxi services like Uber and its competitors. It can be a useful strategy for generating high sales volumes in a short period of time, and building a buzz as customers flock to check what the fuss is about. The risks, of course, are that savvy customers take you up on your initial offer but return back to their usual brand – or find another discounted offer – once their trial period is over or their curiosity has been satisfied. It can also kick-off price wars with competitors, meaning you’ll need to live with lower profits for longer.

6. **Economy pricing**

Economy pricing is where budget items live. Production costs are kept low so that prices can be kept low too. This works best with products manufactured at scale – and is something big business like pharmaceutical companies or airlines can easily take advantage of to sideline the competition and drive sales. Grocery stores often use economy pricing by producing their own no-frill lines of common products such as biscuits or condiments. It can be incredibly effective when done right as there is always a market for thrifty consumers, or those tightening their purse strings to save or get out of debt. It’s also an effective way to grow deeper into a market, or weather economic downturns, as customers ditch premium products for the basics. It can be a tough business though. Competition can run high, and for bargain hunters who care more about price than product, they will likely switch when another brand offers a discount. Revenues will rely heavily on high sale volumes – so it’s important to stay vigilant around your production costs and market demand.

7. **Dynamic pricing**

Dynamic pricing is an agile pricing system to help maximize profits. It’s where a business will change the price of their products depending on who they’re selling to, where, and when. Even though dynamic pricing can benefit customers, they often don’t like this approach. It has been known to cause backlash amongst buyers who find out they’ve been sold a service or item at a higher price point than someone else – even though they themselves may have gotten a better price than someone else. That said, it’s becoming an increasingly common approach for businesses thanks to multichannel selling and artificial intelligence. Take Uber, for example. Customers who rely on the service regularly might be used to a certain low fare for their journey home from the train station, but when the weather is bad, or rush hour hits, the car service will jack up prices to capitalize on demand. The same approach is used in the travel and hospitality industry during peak travel season or in sports when a big game comes up. While this approach can be successful, it’s important to understand that aside from brand risks, it can be resource intensive and costly, which is part of the reason big businesses can take advantage of it while smaller businesses may struggle to. The cost of the AI, data analysis, and the required resources should be thoroughly considered before adopting this approach. It’s worth noting however that tools enabling SME product business to be more dynamic with their pricing strategies are becoming more easily available and affordable. Unleashed B2B e-commerce store, for example, includes flexible pricing features such as customer-based pricing, as well as volume pricing – which encourages larger purchases with a better price-per-unit when buying in bulk.

New Product Pricing Strategies

How you price a product will vary depending on where it is in its life cycle, but getting it right for launch is crucial. As we’ve explored above, pricing too high can turn customers off -unless it has the right kind of buzz or air of quality to it.

Explore the market:

- ✓ What similar products are out there and how are they performing?
- ✓ What makes them popular or unpopular?
- ✓ What makes customers willing to pay the price for them?
- ✓ And importantly, what makes your product different?

Know your audience:

- ✓ Why do they want a product like yours in the first place?
- ✓ What value does it add to their lives?

UNIT-IV

Marketing of Consumer Goods- Channels of Distribution- Types of Channels- Recent Trends in Marketing- Online Marketing- Tele-Marketing- Services Marketing

Marketing of Consumer Goods

Plain and simple it's the promotion of your products aimed directly at the public. Rather than promoting your product to organizations that sell the product for you, marketing is directed to the individual buyer. With consumer goods marketing, your strategy will be different than promoting your products to the general marketplace. The first step in consumer goods marketing; knowing the consumer use category your product fits into. Those categories are shopping products, convenience products, specialty products, emergency products and unsought products. Marketing to the consumer will vary based on your category so let's break down the categories a little further and how each can be marketed.

Shopping products are such items as clothing, furniture, electronics, etc. and are purchased less frequently by consumers. Marketing is typically targeted to distribution outlets such as larger or nationwide corporations. But again, can be done on the consumer level and targeted to online shoppers that are seeking unique and personable items. Products such as these are heavily sought after especially around the holidays or special shopping times of the year. Convenience products can best be explained as products that consumers use frequently such as food, cleaning and personal products. These types of products are marketed to the masses or larger segments. Typically, these products are sold at the retail level but can also be achieved on a consumer level. Think of Avon, Mary Kay, SMC and more. Typically, higher in cost, specialty products are sought after by consumers that will spend less time comparing price tags and more time seeking value and originality. Specialty products are selective. Think of the high-end automobiles, expensive beauty products or the top of the line electronic that must be reserved prior to release. There is an exclusive quality in the minds of specialty product shoppers. Marketing will be on an upscale level and targeted at a select group of consumers. Perfect examples of emergency products are the items that are in great demand during times of disaster or events that have created a sudden surge in need. However, today's society has become a little more organized, so to speak, when it comes to planning for emergencies. From travel first aid kits to vehicle emergency preparedness kits, emergency product purchases are on the rise. When marketing emergency products you have the ability to reach various markets. From home owners to truck drivers to soccer moms; emergency products can be used by anyone. Unsought products are products that are sold simply because of the way you marketed your product. It may be considered a frivolous purchase to the consumer but because of the promotion you put into it the consumer makes an impulse purchase. Unsought products are best marketed face-to-face or through an email promotion. If you're able to captivate the consumer with your marketing techniques your chances of making a sale increase.

Channels of Distribution

A distribution channel is the network of businesses or intermediaries through which a good or service passes until it reaches the final buyer or the end consumer. Distribution channels can include wholesalers, retailers, distributors, and even the internet. Distribution channels are part of the downstream process, answering the question "How do we get our product to the consumer?" This is in contrast to the upstream process, also known as the supply chain, which answers the question "Who are our suppliers?"

Understanding Distribution Channels

A distribution channel is a path by which all goods and services travel to arrive at the intended consumer. Distribution channels can be short or long, and depend 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 difficult. Longer distribution channels can also mean less profit for each intermediary along the way.

Components of a Distribution Channel

1. **Producer:** Producers combine labor and capital to create goods and services for consumers.

2. **Agent:** Agents commonly act on behalf of the producer to accept payments and transfer the title of the goods and services as it moves through distribution.

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

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

5. **End Consumer:** A person who buys a product or service.

Types of Distribution Channels/ Level

1. **Direct Channel (Zero Level)**

   As the name suggests, a direct channel or zero level is a distribution level through which an organization directly sells its products to the customers with the involvement of any intermediary. For example, jewelers use direct channels, Apple sells its products directly to the customers through its stores, Amazon sells directly to the consumers, etc. Some of the most common types of direct channels of distribution are Direct sales by appointing salesmen, through Internet, teleshopping, mail order house, etc.

2. **Indirect Channels**

   When a middleman or intermediary is involved in the distribution process, it means the organization is using Indirect Channels of Distribution. The indirect channels of distribution can be classified into three categories; viz., One Level Channel, Two Level Channel, and Three Level Channels.

i. **One-Level Channel**

   One level channel means that there is only one intermediary involved between the manufacturer and the customer to sell the goods. This intermediary is known as a retailer. In simple terms, under one level channel, the organizations supply their products to the retailers who sell them to the customers directly. For example, goods like clothes, shoes, accessories, etc., are sold by companies with the help of a retailer.

ii. **Two-Level Channel**

   A most commonly used channel of distribution that involves two intermediaries for the sale of products is known as Two Level Channel. The intermediaries involved are wholesalers and retailers. The producer sells their products to wholesalers in bulk quantity, who sells them to small retailers, who ultimately supply the products to the customers. This channel is generally used to sell convenient goods like soaps, milk, milk products, soft drinks, etc. For example, Hindustan Unilever Limited sells its goods like detergent, tea leaves, etc., through wholesalers and retailers.

iii. Three-Level Channel

Three level channel means that there are three intermediaries involved between the manufacturer and the customer for the sale of products. The three intermediaries involved are Agent Distribution, Wholesalers, and Retailers. It is usually used when the goods are distributed across the country and for that different distributors are appointed for different areas. For example, wholesalers purchase goods from different distributors, like North India Distributors and then pass the goods to the retailers, who ultimately sell the goods to customers.

Recent Trends in Marketing

The market scenario in the world today is changing very rapidly. The boundaries of nations are disappearing for exploiting the opportunities of business. Today's customers are global and exhibit international characteristics. Because of developments of information technology, rapid means of transportation, liberalization, and mobility of people across the world, their buying habits are fast varying and so are the fortunes of various organizations. In the Globalized business environment, the marketer must move goods faster and quicker to satisfy the consumers' needs and wants by serving the best quality goods and services. Therefore, marketers are shifting from transaction thinking to relationship building and also focusing on lifelong customers. So, marketer has given more emphasis on the notion, "offer more for less" and adopt different strategies to satisfy the consumers. It is possible to carry out all the business transactions over an electronic network, primarily through the internet. The number of internet users is increasing very rapidly. They use a variety of tools like computers, laptops, tablet and smart or android phone devices to access different websites. Besides the social media networks have opened new avenues of interacting with customers.

