**Unit 3**

**Marketing:**

**Marketing Concept:**

Marketing is all about identifying customers’ wants and needs and ultimately developing products to meet those needs. The marketers work hard to discover the needs and want of customers through market research and try to develop products or services which would satisfy them.

Example: When Google recognized that people needed a more effective and efficient way to access information on the internet, it created a powerful search engine that organized and prioritized queries.

**Definition of marketing:**

The American Marketing Association defines marketing as “the activity, set of instructions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.”

Marketing practice tends to be seen as a creative industry which includes advertising, distribution and selling. It is also concerned with anticipating the customers’ future needs and wants which are often discovered through market research.

**Selling Versus Marketing:**

Many assume that selling and marketing are synonymous. However, selling is internally focused while marketing is externally focused.

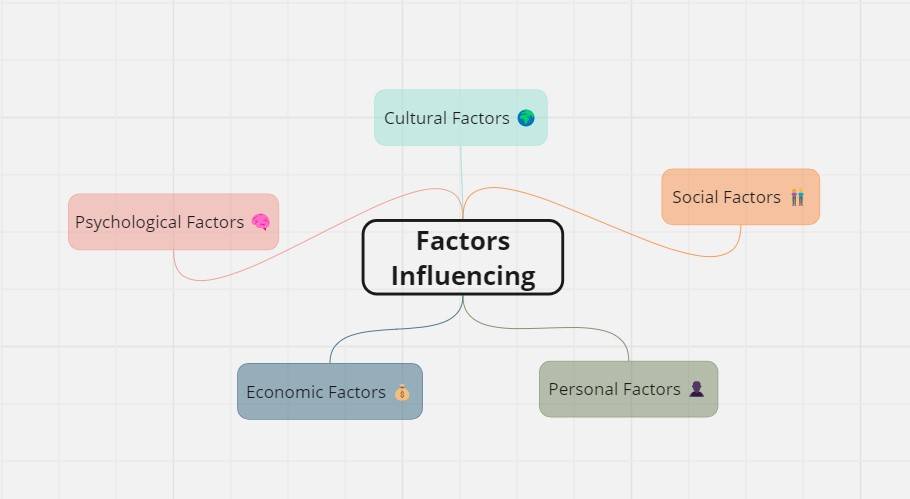
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| --- | --- |
| **Selling** | **Marketing** |
| 1. When a company makes a product and tries to persuade customers to buy it, that’s selling. | 1. When a firm finds out what the customer wants and develops a product that will satisfy that need and also yield a profit, that’s marketing. |
| 1. In selling, the firm attempts to alter consumer demand to fit the firm’s supply of the product. | 1. In marketing, the company adjusts its supply to the will of consumer demand. |
| 1. In selling, emphasis is on the product. | 1. In marketing, emphasis is on customers’ wants. |
| 1. Profit is sought by ensuring higher sales volume. | 1. Profit is sought by ensuring customer satisfaction. |
| 1. Planning is short run oriented in terms of today’s products and markets. | 1. Planning is long run oriented in terms of new products, tomorrow’s markets and future growth. |
| 1. Needs of the sellers are stressed. | 1. Wants of the buyers are stressed. |

**Consumer Behavior:**

[Consumer behavior](https://www.shiksha.com/online-courses/articles/consumer-behaviour/) refers to people's actions and decision-making when buying goods or services. It involves understanding why individuals choose specific [products](https://www.shiksha.com/online-courses/articles/product-definition-types-and-attributes-blogId-143311?utm_source=so-blog&utm_medium=content), how they use them, and what influences their choices, such as personal preferences, cultural factors, or marketing efforts. Companies study consumer behavior to improve their products and [marketing strategies](https://www.shiksha.com/online-courses/articles/types-of-marketing-strategy/).

**Factors Influencing Consumer Behavior**

Consumer behavior is shaped by various factors that influence purchasing decisions. These factors, from personal preferences to external social and cultural elements, play a critical role in determining how consumers select, buy, and use products or services. Understanding them is essential to developing effective marketing strategies. Let's understand each factor in detail.



1. **Psychological Factors**

Psychological factors delve deep into how a consumer’s mind works, influencing their buying decisions.

