# (IT/HS/B/T/422) Marketing Management

**Marketing Management:** Definition & scope, selling & modem concepts of marketing, market research, new product development, product life cycle, product lunching, sales promotion, pricing, channels of distribution, advertising market segmentation, marketing mix.

---

**Market place and market space**

Earlier, a market was defined as a place where buyers, sellers, resellers, and intermediaries met for exchange of goods and services. But with the changing landscape, modern day marketing has witnessed drastic changes. Globalization and technological advances like the Internet and e-commerce empowers the marketer to overcome geographical boundaries. The market has become a virtual world and marketing comes off in space than in a geographical place. Thus, market may be defined as a set of consumers, potential consumers, past consumers, sellers, resellers, and intermediaries who are involved in either the process of exchange or the process of getting involved in an exchange process. Hence, marketplace is a physical place where buyers and sellers meet for an exchange, whereas market space is the virtual world where buyers and sellers meet through the Internet.

Markets can differ in size, range, geographic scale, location, types, variety of human communities, and the types of goods and services traded. Some examples include local farmers' markets held in town squares or grounds, shopping centres and shopping malls, international currency and commodity markets, etc

We can categorise markets on the following basis

***Markets based on focus of the marketer*** – We can classify markets into the following types:

(a) ***Consumer markets –*** These are the markets dominated by products and services intended for the general consumer. Consumer markets are categorised into four primary categories - consumer products, food and beverage products, retail products, and transportation products. For example, market for cars, consumer durables, FMCGs, soft drinks, etc. (Provided these goods are bought for individual use).

(b) ***Industrial markets –*** The goods and services sold in these markets are not directly aimed at final consumers. They are aimed at buyers who purchase them for use in the production of other goods and services. For example, markets for machines, photocopier, trucks, auditing services, etc.

(c) ***Non-profit and governmental markets –*** In these markets, the buyers are government agencies and non-profit institutions who buy products and services for running their organisations. For example, the military needs an incredible amount of supplies to feed and equip troops.

- ***Markets based on area –*** When area is used as a basis of market classification, the markets can be categorised into the following types:

(a) ***Local markets –*** This market includes the client or customers who purchase the product in the region or area where it is brought forth. Marketing managers must know the target customers, their location, and the distance they are willing to travel to purchase the product. The local market includes customers located within the region where the products or services are available. For example, vegetable market, hairdressers, tailors, etc.

(b) ***National markets –*** This market encompasses domestic marketplace for goods and services functioning within the borders and is governed by the regulations of a particular country. The health of national markets can be a deciding factor for business success. For example, spice market located in Kerala, rice market located in Kolkata, etc.

(c) ***International markets –*** This market is for products and services that are bought by consumers residing outside the national boundaries of the country to which the manufacturing company belongs. For example, for companies like Tata Motors, Reliance, Wipro, etc., all countries except India constitute international market.

• ***Markets based on the nature of competition –*** The most important form of market classification is based on the nature of competition, i.e., the buyer-seller interaction. On this basis, the markets can be classified as:

(a) ***Perfect competition –*** This is a kind of market structure which reflects a perfect degree of competition and where a single price prevails. The concept of perfect competition was propounded by Dr. Alfred Marshall. It is a free-market situation in which the following conditions are fulfilled:

(i) buyers and sellers are numerous but a few have a degree of individual control over the prices;
(ii) buyers and sellers attempt to maximise their profit (income);
(iii) buyers and sellers are free to get in or leave the market;
(iv) buyers and sellers are endowed with the information regarding availability, price, and quality of goods being traded; and
(v) goods of a specific category are homogeneous, hence they are interchangeable for one another.

This market structure is also called **perfect market** or **pure competition**

The industry that closely resembles perfect competition in real life is the agricultural industry.

(b) ***Imperfect market –*** In a market category where individual firms exercise control over the price, there are fewer buyers and sellers, and the firms do not sell identical products. These markets are further divided into three parts

- **Monopoly**
- **Oligopoly**
- **Monopolistic Competition**

***Monopoly –*** A kind of market structure where there is a single seller and there is no close substitute for the product that is offered by the seller. The price of the product is set by the single seller (price is often regulated by some regulatory authority like the government).
There are four key features of monopoly:
(i) there is a single firm that sells all the output in a market,
(ii) the firm or the seller offers a unique product,
(iii) there are restrictions to enter and exit the industry, and
(iv) other potential producers do not have access to the specialised information about the production techniques.

A few examples of monopoly are local water utility, local electricity utility, railways, etc.

***Oligopoly*** – A kind of market structure where there are a few sellers in the market and they control the supply of a product in the market. Each seller has some degree of control over the price.
There are three key features of oligopoly:
(i) the industry is controlled by a small number of large firms,
(ii) the firms sell either homogeneous or differentiated products, and
(iii) there are significant barriers to enter the industry.

A few examples of oligopoly are the petroleum, steel, and aluminium industry.

***Monopolistic competition –*** A kind of market structure where there are many sellers (but not as many as in a perfect market) and they produce somewhat different products that are close substitutes of each other. There are four key features of monopolistic competition:
(i) there are large numbers of small firms,
(ii) they sell similar but not homogeneous products,

(iii) there is relative freedom of entry and exit, and
(iv) the producers have extensive knowledge of technology and prices.

## Marketing

Marketing is the management process which facilitates the movement of goods and services from concept (advertising, product development, etc.) to the customer. The philosophy of marketing is based on a notion about the business in terms of customer needs and their satisfaction.

In simple terms, marketing can be described as 'the art of anticipating and serving customer needs'. Marketing differs from selling because - Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about.

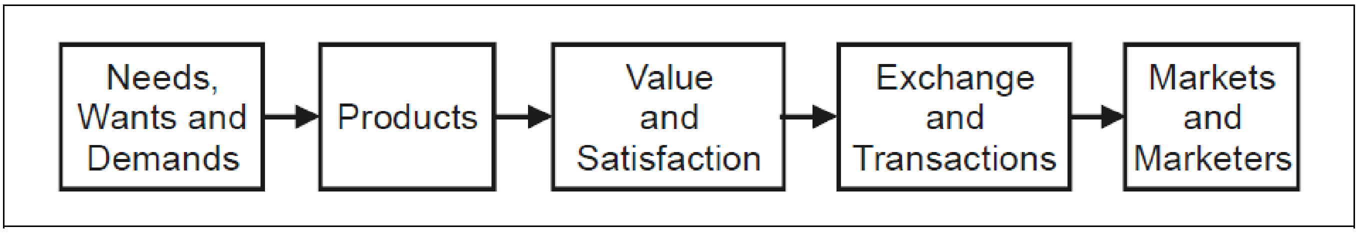
The broad field of marketing includes activities such as:

- Estimating customer demand, needs, and wants and designing a product to satisfy them.
- Promoting the product to educate/inform the customers by using tools such as public relations, advertising, and direct marketing.
- Setting a price and making the product available to the customers.

## Core Concepts of Marketing

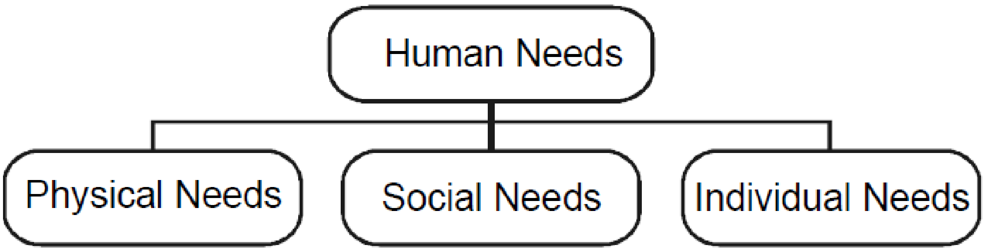
Marketing is a social process which alleviates individuals and groups to get what they need and want through creating and exchanging products and value with others. This definition rests on the core concepts as shown and discussed below:

- Needs, wants, and demands
- Products
- Value and satisfaction
- Exchange and transactions
- Markets




***Needs, wants and demand***

A need can be defined as a felt state of deprivation of some basic satisfaction




***(a) Physical needs –*** It addresses the basic need for food, clothing, warmth, and safety.
(b) ***Social needs –*** It calls for belongingness and affection.

(c) ***Individual needs –*** It includes needs for knowledge and self expression.

Wants are desire for specific satisfiers of deeper needs. Wants are shaped by culture and individual personality.

For example, if you are thirsty, this is your need but if you want coca-cola to quench your thirst then this is your want. Human needs and wants are unlimited, while the resources available to meet them are limited.

Demand is want for specific products that are backed by an ability and willingness to buy them at a price. For example, you have money to buy coca-cola.

Marketing aims at identifying the following:

(a) Human (and social) needs and wants
(b) Consumers' demand
(c) Endeavours to satisfy them by creating, communicating, and delivering products and services.

***Products and services –*** A product is a mix of intangibles and tangibles offered by the marketer at a price. For example, cars, food, air conditioner, mobiles, etc.

Services may be described as intangible products such as banking and other financial services, teaching, cleaning, hairdressing, counselling, transportation, medical treatment. etc.

Sometimes, it becomes difficult to distinguish services from product as it is closely associated with the product. For instance, if you visit a doctor, the combination of diagnosis with the administration of a medicine may confuse you.

***Value and satisfaction –*** Value is the benefit that the customer gains from owning and using a product compared to the cost of obtaining the product. A lot depends on consumers' perceptions about the value that different products or services are expected to deliver. The sources that build customer expectations include experience with products, friends, family members, neighbours, associates, consumer reports, and marketing communications.

Customer satisfaction is based on the product's performance and expectations. Customers generally experience satisfaction when the performance level meets or exceeds the minimum performance expectation levels.