1. Electronic Commerce (E-Commerce)

It is well known that business is a branch of commerce. It looks after the distribution aspect of the business and also is concerned with the exchange of goods and services. If all activities, which directly or indirectly facilitate that exchange of goods done through internet and other online environments is known as Electronic Commerce (EC) or simply as E-Commerce.

2. **E-Business**

The regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants is known as business. Electronic business (e-business) via, web, internet, intranets, extranets or some combination thereof to conduct business. In simple words, if all the business transaction carried out through internet and other online tools is called E-business

3. **E-Commerce Vs E-Business**

E-commerce simply refers to the buying and selling of products and services through online but E-business goes a way beyond the simple buying and selling, of goods and service and much wider range of business processes, such as supply chain management, electronic order processing and customer relationship management. E-Commerce and E-Business is used interchangeably in its broader meaning just as commerce and business.

4. **E-Marketing**

Electronic Marketing or E-Marketing is the process of marketing of products and services over internet and telecommunication networks. In simple terms, marketing strategies and techniques which are utilized to access target customers through online mode are referred to E-marketing. E-marketing includes use of internet for all the activities of advertising, promotion publicity, channel of distribution, marketing research to find out customers' needs and wants. Electronic marketing is interchangeably used to mean online marketing, web marketing, internet marketing and digital marketing.

5. **E-Tailing**

E-tailing or electronic retailing refers to selling of goods and services through a shopping website (internet) or through virtual store to the ultimate consumer. Just as a physical store displays its products in windows and attracts the customer towards it, the shopping website displays the images of the products and highlights features and benefits along with attractive offers and lures the customer to buy the product. The customer buys the product by paying through credit card or other methods mentioned at the shopping website. The customer receives the product at their preferred address through courier service. E-tailing is a business to consumer (B2C) transaction model. E-tailing is also called online retailing

6. **Green Marketing**

Green marketing implies marketing environmentally friendly products. Green marketing involves developing and promoting products and services which satisfy customers' wants and needs for quality, performance, affordable pricing and convenience – all without causing a detrimental impact on the environment. It refers to holistic marketing concept with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. Green marketing is also known as environmental marketing, ecological marketing eco-friendly marketing and sustainable marketing. Consumers are beginning to recognize that competition in the market place should not be among companies harming the environment but among those making to save it

7. Social Marketing

Social marketing is a new marketing tool. It is the systematic application of marketing philosophy and techniques to achieve specific behavioral goals which ensure social good. For example, this may include asking people not to smoke in public areas, asking them to wear seat belts or persuading them to follow speed limits. The primary aim of social marketing is 'social good' such as anti-tobacco, anti-drug, anti-pollution, anti-dowry, road safety, protection of girl child, against the use of plastic bags. Social marketing promotes the consumption of socially desirable products and develops health consciousness. It helps to eradicate social evils that affect the society and quality of life.

8. Rural Marketing

Rural marketing is a process of developing pricing, promoting and distributing rural specific goods and services leading to derived exchange with rural customers to satisfy their needs and wants. Rural marketing has got a lot of untapped potential improvement in infrastructure it is supposed to open great opportunities for rural market. 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.

9. Service Marketing

A service is any activity or benefit that one party can offer to another which is essentially intangible and which does not result in the ownership of anything like business and professional services insurance, legal service, medical service etc. Service marketing is a specialized branch of marketing. Service marketing denotes the processing of selling service goods like telecommunication, banking, insurance, car rentals, healthcare, tourism, professional services, repairs etc., The service products are mostly intangible, inseparable from service provider and service variable depending on the mood swing of service providers perishable in quick time, unstandardized and deliverable directly from service provider without inter-median. The unique characteristics of services marketing warrant different strategies compared with the marketing of physical goods

10. Commodity Exchanges

A commodity exchange is an organized and regulated market that facilitates the purchase and sale of contracts whose values are tied to the price of commodities (e.g. crude oil, natural gas, copper and gold). Typically, the buyers of these contracts agree to accept delivery of a commodity, and the sellers agree to deliver the commodity

11. Niche Marketing

Niche marketing denotes a strategy of directing all marketing efforts towards one well defined segment of the population. Actually, there is no market in niche market. It is found by company, by identifying the need of customers which are not served or under served by the competitors. The company which identified niche market develops solution to satisfy the needs of niche market. A niche market does not mean a small market, but it involves specific target audience with a specialized offering. It aimed at being a big fish in a small pond instead of being a small fish in a big pond. For example, there are various cinema halls across India, but there are few which have recliner seats to offer. Not everybody wants to watch a movie by paying 5x-6x times the cost of a normal ticket. The sports channels like STAR Sports, ESPN, STAR Cricket and Fox Sports target the niche market of sports enthusiasts.

12. Viral marketing

Viral marketing is marketing technique that impels the users to pass on a marketing message to other users, creating a potentially exponential growth in the message's visibility and effect. Viral marketing is able to generate interest and the potential sale of a brand or product through messages that spread quickly like a virus from person to person. Messenger message and the environment are vital element indispensable in spreading message widely across various distance Hotmail Company owned by Microsoft promote the services and advertisement message instantly. The most widespread example in recent times is the creation of moving, surprising or spectacular videos on YouTube, which are then shared on Facebook, Twitter and other channels.

13. Ambush marketing

Ambush marketing technique is a new technique whereby a particular advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event. In other words, it is a method of building brands in covert ways. For example, X has sponsored a football event to promote his brand. Every time camera zooms on reference, a group of people sitting on the bench wearing 'Y' company brand name-imposed shirt comes into focuses. In this case 'Y' company promote its brand at X's companies' expenses. Bigger companies engage in ambush marketing tactics to undermine official event sponsors.

14. Guerrilla Marketing

The concept of Guerrilla Marketing was invented as an unconventional system of promotions that relies on time, energy and imagination rather than a big marketing budget. Guerrilla marketing represents an advertisement strategy to promote products/ services on streets or other public places with monkey like shopping malls, parks beach etc., Consumers/ customers are taken by surprise to make a big impression about the brand which in turn creates buzz about the brand on shirts it creates a memorable experience in the mind of target audience which triggers good responses to sales. It is suited to small companies which cannot set apart big advertisement budget.

15. Multilevel Marketing

Multilevel Marketing is the marketing strategy wherein the direct sales companies encourage its existing distributors to recruit new distributors to facilitate the sale of goods and services. The distributor is compensated not only for the sales generated by him but also gets a percentage on sales revenue of the other distributor he recruits, thus; a multilevel marketing is a type of direct selling wherein the distributor sells the product via relationship referrals and word-of-mouth marketing. The salespersons or distributor not only sell the products but also encourage others to join the company. The recruits are called as the participant's "Downline" or distributor's "Downline". Example, Tupperware, and Amway are the direct sales companies that use the multilevel marketing. The multilevel marketing is also called as a network marketing, referral marketing or pyramid selling. For instance, 'A' sells to 'B' a product. In these sales' 'A' gets commission on sale to 'B' who in turn sells to 'C', D, and E. A gets certain percentage commission on B's sales to C, D, and E.

16. Referral marketing

Referral marketing is the method of promoting products or services to new customers through referrals. Referral marketing is referring to spreading the word about a product or service through existing customers of business enterprises rather than through traditional advertising. Word-of-mouth marketing, which occurs when others tell each other about a business, is also considered to be a form of referral marketing.

17. Content Marketing

Content marketing is said to be the art of communicating with customers and prospects without selling. The Content Marketing institute calls it non-interruption marketing. Under this concept products/ services are presented impressively to target market which respond to the content delivered in the form of good sales response and greater loyalty.

Online Marketing – Definition

According to **Judy Strauss,** "Online-marketing refers to application of broad range of information technology for creating more customer value through more effective segmentation, targeting, differentiation and positioning strategies, planning more efficiently and executing the conception, distribution, promotion and pricing of goods, services and ideas; and creating exchanges that satisfy individual consumer and organization's consumer objectives".

"E-Marketing is achieving marketing objectives through use of digital technologies like Internet, word wide web, email, wireless media, and management of digital customer data and electronic customer management systems (E-CRM)"

Seven Internet marketing examples

Internet marketing uses several techniques and strategies to drive online traffic, leads, and sales. Online marketing involves using these major strategies:

1. **Search engine optimization (SEO)**

Search engine optimization (SEO) is the process of optimizing your website to rank higher in search results. This strategy helps you appear in more relevant search results, so you can drive more qualified traffic to your site.

Much of SEO involves increasing your rank in search by using techniques to:

- ✓ Research and incorporate search terms (keywords) that your target audience uses into your content
- ✓ Generate high-quality content that provides your audience with relevant answers to the questions they make
- ✓ Improve user experience by improving web design
- ✓ Earn backlinks from authoritative sources in your industry to gain online reputation

2. **Content marketing**

Content marketing strategy focuses on sharing valuable, industry-relevant information with your audience. With quality, relevant content, you can build up an attentive audience and get them to check out your business.