**Psychological factor include:**

* **Motivation:** The inner drive compels a consumer to fulfill a need. For example, someone might buy a luxury car not just for transportation but to fulfill a deeper need for status or self-esteem.
* **Learning**: It involves acquiring knowledge through experience and outside sources. For instance, a customer might buy a certain detergent brand because experience has shown it works best for them.
* **Attitudes & Beliefs:**These are formed over time from various sources, including experience and external influences. A person might choose eco-friendly products because they believe in environmental conservation.
* **Perception:** How a consumer interprets and makes sense of available information. For example, two customers might see an advertisement: one perceives it as informative, while another finds it manipulative.

1. **Social Factors**

Social factors emphasize society's influence on individual consumers.

**Social factors include:**

* **Family:** Family members can influence purchasing decisions. For instance, parents might buy a car based on its safety record, thinking of their children.
* **Reference Groups:** These are groups that a person looks to for validation or approval. If a celebrity, seen as a reference, endorses a product, their fans might be more inclined to buy it.
* **Roles & Status:** Depending on one’s role in society (e.g., parent, manager, student), one might make certain purchasing decisions. A manager might buy formal clothes to maintain their professional status.

**For example:**

**Brand: Apple**

**How it influences consumer behavior:**Apple products are not just gadgets but status symbols. The brand has cultivated a loyal community, and being a part of the “Apple ecosystem” often feels like being in an exclusive club. When someone sees friends or celebrities using Apple products, it creates a social urge to belong, driving more purchases.

1. **Cultural Factors**

Cultural factors significantly influence customer behavior shaping values, beliefs, preferences and perceptions that impact purchasing decisions, consumption patterns and brand loyalty.

**Cultural factor include:**

* **Culture:** The values, perceptions, and beliefs society instills can influence consumer decisions. In some cultures, for example, gold jewellery is bought extensively as it symbolizes wealth and status.
* **Subculture:** Groups within a culture have shared beliefs and values. For instance, the younger generation might be more inclined toward online shopping than the older generation.
* **Social Class:** Different classes have different preferences. Luxury brands often target the upper class, while discount stores might target the middle or lower class.

1. **Personal Factors**

Personal factors are individual-centric and vary widely from one person to another.

**Personal factor include:**

* **Age:** As people grow, their tastes and preferences change. Teenagers might spend on gadgets, while older people might invest in health products.
* **Occupation & Lifestyle:** A corporate executive might buy formal attire and a luxury car, while an artist might prefer bohemian clothing and a vintage car.
* **Personality:** Some people prefer flashy items because of their extroverted nature, while introverts might choose more subtly.

1. **Economic Factors**

Economic factors revolve around the financial aspects that influence buying decisions.

**Economic factors include:**

* **Personal Income:** How much someone earns directly affects their purchasing power. Someone with a high salary might not think twice about buying branded goods, while someone with a lower salary might look for deals.
* **Country Economic Situation:** In a recession, even those with stable incomes might cut back on luxury items, prioritizing necessities.
* **Liquid Assets:** The more liquid assets (like cash or assets easily converted into cash) someone has, the more they might be willing to spend on big-ticket items.

**Conclusion**

Various factors, including personal preferences, cultural background, social influences, psychological factors, and marketing strategies influence consumer behavior. Understanding these elements helps businesses tailor their products and marketing efforts, ensuring they meet consumer needs effectively and build stronger customer relationships for long-term success.

**Market Segmentation:**

**What is market segmentation?**

[Market segmentation](https://business.adobe.com/uk/blog/basics/market-segmentation) is the practice of grouping customers together based on shared characteristics — including demographic information or common interests and needs. It’s a strategy for dividing a large, broader target audience into specific groups to create tailored and personalized marketing campaigns.

A market segment refers to the individuals who are grouped together based on their shared characteristics. The idea is that these people have similarities as consumers and respond similarly to marketing efforts. So companies need to communicate to them in a particular way, rather than just messaging their audience as a homogenous whole.

Businesses segment their market in different ways. Market segments should be based on extensive research of their potential customers’ demographics, lifestyles, needs, personalities and more.