Performance ≥ Expectations → Satisfaction
Performance < Expectation → Dissatisfaction

***Exchange, transaction, and relationship –***

Building relationship with the customers is an important part of business transactions. Of late, marketers have realised its relevance and are now focusing on relationship marketing. It is an approach that focuses on developing a series of transactions with consumers.

***Markets –*** A market can be viewed as any person, group, or organisation with which an individual, group, or organisation has an existing or potential exchange relationship. Without the existence of a marketplace, whether physical or virtual, no marketing would take place.

## FUNCTIONS OF MARKETING

Marketing is a mixture of various activities that will get the consumer to buy a product. These activities are referred to as marketing functions

***1. Marketing research* –** Marketers need to approach their customers in a scientific manner. Marketing research provides a basis for it as it is basically concerned with gathering data about the market. So, market analysis (measurement and evaluation of target market and its characteristics), product/service determination (analysis of consumer aspirations, expectations, tastes, functional, and economic utility), and distribution analysis are the important sub-functions of marketing research

2. ***Advertising* –** Advertising is a mass media tool. It is perhaps a very powerful tool in the hands of the marketer, particularly in consumer goods markets. It is an impersonal presentation and promotion of ideas, products, or services that are paid by the sponsors. It attempts to inform, persuade, and remind customers about the products and services

3. ***Sales promotion* –** This is a short-term incentive to boost sales. It acts as a supplement to personal selling and advertising. Usually, marketers use various sales promotion devices when the product is launched and when the product reaches its maturity. Consumer sales promotion and dealer sales promotion are the important sub-functions of a sales promotion programme.

4. ***Sales planning* –** This function involves the planning for marketing of the right products at the right prices. The sub-functions include formulating sales plans, price and quantity determinations, packaging, and budgeting (forecast sales, setting sales quota, and estimating sales expenses).

***5. Sales operations* –** This is concerned with transferring of products to the customer point. Organising field and indoor sales force and their management are the sub-functions of sales operations. Sales force management includes recruitment, training, direction and supervision, compensation, and evaluation.

6. ***Physical distribution* –** Moving and handling of products comes under physical distribution. Order processing, inventory, warehousing, and transportation are the key decisions to be assessed in the physical distribution system.

## IMPORTANCE OF MARKETING

Peter Drucker, popularly known as the father of modern management, said in one of his articles that “marketing is everything”. All other activities in the organisation are support services to the marketing strategy that a firm pursues.

Marketing is important for the company, consumers, and the economy.

- **Importance of marketing for the company**
  - ❖ The success of a company is known by its achievement in the marketing front, measured in terms of profit, market share, and cash flow.
  - ❖ It brings revenue and earns goodwill for a manufacturer or a marketer.

- **Importance of marketing for the consumer**

❖ It provides more alternatives to choose from, controls the price mechanism, and allows the consumer to bring a balance between his/her income and level of consumption.

❖ It ensures that high quality goods and services are available to the customers at the right time and at the right place.

- **Importance of marketing for the economy**

❖ It opens new vistas of research by supporting product innovation and enhancing the quality of life of the people of the economy.
❖ It generates resources that are ploughed back to the economic system, which accelerates the growth cycle of the country.
❖ It generates additional employment, increases per capita income, and helps in the overall progress of an economy.

**MARKETING ORIENTATIONS**

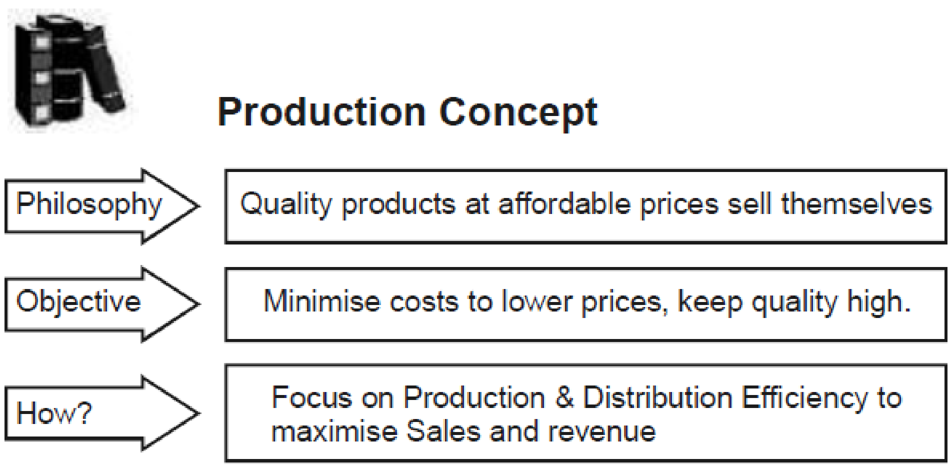
A marketing manager must formulate strategies that can build profitable relationships with the target consumers. Things are continuously changing in terms of business and social changes, customer related changes, and changes in manufacturing and marketing organisations. Therefore, the organisations should select their marketing orientation considering these factors. The various marketing orientations that exist help in understanding how the marketing orientation has been undergoing various shifts.

Companies conduct their marketing activities around five concepts.

- The Production Concept
- The Product Concept
- The Selling Concept
- The Marketing Concept
- The Societal Marketing Concept

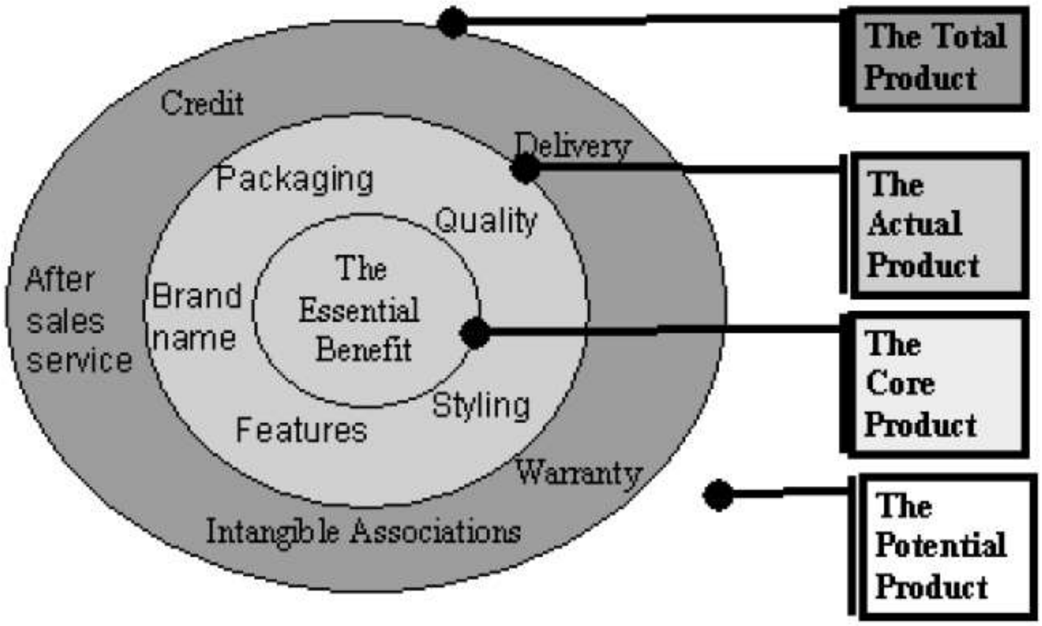
**The Production Concept**

The basic proposition of this concept is that customers will choose products and services that are widely available and are of low cost. So, managers try to achieve higher volume by lowering production costs and following intensive distribution strategy.



**The Product Concept**

This concept is based on the idea that consumers will favour those products that offer attributes like quality, performance, and other innovative features. Managers focus on developing superior products and improving the existing product lines over a period of time




A product has three layers or levels

• ***The core product –*** This explains the reasons for which the customer purchases the product. The essential benefit associated with the product forms the core product.

For example, a customer in a hotel is buying rest and sleep and buyer of car is buying ease of transportation.

• ***The actual product –*** This refers to the basic utilities associated with the product like physical attributes and tangible elements of a product. Product's attributes like design, brand name, features, quality level, styling, packaging, etc., form the actual product.
For example, a hotel room includes a bed, bed sheet, wardrobes, towels, telephone, etc.

• ***The potential product –*** This includes all possible augmentations and transformations that a product may undergo in the future. Here, the company looks for innovative ways to differentiate its offer. Any 5 Star Hotels eg Marriott's hotels are examples of innovative transformation of the traditional hotel product.

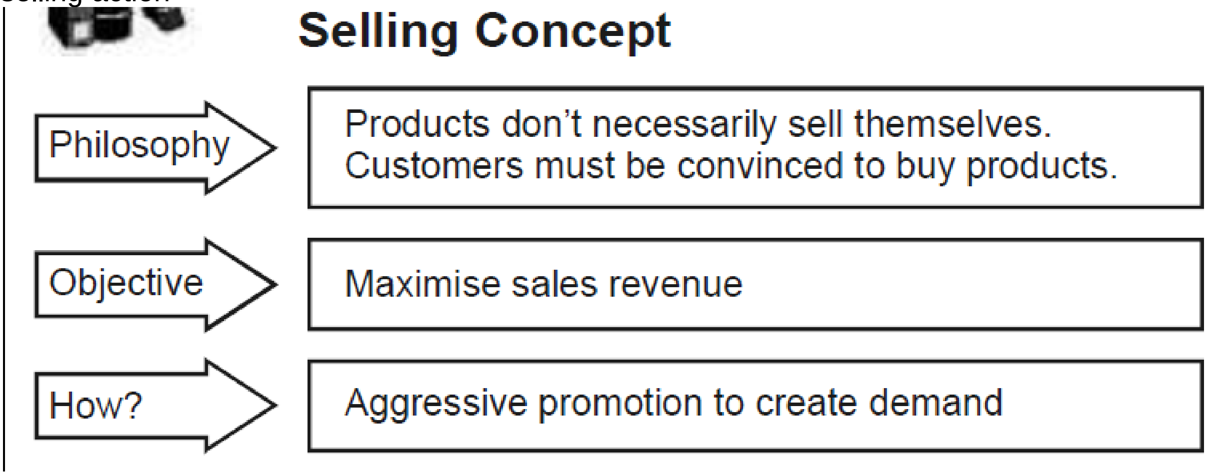
The focus of the total product concept is on the product attributes. The problem with this orientation is that managers forget to read the customer's mind and launch products based on their own technological research and scientific innovations.