Content comes in numerous forms including:

- Blog posts
- Infographics
- Videos
- Ebooks
- Podcasts
- And more

The important thing to remember with your content marketing strategy is to create content often. Content marketing is all about consistency. The more that you post online, the more people that your content marketing will reach.

For your content marketing to produce the best results, your content needs to be high-quality, which means your content:

- ✓ **Easy to read:** The vocabulary is around an 8th-grade reading level
- ✓ **Researched:** It integrates your target keywords and answers your audience's question clearly, succinctly, and accurately
- ✓ **Unique:** It adds relevant information to the discussion in your own style
- ✓ **Interesting:** It generates a good experience for your reader
- ✓ **Error-free:** It's grammatically correct

3. **Pay-per-click (PPC) advertising**

Online paid advertising generally involves paid search ads and display ads. Most online paid advertising functions on a pay-per-click basis, where businesses pay for the ad only when users click. Much of the benefit of online ads comes from the fact that most online ads are less intrusive than their traditional ad counterparts like billboards or cold calling.

Pay-per-click (PPC) advertising is one of the best Internet marketing strategies to drive traffic to your site quickly at a low cost. With PPC advertising, you can easily appear high in search results, and the return is high since you only pay when someone clicks on your ad.

4. Social media advertising

Social media advertising is also another cost-effective Internet marketing strategy to start generating an online presence. If you want to use social media advertising, you'll need to choose which platforms you want to use to reach your audience. Popular social media advertising platforms include:

- ❖ Facebook
- ❖ Instagram
- ❖ Twitter
- ❖ Pinterest
- ❖ LinkedIn
- ❖ YouTube

Social media platforms gather a plethora of information on users that you can use to target your ideal audiences the ones that are most interested in what you have to offer.

Pulling in these audiences with a wide variety of engaging social media ad types will boost your traffic and engagement, as well as your sales and conversions.

5. Social media marketing

Social media networks provide a great opportunity to market online because of how easy it is to use the networks to share information. That's why social media marketing is a great option for your business.

With social media, you can:

- ✓ Increase brand awareness: Social media lets you have a larger online presence. You can build up your brand identity and show up as a relevant interest for your audiences. When your audience sees your presence on social media, they'll get more familiar with your brand.

- ✓ Interact with audience members: Social media provides useful platforms for interacting with your audience one-on-one. Whenever your audience has questions, concerns, or thoughts they want to share, you can be there to provide quality interaction right when they do. Your engagement with your audience on social media can help set you apart from your competition and show that you care for your audience.
- ✓ Build your brand voice: Social media is one of the best places to show off what makes you unique. You can showcase how your quality products and services improve your audience's life. You can also show off the relevant content that you produce.
- ✓ Social media provides an essential means of engaging with your customers, building your brand voice and identity, and providing people with great customer service.

6. Email marketing

Email marketing enables you to connect one-on-one with leads interested in your products or services. There are several different types of emails you can send, but some of the most popular ones are:

- ✓ Newsletters
- ✓ Customer service
- ✓ Follow up
- ✓ Loyalty/rewards
- ✓ Recommendations
- ✓ Promotions

You can also take advantage of the advanced targeting and personalization options that come with email Internet marketing strategies. With emails, you want to hit users with reminders and deals when they're most likely ready to convert.

Use email personalization to send emails to your audience when:

- ➢ You publish new content they might like: You can show off your new content and get your audience to interact with your brand. Show that you have something in common with them.

- They look at your products and services: You can send promotions on those products or services, or recommend similar ones they might be interested in.
- They abandon a cart of products: You can remind them of items in their cart to increase the chance that they'll make a purchase.
- It's their birthday or another special event: Discounts and coupons sent on these days work great for getting your audience to convert.
- When you personalize an email, be sure to include the subscriber's name. It makes them feel connected to you and that you care about them enough to get to know them. Adding their name makes them more likely to engage because they'll know the email content is specific to their interests.

7. **Web design**

The web design of your site is vital for online marketing. Your website acts as your business's central hub. Your presence and activities on other online platforms most often lead your customers to your website where they can convert. A good portion of website marketing focuses on building websites that appeal to your audience and gets them to continue engaging on your page. Having a good design means making sure that your user experience (UX) is flawless. UX design involves aspects like:

- Creating a modern design unique to your business
- Implementing easy-to-use navigation and layout
- Making design responsive on any device
- Securing user data
- Providing fast load times

Objectives of Online-Marketing

1. **Increase Revenue**

The primary goal of any marketing strategy is ultimately to increase revenue, and Internet marketing is no exception. Thankfully, the Internet provides plenty of opportunities for every business to improve their bottom line.

By combining search engine optimization, or SEO, with pay-per-click ads, or PPC, your company can improve the chances that potential customers find you online. And with strategies like content marketing and social media marketing, you can position yourself as an expert in your field who also cares about your clients.

2. **Build a Brand**

Internet marketing objectives often include building a brand. This means not only establishing your logo and company name in the minds of consumers, but also what your company stands for. Well-known brands are typically trusted more by customers, especially when paired with positive associations. The Internet is a great tool for building that trust, because it has a wide reach and allows you to directly connect with individuals. Social media is particularly useful when building a brand, because it allows companies to create and post with a more personal feel. Organizations have discovered that this kind of brand-building can be fostered by the use of social media channels such as Facebook, Twitter, Instagram and Pinterest. In addition to organic posts on these sites, companies can build brand recognition by paying for advertisements and placements. This takes patience on the part of the organizational leaders, because trust and loyalty are developed over many months, and sometimes years. The key is to stay focused on the results.

3. **Improve local SEO**

Many small businesses, as well as companies focused on increasing sales in a specific geographic region, focus much of their marketing efforts on improving their local SEO. This means optimizing various elements on their sites in order to attract local customers who are looking for the services they provide. Although the number of searches that include both your industry and your town or city is undoubtedly lower than those that just specify a product or business type, those searches tend to generate much more qualified traffic. If a user is already looking for businesses where you are, chances are high that they'll be willing to come to your physical location.

4. **Increase qualified traffic**

Every business owner wants to see numbers rise in terms of visitors to their site and landing pages. However, those numbers are meaningless if they aren't the right kinds of traffic. Not every visitor to your site is going to make a purchase. That's just the way of the Internet, and should be accepted. However, if none of your site visitors make purchases (or contact you), you are likely attracting "unqualified" traffic, or visitors who have no intent of becoming a customer. By targeting your marketing to specific personas and aiming to attract specific, qualified people, you can increase the ROI of your marketing efforts—as well as your bottom line.

5. **Manage online reputation**

In an age when anyone with a computer or smartphone can post their opinions about companies, products, and services for the whole world to see, it's important for businesses to maintain a solid online reputation. This means monitoring your company's name, maintaining social profiles, and responding to bad reviews accordingly. One bad review doesn't mean that your company's reputation is shot, but one bad reaction to a bad review might. The way you publicly respond to customer complaints will show them (and all other current and potential customers) how much you care about their opinions. But as intimidating as that may sound, all it takes is a bit of respect and concern for your customer base. For some companies who've already made errors in this department, their objective is simply to remove any negative associations with their company and show customers that they've seen the errors of their ways. Though the improvements won't happen overnight, and bad online PR can be difficult to get rid of, the Internet is a solid tool for repairing damaged reputations.

6. **Become an influencer in your field**

Every industry has a few well-known individuals or companies that others look to as thought leaders. They stay at the forefront of new technologies and ideas, and are often the first to share new information. Unfortunately, every industry only has a particular amount of room at the top. The people who become experts and influencers are those who strategically position themselves to give out great advice and information, often without much obvious monetary gain.

Advantages of Online Marketing

1. **Online marketing is affordable**

One of the most important merits of online marketing is its affordability. Businesses need not spend much money and resources to market themselves online. A study by HubSpot says that it costs 61% less than conventional offline marketing. This significant cost reduction is brought about by the elimination of expenses related to traveling, printing, etc.

2. **Online marketing has a global reach**

While traditional offline marketing is limited by geography, online marketing is not. This opens ups opportunities for easily and affordably creating global marketing campaigns. Even a small business can reach an international audience by opening an e-store. So, with a little innovativeness, businesses can gain global visibility and reach.

3. **Better local reach**

Online marketing also improves local visibility, which is particularly crucial important if your business depends on customers in your locality. You can bring more customers to your doors with local SEO and locally targeted ads. This would cost you just a fraction of the cost and effort required for offline marketing.

4. **Brand development**

Developing a brand involves taking different kinds of efforts to make its customers consider it trustable and reliable. Online marketing simplifies this as you can carry out direct campaigning in a personalized manner to engage customers and give them an experience of your brand. Conveying your brand's value and unique selling proposition positively influences them.

5. **Online marketing helps brands demonstrate and build expertise**

The most challenging thing for businesses offering professional services is projecting your expertise. The ways to demonstrate and build expertise are limited in traditional marketing. But in online marketing, there are so many ways to do so. You can post impressive content through different marketing channels to get your message across and demonstrate expertise in your niche. This will attract your target audience and widen your reach.