**Types of market segmentation**

There are various types of segmentation that help businesses market to their target audience groups. We’ll go over the four main types of market segmentation and provide examples of each one.

1. **Demographic segmentation**

Demographic segmentation is grouping customers based on data points like age, gender, marital status, occupation and more. It’s essentially the “who” segment of your market. This is the most common type of segmentation because it’s easily identifiable. Demographic segmentation can help you to understand the individuals that make up your audience and how to target your marketing efforts to them.

Demographic segmentation is typically sorted by characteristics like:

* Age
* Gender
* Income
* Level of education
* Family size or status
* Religion
* Professional occupation or role in a company

**Examples of demographic segmentation:**

Nike is a prime example of a company effectively using demographic segmentation to target its audience. Through its Nike Training Club app and athletic wear lines, the brand focuses on consumers aged 18 to 35, typically middle to upper-middle income individuals who are students, young professionals, or fitness enthusiasts. Nike tailors its marketing strategies based on gender, age, and lifestyle—for instance, launching campaigns like “Dream Crazier” that specifically empower young women in sports. By using social media platforms popular among younger demographics, such as Instagram and TikTok, and offering a wide range of sizes and styles, Nike ensures its products and messaging resonate with the specific needs and aspirations of its segmented audience.

1. **Psychographic segmentation**

[Psychographic segmentation](https://business.adobe.com/uk/blog/basics/psychographic-segmentation) is the “why” segment of your market. In this segmentation, you analyse how your audience thinks and create a strategy targeted toward customers’ attitudes and beliefs. These groups will likely have similar psychological characteristics, personal values, aspirations and political opinions.

Companies generally divide psychographic segments based on:

* Personality
* Hobbies and interests
* Life goals
* Lifestyle choices
* Social or political views
* Values and beliefs

**Examples of psychographic segmentation**

Psychographic segmentation is more difficult to segment because it’s more subjective. Social media analytics can be a helpful tool, but you should also plan to conduct interviews and surveys and hold focus groups to gather all the information you can about your audience.

Here’s an example of psychographic segmentation:

[**Marvel Studios marketing toward film fanatics**](https://www.marketingdive.com/ex/mobilemarketer/cms/sectors/arts-entertainment/20308.html)**.** Marvel creates engaging social media posts that generate excitement and anticipation for its upcoming films. The studio posts countdowns to the days leading up to the film and includes clips likely to pique its audience’s interest. Marvel can market to people based on their interests in comic books, superheroes, film and more.

This segmentation is what makes customers who they are. But who they are can be influenced by other factors, such as where they are.

1. **Geographic market segmentation**

Geographic market segmentation is the “where” segment of your market. In this type, customers are segmented based on their geographic location. These people will live in the same city or state — perhaps even in the same postcode — and are likely to have similar attitudes, needs and cultural preferences based on their geography.

Companies generally separate geographic segments by:

* Country
* State
* Climate region
* Population density
* Rural, urban or suburban setting

**Examples of geographic market segmentation**

[**McDonald’s adjusting items for individual countries**](https://www.delish.com/food-news/a27757360/mcdonalds-worldwide-favorites-taste-test/). McDonald’s started out as an American restaurant company, but as it grew to become a global mega-brand and expanded its locations all around the world, it adjusted some of its menu items to match the cuisine of different countries. For example, rather than just the typical burger and fries, there’s the Veggie Maharaja Mac in India, the McSpaghetti in the Philippines and poutine in Canada.

1. **Behavioural market segmentation**

Behavioural market segmentation is the “how” segment of your market. This approach examines customer behaviour and how people engage with your brand. From this type of segmentation, you can better understand how they may respond to changes in prices, new promotions and more.

Audiences can be grouped by:

* Spending habits
* Browsing habits
* Interactions with your brand
* Loyalty to your brand
* Product feedback

**Examples of behavioural market segmentation**

Behavioural segmentation, like the other types, helps you to gain a deeper understanding of who your client base is. This category, however, goes beyond noting stereotypical characteristics of the customer and reveals their interactions and spending tendencies.

Some examples of behavioural segmentation are:

**Amazon honing in on buying habits.** Amazon displays recent customer purchases to show shoppers other products they may be interested in. For example, if someone purchased a football ball, they may get advertisements on their social media platforms for shin guards, cleats and other football equipment.