Prof. Theodore Levitt of Harvard Business School termed this as **'marketing myopia'**. He recommended that companies should not be short-sighted and adapt to the changing needs of the customers and environment.

A similar thing happened with Onida when it launched "The Golden Eye" Technology in India. The market could not perceive the benefit of the technology and the idea flopped. Later, when consumers became aware of the various brands and technologies related to televisions, LG again brought this technology to the market and achieved marketing success

**The Selling Concept**

This concept proposes that customers, whether individuals or organisations, will not buy enough of the firm's products unless they are persuaded to do so through the selling effort. The marketers believe that the consumers need to be motivated to buy a firm's products or services through persuasion and selling action

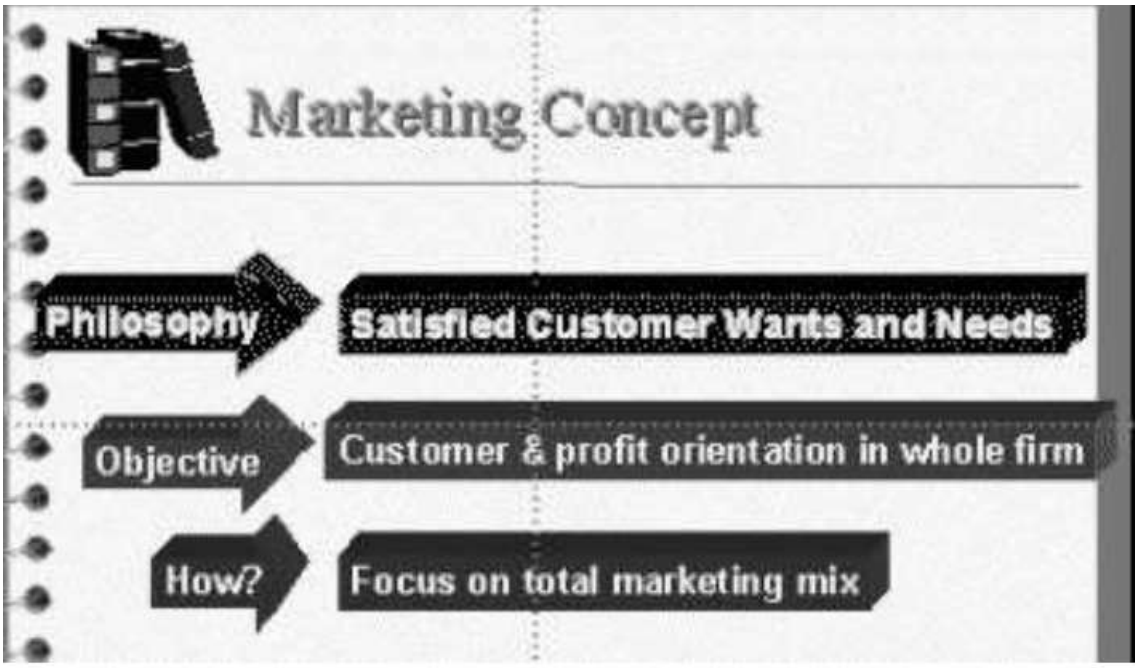



Companies selling unsought goods like life insurance, vacuum cleaner, fire fighting equipment including fire extinguishers, etc., are using this concept.

The problem with this concept is that some marketers assume that a customer will certainly buy his/her product after persuasion and he/she will never complain, even if he/she is dissatisfied. In reality, this does not happen and companies who blindly pursue this concept often fail in business

**The Marketing Concept**

The reason for success lies in the company's ability to create, deliver, and communicate a better value proposition through its marketing offer, in comparison to the competitors, for its chosen target segment




This concept is an elaborative attempt to explain the phenomenon that rests on the four key issues:


1. Companies, instead of spending on a mass, undifferentiated market, prefer to look for specific product market which will best match their product and accordingly design a marketing program that suits the taste of this target segment.

2. The marketers attempt to know the needs of the consumers. For this, they conduct a marketing research. On the basis of customers' needs, companies design and offer a suitable product or service to the consumers. Their aim is to provide maximum satisfaction to the consumers.

3. Companies need an integrated approach to achieve the goal of higher consumer satisfaction. Keeping the marketing goals in mind, companies need to integrate various key marketing functions like product design, distribution channel selection, advertising, sales promotion, customer service, and marketing research.

4. Companies look to earn profit. Earlier, companies worked only for profits. But slowly this perception is changing. Now, profitability has become a by-product of the efforts and strategies followed by firms in their pursuit to create superior product value and higher customer satisfaction.

| Selling | Marketing |
| --- | --- |
| Emphasis is on the product | Emphasis is on the needs and wants of the consumer |
| Company first manufactures the product and then decides to sell | Company first determines customers' needs and wants and then decides on how to deliver a product to satisfy these needs and wants |
| Management is sales-volume oriented | Management is profit-oriented |
| Planning is short-run oriented, in terms of today's products and markets | Planning is long-run oriented, in terms of new products, tomorrow's market and future growth |
| Stresses on the needs of the seller | Stresses on the needs and wants of the buyer |
| Views business as a goods producing process | Views business as a customer satisfying process |
| Emphasis is on staying with existing technology and reducing costs | Emphasis is on innovation in every sphere, on providing better value to the customer by adopting a superior technology |
| Different departments work in highly separate departments | All departments of business operate in an integrated manner, the sole purpose being generation of consumer satisfaction |
| Costs determine price | Consumer determines price, price determines cost |
| Views customer as the last link in business | Views customers as the main purpose of business |

**The Societal Marketing Concept**

The term 'societal marketing' is growing in popularity day-by-day. It proposes that the enterprise's task is to determine the needs, wants, and intentions of the target market. To enhance the consumer's and society's well-being, a marketer is supposed to deliver the expected satisfaction more effectively and efficiently than its competitors.

The concept of societal marketing combines the best elements of marketing to bring social change in an integrated planning and action framework with the utilisation of communication technology and marketing techniques. It also expects marketers to instil social and ethical considerations into their marketing decisions.

Some people also refer to social marketing as cause-related marketing that utilises concepts of market segmentation, consumer research, product concept development, product testing, and brand communication to maximise the target segment response.
Almost all major companies are engaged in societal marketing in some form or other.

For example, P&G with CRY - each time you buy a P&G product, you help support one day's education of one child, Sony launched "Shiksha" to help educate underprivileged children.

## Marketing Research

Marketing research is the study of marketing problems, techniques, and other aspects of marketing related decision-making and their implementation. The American Marketing Association (AMA) defines marketing research as the function which links the consumer, customer, and public to the marketer through information used to identify and define marketing opportunities and problems, refine and evaluate marketing actions, monitor marketing performance and improve understanding of marketing as a process

### Features of marketing research

Features of marketing research may be listed as follows:

- ***Systematic process* –** Marketing research has to be carried out in a sequential and systematic manner and the entire process needs to be planned with a clear objective.

- ***Objective* –** It is essential that the methods used and interpretation of results is objective in nature. The research should neither be carried out to establish an opinion nor should it be purposely matched with the preset results.

- ***Multi-disciplinary* –** Marketing research borrows concepts from other disciplines like statistics for obtaining reliable data and from economics,psychology, and sociology for better understanding of buyers.

### Objectives of marketing research

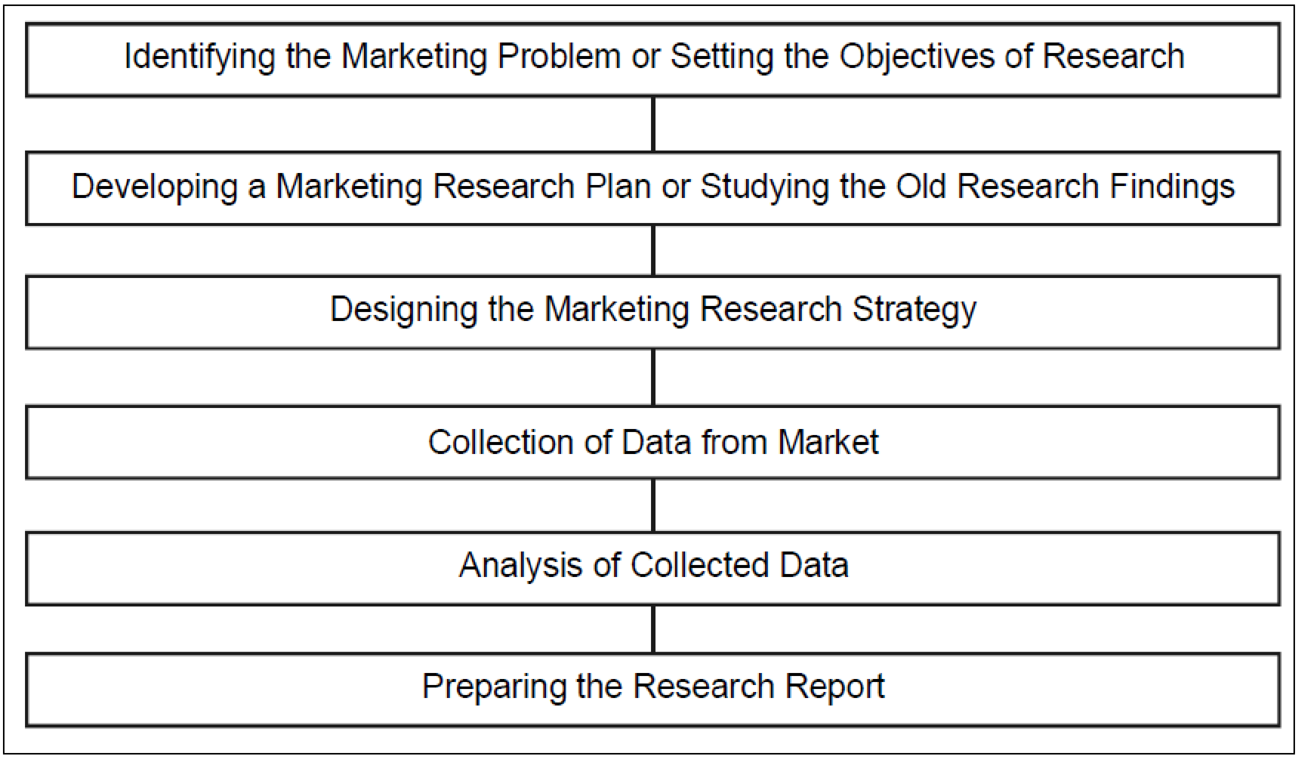
***Academic objectives* –** These objectives can be to gain awareness about a phenomenon or to achieve new insights into it. The academic object of marketing research is the acquisition of knowledge and it is the thirst for knowledge coupled with curiosity that has been the guiding force behind a rich variety of research work, independent of any material incentive.