6. **Online marketing allows you to reach prospects where they are**

Today, people use different channels on the internet to look for different products and services. This makes it critical for you to reach them where they're looking for offerings in your niche. Online marketing allows you to establish a robust and variegated online presence. You can use your website, review sites, search engines, social media, video marketing sites, webinars, and more.

7. **Online marketing facilitates personalization**

Unlike conventional marketing, where personalizing all of your marketing messages is almost impossible, online marketing not only enables it but also simplifies it. For instance, with artificial intelligence, you can greet your website visitors with their names, send well-tailored promotional emails, begin a chat from where a customer previously left, and more with marketing automation software. These can enhance your customer experience.

8. **Online marketing improves conversion rates**

Conventional marketing requires consumers to perform various interruptive tasks such as traveling to a shop, making a phone call, etc. On the other hand, online marketing is coherent and seamless. You can reach people within a few clicks of their mouse, and you can even automate this process. They can also take immediate action. This improves conversions.

9. **With online marketing the results are trackable and measurable**

Web analytics and other digital metric tools enable businesses to track and analyze the effectiveness of their marketing campaigns online. These give you detailed information about how customers respond to your advertising, visitors interact with your website, and more. Thus, you can identify what works and what doesn't. You can thereby hone your marketing skills and market effectively online**.**

10. **Online marketing allows you to target specific audiences**

Online marketing empowers you to target specific audiences in an easy and inexpensive way. You can do this in several ways. For instance, participating in group discussions on forums, using hashtags on social media, effectively using targeted keywords in educational blog posts, etc. These increase your conversion rates.

11. **Online marketing generates higher profit.**

Studies have found that businesses that generate lead online grow at a faster rate. Besides, since they're able to reach consumers at the right time at the right place, with the right message, they're able to convert consumers better. All of these enable businesses to generate higher profits with online marketing.

Disadvantages of Online Marketing

Now that we've seen the merits of online marketing, here are its disadvantages.

1. **Time consumption**

The biggest demerit of online marketing is its time-consuming nature. Over time, you'll understand what works for your brand and what doesn't. Then you can organize your strategies and use the right techniques to lower time consumption. So, before you enter online marketing, you should have a proper plan with strategies that work.

2. **Security and privacy issues**

Security and privacy are major concerns when it comes to digital marketing. It is crucial for businesses to safeguard customer data. When customers aren't confident that a brand or business doesn't care about their data security, they won't engage with it.

3. **Inaccessibility**

Although online marketing gives brands a global reach, not all regions or people of the world are reachable through it. For instance, in rural areas where internet service providers aren't available or internet connection is poor. Further, illiterates and elderly people who do not use the internet aren't reachable through digital marketing.

4. **Reliance on technology**

Online marketing entirely relies on modern gadgets, internet technology, and technological devices. So, you need to invest in these to do online marketing. Further, you can't reach those people who aren't adept at using these devices.

5. **Technological issues**

When you face technological issues such as a crude website design, slow page loading speed, website downtime, poor site navigability, poor search engine optimization, and more, you tend to lose web traffic. When such issues are faced, people go to your competitors who are technically sound and offer a seamless experience online.

6. **Global competition**

Online marketing gives every business a global reach. This also means that you'd have to face global competition. You'll have to find and apply tactics to fight numerous competitors who are also targeting the same audience. For you need to stand out from the crowd to attract the attention of your consumers.

7. **Maintenance Cost**

Although online marketing helps cut off many expenses, it can also increase your expenses. For, you need to bear expenses related to investment (in technological gadgets) and maintenance. Besides, you also need to hire technical specialists and developers to manage your online marketing channels.

8. **Facing negative feedback and reviews**

Unlike conventional marketing, online marketing faces the risk of instant spread of a bad reputation. For, any negative comment, review, feedback, or criticism about your brand can go viral quickly, damaging your brand’s image. So, your customer service team has to be quick in effectively handling customer issues.

9. **Anti-brand activities**

Also known as cybersquatting, the possibility of anti-brand activities is another demerit of online marketing. In such cases, an individual or a group of individuals can affect a brand’s reputation by falsely spreading rumors about your brand with the intent of spoiling it.

10. **Internet Fraudulence**

Established brands face the risk of internet fraudulence, where an unauthenticated party can use unethical and fraudulent practices such as using a brand’s trademarks and logos in their marketing. This can defame the concerned established brand. Besides, it can also lead to some financial loss. Such occurrences can also take things out of your control.

11. **Likelihood of your promotional strategies being copied**

When an online business does well by coming up with innovative tactics, its competitors tend to copy those. This kind of piracy of a brand’s promotional techniques and strategies is another disadvantage of online marketing.

Tele Marketing

Meaning:

Telemarketing is the process of using the telephone to generate leads, make sales, or gather marketing information. Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared with personal selling, but offers many of the same benefits in terms of direct contact with the customers.

Definition:

Telemarketing is the act of selling, soliciting, or promoting a product or service over the telephone; the telephone is the most cost-efficient, flexible, and statistically accountable medium available. At the same time, the telephone is still very intimate and personal. It is individual to individual.

Types of Telemarketing

Telemarketing can be either inbound or outbound in scope.

a) **Inbound Telemarketing:**

It consists of handling incoming telephone calls often generated by broadcast advertising, direct mail, or catalogues and taking orders for a wide range of products. The representatives working in this type of telemarketing programme normally do not need as much training as the outbound representatives.

b) **Outbound Telemarketing:**

It can be aimed directly at the end consumer; for example, a home repair business may call people to search for prospects and customers. Representatives working on this side of the industry generally require more training and product knowledge, as more actual selling is involved in comparison to the inbound operations.

Advantages of Telemarketing:

1. **Human interaction:**

One of the advantages telemarketing has over other direct marketing meth-ods is that it involves human interaction.

2. **Small businesses:**

Telemarketing can be a particularly valuable tool for small businesses, in that it saves time and money as compared to personal selling, but offers many of the same benefits in terms of direct contact with customers.

3. **Customer service**:

Building a loyal client base is a fundamental factor in establishing a long- term business success and increasing the value of the company. Telemarketing customer services can gain repeat orders and increase the penetration of the customer base. Telemarketing has the advantages of delivering excellent customer service.

4. **Reduces cost:**

As the costs of field sales continue to escalate, businesses are using telemar-keting as a way to reduce the cost of selling. It is also easier to communicate with customers. Most of the marketing efforts are directed towards select markets, so the cost per person contacted is less.

5. **Flexibility:**

It is the most flexible form of direct marketing. It helps in knowing and understand-ing what customers want, and are prepared to buy. Survey can be conducted with the advantages of telemarketing, knowing what customers are looking for, the product or service, the brand, etc.; one can constantly update the client data base.

6. **Response measurement:**

Response measurement is possible by knowing the effectiveness of advertising. The results can be compared with the ones previously established, and the future plans can be based on such results.

Disadvantages of Telemarketing:

1) An increasing number of people have become averse to telemarketing.

2) No visual contact with the customer is possible.

3) More people are using technology to screen out unwanted callers, particularly telemarketers.

4) Government is implementing tougher measures to curb unscrupulous telemarketers.

5) If hiring an outside firm to do telemarketing, there is lesser control in the process, given that the people doing the calls are not your employees.
6) A telephone conversation has very short memory.

7) Pre-purchase inspection of goods not possible.

8) It can be extremely expensive, particularly if telemarketing is outsourced to an outside firm.

Services Marketing

Service marketing is simply the process of promoting and selling a service or an intangible good to a specific group of people. It is a new way of marketing that has become very popular and helps companies all over the world promote their services. It looks at how a certain kind of service is advertised in the market. Though service marketing is a unique idea, it needs a way to represent goods that can't be seen (services). Service marketing is different from product marketing, which involves promoting a product that can be seen. Instead, service marketing involves promoting a service that can't be seen but is still sold to customers. Services are just things that are given to customers as a commodity. Customers can choose from a wide range of services. Eventually, the global sphere has become a service hub that offers many services to customers all over the world.

Define Service Marketing

1) Service marketing, as defined by the **American Marketing Association** is "For the sale of good, the various satisfaction, activities, as well as benefits on offer for sale, are elements of service marketing".
2) **Sir William Beveridge** defines service marketing as, "Social efforts that comprise of government exertions to battle 5 evils (illness, ignorance, wants, squalor and disease) within the society".
3) **Hasenfeld** describes service marketing as "Action made by an organization that preserves and progress the happiness and workings of people."

Services Marketing Examples

1) **Healthcare industry**

Doctors, nurses, surgeons, and other people who works in hospitals are great examples they sell their health services by seeing and taking care of their patients.

2) **Hospitality industry**

The hospitality industry is made up of places like hotels and restaurants that serve food, rent rooms, give massages, and do other things for their customers.

3) **Professionals services**

Accountants, lawyers, teachers, writers, masons, carpenters, chefs, electricians, and plumbers are all examples of service-based jobs. Depending on the job, they may offer more than one service to their clients.

Importance of Service Marketing

Because services can’t be seen or touched, marketing them is a difficult but very important job. Let’s understand why.