Behavioural market segmentation gives businesses a close look into how customers interact with brands and spend their money.

**Product Life Cycle: (\*\*)**

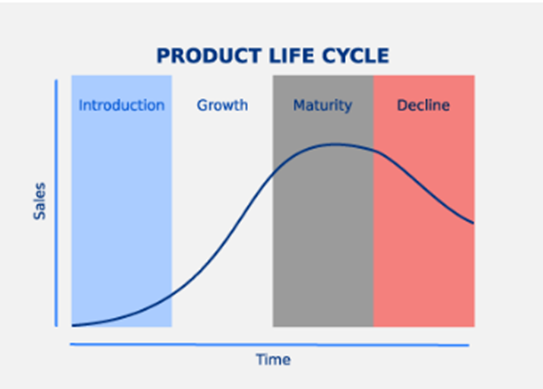
The product life cycle is the length of time that a product is available to customers. It starts when a product (a good or a service) is introduced into the market and ends when it's removed from the shelves.

This concept is used by management and marketing professionals to make marketing and sales decisions, such as whether or not 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.

**Stages of a Product Life Cycle:**

The life cycle of a product is broken into four stages:

1. Introduction
2. Growth
3. Maturity
4. Decline



### Introduction Stage

The introduction phase is the first time customers are introduced to the new product. This stage typically requires the business to make a substantial investment in advertising. At this point, the [marketing](https://www.investopedia.com/terms/m/marketing-campaign.asp) is focused on making consumers aware of the product and its benefits, especially if the item is broadly unknown or the problem it solves is unclear.

During the introduction stage, there may be little to no competition for a product, as competitors may only be getting their first look at the new offering. Even if the business is offering a new product or service in response to another business's sales, the marketing will still focus on introducing the new product rather than differentiating it from competitors' products.

Companies often experience negative financial results at this stage. Sales tend to be lower, promotional pricing may be low to drive customer engagement, marketing spending is high, and the sales strategy is still being evaluated.

### Growth Stage

If the product is successful, it then moves to the growth stage. This is characterized by:

* Growing demand
* Increase in production
* Expanded availability

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 its product from others as opposed to introducing the goods to the market. A company may also refine its 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 peer businesses begin to offer rival products, competition increases, potentially forcing the company to decrease prices and experience lower margins.

### Maturity Stage

The maturity stage of the product life cycle is the most profitable, as it is the time when the costs of producing and marketing decline. With the market saturated with the product, competition is now higher than at other stages, and [profit margins](https://www.investopedia.com/terms/p/profitmargin.asp) start to shrink. Some analysts refer to the maturity stage as the point at which sales volume is "maxed out."

Depending on the product, a company may begin deciding how to innovate its product or introduce new ways to capture a larger market presence. This includes getting more feedback from customers and researching their demographics and needs.

During the maturity stage, competition reaches its highest level. 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 its product exist in this maturity stage for as long as possible.

### Decline Stage

As the product takes on increased competition and other companies emulate (imitate) its success, the product may lose market share. This is when the decline state begins.

Product sales begin to drop due to market saturation and alternative products. If customers have already decided whether they are loyal to the product or prefer those of its competitors, the company may choose not to invest in additional marketing efforts. Should a product be entirely retired, the company will cease generating support for it and phase out all marketing and production endeavors.

Alternatively, the company may decide to revamp the product or introduce a next-generation, completely overhauled model. 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.

**Pricing Methods: (\*\*)**

A pricing strategy is an approach businesses use to determine what prices they should charge for their products and services. It involves analyzing the market and customer demand, understanding customer needs, evaluating production costs, and setting competitive prices that maximize profits.

With a well-thought-out pricing strategy, businesses can ensure they are charging the right amount for their products or services while staying competitive in the marketplace.

**Different types of pricing methods/strategies:**

**Price Skimming**

Price skimming is a strategy in which goods or services are sold at high prices initially, and then the price gradually decreases over time. Companies typically use this strategy when launching a new product, as it helps to maximize profits in the early stages of the product’s lifecycle. Price skimming allows companies to quickly recoup their investment by charging higher prices before competitors enter the market with comparable products.

