BBA LLB
Paper Code: BBA LLB 118
Paper: Marketing Management

Unit-I: Introduction

a. Meaning, Nature and Scope of Marketing
b. Core Marketing Concepts
c. Marketing Philosophies

d. Concept of Marketing Mix

e. Understanding Marketing Environment

f. Consumer and Organisation Buyer Behaviour

g. Market Segmentation, Targeting and Positioning

Unit-II: Product Planning and Pricing
a. Product Concept
b. Types of Products
c. Major Product Decisions

d. Product Life Cycle, New Product Development Process
e. Pricing Decisions
f. Determinants of Price

g. Pricing Process, Policies and Strategies

Unit-III: Promotion and Distribution Decisions
a. Communication Process
b. Promotion Tools-Advertising, Personal Selling, Publicity and Sales Promotion

c. Distribution Channel Decisions-Types and Functions of Intermediaries, Selection and Management of Intermediaries

Unit-IV: Emerging Trends and Issues in Marketing
a. Consumerism, Rural Marketing, Social Marketing
b. Direct Marketing
c. Green Marketing

d. Digital Marketing – Online and Social Media Marketing
e. Marketing Ethic

Unit I

MEANING

According to The American Marketing Association " Marketing is the science of meeting the needs of a customer by providing valuable products to customers by utilizing the expertise of the organization, at same time, to achieve organizational goals."

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. With this definition, it is important to realize that the customer can be an individual user, a company, or several people who contribute to the purchasing decision. The product can be a hard good, a service, or even an idea – anything that would provide some value to the person who provides an exchange. An exchange is most often thought of as money, but could also be a donation of time or effort, or even a specific action. A producer is often a company, but could be an individual or non-profit organization.

Classical marketing is often described in terms of the four "P's, which are:

- **Product** – what goods or services are offered to customers
- **Promotion** – how the producer communicates the value of its products
- **Price** – the value of the exchange between the customer and producer
- **Placement** – how the product is delivered to the customer.

<u>Nature of Marketing</u>

Marketing Activities and Place Utility In the daily or practical life, we find that the utility of some raw materials or commodities is less at one place and more at the other; hence these are transferred from one place to the other so that these could fully satisfy the needs of people. From the mines, the minerals are transported to the factories, and the corn from villages to the towns for the reason since in comparison to the villages, their utility is much more in the cities. In this way, transfer of the commodities from one place to the other, is an increase in their utility. The transfer of commodities by the businessmen is planned to such places where there is very much utility of the commodities and there is also the possibility of much gain (profit). In this way, the transportation activities too are an important part of the marketing activities.

Marketing Activities and Time Utility Certain commodities are grown up in some specific seasons but their demand remains exiting throughout the whole of the year, hence these are required to be stored. These are stored during the harvesting time. In this way, by the storage too, the utility of the e commodities is enhanced. Storage too is an important constituent of the marketing process. If there is no increase in the utility by the storage of the commodities, the business class would never have stored such items. Time also enhances the utility of the commodities. Now-a-days, the commodities are stored in warehouses, godowns and cold-storages- In this way, by means of storage, from time to time, their utility is enhanced.

Marketing Activities and Form Utility Effecting such changes in the size, form, shapes and color of raw materials and other commodities so that their utility gets increased, is considered to be the creation of form utility. Whatever iron ore is extracted out of the mines, making it as finished steel, by the factories, its utility is increased. Some of the traders purchase paddy from the farmers and thereafter extract rice from it thus increasing its utility. Purchasing sugarcane from the growers, the sugar factories convert its form in the shape of sugar. 'In this way, the activities concerned with transformation too fall in the marketing sphere.

Marketing Activities and Possession Utility Often some commodity or service, transferred from one person's possession to that of the customer, increases its utility. When in exchange for money, we purchase anything from some shopkeeper, and then we understand that the thing which we are getting is more utility-bearing than the money. By passing on the commodities from the whole seller to the retailer and by transferring the goods from retailer to the consumers, their utility is increased. In this way, the activities of possession transfer too form part of the marketing, activities.

Marketing Activities and Knowledge Utility Nowadays, by providing the knowledge about the new uses of the commodities to the consumers, or by telling the utility- of any product, the demand of the commodity is created. For creating and increasing the demand of the commodity, by means of advertisements, the consumers are acquainted with the prices, qualities and utilities of the products. In this way, by creating the knowledge, the utility of the commodities is increased. The knowledge utility too is an aspect of the marketing.

Scope of Marketing

The scope of marketing really is related to the old and new concept of 'marketing'. Formerly the scope of marketing used to remain very much limited since the wants of the consumers too were quite limited. The competition was almost equivalent to nil. In the marketing, the satisfaction of the consumers was not at all considered. The marketing was commodity based and immediately after the sale of the products, the marketing process was over. Nowadays, the scope of marketing has become quite extensive, and the satisfaction of the customers too is kept in view. The process of marketing continues even after the sales have been affected. Today, the function of conforming the product, in accordance with the changing wants, habits and fashions of people, is undertaken by the process of marketing. Within the scope of marketing, -the following activities are covered:

Decisions and Researches Pertaining to Customers Now-a-days, the customer is considered to be the crownless ruler of the market: Every producer or manufacturer or business concern intends to know as to what is the interest, fashion, economic position, of the customers; where do they live, what is their paying capacity, etc. Taking decisions on the basis of all these things, the producers bring their products to the customers accordingly and by means of their satisfaction, earn the maximum profits.

Decisions Regarding the Commodity Before manufacturing the product, various decisions have to be taken up, for instance, the size of the product, its shade or color, design and brand, packing, etc. These all are equally the main components forming the marketing process.

Decisions Regarding Price-Determination Every producer or manufacturer and the business organization has also to determine beforehand, prior to undertaking its marketing, as to what shall be the price of their product ? While deciding the price of the product, the paying capacity of the customer and the cost of production has to be borne in mind.

Decisions Regarding the Medium of Distribution There are various media of distribution. the multiple or chain shops, the super bazaar, the wholesalers, the retailer, etc. The manufacturer or the business concern has also to determine as to what shall remain the medium of distribution of the commodity and how much long shall be its chain, requiring how much of expenditure. While taking the decision of the means of distribution, various matters have also to be borne into mind.

Decisions Regarding Sales Promotion and Advertisements In this age of stiff competition, the sales promotion and advertisements have become almost an inseparable part of the marketing. There are various media of sales promotion and advertisements taking the decisions about which is also an indispensable part of the sphere of marketing management. In the sales promotion, various decisions are required to be taken regarding the training of the sales representatives, their emoluments and the relevant incentives, etc.

Decisions Regarding After-Sales Service For the satisfaction of the customers, the provision of after-sales service is very necessary. Within the after-sales service, are included the free repairs, the return or exchange of the product during the guarantee period if the product proves defective or worthless, etc. In it is included the decision that for how much period, what type of service has to be extended to the customers, and through whom.

Core Concepts of Marketing/Marketing Philosophies

1. **Exchange Concept**: The Exchange concept holds that the exchange of a product between seller & buyer is the central idea of marketing Exchange is an important part of marketing, but marketing is a much wider concept.

2. **Production Concept:** The production concept is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available & expensive. Manager of production oriented business concentrate on achieving high production efficiency low cost & mass distribution. For Example: Haier in China take advantage of the country's huge inexpensive labor pool to dominate the market, to manufacture PC & domestic appliances.

3. **Production Concept:** This concept holds that consumers will prefer those products that are high in quality, performance or innovative features. Managers in these organization focus on making superior products & improving them. Sometimes, this concept leads to marketing myopia, Marketing myopia is a short sightedness about business. Excessive

attention to production or the product or selling aspects at the cost of customer & his actual needs creates this myopia.

4. **Selling Concepts:** This concept focuses on aggressively promoting & pushing its products, it cannot expect its products to get picked up automatically by the customer. The purpose is basically to sell more stuff to more people, in order to make more profits. Eg. Coca Cola

5. **Marketing Concept:** The marketing concept emerged in the mid 1950's. The business generally shifted from a product – centered, make & sell philosophy, to a customer centered, sense & respond philosophy. The job is not to find the right customers for your product, but to find right products for your customers. The marketing concept holds that the key to achieving organizational goals consist of the company being more effective than competitors in creating, delivering & communicating superior customers value. This concept puts the customers at both the beginning & the end of the business cycle. Every department & every worker should think customer & act customer.

Features of the Marketing Concept:

(i)Consumer Orientation: The purpose of any business is to create a customer.

(ii)Integrated Management with Marketing as the Fulcrum: Integrated management means that all the different functions of a business must be tightly integrated with one another. This is essential because every function has a bearing on the consumers & the aim is to see that all the functions make a favourable impact on the consumer.

(iii)Consumers Satisfaction: The marketing concept emphasizes that it is not enough if a firm has consumer orientation, it is essential that with such an orientation, it should lead to consumer satisfaction.

(iv) Realization of all Organizational Goals, Including Profits: The firm should not forget its own interests. It treats consumer satisfaction as the pathway to the attainment of goals of the organization.

In short the marketing concept essentially represents a shift in orientation.

From production orientation to marketing orientation. From product orientation to customers orientation.
From supply orientation to demand orientation. From sales orientation to satisfaction orientation From internal orientation to external orientation

6. **Social Marketing Concept:** This concept holds understanding broader concerns & the

ethical, environmental & legal & social context of marketing activities & programs. The cause & effects of marketing extend beyond the company & the consumes to society as a whole. Social responsibility also requires that marketers carefully consider the role that they are playing & could play in terms of social welfare.

7. Holistic Marketing Concept: This concept is based on the development, design & implementation of marketing programs, processes & activities that recognizes their breadth. Holistic concept realizes that "everything matters" with marketing.

Marketing Mix

The marketers delivers value to the customer basically through his market offer. He takes care to see that the offer fulfils the needs of the customer. He also ensures that the customer perceives the terms and conditions of the offer as more attractive vis-à-vis other competing offers .Marketing Mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. It is the sole vehicle for creating and delivering customer value.

- Product
- Price
- Place (referring to distribution)
- Promotion

PRODUCT: The most basic marketing mix tool is product, which stands for the firm's tangible offer to the market including the product quality, design, variety features, branding, packaging ,services, warranties etc.

PRICE: A critical marketing mix tool is price, namely, the amount of money that customers have to pay for the product. It includes deciding on wholesale and retail prices, discounts, allowances, and credit terms. Price should be commensurate with the perceived value of the offer, or else buyer will turn to competitors in choosing their products.

PLACE: This marketing mix tool refers to distribution. It stands for various activities the company undertakes to make the product easily available and accessible to target customers. It includes deciding on identify, recruit, and link various middlemen and marketing facilitators so that products are efficiently supplied to the target market.

PROMOTION: The fourth marketing mix tool, stands for the various activities the company undertakes to communicate its products merits and to persuade target customers to buy them. It includes deciding on hire, train, and motivates salespeople to promote its products to middlemen and other buyers. It also includes setting up communication and promotion programs consisting of advertising, personal selling, sales promotion, and public relations.

Marketing mix or 4 Ps of marketing is the combination of a product, its price, distribution and promotion. It must be designed by marketers in such a manner that these four elements together must satisfy the needs of the organisation's target market, and at the same time, achieve its marketing objectives.

MARKETING ENVIRONMENT: In order to correctly identify opportunities and monitor threats, the company must begin with a thorough understanding of the marketing environment in which the firm operates. The marketing environment consists of all the actors and forces outside marketing that affect the marketing management's ability to develop and maintain successful relationships with its target customers. Though these factors and forces may vary depending on the specific company and industrial group, they can generally be divided into broad micro environmental and macro environmental components.

Purpose of marketing environment analysis:-

(a)To know where the environment is leading, to observe & size up the relevant events & trends in the environment.
(b)Strategic response to environment is possible only with proper environment analysis.
(c)To assess the scope of various opportunities & shortlist those that can favorably impact the business.
(d)To help secure the right fit between the environment & the business unit which is the crux of marketing.

<u>Various Environmental factors Affecting Marketing Function.</u>

The environmental factors that are affecting marketing function can be classified into :

1) **Internal environment** and

2) **External environment**

Internal Environment of Marketing:

This refers to factors existing within a marketing firm. They are also called as controllable factors, because the company has control over these factors:

a) it can alter or modify factors as its personnel, physical facilities, organization and function means, such as marketing mix, to suit the environment.

There are many internal factors that influence the marketing function, they are:

Top Management: The organizational structure, Board of Director, professionalization of management..etc..Factors like the amount of support the top management enjoys from different levels of employees, shareholders and Board of Directors have important influence on the marketing decisions and their implementation.