1. **A key differentiator**

As products become more similar, the services that go along with them are becoming a key differentiator in the minds of consumers. For example, Pizza Hut and Domino’s both serve pizza, but they are different from each other more because of the quality of their service than because of the pizza itself. So, marketers can use the services they offer to set themselves apart from the competition and draw in customers.

2. **Importance of relationships**

Relationships are a key part of marketing services, so it’s important to keep them in good shape. Since the product can’t be seen or touched, a lot of the customer’s decision to buy will depend on how much he trusts the seller. So, it’s important to listen to what the customer wants, meet those needs with the right service, and build a long-term relationship that will lead to repeat sales and good word of mouth.

3. **Customer retention**

In today’s highly competitive market, where many companies compete for a small number of customers, keeping customers is even more important than getting new ones. Since services are usually made and used at the same time, the customer is actually involved in the process by taking his needs and feedback into account. So, they give customers more options for customization based on their needs, making them happier and more likely to stick with the company.

Types of Service Marketing

In general, there are three kinds of service marketing one should learn about them to better understand the idea as a whole.

1. **External Service Marketing**

The first type of service marketing is called "external service marketing." This is when a company promotes its services to customers in a setting outside of the company. This type suggests that services be advertised using tried-and-true methods like price, product, and purchasers. External service marketing is all about promoting services in the outside world (between the company and its customers) so that they are availed of and used well.

2. **Internal Service Marketing**

Second, there is internal service marketing. It is used to promote service within the company (company employees). This means that the service is promoted internally so that employees know where it is and can spread the word better. Since employees are an important part of the marketing chain, internal service marketing pays more attention to them than to customers. It is very important for a company's employees to know a lot about the service so that they can spread the word and help the company promote the service on a large scale.

3. **Interactive Service Marketing**

Maybe technical service is also a very important part that needs the third type of service marketing, which is called "Interactive Service Marketing." Service promotion happens between the employees and the customers in this case (employees-customers).

Interactive marketing is a type in which the employees talk to customers to promote the services of their company, as the name suggests. For example, the hotel chain Taj Hotels wants to advertise its services to the right people. Here is a short list of the different kinds of service marketing it will use to reach its goal.

Firstly, the company will make ads that show what services the chain of hotels has to offer its customers (External).

Then, the company will promote its services within itself to make sure that its employees are well-informed about what it has to offer so that they can help promote and sell the services (Internal).

Lastly, the company's employees will talk to customers when they use the service.

This means that the employees will have to serve the customers in a variety of administrative and quality ways (Interactive).

UNIT-V

International Marketing- Importance- Objectives- Policies – Import and Export Marketing- Prohibited Imports and Exports- Coping with Global Competition- Export- Import Scene in India.

International Marketing

International marketing, also known as global marketing, involves marketing products to people across the world. In other words, it's any marketing activity that occurs across borders. According to the American Marketing Association, international marketing is a multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create an exchange that satisfies individual and organizational objectives. It's somewhat similar to export management. However, export management only involves managing the flow of goods and services from the host country to the guest country. International marketing, on the other hand, covers production, finance, and personnel activities. It also entails several post-sales activities.

Definition of International Marketing

According to **Cateora and Graham**, "International Marketing is the performance of business activities designed to plan, price, promote and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit."

How to Enter the International Market?

There are following ways through which companies can globalize:

1. **Exports:** The easiest way to enter the market is through exports that can be indirect or direct. In Indirect Exports, the trading companies are involved that facilitates the buying and selling of goods and services abroad, on the behalf of the companies.

Whereas in Direct exports, the company itself manages to sell the goods and services abroad, by opting one of the following ways:

- ✓ By setting Domestic based Export Department, working as an independent entity
- ✓ Through Overseas sales branch, that carries out the promotional activities and facilitates sales and distribution.
- ✓ The sales representatives traveling abroad

✓ The distributors or agents in abroad working exclusively on the behalf of the company

2. **Global web Strategy:** Nowadays, companies need not go to the international trade shows to show their products, they can very well create the awareness among the customers worldwide through an electronic media i.e. internet. Through the company website, customers can read the detailed information, generally written in different languages, about the product and can order online.
3. **Licensing and Franchising:** One of the ways to globalize is through licensing, wherein the domestic company issues the license to the foreign company to use the manufacturing process trademark, patent, name of the domestic company while facilitating the sales. In licensing, the domestic company has a less control over the licensee. But, in the case of franchising, the domestic company enjoys the higher control as it allows the franchise to function on its behalf, and in line with the terms and conditions of the domestic company. MC Donalds, Dominos are the examples of franchising.
4. **Joint Ventures:** The companies can go international by joining hands with other country based companies with the intention to monetize their existing relationships with the local customers. In India, TATA AIG, HDFC standard life insurance, TATA Sky are the examples of joint ventures.
5. **Direct Investment:** Ultimately, the firms can establish their own business facilities or own a part of the local company to facilitate the sale of goods and services.

The companies go international with the objective to have an increased sales along with the huge market share. But certain things such as political, social, technological, cultural situations should be kept in mind while designing the marketing principles since these are different for the different nations.

Objectives of International Marketing

1. To enhance free trade at global level and attempt to bring all the countries together for the purpose of trading.
2. To increase globalization by integrating the economies of different countries.
3. To achieve world peace by building trade relations among different nations.
4. To promote social and cultural exchange among the nations.
5. To assist developing countries in their economic and industrial growth by inviting them to the international market thus eliminating the gap between the developed and the developing countries.

6. To assure sustainable management of resources globally.
7. To propel export and import of goods globally and distribute the profit among all participating countries.
8. To maintain free and fair trade.

Characteristics of International Marketing

All the features of modern marketing apply to international marketing. However, the latter aims to satisfy the needs of global customers. So, it takes place across borders.

As a result, international marketing has specific characteristics, such as:

a) It involves two or more countries
b) Unique marketing strategies for specific countries
c) It enables exchange between a company and foreign customers
d) Decisions are taken with reference to the global business environment

Importance of International Marketing

1. **Important to expand target market**

The target market of a marketing organization will be limited if it just concentrates on the domestic market. When an organization thinks globally, it looks for overseas opportunities to increase its market share and customer base.

2. **Important to boost brand reputation**

International marketing may give a boost to a brand's reputation. The brand that sold internationally is perceived to be better than the brand that sold locally. People like to purchase products that are widely available. Hence, international marketing is important to boost brand reputation.

3. **Important to connect business with the world**

Expanding business into an international market gives a business an advantage to connect with new customers and new business partners. Apple - the tech giant designs its iPhone in California; outsources its manufacturing jobs to different countries like - Mongolia, China, Korea, and Taiwan; and markets them across the world. Apple has not restricted its business to a nation, rather expanded it to throughout the world. The opportunities for networking internationally are limitless. The more "places" a business is, the more connections it can make with the world.

4. **Important to open doors for future opportunities**

International marketing can also open doors for future business opportunities. International marketing not only increases market share and customer base, but also helps the business to connect to new vendors, a larger workforce, and new technologies and ways of doing business. For example – American organizations investing in Japan have found programs like – Six Sigma and Theory Z which are helpful in shaping their business strategies.

Types of International Marketing

International businesses looking to sell their products or service in a new country usually start with export or licensing. Besides these options, other international marketing types include contract manufacturing, joint venture, and foreign direct investment (FID).

1. **Export**

Exporting refers to the practice of shipping goods directly to a foreign country. Manufacturers looking to expand their business to other countries often consider exporting first. And that's not surprising. Compared to the other international marketing types on this list, exporting entails the lowest risk. It also has the least impact on the company's human resource management.

2. **Licensing**

Licensing is an agreement whereby a company, known as the licensor, grants a foreign firm the right to use its intellectual property. It's usually for a specific period, and the licensor receives royalty in return. You'll find several examples of licensing of intellectual property across the United States. These include patents, copyrights, manufacturing processes, and trade names. Some top global licensors include Disney, Iconic Brand Group, and Warner Bros, to name a few.

3. **Franchising**

Like licensing, franchising involves a parent company granting a foreign firm the right to do business in its name. However, franchises usually have to follow stricter guidelines in running the business than licensing. This type of international marketing is also more prevalent among service firms, such as hotels, rental services, and restaurants. On the other hand, licensing is usually restricted to manufacturing.

4. **Joint Venture**

A joint venture describes the combined effort of two businesses from different countries to their mutual benefit. It's the participation of two or more companies jointly in an enterprise in which each company:

- Contributes assets
- Owns the entity to some degree

- Shares risk

Perhaps the most popular international joint venture to date is Sony-Ericsson. It's a partnership between a Japanese electronics company, Sony, and Swedish telecom company Ericsson.

5. **Foreign Direct Investment (FID)**

In FID, a company places a fixed asset in a foreign country to manufacture a product abroad. Unlike joint ventures, the foreign company wholly owns the subsidiary. As a result, it establishes either effective control or substantial influence over the decision-making process. Examples of foreign direct investment include mergers, acquisitions, retail, services, and logistics, among others. Several companies in the United States use these international marketing methods to sell their products and services globally. Here are some examples.