**Penetration Pricing**

Penetration pricing is a strategy that involves setting a low initial price for a product or service, typically before its launch, to attract customers quickly and gain market share. Companies often use this strategy to gain an advantage over their competitors by introducing their products or services at a lower cost than the competition. The goal of [**penetration pricing**](https://dealhub.io/glossary/penetration-pricing/) is to quickly generate sales volume and revenue, which can then be used to offset production costs and increase profitability. Companies typically initiate a higher price once the product has gained traction, allowing them to maximize their profits from the higher demand generated by their initial low price.

**Cost-Plus Pricing**

Cost-plus pricing is a strategy that involves adding a profit margin to the cost of production or delivery to determine the final price. This type of pricing is commonly used in industries such as construction and manufacturing, where it can be difficult to assess market value. The goal of [**cost-plus pricing**](https://dealhub.io/glossary/cost-plus-pricing/) is to ensure that production and delivery costs are covered while providing a reasonable profit level. For example rupees 10 (cost of production) +50% of rupees 10 (profit margin) = 5. Hence final price =10+5=15

**Bundle Pricing**

Bundle pricing is where multiple products or services are bundled and offered at a single, discounted price. [Product bundling](https://dealhub.io/glossary/product-bundling/) is an effective way for companies to increase customer loyalty and boost sales by providing additional value and greater convenience for buyers. [**Bundle pricing**](https://dealhub.io/glossary/bundle-pricing/) is commonly used in retail but can also be applied to other industries and services.

**Psychological Pricing**

Psychological pricing is a technique used by businesses to influence customers’ perceptions of the value of a product or service. It involves setting prices slightly below what would be considered “round numbers,” such as Rs 799 instead of Rs800, to trigger a psychological response from consumers who perceive the lower price as even better value. Additionally, this strategy can make customers feel as though they are getting a good deal and thus increase their likelihood of purchasing.

**Dynamic Pricing**

Businesses use [dynamic pricing](https://dealhub.io/glossary/dynamic-pricing/) to adjust the prices of their products and services based on changing market conditions. Dynamic pricing considers the supply and demand curve to determine what price point can bring in maximum profits. Using this strategy, businesses can maximize revenue and keep customers satisfied by adjusting prices based on what the market will bear.

**Value-Based Pricing**

Value-based pricing strategy is a pricing model where the company sets prices based on the perceived value of their products and services to customers. For example a coffee shop sells regular coffee for 20 rupees and a special coffee with a unique flavor for 50 rupees. The higher price for the special coffee is justified because the customer perceives the special coffee as more valuable due to its unique taste and quality. Companies that use this model can increase their profits by focusing on the company’s value proposition rather than solely the cost of production and delivery. Additionally, [value-based pricing](https://dealhub.io/glossary/value-based-pricing/) strategies enable companies to differentiate themselves in a crowded marketplace by showing customers that they understand their needs and are willing to provide quality products at fair prices.

**Competitive Pricing**

[Competitive pricing](https://dealhub.io/glossary/competitive-pricing/) is an integral part of any business strategy. It involves setting prices for goods or services based on the going rate for similar products offered by competitors.

Companies use this pricing strategy to gain an advantage over competitors and increase market share. The concept of competitor-based pricing involves understanding the market conditions and competitors’ pricing policies, consumer preferences, and the cost of production.

**Distribution Channels:**

Distribution channels refer to the routes or paths through which products or services move from the manufacturer or producer to the end-user or consumer.

Different types of distribution channels:

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

As the name suggests, a [**direct channel**](https://www.geeksforgeeks.org/marketing-channels-concept-importance-levels-and-types/)or **zero level** is a distribution level through which an organization directly sells its products to the customers without the involvement of any intermediary. **For example,** Apple sells its products directly to the customers through its stores’, Amazon sells directly to the consumers, etc.

## 2. Indirect Channels

When a [middleman or intermediary](https://www.geeksforgeeks.org/what-is-place-physical-distribution-mix/) 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 Channel.