Finance and Accounting: Accounting refers to measure of revenue and costs to help the marketing and to know how well it is achieving its objectives. Finance refers to funding and using funds to carry out the marketing plan. Financial factors are financial policies, financial position and capital structure.

Research and Development: Research and Development refers to designing the product safe and attractive. They are technological capabilities, determine a company ability to innovate and compete.

Manufacturing: It is responsible for producing the desired quality and quantity of products. Factors which influence the competitiveness of a firm are production capacity technology and efficiency of the productive apparatus, distribution logistics etc.,

Purchasing: Purchasing refers to procurement of goods and services from some external agencies. It is the strategic activity of the business.

Company Image and Brand Equity: The image of the company refers in raising finance, forming joint ventures or other alliances soliciting marketing intermediaries, entering purchase or sales contract, launching new products etc.

In organization, the marketing resources like organization for marketing, quality of marketing, brand equity and distribution network have direct bearing on marketing efficiency. They are important for new product introduction and brand extension, etc..

External Environment of Marketing.

External factors are beyond the control of a firm; its success depends to a large extent on its adaptability to the environment.
The external marketing environment consists of :

a) Macro environment, and

b) Micro environment

a) **Micro environment:** The environmental factors that are in its proximity. The factors influence the company's non-capacity to produce and serve the market. The factors are :

1) **Suppliers:** The suppliers to a firm can also alter its competitive position and marketing capabilities. These are raw material suppliers, energy suppliers, suppliers of labor and capital. According to Michael Porter, the relationship between suppliers and the firm epitomizes a power equation between them. This equation is based on the industry condition and the extent to which each of them is dependent on the other.

The bargaining power of the supplier gets maximized in the following situations:

a) The seller firm is a monopoly or an oligopoly firm.

b) The supplier is not obliged to contend with other substitute products for sale to the buyer group.

c) The buyer is not an important customer.

d) The suppliers' product is an important input to the buyer's business and finished product.

e) The supplier poses a real threat of forward integration.

2) **Market Intermediaries:** Every producer has to have a number of intermediaries for promoting, selling and distributing the goods and service to ultimate consumers. These intermediaries may be individual or business firms. These intermediaries are middleman (wholesalers, retailers, agent's etc. distributing agency market service agencies and financial institutions.

3) **Customers**: The customers may be classified as

1) **Ultimate customers:** These customers may be individual and householders.

2) **Industrial customers:** These customers are organization which buys goods and services for producing other goods and services for the purpose of other earning profits or fulfilling other objectives.

3) **Resellers:** They are the intermediaries who purchase goods with a view to resell them at a profit. They can be wholesalers, retailers, distributors, etc.

4) **Government and other non-profit customers:** These customers purchase goods and services to those for whom they are produced, for their consumption in most of the cases.

5) **International customers:** These customers are individual and organizations of other countries who buy goods and services either for consumption or for industrial use. Such buyers may be consumers, producers, resellers, and governments.

6) Competitors**:** Competitors are those who sell the goods and services of the same and similar description, in the same market. Apart from competition on price, there are like product differentiation. Therefore, it is necessary to build an efficient system of marketing. This will bring confidence and better results.

7) **Public:** It is duty of the company to satisfy the people at large along with its competitors and the consumers. It is necessary for future growth. The action of the company do influence the other groups forming the general public for the company. A public is defined as 'any group that has an actual or

potential interest in or impact on a company's ability to achieve its objective.' Public relations are certainly a broad marketing operation which must be fully taken care of.

Macro Environment:

Macro environment factors act external to the company and are quite uncontrollable. These factors do not affect the marketing ability of the concern directly but indirectly the influence marketing decisions of the company. These are the macro environmental factors that affect the company's marketing decisions :

a) **Demographic Forces:** Here, the marketer monitor the population because people forms markets. Marketers are keenly interested in the size and growth rate of population in different cities, regions, and nations; age distribution and ethnic mix ; educational levels; households patterns; and regional characteristics and movements.

b) **Economic Factors:** The economic environment consists of macro-level factors related to means of production and distribution that have an impact on the business of an organization.

c) **Physical Forces:** Components of physical forces are earth's natural renewal and non-renewal resources. Natural renewal forces are forest, food products from agriculture or sea etc. Non- renewal natural resources are finite such as oil, coal, minerals, etc. Both of these components quite often change the level and type of resources available to a marketer for his production.

d) **Technological Factors:** The technological environment consists of factors related to knowledge applied, and the materials and machines used in the production of goods and services that have an impact on the business of an organization.

e) **Political and Legal Forces:** Developments in political and legal field greatly affect the marketing decisions. sound marketing decision cannot be taken without taking into account, the government agencies, political party in power and in opposition their ideologies, pressure groups, and laws of the land. These variables create tremendous pressures on marketing management. Laws affect production capacity, capability, product design, pricing and promotion. Government in almost all the country intervenes in marketing process irrespective of their political ideologies.

f) **Social and Cultural Forces**: This concept has crept into marketing literature as an alternative to the marketing concept. The social forces attempt to make the marketing socially responsible. It means that the business firms should take a lead in eliminating socially harmful products and produce only what is beneficial to the society. These are numbers of pressure groups in the society who impose restrictions on the marketing process.

CONSUMER AND ORGANISATION BUYER BEHAVIOUR

Organisations buy products in to services to reach their organisational goals. These goals should be profit maximisation, cost reducing, meeting employee needs and satisfy legal obligations. Therefore organisations are more rational during the purchase; however individuals by goods & services for their own satisfaction & other factors could influence the buying behaviour to very small extent. Hence, consumer buying process could be more spontaneous.

More people are involved any organisation buying. There may be wide range of influences in the decision making process which could be from the various levels in the organisation. In consumer buying behaviour also they exists many roles played by different individuals. However, the extent or degree of people participation is very less in individual buying process. Organisation purchases are more likely to be based on formal routing like purchasing policies, constraints & requirements established by the organisations. This is not applicable to individual purchases and hence is more informal.

The poor performance of a product might cause annoyance to a customer & may not result in the repurchase of the same product. But in case of business buyer it could need to financial loss non achievement of goals.

In the process of reducing risk of the organisational buyer, the manufacturers face a greater attention to the development of product for organisational buyer, because he would seek for a longer relationship between buyer and seller with the organisation. However he may not resort to such measures for individual buyer.

Since the organisational is more formal, therefore the complexity of the process also increases. It could be a time consumer product & lot of people & various level & departments could be involved in the organisational purchase. However this is not the case in individual purchase.

MARKET SEGMENTATION

Markets are not homogenous & they are made of several segments. A market is the aggregate of consumers of a given product and consumers vary in their characteristics buying behaviour. It is feasible to disaggregate the consumers into segments in such a manner that in needs characteristics & buying behavior, the members vary significantly among segments.

Segmentation benefits the marketer as:-

(1)Facilitates Proper Choice of Target Market: Segmentation helps in distinguishing one customer group from another & thereby enables him to decide which segment should form his target market.

(2)Facilitates Taping of the Market, Adopting the Offer to the Target:
Segmentation also enables the marketer to crystallize the needs of the target buyers. It also helps him to generate an accurate prediction of the likely responses from each segment of the target buyers.

Eg. Ford Strategy – Through segmentation car manufacturers have gained useful insights on the product features to be provided to different segments of car buyers.

(3)Makes the Marketing Effort More Efficient & Economic: Segmentation makes the marketing effort more efficient & economic. It ensures that the marketing effort is concentrated on well defined & carefully chooses segments. After all, the resources of any firm are limited & no firm can normally afford to attack & tap the entire market.

(4) Benefits the customer as well.
(**5**) Helps spots the less satisfied segments & succeed by satisfying such segments.
(**6**) Helps achieve the specialization required in product, distribution, promotion & pricing for matching the customer group & develop marketing offers.
Therefore, to compete more effectively, many companies go for target marketing which can establish & communicate the distinctive benefits of the company's market offering. This process is called as market segmentation.
E.g.: GM has identified 40 different customer needs & 40 different market segments in which it would be present with its vehicle.
Market can be segmented using several relevant bases they are:-

(i) Geographic Segmentation: Geographic segmentation calls for dividing the market into different geographical units such as nations, regions, countries, cites or neighborhood. One of the major geographic segmentation in India is the division of rural & urban areas. The need to segment the market geographically becomes clearer when we look at some of the characteristics of the market. In India, there are more than 5000 towns & over 6,38,000 villages. Nearly 87% of these villages have a population of less than 2000 people. This variation in population is important for the marketer while formulating marketing strategy & plans. In addition to this products penetration, income levels & availability of infrastructure like roads & electricity make the task of geographic segmentation important.For most products, penetration levels in rural areas are lower than in urban areas. Income & lifestyle issues influence the penetration rate of products & services.
Eg.: Haats & mandis serve important roles in the exchange of goods & services in rural areas.

(ii) Demographic Segmentation: In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle, gender, income occupation, education religion, race generation, nationality & social class.

Age & Life Cycle Stage: Consumer wants & abilities change with age. Eg: Hindustan Uni Level introduced Pears soap in pink color especially for children. Johnson & Johnson Baby Powder & Talcum Powder are classic examples of products for infants & children. Television channels in India Indicate the segmentation based on age & life cycle. There are channels like Aastha & Sanskaar target which towards the old generation, cartoon network, Disney are channels for children etc.

Gender: Men & women have different behavioral orientation. Gender differentiation has been long applied to product categories such as clothing, cosmetics & magazines. Eg: Axe deodorant is positioned as a masculine product. Park Avenue from Raymond is positioned as masculine brand. Bajaj wave is a brand specifically designed for women in the scooter segment.

Income: Income segmentation is a long standing practice in a variety of products & services & is a basic segmentation variable. Eg: Nirma Washing Powder was launched as the lowest priced detergent in India primarily targeted at middle income group. Markets for many consumers products in India are showing rapid growth due to low unit price packaging.

Generation: Each generation is profoundly influenced by the time in which it grows- the music movies, politics.

Social Class: Social class has a strong influence on preference in cars, clothing, home , furnishings, leisure activities, reading habits, retailers etc.

(iii)Psychographic Segmentation: In psychographic segmentation, elements like personality traits, attitude lifestyle & value system form the base. The strict norms that consumers follow with respect to good habits or dress codes are representative examples. Eg: Mr. Donald's changed their menu in India to adapt to consumer preference. The market for Wrist Watches provides example of segmentation. Titan watches have a wide range of sub brands such as Raga, fast track, edge etc. or instant noodle markers, fast to cook food brands such as Maggi, Top Ramen or Femina, women's magazine is targeted for modern women.

(iv)Behavioral Segmentation: Markets can be segmented on the basis of buyer behaviour as well. The primary idea in buyer behaviour is that different customer groups expect different benefits from the same product & accordingly they will be different in their motives in owning it. In buyer behavior based segmentation also, several sub factors form the basis. Eg: Purchase occasion can be one base, buyers can be segmented on the basis of whether they are regular buyers or special occasion buyers. Degree of use can be another base, they can be segmented on the basis of whether they are light, medium or heavy users of the product or whether they are enthusiastic or indifferent or negative towards the product.

TARGET MARKETING

Target Marketing refers to a concept in marketing which helps the marketers to divide the market into small units comprising of likeminded people. Such segmentation helps the marketers to design specific strategies and techniques to promote a product amongst its target market. A target market refers to a group of individuals who are inclined towards similar products and respond to similar marketing techniques and promotional schemes.

Basis of Target Marketing

Age
Gender
Interests
Geographic location

Need
Occupation

Why target marketing? (Need of Target Marketing)

Organizations can use similar kind of strategies to promote their products within a target market.

They can adopt a more focused approach in case of target marketing. They know their customers well and thus can reach out to their target audience in the most effective way.

How to create Target Market

The organization must first decide who all individuals would fit into a particular segment. A male and a female can't be kept in the same segment. The first and the foremost step is to decide on the target market.
The next step is to identify need and preference of the target market. It is essential to find out what the target market expects from the product.
Once the target market is decided, organizations can decide on the various strategies helpful to promote their product.
In marketing, **positioning** is the process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization.
Re-positioning involves changing the identity of a product, relative to the identity of competing products.

De-positioning involves attempting to change the identity of competing products, relative to the identity of your own product.

Market Positioning

In marketing, **positioning** is the process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization.

Re-positioning involves changing the identity of a product, relative to the identity of competing products.

De-positioning involves attempting to change the identity of competing products, relative to the identity of your own product.