What are International Marketing examples?

There's no one-size-fits-all approach to international marketing. As such, brands usually have to adopt various global marketing strategies to appeal to their diverse audience. It includes adjusting menus, translating across multiple languages, and adapting to the social system to avoid blunders. For example, Pepsi used the slogan "Come Alive with Pepsi" in Taiwan, or so they thought. Meanwhile, it actually translates as "Pepsi brings your ancestors back from the dead." This post will consider five brands that are enjoying success in global marketing - Airbnb, Nike, Coca-Cola, Apple, and Spotify.

1. **Airbnb**

In 2008, Brian Chesky and two other friends founded Airbnb, an online marketplace for vacation rentals in San Francisco. Since then, the company has grown to over 1,500,000 listings in more than 34,000 cities worldwide. So, what's responsible for the meteoric growth? Airbnb created a dedicated localization department to make its site accessible around the globe. It also uses the power of local storytelling to foster trust and a sense of community between hosts and travelers.

2. **Nike**

Nike has managed to increase its global presence over the years through international sponsorships. An example of such is its previous long-standing arrangement with the English soccer club, Manchester United. Besides international sponsorships, Nike has several other strategies to make its products appealing to the global market. For instance, the NikeID co-creation platform puts the power of design in the consumer's hands. It's a quick way for the brand to deliver products that address cultural differences and styles.

3. **Coca-Cola**

Coca-Cola is one of the biggest brands in the world and for good reasons. It's an excellent example of a brand with a brilliant international marketing strategy. The company gave local operations slack to adjust the soda's taste to fit the market's cultural preferences. Besides, advertising, promotion, distribution, and pricing are also adapted to suit specific demands. Coca-Cola focuses on universal values, such as sharing and happiness. However, the brand also localizes campaigns using cultural references and endorsement deals with local celebrities.

4. **Apple**

Apple‘s primary global marketing strategy is to maintain a consistent brand across cultures. The company's products, ads, and websites use the same clean, minimalist design in different parts of the world. Also, the visuals on the website are the same, regardless of the country or language. In other words, the iPhone makers focus on providing a consistent brand and customer experience. Note that the one-size-fits-all approach may not work for most brands. However, it seems to work for Apple. In fact, Inter-brand chose the iPhone maker as one of the best global brands in 2019.

5. **Spotify**

Swedish-based audio streaming and media service provider Spotify launched twelve years ago. Today, Spotify has a total of 299 million users and 17 offices around the world. What's more, the company made Inter-brand‘s list of the best global companies in 2019. So, how did Spotify quickly expand from Sweden to the rest of the world? The answer lies in how it describes its content. Rather than music genre, the streaming service gets users to focus on a habit or lifestyle that people share worldwide. For example, you could select a Workout, Sleepy, or Study music preferences. As a result, international artists whose content falls in a specific category can quickly gain listeners from other countries.

Benefits of International Marketing

International marketing can help create bigger and better opportunities for business expansion. Not only does it offer a broader customer base, but it's can also protect against a potential economic downturn. Global marketing also enables the effective utilization of surplus production and helps build relationships with other businesses worldwide. Besides, it also provides employment opportunities for the host country. Here are some benefits of international marketing.

1. **Market Expansion**

One primary advantage of international marketing is market expansion. It's an opportunity to extend a brand's customer base. Two decades ago, the idea of marketing a product or service was too expensive for small businesses to consider. But that's no longer the case, thanks to new communication channels such as Google and Facebook. Now, small businesses can access a more extensive customer base overseas without breaking their budget. Not only does it increase profit, but international marketing also boosts brand awareness.

2. **Protects Against Economic Downturn**

Unexpected economic events and catastrophes can wreak havoc on a company's fortune. However, revenue from selling to an overseas audience can offset possible downturns. As a result, your business will be able to weather the tough times and make up for losses suffered at home. With only $45.5 million at the U.S. box office, The Great Wall failed to earn even one-third of its $150 million budget. However, the action movie was a mega-hit in China, where it earned $170 million. It earned a total of $289.4 million at the international box office.

3. **Effective Utilization of Surplus Production**

International marketing helps manufacturers to utilize excess production effectively. It involves shipping goods produced in surplus in one country to another. That way, foreign exchange of products between the importing and exporting countries can meet each specific need. In other words, surplus raw materials, goods, or services in domestic production can be shipped to foreign markets.

4. **Provides Competitive Advantages**

Besides increasing revenue and diversifying asset, international marketing also provides competitive advantages. By expanding abroad, you can access new customers and visibility that your competitors might not have. This is especially true when the home market is already saturated. Global marketing allows you to remain ahead of the competition.

5. **Employment opportunities**

Global marketing increases employment opportunities in a foreign country. International marketing provides access to specialized talent that may not be available in a brand's home country. These include marketing managers, marketing coordinators, and translators, among others. As a result, companies usually hire workers with a unique skill set that may prove useful at home. For instance, over 71 percent of advertisers believe that some of the best ad campaigns are being developed abroad. So, applying a similar strategy at home could convey a competitive advantage.

Disadvantages of International Marketing

Despite its benefits, global marketing comes with specific downsides. For one, cultural restrictions between the home and host country could hinder the marketing strategy. Other disadvantages of international marketing include government restrictions, high competition, potential infrastructure issues, and war in the host country.

1. **Cultural Differences**

The varying culture and norms across the globe could lead to various marketing challenges. These include differences in consumer needs and usage patterns as well as response to marketing mix elements. Also, foreign countries sometimes have institutions that may call for creating an entirely new marketing strategy. For example, Muslim culture considers dogs to be dirty creatures. That means a message that describes a dog as “man’s best friend” won’t work in Middle Eastern countries.

2. **Government Restrictions**

International marketing entail following various strict rules and regulations that the host country’s government imposes. These usually include high taxes, as well as duties to import and export goods. In the end, these restrictions can impact a company’s profitability and continuity. Sometimes, companies may find it challenging to follow these foreign regulations and be forced to leave.

3. **War Situations**

Tensions and war-like situations among nations can severely impact international marketing. As a result, the ability to sell products and services in other countries is subject to diplomatic relations. Trade will proceed smoothly as long as these countries remain friendly. However, any tension in the host country could lead to huge losses. In some cases, it could lead to a complete shutdown of operations.

4. **High Competition**

Brands that are entering a foreign market usually have to compete with both local companies and international brands. As a result, the degree of competition in global marketing is generally high.

Export Marketing

Export marketing means exporting goods to other countries of the world. It involves lengthy procedure and formalities. In export marketing, goods are sent abroad as per the procedures framed by the exporting country as well as by the importing country. Export marketing is more complicated to domestic marketing due to international restrictions, global competition, lengthy procedures and formalities and so on. Moreover, when a business crossed the borders of a nation, it becomes infinitely more complex. Along with this, export marketing offers ample opportunities for earning huge profits and valuable foreign exchange. Export marketing has wider economic significance as it offers various advantages to the national economy. It promotes economic / business / industrial development, to earn foreign exchange and ensures optimum utilization of available resources. Every country takes various policy initiatives for promoting exports and for meaningful participation in global marketing. Global business is a reality and every country have to participate in it for mutual benefits. Every country has to open up its markets to other countries and also try to enter in the markets of other countries in the best possible manner. This is a normal rule which every country has to follow under the present global marketing environment. In the absence of such participation in global marketing, the process of economic development of the country comes in danger.

Definitions of Export Marketing

- According to **B. S. Rathor** “Export marketing includes the management of marketing activities for products which cross the national boundaries of a country”.
- “Export marketing means marketing of goods and services beyond the national boundaries”

Features of Export Marketing

The main important features of export marketing are as follows.

1) **Systematic Process**

Export marketing is a systematic process of developing and distributing goods and services in overseas markets. The export marketing manager needs to undertake various marketing activities, such as marketing research, product design, branding, packaging, pricing, promotion etc. To undertake the various marketing activities, the export marketing manager should collect. The right information from the right source; analyze it properly and then take systematic export marketing decisions.

2) **Large Scale Operations**

Normally, export marketing is undertaken on a large scale. Emphasis is placed on large orders in order to obtain economies in large sole production and distribution of goods. The economies of large scale help the exporter to quote competitive prices in the overseas markets. Exporting goods in small quantities is costly due to heavy transport cost and other formalities.

3) **Dominance of Multinational Corporations**

Export marketing is dominated by MNCs, from USA, Europe and Japan. They are in a position to develop worldwide contacts through their network and conduct business operations efficiently and economically. They produce quality goods at low cost and also on massive scale.

4) **Customer Focus**

The focus of export marketing is on the customer. The exporter needs to identify customers" needs and wants and accordingly design and develop products to generate and enhance customer satisfaction. The focus on customer will not only bring in higher sales in the overseas markets, but it will also improve and enhance goodwill of the firm.