- ***Utilitarian objectives* –** The primary goal of marketing research is to understand the marketing culture, environment, and decision process and thereby gain a greater measure of marketing control.

### Marketing research process

The process of marketing research involves the following steps:

1. Identifying the marketing problem
2. Developing marketing research plan
3. Designing marketing research strategy
4. Collection of data
5. Analysis of collected data
6. Preparation of report




However, there is no strict rule for the researcher to follow the path as mentioned below. He/she may modify the steps depending on the information available from the client organisation, nature of the problem, and the type of answers he/she wishes to find from the research

**Identifying the marketing problem**

The first step in marketing research is identifying and understanding the marketing problem. What is the problem? What type of information is required to solve it? What segments of the related information are already available? Marketing researchers also make use of the available literature for an in-depth background study of the problem, which will help them to define the research objectives clearly.

Once the problem is defined, a series of research objectives can be laid down for further work. Marketing researchers often conduct preliminary research to find out the problem and clarify the nature of the problem. This kind of research is known as ***exploratory research****.* The objective of exploratory research is to investigate and explore rather than provide a conclusion. This kind of research is undertaken with an objective that other types of research will follow and the subsequent researches will be directed at finding out the solution to the problem.

A ***focus group*** is the most popular method of conducting exploratory research. Focus group interviews are loosely structured interviews of six to ten people who give their comments and reflections on the symptoms and the 'why' part of the problem, so that the researcher can draw inferences from their responses to build the program.

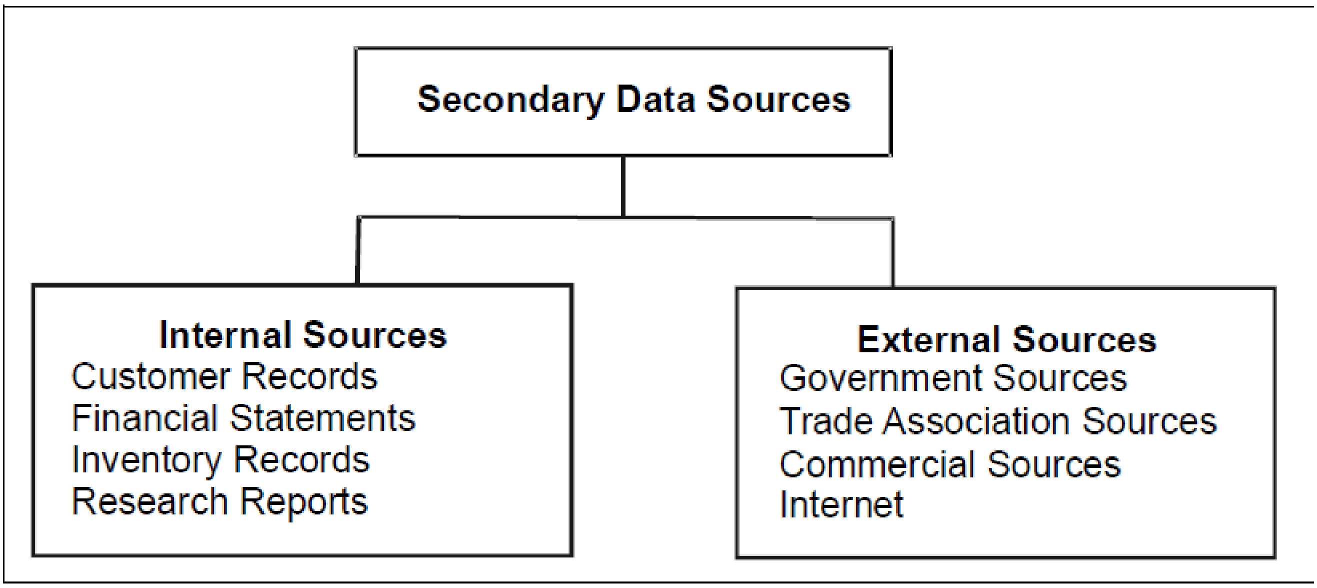
**Developing marketing research plan**
When the marketing problem is clearly identified and formulated, marketing researchers should develop a plan to collect the relevant information. While developing the research plan, they should also familiarise themselves with the existing research findings. They can also take the help of library sources, as well as experienced consultants, persons with practical knowledge, etc.

The research design is a master plan that helps in the identification of specific techniques and procedures that will be used to collect and analyse data about a problem. The research design so formulated should be compared with the objectives developed in the preceding stage to ascertain that the sources of data, data collected, scheduling, and cost of collecting data are contributing towards achievements of the research goal.

**Types of data and methods of data collection**

***Primary data –*** Original data derived from a new research study and collected at source, as opposed to previously published material.

***Secondary data –*** Data already gathered for one use that is then utilised for another purpose. For example, a person researches income distribution using data collected by the Department of Commerce.




Alternatively, it is also possible to develop a research plan by using primary data. Primary data is not recorded before and is not available in any report or formatted sources. It is collected from the respondents directly for the purpose of a specific research.

Primary data can be collected by the following four ways:

- ***Census –*** The method by which data is collected from all the members of population is called census. Every ten years, the Government of India conducts census to record the population and its characteristics. Though it covers the whole population, it is a time consuming and expensive exercise.

- ***Survey –*** To overcome problems posed by census method, many researchers follow the survey approach. A survey is any research effort in which data is gathered systematically from a representative sample of population. This data can be collected by contacting respondents through telephone, mail, e-mail, or through personal contact method. Personal or telephonic survey methods have certain advantages, which include direct interaction between the researcher and the respondent.

When surveys are conducted properly, they bring certain advantages in the form of cost control, representativeness of sample, accuracy, and timeliness of result for the benefit of the firm. However, if they are not done properly, there is a risk of systematic bias, leading to incorrect and worthless results. The nature of the marketing problem suggests the kind of survey technique to be followed by the researcher.

**ADVANTAGES & DISADVANTAGES OF DIFFERENT SURVEY TECHNIQUES**

| Variable | Door to Door | Shopping Mall | Internet Survey | Telephone interview | Mail in questionnaire |
|---|---|---|---|---|---|
| Cost | Highest | Moderate to High | Low | Low to Moderate | Lowest |
| Speed of data collection | Moderate to fast | Fast | Instantaneous | Very fast | Researcher has no control over the return of the instrument |
| Influence of the interviewer on answers | High | High | None | Moderate | None |
| Possibility of respondent misunderstanding | Low | Low | High | Moderate | Highest – No interviewer available for clarification |
| Flexibility of Questioning | Very Flexible | Very Flexible | Extremely Flexible | Moderately Flexible | Highly standardized format |
| Respondent Cooperation | Good | Moderate | Varies, depending on the nature of website | Good | Moderate – Poorly designed questionnaire will get no response |
| Length of Questionnaire | Long | Moderate to Long | Moderate | Moderate | Varies – depending on purpose |

***Observation –*** It is a method of collecting primary data in which occurrences are observed. Marketers also use observational technique for data collection; particularly when they are interested in learning the 'how' behaviour. Observational techniques can be personal, mechanical, natural, or contrived techniques. An observation by individual observers is a personal observational technique, whereas when mechanical devices like cameras are used, it is called mechanical observation. When the process of taking note happens naturally, it is called natural observation, but in many instances, the observer creates a contrived situation for the occurrence of the event.

• ***Experiments –*** Marketing researchers conduct experiments to discover the cause and effect relationships. An experiment allows a researcher to change variable inputs and then measure its effect on the dependant variable under controlled environment. The researcher can manipulate the degree of treatment of the variable on the subject and measure the corresponding effects on the desired variable.

**Techniques of Sampling**

| **Probability Methods of Sampling** | **Explanation** |
|---|---|
| Simple Random Sampling | Every member of the identified population has an equal chance of selection |
| Stratified Random Sampling | The entire population is divided into number of stratum (exclusive groups) and random samples are drawn from each one of the stratum |
| Cluster or Area Sampling | The entire population is divided into mutually exclusive groups on geographic basis so that the researcher can draw samples from each area |
| **Non-Probability Methods of Sampling** | |
| Convenience Sampling | The researcher chooses the most accessible population as per his convenience. |
| Judgmental Sampling | The researcher selects sample members from the population who he judges as good prospects for the desired information |
| Quota Sampling | The researcher finds and interviews a prescribed, pre-decided number of samples in each of the categories. |

**Designing marketing research strategy**

Marketing researchers should design the research strategy in accordance with the requirements of the problem. They should make certain hypotheses, the testing of which would be considered helpful in solving the problem.