The original work on positioning was consumer marketing oriented, and was not as much focused on the question relative to competitive products as on cutting through the ambient "noise" and establishing a moment of real contact with the intended recipient.

Brand positioning process

Effective Brand Positioning is contingent upon identifying and communicating a brand's uniqueness, differentiation and verifiable value. It is important to note that "me too" brand positioning contradicts the notion of differentiation and should be avoided at all costs.This type of copycat brand positioning only works if the business offers its solutions at a significant discount over the other competitor(s).

Generally, the brand positioning process involves:

1. Identifying the business's direct competition (could include players that offer your product/service amongst a larger portfolio of solutions)
2. Understanding how each competitor is positioning their business today (e.g. claiming to be the fastest, cheapest, largest, etc.)
3. Documenting the provider's own positioning as it exists today (may not exist if startup business)
4. Comparing the company's positioning to its competitors' to identify viable areas for differentiation.
5. Developing a distinctive, differentiating and value-based positioning concept
6. Creating a positioning statement with key messages and customer value propositions to be used for communications development across the variety of target audience touch points (advertising, media, PR, website, etc).

Product positioning process

Generally, the product positioning process involves:-

1. Defining the market in which the product or brand will compete (who the relevant buyers are)

2. Identifying the attributes (also called dimensions) that define the product 'space'

3. Collecting information from a sample of customers about their perceptions of each product on the relevant attributes
4. Determine each product's share of mind
5. Determine each product's current location in the product space
6. Determine the target market's preferred combination of attributes 7. Examine the fit between the product and the market.

Positioning concepts

More generally, there are three types of positioning concepts:

1. Functional positions
- Solve problems
- Provide benefits to customers
- Get favorable perception by investors (stock profile) and lenders

2. Symbolic positions
- Self-image enhancement
- Ego identification
- Belongingness and social meaningfulness
- Affective fulfillment

3. Experiential positions
- Provide sensory stimulation
- Provide cognitive stimulation

Unit 2

Product concept is the understanding of the dynamics of the (business)in order to showcase the best qualities and maximum features of the product. Marketers spend a lot of time and research in order to target their attended audience. Marketers will look into a product concept before marketing a product towards their customers.

While the "product concept" is based upon the idea that customers prefer products that have the most quality, performance, and features, some customers prefer a product that is simpler and easier to use

Types of Product:
There are different types of products and they too act as a family tree and have their branches and are classified under different sections on the basis of their features. Different types of products category are:

The differentiated product – The differentiated product enjoys a distinction from other similar products/brands in the market. The differential claimed may be 'real', with a real distinction on ingredient, quality, utility, or service, or it may be 'psychological' brought about through subtle sales appeals.

The customized product - Customer specific requirements are taken into account while developing the product. Commonly practiced in the industrial product marketing, where the manufacturer and the user are in direct contact and the product gets customized to the requirements of the customer.

The augmented product – The augmented product is the result of voluntary improvements brought about by the manufacturer in order to enhance the value of the product, which are neither suggested by the customer nor expected by them. The marketer on his own augments the product, by adding an extra facility or an extra feature to the product.

The potential product – The potential product is tomorrow's product carrying with it all the improvements and finesse possible under the given technological, economic and competitive condition. There are no limits to the 'potential product'. Only the technological and economic resources of the firm set the limit.

Major product decision:

Product Line

Firms may decide to split their product mix into groups known as product lines. A product line is a number of products grouped together based on similar characteristics. The characteristic used to split products, will depend on the firm and its product strategy. They include product price, product quality, who the product is aimed at (target group), and product specification/features. For example Samsung's mobile phones are divided into product lines based on the following features; touch screens, slider/folders and QWERTY keyboards and bar phones. Product lines help firms manage their products as product strategy can be designed around product lines. This is useful if the firm has a large product mix as there is less need to concentrate on individual product type strategy.

Product Line Length

The product line length shows the number of different products in a product line. A long product line has lots of different products in it and a short product line has a small number of different products. The product manager's job is to work out how many products to include in the product line. If there are too many product types in a product line, they will begin to compete with each other, increase costs unnecessarily and even confuse customers. If the product line is too short it will limit customer choice and send customers to competitors with a greater selection of products.

Product Line Depth

Some of the product types in a product line may be split again into groups, the product line depth shows how many subgroups the product line contains. For example Samsung have split their mobile phones into the following product lines touch screens, slider/folders, QWERTY keyboards and bar phones. Each of these product lines can be further split into subgroups at the

time of writing this article Samsung had 7 slider mobile phones and 32 touch screen mobile phones, 32 is a deep product line.

Product Mix Width

The product mix width is the number of product lines in the product mix. A wide product mix increases the type of customers a firm can target. However it may involve a lot of work as each product line will require a strategy and management. It could also reduce specialization as it is difficult to offer every variant of a product type if you are selling lots of different types of Product. A narrow product mix may be easier to manage and allow the firm to specialize in particular product lines and product types. However a small product mix reduces the type of customers a firm can target as they can't cater for everyone's product "needs and wants"

Product Innovation

Innovation can be defined as the application of new ideas to the products, processes, or other aspects of the activities of a firm that lead to increased "value." This "value" is defined in a broad way to include higher value added for the firm and also benefits to consumers or other firms. Two important definitions are:

Product innovation: the introduction of a new product, or a significant qualitative change in an existing product.

Process innovation: the introduction of a new process for making or delivering goods and services
The importance of innovation in manufacturing cannot be emphasized enough. It does not only refer to production of innovative products that are different from those offered by the competition but it also refers to innovative and creative approach to production processes and advertisement. In fact, innovation plays the key role in all levels of manufacturing and even the economy itself. Globalization and tough competition force both small business owners and multinational corporations to continue to "reinvent" themselves as well as their products in order to retain or gain a share on the market because the customers do not easily give up their favourite products and try something new unless they think that the new product may offer them more value for their money. The key to success is therefore to make your product stand out on the market which can be achieved only through innovative and creative approach to manufacturing.

Innovation is not just about offering the customers new and quality products for the same or even lower price but to offer something different without increasing the expenses for production processes. For that reason innov ation plays an important role in both production processes and management. All successful com panies stimulate creativity and innovation in all their employees from product developers to w orkers at assembly lines because they are well aware of the potentials of every human. There are several ways to create an innovative and creative working environment but the most important of all is to motivate the employees to shar e their ideas with the company leadership.

Innovative approach to advertising is just as important as innovation in product development and manufacturing processes because the days when the quality spoke for itself are long gone. With so many products available, the customers tend to choose those they know and those that seem to offer them more for their money. This means that your product must recognizable and attractive to the customers which requires well thought through and well led marketing campaign in order to become visible in the first place.

In the end, it is important to keep in mind that innovation carries some risks despite the fact that it is inevitable for success of ev ery manufacturing business. Simply offering something new and different from comparable produ cts does not always bring the desired results. Nevertheless, it is a risk that must be taken by ever y entrepreneur who wants to succeed because those who are not willing to take that risk will grow at a much slower pace or will not be able to expand their business outside their local com munities at all.

PRODUCT LIFE CYCLE(PLC)
A product passes through distinct stages during its life & is called product life cycle. The PLC is normally presented as a sales curve spanning the product's course from introduction to exit. The PLC

concept says that each stage in the cycle is characterized by a typical marketer behaviour & each stage leads to a distinctive marketing strategy.
A product passes through 4 stages :–
(a) Introduction
(b) Growth
(c) Maturity
(d) Decline

(a) Introduction Stage : The product is in introductory stage. At this stage, there may not be a ready market for the product. Sales are low. Profit seems a remote possibility, demand has to be created & developed & consumers have to be prompted to try out the product. One of the crucial decisions to be taken in this stage is the pricing strategy to be adopted either market skimming or market penetration. Skimming strategy involved high price, taking advantage of early entry & the novelty of the product.
Penetration pricing involves low prices with a view to having a good market coverage. It also aims at keeping the competition out.

(b) Growth Stage : During the market growth stage, demand for the product increases & size of market grows. The sales & profits also go up. But by the time the marketer settles down with his product, competitors may enter the scene with similar or slightly improved versions. The marketer has to stay ahead of his competitor & has to reconsider his pricing strategy. He follows competition oriented pricing, because the total market is being shared among many firms. Marketing & distribution efficiency becomes decisive factor at this state.

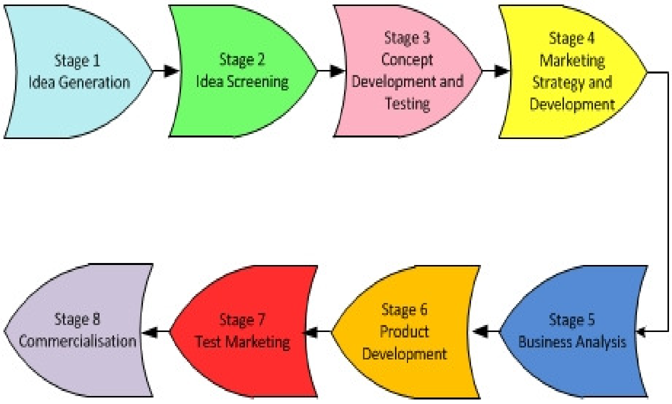
(c) Maturity Stage : In the maturity stage, the demand tends to reach a saturation point & there is enough supply from competitive sources. Price competition becomes intense & exploits the brand loyalty. The marketer try out product & packaging modification, & promotional. Deals & make special offers to new market segments so that his sales volume does not shrink. Long term & short term marketing plans are implemented to profitably prolong the maturity stage.

(d) Decline Stage : In the decline stage, sales begin to fall. The demand for the product shrinks, probably due to new & functionally advanced products, becoming available in the market. The prices & margins get depressed, total sales & profits diminish. But some firms at this stage may try to link up the sales of these products with some other premium products they have developed & thus try to stretch the life of the decline product.
Thus, PLC concept helps & is used as a tool in formulating& implementing marketing strategy.

- It facilitates pre planning the product launch.
- Facilitates prolonging the profitable phase.
- Facilitates investment decisions on products.
- Facilitates choice of appropriate entry strategy. Facilitates choice of the right time to exit.
- Provides useful clues for managing customers.

NEW PRODUCT DEVELOPMENT:

NEW PRODUCT DEVELOPMENT



Stage 1: Idea Generation

New product ideas have to come from somewhere. But organisations get their ideas for NPD from:

- Market Research
- Employees
- Consultants
- Competitors
- Customers
- Distributors and Suppliers

Stage 2: Idea Screening

This process involves shifting through the ideas generated above and selecting ones which are feasible and workable to develop. Pursing non feasible ideas can clearly be costly for the company.

Stage 3: Concept Development and Testing

The organisation may have come across what they believe to be a feasible idea, however, the idea needs to be taken to the target audience. What do they think about the idea? Will it be practical and feasible? Will it offer the benefit that the organisation hopes it will? Or have they overlooked certain issues? Note the idea taken to the target audience is not a working prototype at this stage, it is just a concept.

Stage 4: Marketing Strategy and Development

How will the product/service idea be launched within the market? A proposed marketing strategy will be written laying out the marketing mix strategy of the product, the segmentation, targeting and positioning strategy sales and profits that are expected.

Stage 5: Business Analysis
The company has a great idea, the marketing strategy seems feasible, but will the product be financially worthwhile in the long run? The business analysis stage looks more deeply into the cash flow the product could generate, what the cost will be, how much market shares the product may achieve and the expected life of the product.

Stage 6: Product Development
At this stage the prototype is produced. The prototype will clearly run through all the desired tests, and presented to a selection of people made up of the target market segment to see if changes need to be made.

Stage 7: Test Marketing
Test marketing means testing the product within a specific area. The product will be launched within a particular region so the marketing mix strategy can be monitored and if needed modified before national launch.

Stage 8: Commercialization
If the test marketing stage has been successful the product will go for national launch. There are certain factors that need to be taken into account before a product is launched nationally. These include:

- timing of the launch,
- how the product will be launched,
- where the product will be launched,
- will there be a national roll out or
- will it be region by region

Conclusion The eight stages of product development may seem like a long process but they are designed to save wasted time and resources. New product development ideas and prototypes are tested to ensure that the new product will meet target market needs and wants. There is a test launch during the test marketing stage as a full market launch is expensive. Finally the commercialization stage involves careful planning to maximize product success; a poor launch will affect product sales and could even affect the reputation and image of the new product.