5) **Trade barriers**

Export marketing is not free like internal marketing. There are various trade barriers because of the protective policies of different countries. Tariff and non-tariff barriers are used by countries for restricting import. The export marketing manager must have a good knowledge of trade barriers imposed by importing countries.

6) **Trading Blocs**

Export trade is also affected by trading blocs, certain nations form trading bloc for their mutual benefit and economic development. The non-members face problems in trading with the members of a trading bloc due to common external barriers. Indian exporters should have a good knowledge of important trading blocs such as NAFTA, European Union and ASEAN.

7) **Three – faced competition**

In export markets, exporters have to face three-faced competition, i.e., competition from the three angles – from the other suppliers of the exporter’s country, from the local producers of Importing country and from the exporters of competing nations.

8) **Documentation**

Export marketing is subject to various documentation formalities. Exporters require various documents to submit them to various authorities such as customs, port trust etc. The documents include – Shipping Bill, Consular Invoice, and Certificate of Origin etc.

9) **Foreign exchange regulations**

Export trade is subject to foreign exchange regulations imposed by different countries. These regulations relate to payments and collection of export proceeds. Such restrictions affect free movement of goods among the countries of the world.

10) **Marketing – mix**

Export marketing requires the right marketing mix for the target markets, i.e. exporting the right product, at the right price, at the right place and with the right promotion. The exporter can adopt different marketing – mixes for different export markets, so as to maximize exports and earn higher returns.

11) **International marketing Research**

Export marketing requires the support of marketing research in the form of market survey, product survey, product research and development as it is highly competitive. Various challenges, identification of needs and wants of foreign buyer in export marketing can be dealt with through international marketing research.

12) **Spreading of Risks**

Export marketing helps to spread risks of business. Normally export firms sell in a number of overseas markets. If they are affected by risks (losses) in one market, they may be able to spread business risks due to good return from some other markets.

13) **Reputation**

Export marketing brings name and goodwill to the export firm. Also, the country of its origin the gets reputation. The reputation enables the export firm to command good sales in the domestic market as well as export market.

Importance of Export Marketing

Exports are important for all countries whether developed or underdeveloped. The need / importance / advantages of export marketing can be explained from the viewpoint of a country and that of business organization.

Need / Importance / Advantages of Export Marketing at the National Level:

1) **Earning foreign exchange**

Exports bring valuable foreign exchange to the exporting country, which is mainly required to pay for import of capital goods, raw materials, spares and components as well as importing advance technical knowledge.

2) **International Relations**

Almost all countries of the world want to prosper in a peaceful environment. One way to maintain political and cultural ties with other countries is through international trade.

3) **Balance of payment**

Large scale exports solve balance of payments problem and enable countries to have favorable balance of payment position. The deficit in the balance of trade and balance of payments can be removed through large-scale exports.

4) **Reputation in the world**

A country which is foremost in the field of exports, commands a lot of respect, goodwill and reputation from other countries. For example, Japan commands international reputation due to its high-quality products in the export markets.

5) **Employment Opportunities**

Export trade calls for more production. More production opens the doors for more employment. Opportunities, not only in export sector but also in allied sector like banking, insurance etc.

6) **Promoting economic development**

Exports are needed for promoting economic and industrial development. The business grows rapidly if it has access to international markets. Large-sole exports bring rapid economic development of a nation.

7) **Optimum Utilization of Resources**

There can be optimum use of resources. For example, the supply of oil and petroleum products in Gulf countries is in excess of home demand. So, the excess production is exported, thereby making optimum use of available resources.

8) **Spread Effect**

Because of the export industry, other sectors also expand such as banking, transport, insurance etc. and at the same time number of ancillary industries come into existence to support the export sector.

9) **Higher standard of Living**

Export trade calls for more productions, which in turn increase employment opportunities. More employment means more purchasing power, as a result of which people can enjoy new and better goods, which in turn improves standard of living of the people.

Need / Importance / Advantages of export marketing at Business / Firm / Enterprise Level

1) **Reputation**

An organization which undertakes exports can bring fame to its name not only in the export markets, but also in the home market. For example, firms like Phillips, HLL, Glaxo, Sony, coca cola, Pepsi, enjoy international reputation.

2) **Optimum Production**

A company can export its excess production after meeting domestic demand. Thus, the production can be carried on up to the optimum production capacity. This will result in economies of large-scale production.

3) **Spreading of Risk**

A firm engaged in domestic as well as export marketing can spread its marketing risk in two parts. The loss is one part (i.e. in one area of marketing) can be compensated by the profit earned in the other part / area.

4) **Export obligation**

Some export organization are given certain concessions and facilities only when they accept certain export obligations Large scale exports are needed to honour such export obligations in India, units operating in the SEZs / FTZs are expected to honour such export obligations against special concessions offered to them.

5) **Improvement in organizational efficiency**

Research, training and the experience in dealing with foreign markets, enable the exporters to improve the overall organizational efficiency.

6) **Improvement in product standards**

An export firm has to maintain and improve standards in quality in order to meet international standards. As a result, the consumers in the home market as well as in the international market can enjoy better quality of goods.

7) **Liberal Imports**

Organizations exporting on a large-scale collect more foreign exchange which can be utilized for liberal import of new technology, machinery and components. This raises the competitive capacity of export organizations.

8) Financial and non-Financial benefits

In India, exporters can avail of a number of facilities from the Government. For example, exporters can get DBK, tax exemption etc. They also can get assistance from export promotion organizations such as EPCs IIP, etc.

9) Higher profits

Exports enable a business enterprise to earn higher prices for goods. If the exporters offer quality products, they can charge higher prices than those charged in the home market and thereby raise the profit margin.

Import Marketing

The import of a product is defined by the purchase of a product that was manufactured in a foreign country. Countries import goods that can be more effectively and cheaply produced by another country. On the contrary, the export of a good relates to the sale of a domestically manufactured good in a foreign market

Objectives of Import Marketing

a. To speed up industrialization

Developing countries import scarce raw materials and capital goods and advanced technology required for rapid industrial development.

b. To meet consumer demand

The goods which are in demand but arc not available in the country are imported. Goods in short supply arc also imported to make up the deficiency. For example, India imports petroleum products to meet demand.

c. To improve standard of living

Imports enable consumers in the home country to enjoy a wide variedly of products of high quality. Their standard of living can be improved.

d. To overcome famine

During famine a country imports food grains and other essential commodities to prevent starvation. Drought, flood, earthquake and other natural calami-ties might create famine.

e. **To ensure national defense**

Countries like India import defense equipment for its armed forces army, air force and navy. Such imports enable the country to ensure its sover-eignty and territorial integrity.

International Marketing Policy

International Marketing Policy means the set of principles described in a certain Brand and Product Marketing Manual, which has been provided to Licensee prior to or contemporaneously with the execution of this Agreement.

Prohibited Imports and Exports

What is prohibition on import and export?

Under section 11 of the Customs Act, the Central Government has the power to issue Notification under which export or import of any goods can be declared as prohibited. The prohibition can either be absolute or conditional.

Power to Prohibit Importation or exportation of Goods

If the Central Government is satisfied that it is necessary so to do for any of the purposes specified in sub-section (2), it may, by notification in the Official Gazette, prohibit either absolutely or subject to such conditions (to be fulfilled before or after clearance) as may be specified in the notification, the import or export of goods of any specified description.

The purposes referred to in sub-section (1) are the following:-

- ✓ The maintenance of the security of India;
- ✓ The maintenance of public order and standards of decency or morality;
- ✓ The prevention of smuggling;
- ✓ The prevention of shortage of goods of any description;
- ✓ The conservation of foreign exchange and the safeguarding of balance of payments;
- ✓ The prevention of injury to the economy of the country by the uncontrolled import or export of gold or silver;
- ✓ The prevention of surplus of any agricultural product or the product of fisheries;
- ✓ The maintenance of standards for the classification, grading or marketing of goods in international trade;
- ✓ The establishment of any industry;
- ✓ The prevention of serious injury to domestic production of goods of any description;
- ✓ The protection of human, animal or plant life or health;

- ✓ The protection of national treasures of artistic, historic or archaeological value;
- ✓ The conservation of exhaustible natural resources;
- ✓ The protection of patents, trademarks and copyrights;
- ✓ The prevention of deceptive practices;
- ✓ The carrying on of foreign trade in any goods by the State, or by a Corporation owned or controlled by the State to the exclusion, complete or partial, of citizens of India;
- ✓ The fulfilment of obligations under the Charter of the United Nations for the maintenance of international peace and security;
- ✓ The implementation of any treaty, agreement or convention with any country;
- ✓ The compliance of imported goods with any laws which are applicable to similar goods produced or manufactured in India;
- ✓ The prevention of dissemination of documents containing any matter which is likely to prejudicially affect friendly relations with
- ✓ Any foreign State or is derogatory to national prestige;
- ✓ The prevention of the contravention of any law for the time being in force; and
- ✓ Any other purpose conducive to the interests of the general public.

What is Global Competition?