A research strategy also covers issues like the cost structure for the research, the time and scheduling for the research, and the nature of the contact method, like personal contact, email, telephone, etc.

Marketing researchers should also set up a research strategy chart for smooth conduct of the proposed research.

Let us now illustrate a research strategy chart for better understanding of students, through an example of a toothpaste brand research.

## Marketing Research Strategy of Toothpaste Company

| Research | Descriptive research |
|---|---|
| Data Sources | Secondary data |
| | Primary data |
| Research Approach | Survey method |
| Research Instrument | Questionnaire |
| Type of Questionnaire | Structured non-disguised |
| Type of Questions | Close-ended questions |
| Sampling Plan | |
| • Sampling Unit | Purchasers of toothpastes |
| • Sample Size | 500 persons |
| • Sampling Procedure | Simple random sampling |
| **Contact Method** | **Personal** |
| Mode of collecting data | The respondents will be chosen randomly and requested to grant interviews. The questions will then be asked in a firm, determined sequence. The secondary data will be collected from various books, journals, reports (both published and unpublished), etc. |
| Data Processing | i. A number of tables to be prepared to bring out the main characteristics of the collected data. |
| | ii. Inferences to be drawn from the data collected |

**Collection of data**
Marketing researchers would either select primary methods or secondary methods or both for data collection. Their decision depends on the nature of study and objective, availability of financial resources and time, and the desired degree of accuracy.

As explained in the earlier section, primary data can be collected through experiment or survey. If researchers conduct experiments, they require some quantitative measurements of the data, with the help of which they examine the truth contained in the marketing research hypothesis. But in the case of a survey, data can be collected through different contact methods.

**Analysis of collected data**
Data collected from various sources are processed. They are edited for the purpose of improving accuracy level. Editing is a process of weeding out irrelevant information from the data. It is done to find out the consistency, accuracy, completeness, and legibility of the responses and its usability for the desired research. Responses found unsuitable are removed from the sample list. Editing can be done sequentially when the responses are being collected or at the central table after all the responses have been collected.
The researcher has two sets of data, namely
• ***Qualitative data analysis –*** It can be done by drawing inferences from the responses or by conducting content analysis.
• ***Quantitative data analysis –*** It is classified by evaluating how many variables are to be measured.

**Report preparation**
Keeping the objectives of the study in mind, the researcher should prepare the study report. The findings should be written in a concise, simple, and objective-oriented language. Graphs and examples in the main report should be limited to those needed to convey essential facts to support the research statement.

**Importance of marketing research**

With the change from a seller's market to a buyer's market, it was deemed necessary to acquire information on the needs, preferences, and evaluation of the consumer. The most relevant requirement was to ensure that the right product reaches the right person at the right place at the right price.
Besides, it was also necessary to get feedback from the customers as to whether they are getting optimum satisfaction and thus continue to make changes in the marketing mix so that consumers remain loyal to the product.

Consequently, the whole task requires entrepreneurial flair and skill, which ultimately calls for marketing research. Thus, marketing research is a very useful tool in enhancing the decision-making ability of the marketer in the dynamic environment of today.

**Advantages and limitations of marketing research**

Advantages of marketing research over other methods of decision making on marketing problems:

- It is used to measure market potential, characteristics, and share of markets for a particular brand or company.
- It helps in obtaining information that could lead to the formulation of short and long-range forecasts.
- It helps in taking better advertising decisions.

However, like any other managerial tool, marketing research is not free from flaws. Following are the limitations of marketing research:

- Although marketing research uses techniques of science, it is not exact science. The results obtained are not accurate as compared to physical and chemical sciences.

- Political, legal, technological, and social variables are uncontrollable from the standpoint of the individual marketing decision maker. The results are affected if these variables change.

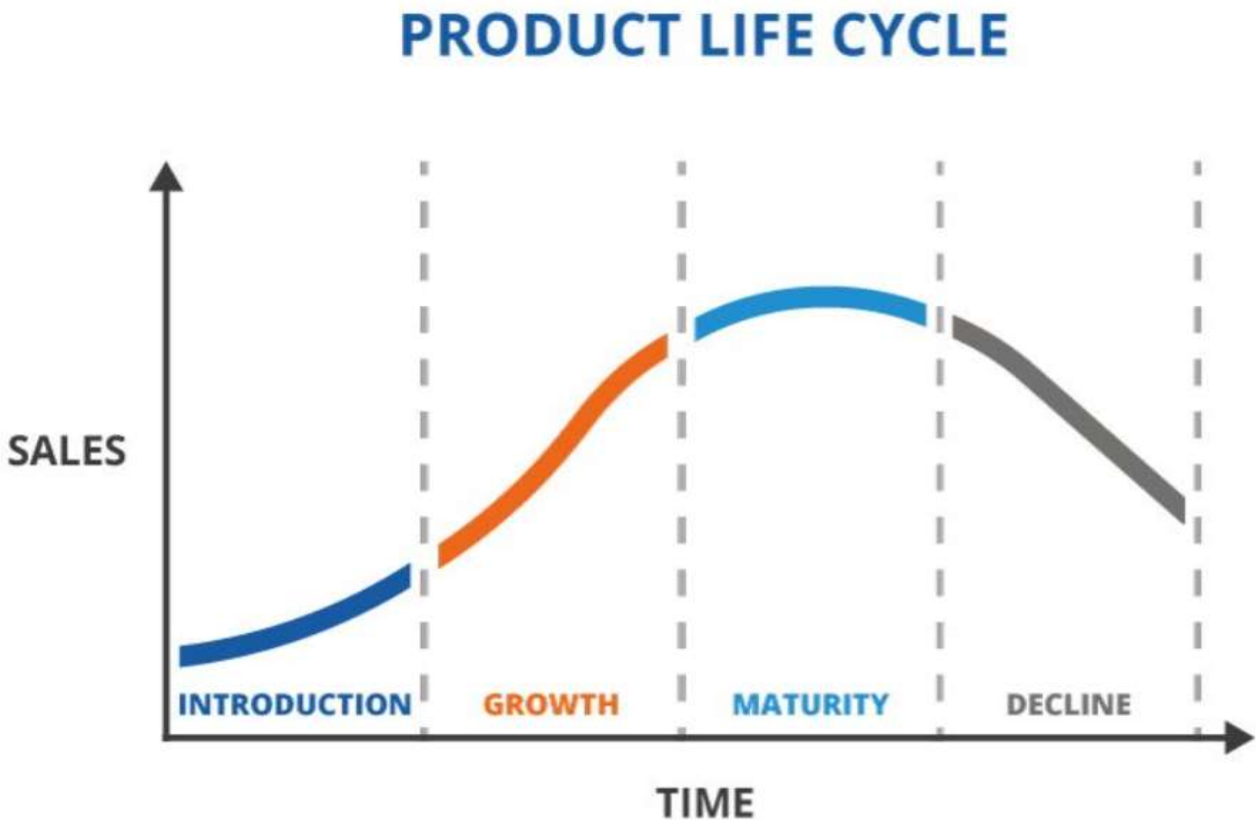
- Consumers, dealers, wholesalers, retailers, etc., are the basic constituent's entities on whom marketing research is carried out. Human beings act artificially when they are targeted for research work. Many aspects of human behaviour affect the results of marketing research.

PRODUCT LIFE CYCLE

A product life cycle is the length of time from a product first being introduced to consumers until it is removed from the market. A product's life cycle is usually broken down into four stages; introduction, growth, maturity, and decline.

Product life cycles are used by management and marketing professionals to help determine advertising schedules, price points, expansion to new product markets, packaging redesigns, and more. These strategic methods of supporting a product are known as product life cycle management. They can also help determine when newer products are ready to push older ones from the market.

There are four stages in a product's life cycle - introduction, growth, maturity, and decline – but before this a product needs to go through design, research and development. Once a product is found to be feasible and potentially profitable it can be produced, promoted and sent out to the market. It is at this point that the product life cycle begins.




The various stages of a product’s life cycle determine how it is marketed to consumers. Successfully introducing a product to the market should see a rise in demand and popularity, pushing older products from the market. As the new product becomes established, the marketing efforts lessen and the associated costs of marketing and production drop. As the product moves from maturity to decline, so demand wanes and the product can be removed from the market, possibly to be replaced by a newer alternative.

Managing the four stages of the life cycle can help increase profitability and maximise returns, while a failure to do so could see a product fail to meet its potential and reduce its shelf life.

Writing in the Harvard Business Review in 1965, marketing professor Theodore Levitt declared that the innovator had the most to lose as many new products fail at the introductory stage of the product life cycle. These failures are particularly costly as they come after investment has already been made in research, development and production. Because of this, many businesses avoid genuine innovation in favour of waiting for someone else to develop a successful product before cloning it.

Stages

There are four stages of a product’s life cycle, as follows:

1. Market Introduction and Development
This product life cycle stage involves developing a market strategy, usually through an investment in advertising and marketing to make consumers aware of the product and its benefits.

At this stage, sales tend to be slow as demand is created. This stage can take time to move through, depending on the complexity of the product, how new and innovative it is, how it suits customer needs and whether there is any competition in the marketplace. A new product development that is suited to customer needs is more likely to succeed, but there is plenty of evidence that products can fail at this point, meaning that stage two is never reached. For this reason, many companies prefer to follow in the footsteps of an innovative pioneer, improving an existing product and releasing their own version.