### 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**](https://www.geeksforgeeks.org/retailers-characteristics-types-importance-and-role/)**.**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**](https://www.geeksforgeeks.org/types-of-wholesalers/)and [**retailers**](https://www.geeksforgeeks.org/difference-between-wholesaler-and-retailer/)**.**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**](https://www.geeksforgeeks.org/types-of-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.

1. **Hybrid Channels**

Hybrid channels combine the characteristics of direct and indirect channels. The seller uses both direct and indirect methods. For example, a manufacturer might sell an item on its e-commerce website, but then an intermediary delivers the physical product to the customer. The customer still has a direct interaction with the seller, but an intermediary is also involved.

**Advertising and Sales Promotion:**

Advertising and sales promotion are two vital components of any successful marketing strategy, each serving unique purposes to drive business growth. Advertising focuses on creating brand awareness and influencing customer perceptions through mass media channels like TV, print, and digital platforms. It is a long-term strategy designed to build trust and establish a strong brand identity.

On the other hand, sales promotion is a short-term tactic aimed at boosting sales and encouraging immediate customer action. This includes discounts, coupons, contests, and other incentives to influence purchase decisions. Together, they play a complementary role in achieving marketing objectives.

**Advertising:**

Advertising involves paid communication through various media channels to promote products, services, or brands. Its primary goals include creating awareness, influencing attitudes, and stimulating demand among target audiences.

**Features of Advertising**

* **Long-Term Focus:** Builds brand identity and fosters customer loyalty over time.
* **Wide Reach:** Utilizes multiple media platforms to reach a broad audience.
* **Creative Messaging:** Employs visually and emotionally appealing content to connect with customers.
* **Non-Personal Communication:** Delivers messages to large audiences without direct interaction.
* **Brand Awareness:** Highlights the unique selling points of products or services to differentiate from competitors.
* **Paid Media:** Relies on investment in mass media channels to promote the brand.

**Types of Advertising:**

Companies use various types of advertising mediums for advertising their products in the market, which are as follows:

**Television Advertising**

In this type of advertising, companies promote their products in television commercials for about 30-60 seconds. Even though they are costlier, they can be repeated regularly. Advertising the brands helps companies to build recog2nition of the product or brand. A commercial during a prime time show serves the companies better than other times.

**Print advertising**

It is a printed commercial seen in magazines, newspapers, directories, flyers, or brochures. This advertising can be printed in the classified section or throughout the local newspapers to capture the target customer’s audience.

**Radio Advertising**

Radio advertising is a great medium to reach a large number of target customers. Advertising your product on a particular station, which has many listeners, attracts new potential buyers’ attention. Most of the time, listeners tend to forget what they have heard. This disadvantage of radio advertising can be overcome by repetition of your commercial regularly.

**Direct Mail Advertising**

It is a type of print advertising which is sent to the consumers via mail. Catalogues, brochures, flyers, leaflets, etc., are some examples of direct mail advertising. Companies tend to approach more audiences through this method. For example, someone who opens a boutique can attract a large audience via a flyer that announces their grand opening.

**Mobile Advertising**

In this type of advertising, companies can reach any device with internet connectivity, such as mobiles. These commercials may display on social networking sites, on apps, or websites. An example of mobile advertising is playing ads between games to receive a reward. Scanning a QR code in magazines is a new way of mobile advertising, where customers can scan QR codes via mobile, which could take them to the companies’ website.

**Display Advertising**

It is a digital advertisement, where different types of ads like pop-up ads and banner ads may appear on the top or side of the websites or web pages. This type of ad encourages the user to click on them, which moves them to the brand’s websites. These advertisements are the most popular in recent time.

**Outdoor advertising**

These advertisements can be seen outside the homes of the customers. The other name of this advertising can be out-of-home (OOH)advertizing. Billboards or hoardings at the side of the road or on the side of the buses are an example of this type of advertising. The main goal of outdoor advertising is to catch the attention of a large audience. But one disadvantage of this advertising is that people show limited attention to these billboards.

**Social Media Advertising**

In this type of advertising, companies focus mainly on promoting their products on different social networking sites like Instagram, Facebook, Tiktok, Twitter, etc. One of the advantages of this advertising is that it has maximum reach for the customers than other methods.