Pricing Decisions:

Price is all around us. We pay rent for our apartment, tuition for our education, airline, railways, buses charge you a fare, local bank charge interest for the money a fee to your doctor etc. Thus

price is not just a number on a tag or an item.
Traditionally, price has been the major determinant of a buyer's choice & is the only element in the marketing mix that generates revenue. Pricing acquires its importance on account of yet another factor. It is a highly risky decision area & mistakes in pricing seriously affects the firm, its profits, growth & future.

Factors Influencing Pricing: There are internal as well as external factors that affect pricing :-

Internal Factors:
- Corporate & marketing objectives of the firm.
- The image sought by the firm through pricing
- The characteristic of the product
- Price elasticity of demand of the product.
- Stage of product in its life cycle.
- Use pattern & turnaround rate of the product.
- Cost of manufacturing & marketing
- Extent of differentiation practiced
- Other elements of the marketing mix & their interaction with pricing
- Composition of the product line of the firm.

External Factors:
- Market characteristics (relative to demand, customer & competition)
- Buyer behavior in respect of the product
- Bargaining power of major customers
- Bargaining power of major suppliers
- Competitor's pricing policy
- Government controls / regulation on pricing

Other relevant legal aspects
Societal consideration

Determinants of Price:

A business firm will have a number of objectives in the area of pricing. These objectives can be short term or long term or primary objectives:-

- Profit maximization in the short term.
- Profit optimization in the long term.
- A minimum return on investment
- A minimum return on sales turnover.
- Achieving a particular sales volume.
- Achieving a particular market share.
- Deeper penetration of the market.
- Entering new markets.
- Target project on the entire product line.
- Keeping competition out, or keeping it under check.
- Keeping parity with competition.
- Fast turnaround & early cash recovery.
- Stabilizing price & margins in the market.
- Providing the commodities at prices affordable by weaker section.
- Providing the commodities at prices that will stimulate economic development.

PRICING PROCESS

Some of the major steps involved in price determination process are as follows: (i) Market Segmentation (ii) Estimate Demand (iii) The Market Share (iv) The Marketing Mix (v) Estimate of Costs (vi) Pricing Policies (vii) Pricing Strategies (viii) The Price Structure.

Decisions on pricing are taken in the light of marketing opportunities, competition and many other valuables influencing pricing.

The Price decision must take into account all factors affecting both demand price and supply price.

(i) Market Segmentation:
In market segments, marketers will have firm decisions on:
(a) The type of products to be produced or sold.

(b) The kind of service to be rendered.

(c) The costs of operations to be estimated.

(d) The types of customers or market segments sought.

(ii) Estimate Demand:
Marketers will estimate total demand for the product based on sales forecast, channel opinions and degree of competition in the market. Prices of comparable rival products can guide us in pricing our products. We can determine market potential by trying different prices in different markets.

(iii) The Market Share:
Marketers will choose a brand image and the desired market share on the basis of competitive reaction. Market planners must know exactly what his rivals are charging. Level of competitive pricing enables the firm to price above, below or at par and such a decision is easier in many cases.

Higher initial price may be preferred, in case of smaller market share is anticipated, whereas, in the expectation of a much larger market share for the brand, marketer will have to prefer relatively lower price. Proper pricing strategy is evolved to reach the expected market share either through skimming price or through penetration price or through a compromise, i.e., fair trading or fair price- to cover cost of goods, operating expenses and normal profit margin.

(iv) The Marketing Mix:
The overall marketing strategy is based on an integrated approach to all the elements of marketing mix.

It covers:
(a) Product-market strategy

(b) Promotion strategy

(c) Pricing Strategy

(d) Distribution Strategy

Marketers will have to assign an appropriate role to price as an element of marketing- mix. Promotional strategy will affect pricing decisions.

The design of marketing mix can indicate the role to be played by pricing in relation to promotion and distribution policies. Price is critical strategic element of the marketing mix as it influences the quality perception and enables product or brand positioning. Price is also a good tactical variable. Changes in price can be made much faster than in any other variable of marketing mix. Hence, price has a good tactical value.

(v) Estimate of Costs:

Straight, cost-plus pricing is not desirable always as it is not sensitive to demand. Marketing must take into account all relevant costs as well as price elasticity of demand.

(vi) Pricing Policies:
Pricing policies are guidelines to carry out pricing strategy. Pricing policy may be fixed or flexible. Pricing policies must change and adopt themselves with the changing objectives and changing environment.

(vii) Pricing Strategies:
Strategy is a plan of action to adjust with changing condition of the market place. New and unanticipated developments such as price cut by rivals, government regulations, economic recession, changes in consumer demand etc. may take place, and then changes all for special attention and relevant adjustments in the pricing policies and producers.

(viii) The Price Structure:
Developing the price structure on the basis of pricing policies and strategies is the final step in price determination prices. The price structure will now define the selling prices for all products and permissible discounts and allowances to be given to distributor's co-dealers as well as various types of buyers.

PRICING POLICY AND STRATEGY

Managers should start setting prices during the development stage as part of strategic pricing to avoid launching products or services that cannot sustain profitable prices in the market. This approach to pricing enables companies to either fit costs to prices or scrap products or services that cannot be generated cost-effectively. Through systematic pricing policies and strategies, companies can reap greater profits and increase or defend their market shares. Setting prices is one of the principal tasks of marketing and finance managers in that the price of a product or service often plays a significant role in that product's or service's success, not to mention in a company's profitability. Generally, pricing policy refers how a company sets the prices of its products and services based on costs, value, demand, and competition. Pricing strategy, on the other hand, refers to how a company uses pricing to achieve its strategic goals, such as offering lower prices to increase sales volume or higher prices to decrease backlog. Despite some degree of difference, pricing policy and strategy tend to overlap, and the different policies and strategies are not necessarily mutually exclusive.

After establishing the bases for their prices, managers can begin developing pricing strategies by determining company pricing goals, such as increasing short-term and long-term profits, stabilizing prices, increasing cash flow, and warding off competition. Managers also must take into account current market conditions when developing pricing strategies to ensure that the prices they choose fit market conditions. In addition, effective pricing strategy involves considering customers, costs, competition, and different market segments.

Pricing strategy entails more than reacting to market conditions, such as reducing pricing because competitors have reduced their prices. Instead, it encompasses more thorough planning and consideration of customers, competitors, and company goals. Furthermore, pricing strategies tend to vary depending on whether a company is a new entrant into a market or an established firm. New entrants sometimes offer products at low cost to attract market share, while incumbents' reactions vary. Incumbents that fear the new entrant will challenge the incumbents' customer base may match prices or go even lower than the new entrant to protect its market share. If incumbents do not view the new entrant as a serious threat, incumbents may simply resort to increased advertising aimed at enhancing customer loyalty, but have no change in price in efforts to keep the new entrant from stealing away customers.

The following sections explain various ways companies develop pricing policy and strategy. First, cost-based pricing is considered. This is followed by the second topic of value-based pricing. Third, demand-based pricing is addressed followed by competition-based pricing. After this, several strategies for new and established pricing strategies are explained.

COST-BASED PRICING

The traditional pricing policy can be summarized by the formula:
Cost + Fixed profit percentage = Selling price.

Cost-based pricing involves the determination of all fixed and variable costs associated with a product or service. After the total costs attributable to the product or service have been determined, managers add a desired profit margin to each unit such as a 5 or 10 percent markup. The goal of the cost-oriented approach is to cover all costs incurred in producing or delivering products or services and to achieve a targeted level of profit.

By itself, this method is simple and straightforward, requiring only that managers study financial and accounting records to determine prices. This pricing approach does not involve examining the market or considering the competition and other factors that might have an impact on pricing. Cost-oriented pricing also is popular because it is an age-old practice that uses internal information that managers can obtain easily. In addition, a company can defend its prices based on costs, and demonstrate that its prices cover costs plus a markup for profit.

However, critics contend that the cost-oriented strategy fails to provide a company with an effective pricing policy. One problem with the cost-plus strategy is that determining a unit's cost before its price is difficult in many industries because unit costs may vary depending on volume. As a result, many business analysts have criticized this method, arguing that it is no longer appropriate for modern market conditions. Cost-based pricing generally leads to high prices in weak markets and low prices in strong markets, thereby impeding profitability because these prices are the exact opposites of what strategic prices would be if market conditions were taken into consideration.

While managers must consider costs when developing a pricing policy and strategy, costs alone should not determine prices. Many managers of industrial goods and service companies sell their products and services at incremental cost, and make their substantial profits from their best customers and from short-notice deliveries. When considering costs, managers should ask what costs they can afford to pay, taking into account the prices the market allows, and still allow for a profit on the sale. In addition, managers must consider production costs in order to determine what goods to produce and in what amounts. Nevertheless, pricing generally involves determining what prices customers can afford before determining what amount of products to produce. By bearing in mind the prices they can charge and the costs they can afford to pay, managers can determine whether their costs enable them to compete in the low-cost market, where customers are concerned primarily with price, or whether they must compete in the premium-price market, in which customers are primarily concerned with quality and features.

VALUE-BASED PRICING

Value pricers adhere to the thinking that the optimal selling price is a reflection of a product or service's perceived value by customers, not just the company's costs to produce or provide a product or service. The value of a product or service is derived from customer needs, preferences, expectations, and financial resources as well as from competitors' offerings. Consequently, this approach calls for managers to query customers and research the market to determine how much they value a product or service. In addition, managers must compare their products or services with those of their competitors to identify their value advantages and disadvantages.

Yet, value-based pricing is not just creating customer satisfaction or making sales because customer satisfaction may be achieved through discounting alone, a pricing strategy that could also lead to greater sales. However, discounting may not necessarily lead to profitability. Value pricing involves setting prices to increase profitability by tapping into more of a product or service's value attributes. This approach to pricing also depends heavily on strong advertising, especially for new products or services, in order to communicate the value of products or services to customers and to motivate customers to pay more if necessary for the value provided by these products or services.

DEMAND-BASED PRICING

Managers adopting demand-based pricing policies are, like value pricers, not fully concerned with costs. Instead, they concentrate on the behavior and characteristics of customers and the quality and characteristics of their products or services. Demand-oriented pricing focuses on the level of demand for a product or service, not on the cost of materials, labor, and so forth.

According to this pricing policy, managers try to determine the amount of products or services they can sell at different prices. Managers need demand schedules in order to determine prices based on demand. Using demand schedules, managers can figure out which production and sales levels would be the most profitable. To determine the most profitable production and sales levels, managers examine production and marketing costs estimates at different sales levels. The prices are determined by considering the cost estimates at different sales levels and expected revenues from sales volumes associated with projected prices.

The success of this strategy depends on the reliability of demand estimates. Hence, the crucial obstacle managers face with this approach is accurately gauging demand, which requires extensive knowledge of the manifold market factors that may have an impact on the number of products sold. Two common options managers have for obtaining accurate estimates are enlisting the help from either sales representatives or market experts. Managers frequently ask sales representatives to estimate increases or decreases in demand stemming from specific increases or decreases in a product or service's price, since sales representatives generally are attuned to market trends and customer demands. Alternatively, managers can seek the assistance of experts such as market researchers or consultants to provide estimates of sales levels at various unit prices.

COMPETITION-BASED PRICING

With a competition-based pricing policy, a company sets its prices by determining what other companies competing in the market charge. A company begins developing competition-based prices by identifying its present competitors. Next, a company assesses its own product or service. After this step, a company sets it prices higher than, lower than, or on par with the competitors based on the advantages and disadvantages of a company's product or service as well as on the expected response by competitors to the set price. This last consideration-the response of competitors-is an important part of competition-based pricing, especially in markets with only a few competitors. In such a market, if one competitor lowers its price, the others will most likely lower theirs as well.

This pricing policy allows companies to set prices quickly with relatively little effort, since it does not require as accurate market data as the demand pricing. Competitive pricing also makes distributors more receptive to a company's products because they are priced within the range the distributor already handles. Furthermore, this pricing policy enables companies to select from a variety of different pricing strategies to achieve their strategic goals. In other words, companies can choose to mark their prices above, below, or on par with their competitors' prices and thereby influence customer perceptions of their products. For example, if a Company A sets its prices above those of its competitors, the higher price could suggest that Company A's products or services are superior in quality. Harley Davidson used this with great success. Although Harley-Davidson uses many of the same parts suppliers as Honda, Kawasaki, Yamaha, and Honda, they price well above the competitive price of these competitors. Harley's high prices combined with its customer loyalty and mystique help overcome buyer resistance to higher prices. Production efficiencies over the last two decades, however, have made quality among motorcycle producers about equal, but pricing above the market signals quality to buyers, whether or not they get the quality premium they pay for.