2. Market Growth

If a product successfully navigates through the market introduction it is ready to enter the growth stage of the life cycle. This should see growing demand promote an increase in production and the product becoming more widely available.

The steady growth of the market introduction and development stage now turns into a sharp upturn as the product takes off. At this point competitors may enter the market with their own versions of your product – either direct copies or with some improvements. Branding becomes important to maintain your position in the marketplace as the consumer is given a choice to go elsewhere. Product pricing and availability in the marketplace become important factors to continue driving sales in the face of increasing competition. At this point the life cycle moves to stage three; market maturity.

3. Market Maturity
At this point a product is established in the marketplace and so the cost of producing and marketing the existing product will decline. As the product life cycle reaches this mature stage there are the beginnings of market saturation. Many consumers will now have bought the product and competitors will be established, meaning that branding, price and product differentiation becomes even more important to maintain a market share. Retailers will not seek to promote your product as they may have done in stage one, but will instead become stockists and order takers.

4. Market Decline
Eventually, as competition continues to rise, with other companies seeking to emulate your success with additional product features or lower prices, so the life cycle will go into decline. Decline can also be caused by new innovations that supersede your existing product, such as horse-drawn carriages going out of fashion as the automobile took over.

Many companies will begin to move onto different ventures as market saturation means there is no longer any profit to be gained. Of course, some companies will survive the decline and may continue to offer the product but production is likely to be on a smaller scale and prices and profit margins may become depressed. Consumers may also turn away from a product in favour of a new alternative, although this can be reversed in some instances with styles and fashions coming back into play to revive interest in an older product.

**Product Life Cycle Strategy and Management**
Having a properly managed product life cycle strategy can help extend the life cycle of your product in the market.

The strategy begins right at the market introduction stage with setting of pricing. Options include 'price skimming,' where the initial price is set high and then lowered in order to 'skim' consumer groups as the market grows. Alternatively, you can opt for price penetration, setting the price low to reach as much of the market as quickly as possible before increasing the price once established.

Product advertising and packaging are equally important in order to appeal to the target market. In addition, it is important to market your product to new demographics in order to grow your revenue stream.

Products may also become redundant or need to be pivoted to meet changing demands. An example of this is Netflix, who moved from a DVD rental delivery model to subscription streaming.

Understanding the product life cycle allows you to keep reinventing and innovating with an existing product (like the iPhone) to reinvigorate demand and elongate the product's market life.

Examples

Many products or brands have gone into decline as consumer needs change or new innovations are introduced. Some industries operate in several stages of the product life cycle simultaneously, such as with televisual entertainment, where flat screen TVs are at the mature phase, on-demand programming is in the growth stage, DVDs are in decline and video cassettes are now largely redundant. Many of the most successful products in the world stay at the mature stage for as long as possible, with small updates and redesigns along with renewed marketing to keep them in the thoughts of consumers, such as with the Apple iPhone.

Here are a few well-known examples of products that have passed or are passing through the product life cycle:

1. Typewriters
The typewriter was hugely popular following its introduction in the late 19th century due to the way it made writing easier and more efficient. Quickly moving through market growth to maturity, the typewriter began to go into decline with the advent of the electronic word processor and then computers, laptops and smartphones. While there are still typewriters available, the product is now at the end of its decline phase with few sales and little demand. Meanwhile, desktop computers, laptops, smartphones and tablets are all experiencing the growth or maturity phases of the product lifecycle.

2. Video Cassette Recorders (VCRs)
Having first appeared as a relatively expensive product, VCRs experienced large-scale product growth as prices reduced leading to market maturation when they could be found in many homes. However, the creation of DVDs and then more recently streaming services, VCRs are now effectively obsolete. Once a ground-breaking product VCRs are now deep in a decline stage from which it seems unlikely they will ever recover.

3. Electric Vehicles
Electric vehicles are experiencing a growth stage in their product life cycle as companies work to push them into the marketplace with continued design improvements. Although electric vehicles are not new, the consistent innovation in the market and the improving sales potential means that they are still growing and not yet into the mature phase.

4. AI Products
Like electric vehicles, artificial intelligence (AI) has been in development and use for years, but due to the continued developments in AI, there are many products that are still in the market introduction stage of the product life cycle. These include innovations that are still being developed, such as autonomous vehicles, which are yet to be adopted by consumers.

**Conclusion**

Understanding how a product's life cycle works allows companies to work out whether their products are meeting the needs of the target market and, thereby, when they may need to change focus or develop something new.

Examining a product in relation to market needs, competition, costs and profits allows a company to pivot their product focus to maintain longevity in the marketplace.

Knowing when a product is going into decline prevents your company from following as a result of being overly reliant on a fading market. A product life cycle strategy means that you can reinvigorate an existing product, develop a new replacement product or change direction to stay abreast of a changing marketplace.

While all products have a life cycle, many of the most successful ones are able to maintain the mature stage of the life cycle for many years before any eventual decline.

**PRODUCT LAUNCHING**

product launch is a company's coordinated effort to bring new or updated products to market. Well-planned and well-performed launches announce a product to the world after building substantial buzz. They also align members of a product team with other departments to ensure the entire business is unified in its approach to supporting the new product.

Planning a thorough product launch requires investing a great deal of labour and time. However, product-centric companies will find these commitments worth the effort. A successful launch can attract the right kind of customers to a new product. This increases the rate of product adoption and allows a company to see a quicker return in their investment in the product's development.

- A product launch is the process a company undertakes to bring its new or updated products to market.
- Tips for building a successful product launch include:
    - ✓ Focusing on the customer experience
    - ✓ Using your product data to inform strategy
    - ✓ Creating a product launch checklist
    - ✓ Launching early and tweaking as you go
- The success of a product launch can be measured quantitatively through tracking KPIs and qualitatively through internal and external feedback.

A launch can be divided into three stages:

**1. Planning**
This is the stage where product teams set goals, research their audience and competition, align expectations, and establish the marketing strategy. The launch team also works closely with product developers to establish a timeline for a launch date and identify key marketable components of the product.

**2. Execution**
This is the window of time during which the product is formally released. This includes the actual day of release and the subsequent marketing efforts to maintain buzz throughout the following weeks. During this time, product and marketing data is collected that will eventually help determine the success of the launch.

**3. Analysis**
Eventually, marketing efforts will wind down as the product transitions from the "launch" stage into the "growth " stage of the product life cycle. Product teams compare data collected during the release window and determine whether KPIs and other goals were met as a result of the launch.

**How to measure product launch success**

**1. Define relevant KPIs**

Before your product launches, you need to define what a successful launch would look like. Success is likely defined differently for products in varying markets. For instance, an ecommerce website may have a new revenue goal in mind. Alternatively, they may view a launch as successful if a certain percentage of customers complete a second order.

Common KPIs associated with product launches include:

- Web traffic
- Revenue gained
- Leads generated
- Customer usage and retention
- Trial subscribers signed up

**2. Tracking and analyzing data**

A successful launch is likely to yield a great volume of data. Marketing data from your website and behavioral data from your product will need to be sorted and analyzed to determine how well your KPI goals track with reality. This should be done post-launch to zero in on launch-specific results.

### 3. Gathering feedback

Many product metrics focus on quantity—that is, how many users were onboarded or how many products were sold. Soliciting feedback directly from customers gives you a sense of how well your product and messaging were received. Customer feedback is usually gained through:

- Customer interviews
- Focus groups
- Surveys

It's also important to evaluate how well the product launch went within your company. Other teams may have identified points of friction in the rollout of internal processes your team wasn't aware of. Additionally, departments such as IT or customer service likely interfaced with customers in meaningful ways during the product launch. They may have unique insights into issues or concerns that arose through the creation of help tickets or direct customer requests.

## SALES PROMOTION

Sales promotion is a set of marketing technologies aimed to stimulate the demand for particular products and increase brand awareness. Limited in time, it creates a feeling of time-sensitiveness, generates new leads, and keeps existing customers engaged.

Sales promotion is one of the core elements of the promotion mix. To build long-lasting relationships with users, you need to find out the types of sales that work with your target audience. At the same time, you should provide customers with value that's relative to your field of expertise.

### Benefits of Sales Promotion

- It helps to generate new leads
- Allows re-engaging with your existing audience
- Skyrockets revenue
- Increases brand awareness

- It helps to generate new leads. Sales promotion can boost your product image since it encourages sharing information about it within social groups related to your business. If you sell training football shoes, people keen on playing football will share the message.
- Allows re-engaging with your existing audience. Once a person subscribed to a brand's email newsletters, they will receive regular sales promotions. It is a way to keep the audience engaged and maintain a close connection with the company, which is crucial for building loyalty.
- Skyrockets revenue. Sales promotions help companies to increase the number of sold goods, even though they need to lower the price to achieve that goal. Of course, merely reducing the price is not enough, people should need your product, while the discount is only another reason to make a purchase.
- Increases brand awareness. Sales promotion is a way to make a name for your brand because people are more likely to talk about a company that proposes benefits and saves their money. That's what sales promotion does.

### Sales Promotion Objectives

- Launch a new product
- Attract new clients
- Stay competitive
- Make existing customers buy more
- Sell during off-season
- Run clearance campaigns

Although the main goal of sales promotion is to increase demand in a particular product, you can reach several important goals. Understanding them will help you create an effective promotion strategy.