**Sales Promotion:**

Sales promotion refers to short-term incentives and tactics designed to stimulate immediate purchase or action by customers.

**Features of Sales Promotion**

* **Short-Term Focus:**Designed to achieve immediate sales or customer engagement.
* **Incentive-Based:**Relies on discounts, offers, or rewards to attract buyers.
* **Boosts Immediate Demand:**Drives quick customer action by creating urgency.
* **Complementary to Advertising:**Works alongside advertising to enhance its effectiveness.
* **Encourages Trial Purchases:**Provides opportunities for customers to try new products.
* **Measurable Results:**Offers clear metrics for evaluating campaign success.

**Types of Sales Promotion:**

**Flash Sales**

Flash sales are the type of sales promotions that offer extreme discounts for a limited amount of time. These types of sales promotions push for a sense of urgency to push consumers to buy your product. Many online stores that run flash sales usually utilize social media campaigns and have effectively boosted sales.

**Free Trial or Free Demo**

Free trials or free demos are also just some of the most usually encountered sale promotions. However, they are known to be one of the most excellent strategies to generate leads and grow your customer base. Products like software and kitchen equipment usually use this sales promotion to give customers a first-hand experience in using the product or service. In addition, businesses typically offer free trials and demos for a limited time to entice customers to make their first purchase.

**Free Shipping or Free Transfer**

Some customers hesitate to engage in online sales because of shipping and transfer fees. On the other hand, free shipping tends to encourage more customers to make their purchases because of its convenience. Some businesses also offer limited-time free shipping as part of their more extensive sales promo, like flash sales, price reductions, and seasonal promotions.

**Seasonal Promotions**

Some products do have their peak season. However, many consumers tend to buy some products during off-peak season to save money. For example, people buy winter coats during the summer to get them for a much lower price. This could be very challenging for these kinds of products. Thus, seasonal promotions can be done to sustain and increase customer engagement during peak seasons.

**Discount coupons and vouchers**

Coupons and vouchers are great methods that can offer time-limited promotions. Coupons and vouchers are certificates that entitle a holder to a specific benefit. For example, coupons and vouchers can contain a discount code to purchase specific items or they can contain free shipping costs and other benefits. Some discount coupons and vouchers are usually given to first-time customers to entice them to make future purchases.

**Raffles and competition**

The use of social media platforms has revamped how businesses host raffles, contests, and competitions. It boosts customer engagement on a large scale as patrons would want to win discounted or free products. It often results in free publicity, mainly when the competition includes sharing, liking, and commenting on posts.

**Value Engineering:**

Value engineering is the review of new or existing products during the design phase to reduce costs and increase functionality. This increases the value of the product. The value of an item is defined as the most cost-effective way of producing an item. Therefore, reducing costs at the expense of quality is simply a cost-cutting strategy.

**History of Value Engineering**

The concept of Value Engineering was first introduced in the 1940s at [General Electric](https://www.ge.com/), in the midst of World War II. As there was a shortage of components during the war, engineer Lawrence Miles and others sought substitute materials. These substitutes were often found to reduce costs and provide equal or better performance**.**

Value engineering is a systematic approach that aims to improve the value of a product or service. This involves detailed analysis and the use of alternative methods and materials that can lead to significant cost reductions and improved performance. The process begins with a thorough understanding of the project’s objectives and the identification of areas where improvements can be made. By employing a structured methodology, value engineering ensures that the most cost-effective solutions are implemented without compromising on the quality or functionality of the product or service. This approach is particularly beneficial in long-term projects, where the cumulative savings and enhancements can lead to substantial value over the entire life cycle of the product or service.

**Example:**

A snack company selling a premium granola bar at $2.50 each noticed that customers were turning to cheaper alternatives. Instead of lowering the price, the company used value engineering to redesign both the product and its marketing. They reduced the size of the bar slightly, lowering ingredient and packaging costs, but added a new "high-protein" label after adjusting the recipe with more affordable protein sources. Then, they launched a 5-bar value pack with bright, fitness-focused packaging and promoted it as a healthy, cost-effective option for busy people. This strategy cut production costs while increasing the product’s perceived health value and convenience, leading to higher sales without sacrificing profitability.