STRATEGIES FOR NEW AND ESTABLISHED PRODUCTS

Product pricing strategies frequently depend on the stage a product or service is in its life cycle; that is, new products often require different pricing strategies than established products or mature products.

NEW PRODUCT PRICING STRATEGY.

Entrants often rely on pricing strategies that allow them to capture market share quickly. When there are several competitors in a market, entrants usually use lower pricing to change consumer spending habits and acquire market share. To appeal to customers effectively, entrants generally implement a simple or transparent pricing structure, which enables customers to compare prices easily and understand that the entrants have lower prices than established incumbent companies.

Complex pricing arrangements, however, prevent lower pricing from being a successful strategy in that customers cannot readily compare prices with hidden and contingent costs. The long-distance telephone market illustrates this point; large corporations have lengthy telephone bills that include numerous contingent costs, which depend on location, use, and service features. Consequently, competitors in the corporate long-distance telephone service market do not use lower pricing as the primary pricing strategy, as they do in the consumer and small-business markets, where telephone billing is much simpler.

Another example is the computer industry. Dell, Fujitsu, HP, and many others personal computer makers offer bundles of products that make it more difficult for consumers to sort out the true differences among these competitors. For example, consumers purchasing an HP computer from the retailer, Best Buy, will have not only the computer itself, but also six months of "free" Internet access bundled into the price. Comparing the absolute value of each personal computer become more difficult as an increasing number of other products such as Quicken, Adobe's Photoshop Elements, and other software are sold together with the purchase. For Macintosh users or for those who might consider switching from a personal computer to a Macintosh, Apple announced in 2005 that it would begin selling the Mac Mini, a Macintosh that, as with PC makers, bundles its iLife ® software into the mix. By extending its brand to non-premium price tiers, Apple will compete head-to-head with established firms. And although the Mac Mini is at a low price point, starting at $499, it will be difficult for consumers to directly compare the bundled products of PCs directly with the bundled products of Apple's Mac Mini. The complexity of these comparisons is what can make such new product pricing successful.

ESTABLISHED PRODUCT PRICING STRATEGY.

Sometimes established companies need not adjust their prices at all in response to entrants and their lower prices, because customers frequently are willing to pay more for the products or services of an established company to avoid perceived risks associated with switching products or services.

However, when established companies do not have this advantage, they must implement other pricing strategies to preserve their market share and profits. When entrants are involved, established companies sometimes attempt to hide their actual prices by embedding them in complex prices. This tactic makes it difficult for customers to compare prices, which is advantageous to established companies competing with entrants that have lower prices. In addition, established companies also may use a more complex pricing plan, such as a two-part pricing tactic. This tactic especially benefits companies with significant market power. Local telephone companies, for example, use this strategy, charging both fixed and per-minute charges.

MARKET SEGMENTATION

Because all customers do not have the same needs, expectations, and financial resources, managers can improve their pricing strategies by segmenting markets. Successful segmentation comes about when managers determine what motivates particular markets and what differences exist in the market when taken as a whole. For example, some customers may be motivated largely by price, while others are motivated by functionality and utility. The idea behind segmentation is to divide a large group into a set of smaller groups that share significant characteristics such as age, income, geographic location, lifestyle, and so on. By dividing a market into two or more segments, a company can devise a pricing scheme that will appeal to the motivations of each of the different market segments or it can decide to target only particular segments of the market that best correspond to its products or services and their prices.

Managers can use market segmentation strategically to price products or services in order to attain company objectives. Companies can set prices differently for different segments based on factors such as location, time of sale, quantity of sale, product design, and a number of others, depending on the way companies divide up the market. By doing so, companies can increase their profits, market share, cash flow, and so forth.

STRATEGIES OF PRICING

1. Skimming Pricing: This method aims at high price & high profits in the early stage of marketing the product. It profitably taps the opportunity for selling at high prices to those segments of the market, which do not bother much about the price. This method is very useful in the pricing of new products, especially those that have a luxury or specialty elements.

2. Penetration Pricing : Penetration pricing seeks to achieve greater market penetration through relatively low price. This method is also useful in pricing of new products under certain circumstances. For eg. When the new product is capable of bringing in large volume of sales, but it is not a luxury item & there is no affluent price insensitive segment, the firm can choose the penetration pricing & make large size sales at a reasonable price before competitors enter the market with a similar product. Penetration pricing in such cases will help the firm have a good coverage of the market & keep competition out for some time. In all demand based pricing methods, the price elasticity of demand is taken into account directly or indirectly. Price elasticity of demand refers to the relative sensitivity of demand for a product to changes in its price in other words how significantly the sales of the product are affected when price is changed. If an increase or decrease in the price of the product results in significant decrease or increase the product is said to be price elastic conversely, if price change does not significantly affect the sales volume, a product is said to be price inelastic.

3. Competition Oriented Pricing: In a competitive economy, competitive oriented pricing methods are common. The methods in this category rest on the principle of competitive parity in the matter of pricing. Three policy options are available to the firm under this pricing method:-

Premium Pricing
Discount Pricing
Parity Pricing

Premium pricing means pricing above the level adopted by competitors.

Discount pricing means pricing below such level & parity pricing means matching competitors pricing.

4. Value Pricing: Value pricing is a modern innovative & distinctive method of pricing. Value pricing rests on the premise that the purpose of pricing is not to recover costs, but to capture the value of the product perceived by the customer. Analysis will readily show that the following scenario is possible with the cost value price chain.

Value > Price >
Costs Price > Value
> Costs Price >
Costs > Value Price
> Value > Costs

Under Scenario:
(i)Marketer recovers his costs through price, but fails to recover the value of his product.
(ii)He recovers his costs as well as the value.
(iii)The value that he passes on to the customer is still lesser.
(iv)He matches the value & price & wins customer loyalty & since the value created is larger than his costs, he ensures his profits.

(5) Product Line Pricing: When a firm markets a variety of products grouped into suitable product lines, a special possibility in pricing arises. As the product in a given product line are related to each other, sales of one influence that of the others. They also have interrelated costs of manufacturing & distribution. It can fix the prices of the different product in such a manner that the product line as a whole is priced optimally, resulting in optimal sales of all the products put together & optimal total profits from the line.

(6) Tender Pricing: Business firms are often required to fix the prices of their products on a tender basis. It is more applicable to industrial products & products purchased by Institutional customers. Such customers usually go by competitive bidding through sealed tenders. They seek the best price consistent with the minimum quality specification & thus bag the order.

(7) Affordability Based Pricing: The affordability based pricing is relevant in respect of essential commodities, which meet the basic needs of all sections of people. Idea here is to set prices in such a way that all sections of the population are in a position to buy & consume the products to the required extent.

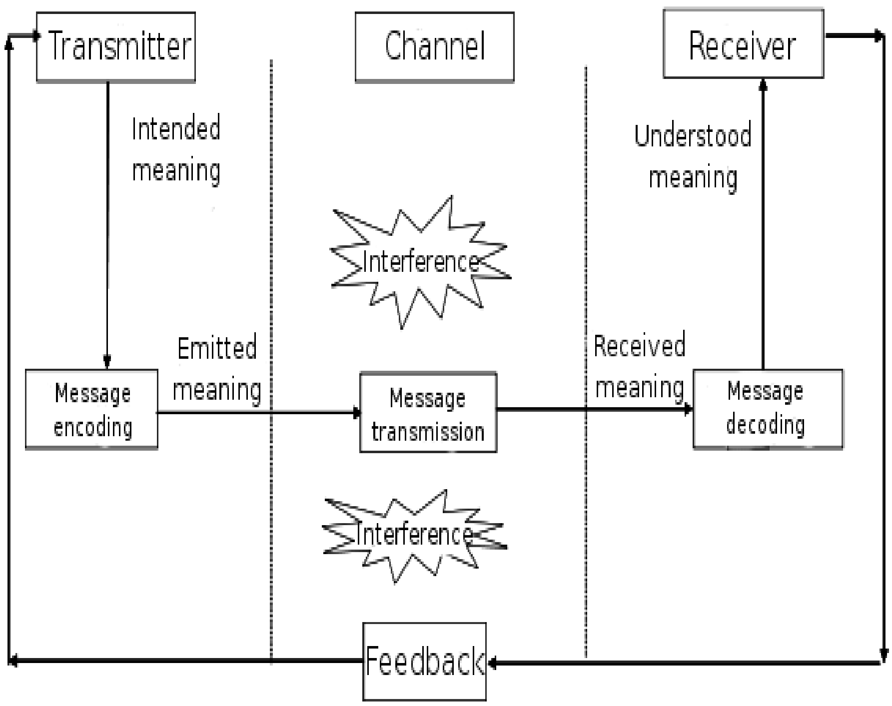
(8) Differentiated pricing - Some firms charge different prices for the same product in different zones/ areas of the market. Sometimes, the differentiation in pricing is made on the basis of customer class rather than marketing territory.

UNIT –III
Promotion and Distribution Decisions

COMMUNICATION PROCESS

Communication transmits information .not only about tangible facts and determinable ideas and opinions but about emotions. When a communicator passes on or transmits some information, he may also, either intentionally or unconsciously, be communicating his attitude or the frame of his mind. And sometimes the latter may be more relevant to the reality that is being

The process of communication is depicted in the following scheme:



The transmitter – is the company that wants to send a message to the target market so that it receives a favorable answer from them:

- Purchase of a product
- Positive attitude

- Image improvement

To assure a high credibility, the company employs public personalities or opinion leaders to effectively deliver the message. They are the message source and are widely used in advertising.

Message encoding – The intended meaning of the message, the idea the transmitter wants to deliver in encoded in symbols, text, images, sounds so that it's easily received by the customer. In the encoding process, the transmitter must take into account the public target characteristics, so that it doesn't understand the message inaccurately.

The message – is transmitted through a communication channel to the receiver and has a certain transmitted meaning. On this act various perturbing factors existing at the communication channel level and are independent of the transmitter or receiver. These perturbing factors are called interferences or channel noise and are usually a consequence of the message intersecting other promotional messages.

Message decoding – the message is received having a certain received meaning, that can be different from the original emitted meaning due to the channel noise.

The understood meaning – results from decoding the received message according to the interpretation the receiver gives to the symbols the transmitter used to encode the message.

Receiver – is that part of the target market where the message is focused. It can be a person, a group or an organization.

Feedback – is the answering reaction of the receiver that can be a positive, negative or indifferent. The purpose of promotional communication is that the public response to be favourable, with a clear finality: purchasing the products and recovery, by this mean, of the expenses involved in the promotional activities.

In the communication process, the transmitter must make sure that the understood meaning is as close as possible to the intended meaning. Otherwise, the message can be distorted and might not generate the desired effects, representing a total waste of resources.

PROMOTION TOOLS **Advertising, Sales Promotion, Public Relation & Direct Marketing**

The 4 Ps of marketing are product, price, place and promotion. All four of these elements combine to make a successful marketing strategy. Promotion looks to communicate the company's message across to the consumer. The four main tools of promotion are advertising, sales promotion, public relation and direct marketing.

ADVERTISING- Advertising is perhaps the most important tool of promotion that

companies use to direct persuasive communications to target buyers and publics. Advertising is defined by the American Management Association as "any paid form of non-personal presentation and promotion of ideas goods or services by an identified sponsor". Advertising through various
media like magazines, newspapers, radio, television, outdoor displays etc., has many purposes: "long-term build-up the organization's corporate image (in situational advertising), or long-term build-up of a particular brand (brand advertising), information dissemination about a sale, service or event (classified advertising), announcement of a special sale (sale or promotional advertising) and advocacy of a particular cause (advocacy advertising".

PERSONAL SELLING -It is essential to communicate, persuade and motivate the target customers in order to make the product and price known and acceptable to the target consumers. For this, personal selling is adopted as an effective tool. The company's sales persons who may be referred to as the salesmen or sales representatives or sales executives, who are on its payroll, communicate with the target consumers, so as to make an order of sale and motivate them to positively respond to it and finally to clinch the deal. According to the American Marketing Association, "Personal selling can be defined as an oral presentation, in conversation with one or more prospective purchasers, for the purpose of making sales".

PUBLICITY- Is the movement of information with the effect of increasing public awareness of a subject. The subjects of publicity include people (for example, politicians and performing artists), goods and services, organizations of all kinds, and works of art or entertainment .Publicity is gaining public visibility or awareness for a product, service or your company via the media. It is the publicist that carries out publicity, while PR is the strategic management function that helps an organization communicate, establish and maintain communication with the public. This can be done internally, without the use of media.