- **Launch a new product.**
  If you're going to expand and turn your small coffee shop into a bakery, you need to reach new market segments. You can attract new customers by offering a free cookie with each cup of coffee or suggest visitors set their own price once in a while.
- **Attract new clients.**
  This objective should be your long-term goal since it allows your business to grow. Your potential clients are likely your competitors' customers, so analyzing their product and benefits, you can offer something more valuable.
- **Stay competitive.**
  Researching and analyzing your competitors will not only help you attract new clients but constantly improve your product and customer service.
- **Make existing customers buy more**. It's always easier to make an existing customer buy more than attract new clients. Provide each client with a personalized approach — it will help you build customer loyalty. As a result, clients will promote your brand organically.
- **Sell during the off-season**. Goods like swimwear, boats, tents, air conditioners, refrigerators are definitely more popular in summer but you should consider special strategies to sell them throughout the year. Offer time-limited discounts, "1+1=3" campaigns, and other marketing tricks.
- **Run clearance campaigns.** They're especially popular before summer and winter. As dealers need to make room for a new collection, they often run total clearance campaigns when users can buy goods from old collections at extremely reduced prices.

**Types of Sales Promotion**

- **Price deal**
- **Loyalty reward program**
- **Bonus-pack deal**
- **Giveaways**
- **Coupons**
- **Mobile couponing**
- **Sampling**

- **Price deal.** It is a temporary cost reduction, for instance, 20% off for a coffee for a week.
- **Loyalty reward program**. This means that customers collect points or credits when they buy coffee. If they get 10 points, for example, they will have one coffee for free.
- **Bonus-pack deal.** It means that a customer can get more products paying the original price. For instance, they pay a dollar for one cup of coffee and get free candy, which gives some positive emotions and makes them come back in the future.
- **Giveaways.** These tactics aim to increase brand awareness. It means giving some items for free in exchange for personal information to use in further marketing. For example, offer a free cup of coffee in exchange for a phone number, which you can use for many purposes: promoting new sales, sharing updates and news with short text messages, etc.
- **Coupons.** You can sell coffee for the original price and give a coupon, which will make the next purchase 5% cheaper.
- **Mobile couponing**. It stands for coupons received on mobile phones via SMS. To get a discount, a customer needs to show the coupon on their smartphone.
- **Sampling.** Choosing this promotion type, companies give a sample of the product; for instance, the first cup of coffee to promote a new taste.

**Sales Promotion Techniques**

- Discounts
- Time-limited offers
- Seasonal promotions
- “1+1=3"
- Holiday promotions

- Gifts
- Contests
- Reward points
- Special prices
- First-purchase coupons
- Free shipping

**1. Discounts.** This technique is as old as the hills. Small companies and big corporations use this method to sell more. One of the reasons it's so popular, even today, is that discounts are great for both consumers and retailers. Sellers can clear room in their warehouse for new arrivals and customers can buy more at reduced prices. Keep in mind that a normal discount should be between 5-20% since clients won't even notice less than 5% discount, but more than 20% off will make them feel suspicious about your brand.

**2. Time-limited offers.** This technique works even better than a big discount. With this trick, marketers manage to create a sense of urgency and fear of missing out on their products. You can give clients 24 hours to grab this special offer. To make this technique perform better, you need to advertise your promotion on each channel you use. This will bring more sales and increase your site traffic.

**3. Seasonal promotions.** People often buy ski suits in summer and air conditioners in winter to save money. Selling products during off-seasons can be a real challenge, so we strongly recommend you to run seasonal promotions. Sell items from old collections at reduced prices and don't forget to advertise your campaign via email and social media.

**4. “1+1=3". "Buy one and get one for free"** and "**Buy 2 items and get the third one for free"** are very familiar marketing tricks. Such campaigns help you sell products at a low price or save money shopping together with a friend. Retailers can significantly boost sales with this technique reinforcing clearance sales.

5**. Holiday promotions.** Christmas, New Year's Eve, Halloween, International Women's Day, and Valentine's Day are great chances to skyrocket sales. People are extremely generous when buying presents for their friends and family. Launch your holiday campaigns in advance, and invest in advertising via email, PPC, social media, and other channels. This will help you increase brand awareness and site traffic.

**6. Gifts**. Who doesn't like freebies? If you are a startup or about to launch a new product, go for this technique. It will help you reach big audiences fast, build brand recognition, and collect user-generated content which is especially valuable for every type of business. Let users try your service for free for 7 days, launch a campaign that will let each client who spends $100+ receive a gift, or give away free samples with each order.

**7. Contests.** Competitions are a great opportunity to boost user engagement and increase brand awareness and sales. You can let your audience to create a slogan for your brand, a new advertising message, design, or share creative ideas on how to use your product in an unusual way. Make sure that the prize correlates with the effort spent on participating in your contest.

**8. Reward points.** You definitely should reward clients who buy from you regularly - people love brands that appreciate their choice. So, with this technique, you can start building customer loyalty. Give points to each client who makes a second purchase or spends a certain amount of money. Then, let them exchange those points for a product they like.

**9. Special prices.** Marketers usually run a 1-day campaign when users can buy everything at a fixed price. These prices usually look tempting for users and they can’t overcome the feeling of missing out. The goal may be an annual clearance of goods. You can set a fixed price for each product category of your store.

**10. First-purchase coupons.** It always takes time for people to give money to a new store especially when buying expensive products. To make them think over the purchase faster, offer a special incentive. You can send a welcome email to a new visitor with a coupon to get a 10 or 15% discount off their first purchase. For better performance, limit this appealing offer to a couple of days.

**11. Free shipping.** Very often users leave your site without buying just because of expensive delivery options. To win back these potential clients, you can run a time-limited campaign that allows them to receive their orders for free if they spend a certain amount of money. If you sell medium-priced goods, do not make this fixed sum too high. Otherwise, people won't fall for this trick.

**Sales Promotion Examples**

- **Email marketing**
- **Facebook marketing**
- **SMS marketing**

**PRICING**

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

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

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

## Objectives of Pricing:

- **Survival-** The objective of pricing for any company is to fix a price that is reasonable for the consumers and also for the producer to survive in the market. Every company is in danger of getting ruled out from the market because of rigorous competition, change in customer's preferences and taste. Therefore, while determining the cost of a product all the variables and fixed cost should be taken into consideration. Once the survival phase is over the company can strive for extra profits.
- **Expansion of current profits-**Most of the company tries to enlarge their profit margin by evaluating the demand and supply of services and goods in the market. So the pricing is fixed according to the product's demand and the substitute for that product. If the demand is high, the price will also be high.
- **Ruling the market-** Firm's impose low figure for the goods and services to get hold of large market size. The technique helps to increase the sale by increasing the demand and leading to low production cost.
- **A market for an innovative idea-** Here, the company charge a high price for their product and services that are highly innovative and use cutting-edge technology. The price is high because of high production cost. Mobile phone, electronic gadgets are a few examples.

## *What is Pricing Method?*

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

***Types of Pricing Method:***

The pricing method is divided into two parts:

- **Cost Oriented Pricing Method**– It is the base for evaluating the price of the finished goods, and most of the company apply this method to calculate the cost of the product. This method is divided further into the following ways.
  - **Cost-Plus Pricing-** In this pricing, the manufacturer calculates the cost of production sustained and includes a fixed percentage (also known as mark up) to obtain the selling price. The mark up of profit is evaluated on the total cost (fixed and variable cost).
  - **Markup Pricing-** Here, the fixed number or a percentage of the total cost of a product is added to the product's end price to get the selling price of a product.
  - **Target-Returning Pricing-** The company or a firm fix the cost of the product to achieve the Rate of Return on Investment.
- **Market-Oriented Pricing Method-** Under this category, the is determined on the base of market research
  - **Perceived-Value Pricing-** In this method, the producer establish the cost taking into consideration the customer's approach towards the goods and services, including other elements such as product quality, advertisement, promotion, distribution, etc. that impacts the customer's point of view.
  - **Value pricing-** Here, the company produces a product that is high in quality but low in price.
  - **Going-Rate Pricing-** In this method, the company reviews the competitor's rate as a foundation in deciding the rate of their product. Usually, the cost of the product will be more or less the same as the competitors.
  - **Auction Type Pricing-** With more usage of internet, this contemporary pricing method is blooming day by day. Many online platforms like OLX, Quickr, eBay, etc. use online sites to buy and sell the product to the customer.
  - **Differential Pricing-** This method is applied when the pricing has to be different for different groups or customers. Here, the pricing might differ according to the region, area, product, time etc.

**Distribution Channels**

**What is a distribution channel?**

A distribution channel is the network of individuals and organizations involved in getting a product or service from the producer to the customer. Distribution channels are also known as marketing channels or marketing distribution channels.

**Types of distribution channels**

There are three types of distribution channels: **direct, indirect and hybrid.**

**1 Direct.**

With the direct channel, the company sells directly to the customer. For example, a brewery that brews its own beer and sells it to customers at its own brick-and-mortar location employs a direct channel of distribution. The seller delivers the product or service directly to customers. The vendor might also maintain its own sales force or sell its products or services through an e-commerce The direct channel approach requires vendors to take on the expense of hiring and training a sales team or building and hosting an e-commerce operation.

**2. Indirect**.

Indirect channels use multiple distribution partners or intermediaries to distribute goods and services from the seller to customers. Indirect channels can be configured in the following ways:
With the single-tier distribution model, vendors develop direct relationships with channel partners that sell to the customer.

In the two-tier distribution model, the vendor sells to distributors that provide products to channel partners, which, in turn, package products for the end customer. Two-tier distribution helps smaller channel partners that would have difficulty establishing direct sales relationships with large vendors.

**3. Hybrid.** 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 involve

**Examples of distribution channel intermediaries**
Intermediaries are used in indirect channels to distribute, sell and promote goods and services. Intermediaries may more commonly be referred to as middlemen.