Growing up in America, all children heard of the story of Christopher Columbus: 'In fourteen hundred ninety-two, Columbus sailed the ocean blue. He had three ships and left from Spain; He sailed through sunshine, wind and rain…'. But more importantly than this story, his infamous thinking that the world is flat is the most notable. Maybe ol' Chris was on to something - what if he was right? Of course, he wasn't when it came to the physical shape of the world, but his theory does have merit if we think in terms of global competition in business.

Global competition is the services or products provided by competing companies that serve international customers. Think about how you can have a pie-eating contest or a race. These are examples of competition on a local scale where people are competing against one another for one common goal - the best in their core competency. Core competency is what a company does best. Global competition has allowed companies to buy and sell their services internationally, which opens the door to increased profits and flattens the playing field in business.

Advantage in a Global Market

- Most industries will become global in the near future. In the global market, cost and quality will be important drivers of success and low margins will be the norm. Global competitive advantage will mean having the best technologies and processes for designing, manufacturing, selling and servicing products at the lowest possible cost.

- To gain lasting global competitive advantage a company has to leverage its capabilities around the world so that the company as a whole is greater than sum of its parts. Selling globally, having global brands or having operations in different countries will not be enough.

- Most so-called global companies have acquired or established businesses all over the world, but each regional or national division still operates as autonomous business with its own unique constraints, its own finite opportunities and its own strategies.

- Such companies will not have global competitive advantage. A global company’s geographical businesses will have to be integrated so that the most advanced expertise in any given area, be it technology, or marketing, or accounting, is not confined to one location or division. The company will have to leverage its expertise, wherever available, in all its operations worldwide.

- Varying consumer preferences may require a company to have regional manufacturing centres. Even though features, dimensions and configurations of the products may vary from market to market, much of the technologies and manufacturing processes employed in regional manufacturing centres should be the best that the company has.

- Different products can be built on the same basic platform so while each market gets the product according to its requirements, the company gains benefits of economies of design. A large proportion of common components can also be used in the products meant for different markets, which will reduce the cost of design and manufacturing and will also improve quality.

- A global company which will design and make entirely new products for each of its markets will incur extra costs in designing and will not get the economies of scale of manufacturing of common components. Employees of a global company should be comfortable exchanging ideas, processes and systems across borders. They should work together to identify the best global opportunities and the worst global problems facing the company.
- The unifying value of such a global company is focus on the customer and an intensive and stretched effort to understand and respond to genuine customer needs. Such an effort leads to breakthrough products and services that earn customer loyalty.

- A company cannot become a global company overnight just because its CEO is mandating it to become one. Employees have to find the idea attractive and beneficial to them and this is essentially a slow and educative process. Senior managers have to relentlessly communicate the company's vision and its long term goals. Every employee must believe that there is great value in managing the company in an integrated manner. People from various regions and countries have to be brought together on real projects that tackle real problems.

- When these forced interactions among employees of different divisions, regions and countries start showing results in the projects that they have been assigned to work on, they start believing in the usefulness of accessing talents and technologies from wherever it is available in the company.

- And if the company does not have to go back to its erstwhile regions, it has to periodically assign people from various divisions, regions and countries on common projects. Ultimately, a global company will have cross-border business teams that will run all their operations throughout the world. These teams will have functional and brand objectives and will identify and serve the best global opportunities.

Coping with Global Competition

1. Avoid a Competitor’s Strength and Exploit His Weakness

When a competitor is known for one thing, you have to be known for something else. Quite often, a competitor's built-in weakness is the something else that you can exploit. If McDonald’s strength is that of being a little kids' place, Burger King can exploit that by being a grown-up kids' place. For years, Detroit’s automobiles were perceived as not being very reliable. Toyota was able to exploit these perceptions and take ownership of the attribute of "reliability." But remember, we’re talking strength and weakness in the minds of the marketplace. Marketing is a battle of perceptions. What you’re really doing is exploiting perceptions.

2. Always Be a Little Bit Paranoid About Competition

We’re living in a world where everyone is after everyone’s business. You have to realize that one of your competitors is probably in a meeting figuring out how to nail you in some way or another. You must be constantly gathering information on what your competitors are planning. This can come from an astute sales force, a friendly customer or from some research. Never underestimate your competitors. In fact, you're safer if you overestimate them. AT&T, DEC, Levi's and Crest are testimony to underestimating the kind of damage competitors can do even to market leaders.

3. Competitors Will Usually Get Better, If Pushed

Companies that figure they can exploit a sloppy competitor make big mistakes. They ridicule their product or service and say they can do things better. Then, lo and behold, their big competitor suddenly improves, and that so-called advantage melts away. No. 2 Avis did indeed try harder, but Hertz quickly improved its efforts. Then one day it ran a devastating ad with this headline: For years, Avis has been telling you they are No. 2. Now we’re going to tell you why. Then Hertz went on to lay out all its improvements. Avis never quite recovered. Never build your program around your competitors' mistakes. They will correct them in short order.

4. When Business Is Threatened, Competitors Aren't Rational

Survival is a powerful instinct in life and in business. When threatened, all rationality goes out the window. I have a favorite story about this tendency. A startup company came up with a unique packaging system for baby carrots that produced a decided price advantage over the two big suppliers already in the business. To get on the supermarket shelves, the company entered the market not with better carrots but with a better price, which the established brands immediately matched. This only forced the new company to go lower, which once again was matched by its competitors. When a board member asked the startup's management to predict what would happen, the management predicted that the two big companies would not continue to reduce their prices because it was "irrational." They were losing money because of their older packaging technology. The board member called me about the prediction. I advised him that they would continue to be irrational until they forced this new upstart out of the market. Why would they make it easy for a new company that threatened their stable business? At the next board meeting, the startup's management was encouraged to sell its new manufacturing system to one of the established brands--which it did for a nice profit.

Export- Import Scene in India

The art of trade is as old as humanity itself. For as long as human beings have walked this Earth, they have bought and sold items, distributing them as they travelled across the planet. We would not be having chai every morning if it were not traded from China and Ireland would have never tasted potatoes if it weren't for the import-export business either. As time progressed, so did our ability to trade goods across the globe. In today's date, it is practically impossible to look in a direction and not spot something that was imported from another country. Your American branded shirts that have the "made in China" tags are prime examples of this.

India's Imports Exports

India as such is a country that relies heavily on imports and exports. A statistic measured by the World Bank in 2014 showed that India's total trade, an aggregate of import and export of goods and services, was equivalent to about 50% of its GDP which was higher than the aggregate of both China and the United States of America. As a country, we rely heavily on foreign investors and buyers while also being heavily dependent on foreign goods.

The import-export business in India has had quite a colorful past, and it continues to be one of the highest paying, most versatile sectors in the country.

Import Export Business Opportunities for Entrepreneurs

Online Marketplace Investments are a big Yes considering the trend nowadays. This helps you get enlisted as a vendor and market all over the world. Exploring and Discovering things about the International market give you an edge. Suppose, you have got woolen wear and other winter-based clothing line, then with a data of cold countries, sell and build your market internationally. Promoting/Selling Other Brand Products- That's another way how the import-export business works. It could also be a booming business opportunity whilst connecting you to international sellers and manufacturers.

Example: Pharmaceuticals, Leather Items, Tobacco, Tea, etc.

Major Problems of India's Export Sector

Apart from the basics of the business, there are a handful of factors that can either make or break your import and export business. These are:

1. **Trade Regulations Around the Globe**

   It should go without saying that trade regulations around the world can severely hinder your import and export business. It becomes very impractical to sell your goods and services to a region that imposes heavy taxes on trade, regardless of the state of the market in that region, as these taxes will eventually end up eating out of your profits. It’s always better to opt for a more convenient and easily available market.

2. **Effective Marketing**

   It can be a challenging task to market your goods and services to people of different cultures and linguistic habits. Marketing to foreigners, thus, becomes quite the challenge. In such a scenario, the ideal thing to do is to find the best marketing company to communicate better with your customers. Finding the right marketing partner for your target audience can directly translate to a very fruitful import and export business.

3. **Market Competition**

   Given how easily accessible worldwide transportation has become over the past century, it comes as no surprise that thousands of companies are putting the pedal to the metal to dominate the global scene. Taking this into consideration, estimating potential competition becomes an important part of establishing a well-oiled import and export plan across the seas.

4. **Political Climate**

   The political conditions of your target region, if ignored, can almost entirely sabotage any of your trade plans. For instance, a few communist countries do not allow companies from other parts of the world to export to their country. This renders that entire region unavailable. Another such situation is that of a war-torn region. Exporting to an area under attack can be detrimental to your business as it not only poses the risk of your goods getting destroyed but also puts the lives of your distribution team at risk. The diplomatic stance between your country and the country that you're trading to can also play a huge role as evident in the case of Chinese goods getting banned in India due to the strained relationship between the two countries right now.

5. **The Mood of the Audience**

   Finally, it is of utmost importance to please your customers and to keep them happy. There have been numerous cases of companies losing millions of dollars overnight due to customer dissatisfaction. On the other hand, maintaining a pleasant relationship with your customer base can vastly improve brand loyalty in that region, boosting your profits in the process.

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