SALES PROMOTION

Promotion is an incentive tool used to drive up short term sales. Promotion can be launched directed at consumer or trade. The focus of advertising to create reason for purchase the focus of promotion is to create an incentive to buy. Consumer incentives could be samples, coupons, free trial and demonstration. Trade incentive could be price off, free goods and allowances. Sales force incentive could be convention, trade shows, competition among sales people.

Sales promotion activity can have many objectives, for example, to grab attention of new customer, reward the existing customer, increase consumption of occasional users. Sales promotion is usually targeted at the fence sitters and brand switchers.

Sales promotional activity for the product is selected looking at the overall marketing objective of the company. The final selection of the consumer promotional tools needs to consider target audience, budget, competitive response and each tool's purpose.

Sales promotion activity should under-go pre test before implementation. Once the activity is launched it should be controlled as to remain within the budget. Evaluation program is a must after implementation of the promotional scheme.

Distribution Channel Decisions

Place (or its more common name "distribution") is about how a business gets its products to the customers. The objective of distribution is clear. It is to: to make products available in the right place at the right time in the right quantities. Distribution matters for a business of any size – it is a crucial part of the marketing mix.

It is one thing having a great product, sold at an attractive price. But what if:

• Customers are not near a retailer that is selling the product?
• A competing product is stocked by a much wider range of outlets?
• A competitor is winning because it has a team of trained distributors or sales agents who are out there meeting customers and closing the sale?

You can see from the above that getting distribution right is a key part of being competitive.

Distribution is achieved by using one or more **distribution channels**, including:

• Retailers
• Wholesalers
• Distributors / Sales Agents
• Direct (e.g. via e-commerce)

Types Of CHANNEL

The prime of object of production is its consumption. The movement of product from producer to consumer is an important function of marketing. It is the obligation of the producer to make goods available at right place, at right time right price and in right quantity. The process of making goods available to the consumer needs effective channel of distribution. Therefore, the path taken by the goods in its movement is termed as channel of distribution. The goods may be sent to the consumer dire **Selling through direct channels**

This is the oldest, shorter and the simple channel of distribution. The producer sells the product directly without involvement of any middle man. The sale can be made door to door through salesman, retail stores and direct mail. Certain industrial and consumer goods such as clothes, shoes, books, hosiery goods, cosmetics, household appliances, electronic goods etc., may be sold through direct contact. Perishable goods such as vegetable and fruits can also be sold directly.

Advantage of selling through direct channels

- It is simple and fast.
- It is economical.
- The producer has full control over distribution.
- Satisfies the desire to reduce dependence on middle men.
- Cash sales.

Disadvantages of selling through direct channels

- Non-availability of expert services of middle man.
- Large investment is required.
- Unsuitable for small producers.

Methods of selling through direct channels

- Selling goods through own retail outlets.
- Selling goods through postal services.
- Selling goods through courier services.
- Selling goods against orders received, by telephone, email and fax is known as telemarketing. This method is being used by Asian Sky Shop. The product is delivered to the customer through producer's own vehicles, V.P.P. or courier.

Suitability of selling through direct channels

- Costly industrial goods such as computer, aircraft, heavy machinery etc.
- Perishable gods like fruits, vegetables, eggs, butter, milk etc.
- Household appliances.
- If customers purchase large quantities.
- In case the number of suppliers is small.

Selling through indirect channel

According to this method of indirect selling, product is passed on to the customers through intermediaries, known as wholesalers, retailers and agents. These channels may be as under:

Producers -> Wholesalers -> Retailers -> Customer Two level Channel: It is commonly used channel of distribution. It is also known as traditional or normal channel of distribution. This channel is useful for small producers for small means. The channel is used for consumer goods. The common practice is that the manufacturer sells goods in large quantity to wholesalers, who sell goods to retailers in small quantity. Finally goods are sold to customers in pieces.

Producer -> Agent -> Retailer -> Consumer or Two level Channel: The common practice in this two level channel is that the goods are sold to the agent in bulk. The agent sells goods to retailer, who sells goods to customers in pieces. This channel is suitable where the retailers are few and geographically centered. This channel is commonly used in textile, machinery, equipment and agricultural products.

Producer -> Agent -> Wholesaler -> Retailer -> Customer or Three level Channel: The common practice in this three level channel is that goods are sold by the producer to the agent, who sells it to the wholesaler, who sells to the retailers who finally sells goods to customers. This is the longest channel of distribution. This practice is useful, when the producer wants to the relieved of the problem of distribution. This channel is popularly used in textile.

Producer -> Retailer -> Customer or one level Channel: Under this channel the producer sells goods to retailers, who sell the goods to customers. This channel is popular with the departmental stores, chain stores and supermarkets etc., because these are large scale retailers. Generally readymade garments, shoes home appliances and automobiles are sold through this channel.

Functions of Intermediaries:

1. Transactional Functions

   The transactional functions of intermediaries involve buying, selling and risk taking. Wholesalers or agents buy products from manufacturers in sufficient quantities to stock the shelves of multiple stores. They promote the goods to build sales, using personal salespeople and various marketing communication devices aimed at retailers. While buying and selling, all intermediaries take a measure of risk. That is because the inventory they stock in their warehouses can lose competitive appeal or become obsolete before it is sold.

2. Logistical Functions
   Most mass market products must be manufactured in large quantities to achieve economies of scale, but few producers can afford to store their inventories or ship small numbers of items to individual consumers. Instead, they rely on intermediaries to perform

these and other logistical functions. For example, frozen food manufacturers ship to supermarkets, not direct to consumers' homes. Book publishers rarely sell to bookstores; they do business primarily with book wholesalers, who assemble large assortments of new releases and then distribute them in accordance with reader demand.

3. Facilitating Functions

   Facilitating functions include various activities performed by intermediaries to make exchanges easier for consumers. This often involves collecting and disseminating information. For example, brokers who buy fresh beef or pork from ranchers inspect and grade the meat to enable buyers to accurately compare alternatives. Fruit and vegetable wholesalers sort and certify the freshness of produce. Another facilitating function is the provision of credit and other financial services. This is especially important among retailers, who commonly issue credit cards and offer layaway programs.

SELECTION AND MANAGEMENT OF INTERMEDIARIES

How to Select an Intermediary:

If you're considering hiring an intermediary to help you buy or sell a middle market company, here are ten keys to selecting a good one. These tips are based on 20 years experience buying and selling my own companies with and without an intermediary, being an intermediary personally, and dealing with intermediaries on the "other side of the table" in transactions over the years.

Some of this guidance might be a little unconventional, but it's a summary of what I've learned out in the marketplace - seeing the good, the bad and the ugly. Like any profession, there are excellent intermediaries all across the country. Unfortunately, there are many who are not so hot. Buying and selling a company is a serious and important matter, and you should have first rate representation. Hopefully, what follows will give you some ideas about what to look for so you can select the right intermediary for your situation. It's the advice I'd give my best friend if I was unable to represent him personally.

1. Entrepreneurial Experience. Not counting his current brokerage business, has the intermediary ever started, bought and sold his own companies? If someone has not paced the floor in the middle of the night sweating about cash flow, if he's not dealt with employees, vendors, landlords and bankers (on his own dime), if he's not ever managed a business profitably, then there is no way he can really fully relate to the concerns of business buyers and sellers. Select an intermediary that is also an entrepreneur. His or her business experience will manifest itself repeatedly throughout the transaction and both buyers and sellers will note in relief, "Ah, here's someone that understands!"

2. Street Smarts. Frequently, new business brokers expound on their corporate mergers and acquisitions experience. However, working as part of a big corporate team divesting and acquiring businesses using public money is a far cry from the realties of helping entrepreneurs buy and sell private companies. Big companies and big international deals sound compelling, but in most cases, if you had to choose, you'd likely be better served

by a capable mainstreet business broker who's sold a few hundred gas stations than a corporate guy who's "green" to the entrepreneurial world.

3. Longevity. As my favorite flyfishing guide says, "There's simply no substitute for time on the river." An intermediary who has not been closing deals out in the marketplace for at least ten years might be smart, talented and well meaning, but they simply do not have enough seasoning to achieve optimum results consistently. There is much turnover in the M&A profession. It looks like a great career (and it is). It's pretty easy to get started (print business cards), but it is extremely difficult to survive and thrive long term as a business intermediary. It takes financial, physical and emotional staying power to last 10 years or more. Longevity brings wisdom, patience, persistence and the emotional stability to ride the rollercoaster of a deal without getting overly excited about positive developments or overly panicked by an adverse turn of events. Being an intermediary is a lot like being an experienced flyfisherman – you've gotta love the process. When the fishing is good, you fish harder and enjoy every minute. When it's bad, you embrace the challenge. You fish even harder, and still enjoy it. It's that same kind of confidence, belief, commitment and passion that makes a good intermediary.

4. Lots of Deals. It takes brokering about 50 deals to really begin to get a solid handle on this profession. There are simply too many variables in transactions to make a claim to mastery with any less. And it's not just knowledge; it's the practice at anticipating potential problems, responding to the unexpected challenges and salvaging the apparently unsalvageable. What I've seen repeatedly, both as an intermediary and as a buyer and seller, is that you're better off with an intermediary who's closed 100 transactions, of any size, than by a guy who hit a home run and completed 1 monster deal. Even novices can get lucky and hook a big fish, but you can bet an angler who's landed 1,000 trout knows how to fish. Same with deal makers.

5. Marketing and Sales Experience. Many people enter the mergers and acquisitions field with law, accounting and finance backgrounds – especially those migrating from a corporate background. These are all relevant areas of experience. However, first and foremost, you hire a broker for their marketing and sales ability. You need someone who's superb at marketing so they can source multiple qualified prospective buyers. As we shift into a buyer's market for businesses in 2008 (and for the foreseeable future), prospecting for just the right match will be imperative.

Then there's the sales part. Selling a company discretely, confidentially, legally, ethically, for top dollar and in a manner that it stays sold after the closing takes extremely well honed sales skills. With every intermediary you interview, dig deep to discover their actual marketing and sales expertise. Where did they learn their sales skills? What are they doing to develop as a sales professional? What will they do on your project that is unique and different? What will they do that will make your company stand out and be attractive to multiple buyers? What's their success rate, i.e. percentage of closed assignments? Tip: Look for someone with better than a 75% success rate. What are their sales strengths and weaknesses and how do they compensate for their weaknesses? As their "partner" in this process, who will have what role in the selling conversations and how can you augment each other's strengths and weaknesses?

6. Life Experience. Select an intermediary with a depth and breadth of life experience. This should enable them to relate to a wide variety of prospects for your project. After over thirty years in sales and 20 years in the deal business, if I had to pick the top selling and negotiating skill a sales professional and an intermediary needs, it's the ability to use metaphor and analogy to attract, qualify, persuade, clarify, negotiate and close. These powerful linguistic tools can only be used effectively when the sales professional has many reference points and stories gleaned from real life experiences and is skilled at integrating them wisely into the sales and negotiating process. Ask anyone you interview for examples of how they routinely use analogy and metaphor in their sales conversations.

7. Competitive Fire. Buying and selling companies is an endeavor filled with competition. Intermediaries compete for attention, for priority, and for resources. Intermediaries compete against the sheer difficulty of confidentially and successfully making a market for private companies – it's perhaps the toughest selling assignment there is. Success requires a spirit of hope, positive expectancy, grounded confidence, determination and unflagging persistence. A history of past successes lays the foundation for future wins. There are many training grounds that build the competitive spirit you need from an intermediary – the arts, sports, martial arts, outdoor adventures, and the military. How does the person you are interviewing to represent you say they developed and continue to hone their competitive fire?

8. Technical Knowledge. Although your mergers and acquisitions advisor will not fill the roles of your attorney and accountant, he or she must be extremely proficient in the business, legal and tax concerns involved in the purchase, merger or sale of a business. A middle market deal is complex and requires the intermediary to understand a staggering number of organizational, operational, structural and transactional issues. It takes years and thousands of hours of continuing professional study to master this broad body of knowledge. In every transaction, the dealmaker is called upon to mediate diverging opinions and positions taken by the respective professional advisors for buyer and seller. If the intermediary does not understand the issues and cannot help you navigate through them – if they cannot break the legal and accounting impasses that frequently occur, you will not be well served.

UNIT-IV
Consumerism:

Consumerism is a social and economic order and ideology that encourages the acquisition of goods and services in ever-greater amounts. Early criticisms of consumerism are present in the works of Thorstein Veblen (1899). Veblen's subject of examination, the newly emergent middle class arising at the turn of the twentieth century, comes to fruition by the end of the twentieth century through the process of globalization. In this sense, consumerism is usually considered a part of media culture.