Examples of intermediaries include the following:

- **Wholesalers** are intermediaries between manufacturers and retailers.
- **Agents** represent a person or entity and serve as an intermediary between buyers and sellers.
- **Brokers** are similar to agents but represent a person or entity on a limited, per-transaction basis.
- **Catalogs** are collections of products gathered in a publication and distributed at regular intervals.
- **Consultants** are individuals who connect distributors with intermediaries lower on the supply chain and give advice on how to distribute product effectively.
- **Distributors** are in direct contact with the manufacturer but sell to end users.
- **Retailers** either buy from the manufacturer or another intermediary and distribute to consumers through shops, grocery stores or websites.
- **Independent software vendors** are vendors that sell their software using a marketplace.
- **Managed service providers (MSPs)** offer managed software services.
- **Online marketplaces** are e-commerce sites that connect buyers and sellers.
- **Original equipment manufacturers, or OEMs**, are companies that sell a product and markets itself as the company that originally manufactured the product.
- **Value-added resellers (VARs)** are resellers that add value to a product or service before reselling it.

Each type of intermediary represents a channel with its own distinct characteristics. VARs, for example, are often local companies that sell horizontal products, such as office productivity apps or vertical IT products, such as healthcare services to businesses in their geographic region. VARs provide value beyond the original order fulfillment. They're distinct from the manufacturer and customer, and help the product get to the customer with added value.

Systems integrators might be large, national companies that work on highly complex, multivendor IT projects. Consultants might not resell products but rather influence sales through product recommendations to customers.

A vendor develops a marketing strategy called a channel strategy, also known as a distribution channel strategy, to determine what types of intermediaries to target and how to optimize partner relationships to increase sales and improve distribution.

**Intensive vs. selective vs. exclusive distribution**

There are three main levels of distribution that describe which type of intermediary sells the company's product and how involved the intermediaries are.

This applies to the indirect distribution method, because it involves intermediaries. Indirect product distribution strategies fall into three categories: intensive, selective and exclusive.

1**. Intensive distribution.** This involves a large number of intermediaries. The vendor tries to place its product in as many sales outlets as possible. This method is used with products that have a high consumption frequency and a low cost of production. Examples include common grocery items, such as eggs, bread and potato chips; bathroom products, such as toilet paper; and tobacco products, including cigarettes.

**2. Selective distribution**. This involves a smaller number of intermediaries, using criteria set by the vendor such as geographic region, service and support capabilities. The reputation of the intermediaries is important in this method because vendors need to have a stronger relationship with retailers in order to be selective. For example, a clothing manufacturer might select certain small shops to distribute clothes versus using a large chain.

3**. Exclusive distribution.** This involves only a few intermediaries that agree to exclusively sell the vendor's products. Deals are exclusive and limited to just those intermediaries.

**The importance of distribution channels**

The various channels of distribution play a critical role in a vendor's go-to-market strategy. If successfully executed, any distribution channel model -- whether focused entirely on one mode, such as direct sales, or embracing multiple outlets, such as multichannel distribution -- can open or expand markets, exceed sales goals and grow a vendor's bottom line.

Beyond boosting revenue, distribution channels can also broaden the portfolio of products and services available to customers. VAR, SI and MSP channel partners, for instance, often provide consulting, technology implementation services and post-sales support. They might also incorporate a vendor's product into an integrated IT product.

The final customer is focused on whether a product or service meets its needs. The customer is often unaware or unconcerned about the intricacies of distribution channels.

**Advertising**

**What Is Advertising?**
Advertising is a promotional activity which aims to sell a product or service to a target audience. It is one of the oldest forms of marketing which attempts to influence the actions of its target audience to either buy, sell, or do something specific. Using a highly tailored message the advertisement can be niche (targets a small audience) or general (targets a large audience).

Advertising is a lot older than most other marketing activities like email marketing and Search Engine Marketing. Since the internet has become the norm, advertising has been divided into two fields: traditional advertising and digital advertising.

Traditional advertising relates to print, TV, and radio advertisement that has been popular for over 150 years. Print advertising is the most effective advertising for businesses as it revolves around a target audience personally receiving the advertisement through flyers, newspapers, and the mail.

Digital advertising revolves around any advertising activities online like display advertising, PPC, Social Media advertising, etc. This form of advertising is cheaper and easier to track so it has become a more widely used form of marketing.

**Why Is Advertising Important in Marketing?**

- **Product Advertising**
  Creating product advertisements is an important first step in a product lifecycle. It acts as an introduction to a product and can be a great way to get your brand name out into the world.

- **Creating demand**

Before a product is produced, sales projections are calculated in order to rationalize the cost of production. Once a product is created sales need to become reality and effective advertisements are the way that businesses can introduce the product to the world.

- **Control and Track**
  Digital advertising has become a science today. Companies can be highly targeted and can track every conversion from an ad with the click of a button. This control and traceability make advertising super important in marketing for the likes of attribution modeling and conversion rate optimization (CRO).

- **Competition**
  Advertising allows you to pit your business against your competitor on a public stage. How you and your competitor react is hugely important as it shapes the market. As part of an aggressive marketing campaign, promotional advertising alongside your competition can equal big wins quickly.

**Types of Advertising**

**Traditional Advertising**

- **Print Advertising**
  Whether in a magazine, newspaper, periodical, or a flyer, print advertising is an effective way to get your name out there.

- **Billboards**
  Towering over cities across the world billboards can be static or moving product advertisements for almost anything.

- **Television Advertising**
  Television advertising was the most popular way of getting a product in front of people for over 50 years. Its appeal has only declined slightly since digital and mobile marketing hit the scene. This makes it a great channel to get your brand name out there.

- **Radio Advertising**
  Radio advertising, although solely audio, with no imagery to pair with it, is still very effective. There are two distinct audiences: the older audience and those who listen to the radio on their work commute. Creating ads that are short and straight to the point will keep listeners interested; anything more will overwhelm them.

**Digital Advertising**

**Social Media Advertising**
Social Media platforms have grown in popularity and, with this new trend, came advertising on the platforms. Placing promotional ads on these well-liked sites is great as you can target demographics more closely than ever before. You can choose your age bracket, interests, locations, and so much more with only a few clicks.

**Search and Display Advertising**

Search engines have capitalized on effective advertising also with the use of search and display ads that are tailored to keyword searches. This form of promotional advertisement is great for retargeting and remarketing to people who have already been on your website**.**

**Mobile Advertising**
Mobile use has grown tenfold in such a short period of time that it is no surprise that advertising has been introduced as part of it. Mobile-first advertising could include SMS ads, app ads, and

website advertisements aimed at mobile users. The options are endless when you are marketing to an audience who are always on their device.

**Popups**
Websites are always trying to get more conversions and sales in the pipeline. Effective ads are the way to achieve this. Using popups that include calls to action are a great idea. Entice someone back to a page when they are about to leave through an exit popup. Popups that provide discount codes or a link to the exact product you are searching for can make all the difference to a potential customer.

**Market Segmentation**

Market segmentation is a marketing term that refers to aggregating prospective buyers into groups or segments with common needs and who respond 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.

- Market segmentation seeks to identify targeted groups of consumers to tailor products and branding in a way that is attractive to the group.
- Markets can be segmented in several ways such as geographically, demographically, or behaviourally.
- Market segmentation helps companies minimize risk by figuring out which products are the most likely to earn a share of a target market and the best ways to market and deliver those products to the market.
- With risk minimized and clarity about the marketing and delivery of a product heightened, a company can then focus its resources on efforts likely to be the most profitable.
- Market segmentation can also increase a company's demographic reach and may help the company discover products or services they hadn't previously considered.

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

- **Homogeneity, or common needs within a segment**
- **Distinction, or being unique from other groups**
- **Reaction, or a similar response to the market**

For 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, more simple 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 consumers 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.

## MARKETING MIX

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

Effective marketing touches on a broad range of areas as opposed to fixating on one message. Doing so helps reach a wider audience, and by keeping the four Ps in mind, marketing professionals are better able to maintain focus on the things that really matter. Focusing on a marketing mix helps organizations make strategic decisions when launching new products or revising existing products.

- A marketing mix refers to a framework that uses the four Ps of product, price, placement, and promotion.
- This concept traces back to 1960, when marketing professor E. Jerome McCarthy first published it in a book entitled Basic Marketing: A Managerial Approach.
- The different elements of a marketing mix work in conjunction with one another with the ultimate purpose of generating higher sales.
- In addition to the 4 Ps, three approaches can also be integrated that include people, process, and physical evidence to reinforce a consumer-centric type of marketing strategy.
- This type of strategy extends beyond a product-focused marketing approach.

**What Are the 4 Ps of a Marketing Mix?**

The four Ps classification for developing an effective marketing strategy was first introduced in 1960 by marketing professor and author E. Jerome McCarthy.

It was published in the book entitled Basic Marketing: A Managerial Approach. Depending on the industry and the target of the marketing plan, marketing managers may take various approaches to each of the four Ps. Each element can be examined independently, but in practice, they often are dependent on one another

**Product**
This represents an item or service designed to satisfy customer needs and wants. To effectively market a product or service, it's important to identify what differentiates it from competing products or services. It's also important to determine if other products or services can be marketed in conjunction with it.

**Price**
The sale price of the product reflects what consumers are willing to pay for it. Marketing professionals need to consider costs related to research and development, manufacturing, marketing, and distribution—otherwise known as cost-based pricing. Pricing based primarily on consumers' perceived quality or value is known as value-based pricing.
Value-based pricing plays a key role in products that are considered to be status symbols.

**Placement**
When determining areas of distribution, it's important to consider the type of product sold. Basic consumer products, such as paper goods, often are readily available in many stores. Premium consumer products, however, typically are available only in select stores.

**Promotion**
Joint marketing campaigns are called a promotional mix. Activities might include advertising, sales promotion, personal selling, and public relations. One key consideration is the budget assigned to the marketing mix. Marketing professionals carefully construct a message that often incorporates details from the other three Ps when trying to reach their target audience. Determination of the best mediums to communicate the message and decisions about the frequency of the communication also are important.

This framework aims to create a comprehensive plan to distinguish a product or service from competitors that creates value for the customer. Often, these elements are dependent on each other.