In the domain of politics, the term "consumerism" has also been used to refer to something quite different called the consumerists movement, consumer protection or consumer activism, which seeks to protect and inform consumers by requiring such practices as honest packaging and advertising, product guarantees, and improved safety standards. In this sense it is a political movement or a set of policies aimed at regulating the products, services, methods, and standards of manufacturers, sellers, and advertisers in the interests of the buyer.

In the domain of economics, consumerism refers to economic policies placing emphasis on consumption. In an abstract sense, it is the consideration that the free choice of consumers should strongly orient the choice of what is produced and how, and therefore orient the economic organization of a society (compare producerism, especially in the British sense of the term).Also this vote is not "one man, one voice", but "one dollar, one voice", which may or may not reflect the contribution of people to society.

The term "consumerism" has several definitions. These definitions may not be related to each other and confusingly, they conflict with each other.

One sense of the term is to describe the efforts to support consumers' interests. By the early 1970s, it was the accepted term for the field and began to be used in these ways:

1. "Consumerism" is the concept that consumers should be informed decision makers in the marketplace. Practices such as product testing make consumers informed.
2. "Consumerism" is the concept that the marketplace itself is responsible for ensuring social justice through fair economic practices. Consumer protection policies and laws compel manufacturers to make products safe.
3. "Consumerism" refers to the field of studying, regulating, or interacting with the marketplace. The consumer movement is the social movement which refers to all actions and all entities within the marketplace which give consideration to the consumer.

Rural Marketing in India: Definition and Features of Rural Marketing!

Rural Marketing:

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

Rural marketing is now a two-way marketing process. There is inflow of products into rural markets for production or consumption and there is also outflow of products to urban areas.

The rural market has been growing steadily over the past few years and is now even bigger than the urban market. About 70 per cent of India's population lives in villages. More than 800 million people live in villages of India. 'Go rural' is the marketer's new slogan. Indian marketers as well as multinationals, such as Colgate-Palmolive, Godrej and Hindustan Lever have focused on rural markets.

Thus, looking at the opportunities, which rural markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and exploit them to their best advantage.

Since ancient times, Indian villages had the concept of village markets popularly known as the village haats. The haats are basically a gathering of the local buyers and sellers. The barter system was quite prevalent, which still continues in a number of places even today. Haats are basically a weekly event, and are central to the village economy.

Features of Rural Marketing:

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

1. Large and scattered population:

   According to the 2001 census, 740 million Indians forming 70 per cent of India's population live in rural areas. The rate of increase in rural population is also greater than that of urban population. The rural population is scattered in over 6 lakhs villages. The rural population is highly scattered, but holds a big promise for the marketers.

2. Higher purchasing capacity:

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

3. Market growth:

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

4. Development of infrastructure:

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

5. Low standard of living:

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

6. Traditional outlook:

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

7. Marketing mix:

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

Social Marketing

The health communications field has been rapidly changing over the past two decades. It has evolved from a one-dimensional reliance on public service announcements to a more sophisticated approach which draws from successful techniques used by commercial marketers, termed "social marketing." Rather than dictating the way that information is to be conveyed from the top-down, public health professionals are learning to listen to the needs and desires of the target audience themselves, and building the program from there. This focus on the "consumer" involves in-depth research and constant re-evaluation of every aspect of the program. In fact, research and evaluation together form the very cornerstone of the social marketing process.

Social marketing was "born" as a discipline in the 1970s, when Philip Kotler and Gerald Zaltman realized that the same marketing principles that were being used to sell products to consumers could be used to "sell" ideas, attitudes and behaviors. Kotler and Andreasen define social marketing as "differing from other areas of marketing only with respect to the objectives of the marketer and his or her organization. Social marketing seeks to influence social behaviors not to benefit the marketer, but to benefit the target audience and the general society." This technique has been used extensively in international health programs, especially for contraceptives and oral rehydration therapy (ORT), and is being used with more frequency in the United States for such diverse topics as drug abuse, heart disease and organ donation.

Like commercial marketing, the primary focus is on the consumer--on learning what people want and need rather than trying to persuade them to buy what we happen to be producing. Marketing talks to the consumer, not about the product. The planning process takes this consumer focus into account by addressing the elements of the "marketing mix." This refers to decisions about 1) the conception of a Product, 2) Price, 3) distribution (Place), and 4) Promotion. These are often called the "Four Ps" of marketing. Social marketing also adds a few more "P's." At the end is an example of the marketing mix.

Product

The social marketing "product" is not necessarily a physical offering. A continuum of products exists, ranging from tangible, physical products (e.g., condoms), to services (e.g., medical exams), practices (e.g., breastfeeding, ORT or eating a heart-healthy diet) and finally, more intangible ideas (e.g., environmental protection). In order to have a viable product, people must first perceive that they have a genuine problem, and that the product offering is a good solution for that problem. The role of research here is to discover the consumers' perceptions of the problem and the product, and to determine how important they feel it is to take action against the problem.

Price

"Price" refers to what the consumer must do in order to obtain the social marketing product. This cost may be monetary, or it may instead require the consumer to give up intangibles, such as time or effort, or to risk embarrassment and disapproval. If the costs outweigh the benefits for an individual, the perceived value of the offering will be low and it will be unlikely to be adopted. However, if the benefits are perceived as greater than their costs, chances of trial and adoption of the product is much greater.

In setting the price, particularly for a physical product, such as contraceptives, there are many issues to consider. If the product is priced too low, or provided free of charge, the consumer may perceive it as being low in quality. On the other hand, if the price is too high, some will not be able to afford it. Social marketers must balance these considerations, and often end up charging at least a nominal fee to increase perceptions of quality and to confer a sense of "dignity" to the transaction. These perceptions of costs and benefits can be determined through research, and used in positioning the product.

Place

"Place" describes the way that the product reaches the consumer. For a tangible product, this refers to the distribution system--including the warehouse, trucks, sales force, retail outlets where it is sold, or places where it is given out for free. For an intangible product, place is less clear-cut, but refers to decisions about the channels through which consumers are reached with information or training. This may include doctors' offices, shopping malls, mass media vehicles or in-home demonstrations. Another element of place is deciding how to ensure accessibility of the offering and quality of the service delivery. By determining the activities and habits of the target audience, as well as their experience and satisfaction with the existing delivery system, researchers can pinpoint the most ideal means of distribution for the offering.

Promotion

Finally, the last "P" is promotion. Because of its visibility, this element is often mistakenly thought of as comprising the whole of social marketing. However, as can be seen by the previous discussion, it is only one piece. Promotion consists of the integrated use of advertising, public relations, promotions, media advocacy, personal selling and entertainment vehicles. The focus is on creating and sustaining demand for the product. Public service announcements or paid ads are one way, but there are other methods such as coupons, media events, editorials, "Tupperware"-style parties or in-store displays. Research is crucial to determine the most effective and efficient vehicles to reach the target audience and increase demand. The primary research findings themselves can also be used to gain publicity for the program at media events and in news stories.

Additional Social Marketing "P's"

Publics--Social marketers often have many different audiences that their program has to address in order to be successful. "Publics" refers to both the external and internal groups involved in the program. External publics include the target audience, secondary audiences, policymakers, and gatekeepers, while the internal publics are those who are involved in some way with either approval or implementation of the program.

Partnership--Social and health issues are often so complex that one agency can't make a dent by itself. You need to team up with other organizations in the community to really be effective. You need to figure out which organizations have similar goals to yours--not necessarily the same goals--and identify ways you can work together.

Policy--Social marketing programs can do well in motivating individual behavior change, but that is difficult to sustain unless the environment they're in supports that change for the long run. Often, policy change is needed, and media advocacy programs can be an effective complement to a social marketing program.

Purse Strings--Most organizations that develop social marketing programs operate through funds provided by sources such as foundations, governmental grants or donations. This adds another

dimension to the strategy development-namely, where will you get the money to create your program?

Direct marketing is a channel-agnostic form of advertising which allows businesses and nonprofit organizations to communicate straight to the customer, with advertising techniques that can include cell phone text messaging, email, interactive consumer websites, online display ads, database marketing, fliers, catalog distribution, promotional letters, targeted television commercials, response-generating newspaper/magazine advertisements, and outdoor advertising. Amongst its practitioners, it is also referred to as Direct Response.

A form of advertising in which physical marketing materials are provided to consumers in order to communicate information about a product or service. Direct marketing does not involve advertisements placed on the internet, on television or over the radio. Types of direct marketing materials include catalogs, mailers and fliers.

Direct marketing messages emphasize a focus on the customer, data, and accountability. Hence, besides the actual communication, creation of actionable segments, pre- and post-campaign analytics, and measurement of results, are integral to any good Direct Marketing campaign. Characteristics that distinguish direct marketing are:

- A database of names (prospects, customers, businesses, etc.), often with certain other relevant information such as contact number/address, demographic information, purchase habits/history, company history, etc., is used to develop a list of targeted entities with some existing common interests, traits or characteristics. Generating such a database is often considered part of the Direct Marketing campaign.
- Marketing messages are addressed directly to this list of customer and/or prospects. Direct marketing relies on being able to address the members of a target market. Addressability comes in a variety of forms including email addresses, phone numbers, Web browser cookies, fax numbers and postal addresses.

- Direct marketing seeks to drive a specific "call to action." For example, an advertisement may ask the prospect to call a free phone number, mail in a response or order, or click on a link to a website.
- Direct marketing emphasizes trackable, measurable responses, results and costs from prospects and/or customers—regardless of medium.

Direct marketing is practiced by businesses of all sizes—from the smallest start-up to the leaders on the Fortune 500. A well-executed direct advertising campaign can prove a positive return on investment by showing how many potential customers responded to a clear call-to-action. General advertising eschews calls-for-action in favor of messages that try to build prospects' emotional awareness or engagement with a brand. Even well-designed general advertisements rarely can prove their impact on the organization's bottom line

Challenges and solutions:

While many marketers recognize the financial benefits of increasing targeted awareness, some direct marketing efforts using particular media have been criticized for generating poor quality leads, either due to poor message strategy or because of poorly compiled demographic databases. This poses a problem for marketers and consumers alike, as advertisers do not wish to waste money on communicating with consumers not interested in their products.

Success of any Direct Marketing campaign, in terms of number of times the desired response may vary between the best vs. the worst of the following parameters, depends on:

- List or targeting (best targeting may yield up to 6 times the response, as compared with the worst targeting)
- Offer (best offer may yield up to 3 times the response, as compared with the worst offer)
- Timing (best timing for the campaign may yield up to 2 times the response, as compared with the worst timing)
- Ease of response (best/multiple ways offered to respond may yield up to 1.35 times the response, as compared with not-so-friendly response mechanism/s)
- Creativity (most creative messaging may yield up to 1.2 times the response, as compared to the least creative messaging)
- Media employed. The medium/media used to deliver a message can have a significant impact on responses. It's difficult to truly personalize a DRTV or radio message. One can even attempt to send a personalized message via email or text message, but a high quality direct mail envelope and letter will typically have a better chance of generated a response in this scenario.

In sum, choosing the best of all the above parameters may yield up to 58 times more response, as compared to choosing the worst of the above parameters. Addressing these helps assuage the concerns of the marketers.

Some of these concerns have been addressed by direct marketers by the use of individual "opt-out" lists, variable printing, and better-targeted list practices. Additionally, in order to avoid unwanted mailings, members of the marketing industry have established preference services that give customers more control over the marketing communications they receive in the mail.

The term "junk mail," referring to unsolicited commercial ads delivered via post office or directly deposited in consumers' mail boxes, can be traced back to 1954.[6] The term "spam," meaning "unsolicited commercial e-mail," can be traced back to March 31, 1993,[7] although in its first few months it merely referred to inadvertently posting a message so many times on UseNet that the repetitions effectively drowned out the normal flow of conversation.

To address the concerns of unwanted emails or spam, in 2003, The US Congress enacted the Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM) Act to curb unwanted email messages. Can-Spam gives recipients the ability to stop unwanted emails, and set out tough penalties for violations.[8] Additionally, ISPs and email service providers have developed increasingly effective Email Filtering programs. These filters can interfere with the delivery of email marketing campaigns, even if the person has subscribed to receive them,[9] as legitimate email marketing can possess the same hallmarks as spam. There are a range of email service providers that provide services for legitimate opt-in emailers to avoid being classified as spam.

Consumers have expressed concerns about the privacy and environmental implications of direct marketing. In response to consumer demand and increasing business pressure to increase the effectiveness of reaching the right customer with direct marketing, companies specialize in targeted direct advertising to great effect, reducing advertising budget waste and increasing the effectiveness of delivering a marketing message with better geo-demography information, delivering the advertising message to only the customers interested in the product, service, or event on offer. Additionally, members of the advertising industry have been working to adopt stricter codes regarding online targeted advertising **Green marketing** refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way.

The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively.

Green marketing is the marketing of products that are presumed to be environmentally preferable to others. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, sustainable packaging, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are **environmental marketing** and **ecological marketing**.

Green, environmental and eco-marketing are part of the new marketing approaches which do not just refocus, adjust or enhance existing marketing thinking and practice, but seek to challenge those approaches and provide a substantially different perspective. In more detail green, environmental and eco-marketing belong to the group of approaches which seek to address the lack of fit between marketing as it is currently practiced and the ecological and social realities of the wider marketing environment.

The legal implications of marketing claims call for caution. Misleading or overstated claims can lead to regulatory or civil challenges. In the United States, the Federal Trade Commission provides some guidance on environmental marketing claims. This Commission is expected to do an overall review of this guidance, and the legal standards it contains, in 2011.

The green marketing mix

A model green marketing mix contains four "P's":

- **Product**: A producer should offer ecological products which not only must not contaminate the environment but should protect it and even liquidate existing environmental damages.
- **Price**: Prices for such products may be a little higher than conventional alternatives. But target groups like for example LOHAS are willing to pay extra for green products.
- **Place**: A distribution logistics is of crucial importance; main focus is on ecological packaging. Marketing local and seasonal products e.g. vegetables from regional farms is more easy to be marketed “green” than products imported.
- **Promotion**: A communication with the market should put stress on environmental aspects, for example that the company possesses a CP certificate or is ISO 14000 certified. This may be publicized to improve a firm’s image. Furthermore, the fact that a company spends expenditures on environmental protection should be advertised. Third, sponsoring the natural environment is also very important. And last but not least, ecological products will probably require special sales promotions

Digital Marketing – Online and Social Media Marketing:

Digital marketing is marketing that makes use of electronic devices (computers) such as personal computers, smartphones, cellphones, tablets and game consoles to engage with stakeholders. Digital marketing applies technologies or platforms such as websites, e-mail, apps (classic and mobile) and social networks. Digital Marketing can be through Non-internet channels like TV, Radio, SMS, etc or through Internet channels like Social Media, E-mails ads, Banner ads, etc. Social Media Marketing is a component of digital marketing. Many organizations use a combination of traditional and digital marketing channels; however, digital marketing is becoming more popular with marketers as it allows them to track their Return on Investment (ROI) more accurately compared to other traditional marketing channels.

According to the Digital Marketing Institute, Digital Marketing is the use of digital channels to promote or market products and services to consumers and businesses

Some of the latest developments:

1. Segmentation: more focus has been placed on segmentation within digital marketing, in order to target specific markets in both business to business and business to consumer sectors.

2. Influencer marketing: Important nodes are identified within related communities, known as influencers. This is becoming an important concept in digital targeting. It is possible to reach influencers via paid advertising, such as Facebook Advertising or Google Adwords campaigns, or through sophisticated sCRM (social customer relationship management) software, such as SAP C4C, Microsoft Dynamics and Salesforce CRM. Many universities now focus, at Masters level, on engagement strategies for influencers.

To summarize, Pull digital marketing is characterized by consumers actively seeking marketing content while Push digital marketing occurs when marketers send messages without that content being actively sought by the recipients.

3. Online Behavioural Advertising: Online Behavioural Advertising refers to the practice of collecting information about a user's online activity over time, "on a particular device and across different, unrelated websites, in order to deliver advertisements tailored to that user's interests and preferences

4. Collaborative Environment: A collaborative environment can be set up between the organization, the technology service provider, and the digital agencies to optimize effort, resource sharing, reusability and communications

Online advertising, also called online marketing or Internet advertising, is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes email marketing, search engine marketing (SEM), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising. Like other advertising media, online advertising frequently involves both a publisher, who integrates advertisements into its online content, and an advertiser, who provides the advertisements to be displayed on the publisher's content. Other potential participants include advertising agencies who help generate and place the ad copy, an ad server which technologically delivers the ad and tracks statistics, and advertising affiliates who do independent promotional work for the advertiser.

In 2011, Internet advertising revenues in the United States surpassed those of cable television and nearly exceeded those of broadcast television. In 2013, Internet advertising revenues in the United States totaled $42.8 billion, a 17% increase over the $36.57 billion in revenues in 2012 U.S. internet ad revenue hit a historic high of $20.1 billion for the first half of 2013, up 18% over the same period in 2012. Online advertising is widely used across virtually all industry sectors.

Many common online advertising practices are controversial and increasingly subject to regulation. Online ad revenues may not adequately replace other publishers' revenue streams. Declining ad revenue has led some publishers to hide their content behind paywalls.[

Delivery methods

Display advertising

Display advertising conveys its advertising message visually using text, logos, animations, videos, photographs, or other graphics. Display advertisers frequently target users with particular traits to increase the ads' effect. Online advertisers (typically through their ad servers) often use cookies, which are unique identifiers of specific computers, to decide which ads to serve to a particular consumer. Cookies can track whether a user left a page without buying anything, so the advertiser can later retarget the user with ads from the site the user visited.

As advertisers collect data across multiple external websites about a user's online activity, they can create a detailed picture of the user's interests to deliver even more targeted advertising. This aggregation of data is called behavioral targeting. Advertisers can also target their audience by using contextual and semantic advertising to deliver display ads related to the content of the web page where the ads appear. Retargeting, behavioral targeting, and contextual advertising all are designed to increase an advertiser's return on investment, or ROI, over untargeted ads.

Advertisers may also deliver ads based on a user's suspected geography through geotargeting. A user's IP address communicates some geographic information (at minimum, the user's country or general region). The geographic information from an IP can be supplemented and refined with other proxies or information to narrow the range of possible locations.For example, with mobile devices, advertisers can sometimes use a phone's GPS receiver or the location of nearby mobile towers.Cookies and other persistent data on a user's machine may provide help narrowing a user's location further.

Web banner advertising

Web banners or banner ads typically are graphical ads displayed within a web page. Many banner ads are delivered by a central ad server.

Banner ads can use rich media to incorporate video, audio, animations, buttons, forms, or other interactive elements using Java applets, HTML5, Adobe Flash, and other programs.

Frame ad (traditional banner)

Frame ads were the first form of web banners. The colloquial usage of "banner ads" often refers to traditional frame ads. Website publishers incorporate frame ads by setting aside a particular space on the web page. The Interactive Advertising Bureau's Ad Unit Guidelines proposes standardized pixel dimensions for ad units.

Pop-ups/pop-under

A pop-up ad is displayed in a new web browser window that opens above a website visitor's initial browser window.A pop-under ad opens a new browser window under a website visitor's initial browser window.

Floating ad

A floating ad, or overlay ad, is a type of rich media advertisement that appears superimposed over the requested website's content. Floating ads may disappear or become less obtrusive after a preset time period.

Expanding ad

An expanding ad is a rich media frame ad that changes dimensions upon a predefined condition, such as a preset amount of time a visitor spends on a webpage, the user's click on the ad, or the user's mouse movement over the ad. Expanding ads allow advertisers to fit more information into a restricted ad space.

Trick banners

A trick banner is a banner ad where the ad copy imitates some screen element users commonly encounter, such as an operating system message or popular application message, to induce ad clicks. Trick banners typically do not mention the advertiser in the initial ad, and thus they are a form of bait-and-switch. Trick banners commonly attract a higher-than-average click-through rate, but tricked users may resent the advertiser for deceiving them.

Social media marketing

Social media marketing is commercial promotion conducted through social media websites. Many companies promote their products by posting frequent updates and providing special offers through their social media profiles.

Mobile advertising

Mobile advertising is ad copy delivered through wireless mobile devices such as smartphones, feature phones, or tablet computers. Mobile advertising may take the form of static or rich media display ads, SMS (Short Message Service) or MMS (Multimedia Messaging Service) ads, mobile search ads, advertising within mobile websites, or ads within mobile applications or games (such as interstitial ad or application sponsorship). Industry groups such as the Mobile Marketing Association have attempted to standardize mobile ad unit specifications, similar to the IAB's efforts for general online advertising.

Mobile advertising is growing rapidly for several reasons. There are more mobile devices in the field, connectivity speeds have improved (which, among other things, allows for richer media ads to be served quickly), screen resolutions have advanced, mobile publishers are becoming more sophisticated about incorporating ads, and consumers are using mobile devices more extensively. The Interactive Advertising Bureau predicts continued growth in mobile advertising with the adoption of location-based targeting and other technological features not available or relevant on personal computers. In July 2014 Facebook reported advertising revenue for the June 2014 quarter of $2.68 billion, an increase of 67 percent over the second quarter of 2013. Of that, mobile advertising revenue accounted for around 62 percent, an increase of 41 percent on the previous year.

Email advertising

Email advertising is ad copy comprising an entire email or a portion of an email message. Email marketing may be unsolicited, in which case the sender may give the recipient an option to opt-out of future emails, or it may be sent with the recipient's prior consent (opt-in).

Chat advertising

As opposed to static messaging, chat advertising refers to real time messages dropped to users on certain sites. This is done by the usage of live chat software or tracking applications installed within certain websites with the operating personnel behind the site often dropping adverts on the traffic surfing around the sites. In reality this is a subset of the email advertising but different because of its time window.

Online classified advertising

Online classified advertising is advertising posted online in a categorical listing of specific products or services. Examples include online job boards, online real estate listings, automotive listings, online yellow pages, and online auction-based listings. Craigslist and eBay are two prominent providers of online classified listings.

Adware

Adware is software that, once installed, automatically displays advertisements on a user's computer. The ads may appear in the software itself, integrated into web pages visited by the user, or in pop-ups/pop-unders. Adware installed without the user's permission is a type of malware.

Affiliate marketing

Affiliate marketing (sometimes called lead generation) occurs when advertisers organize third parties to generate potential customers for them. Third-party affiliates receive payment based on sales generated through their promotion. Affiliate marketers generate traffic to offers from affiliate networks, and when the desired action is taken by the visitor, the affiliate earns a commission. These desired actions can be an email submission, a phone call, filling out an online form, or an online order being completed.

Content Marketing

Content marketing is any marketing that involves the creation and sharing of media and publishing content in order to acquire and retain customers. This information can be presented in a variety of formats, including blogs, news, video, white papers, e-books, infographics, case studies, how-to guides and more.

Considering that most marketing involves some form of published media, it is almost (though not entirely) redundant to call 'content marketing' anything other than simply 'marketing'. There are, of course, other forms of marketing (in-person marketing, telephone-based marketing, word of mouth marketing, etc.) where the label is more useful for identifying the type of marketing. However, even these are usually merely presenting content that they are marketing as information in a way that is different from traditional print, radio, TV, film, email, or web media

Social media marketing:

Social media marketing is the process of gaining website traffic or attention through social media sites.

Social media marketing programs usually center on efforts to create content that attracts attention and encourages readers to share it across their social networks. The resulting electronic word of mouth (eWoM) refers to any statement consumers share via the Internet (e.g., web sites, social networks, instant messages, news feeds) about an event, product, service, brand or company. [1]When the underlying message spreads from user to user and presumably resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself, this form of marketing results in earned media rather than paid media.

Purposes and Tactics

One of the main purposes in employing Social Media in marketing is as a communications tool that makes the companies accessible to those interested in their product and makes them visible to those who have no knowledge of their products. These companies use social media to create buzz, learn from and target customers. It's the only form of marketing that can finger consumers at each and every stage of the consumer decision journey. Marketing through social media has other benefits as well. Of the top 10 factors that correlate with a strong Google organic search, seven are social media dependent. This means that if brands are less or non active on social media, they tend to show up less on Google searches. While platforms such as Twitter, Facebook and Google+ have a larger amount of monthly users, The visual media sharing based mobile platforms however, garner a higher interaction rate in comparison and have registered the fastest growth and have changed the ways in which consumers engage with brand content. Instagram has an interaction rate of 1.46% with an average of 130 million users monthly as opposed to Twitter which has a .03% interaction rate with an average of 210 million monthly users.Unlike traditional media that are often cost-prohibitive to many companies, a social media strategy does not require astronomical budgeting. To this end, companies make use of platforms such as Facebook, Twitter, YouTube and Instagram in order to reach audiences much wider than through the use of traditional print/TV/radio advertisements alone at a fraction of the cost, as most social networking sites can be used at no cost. This has changed the ways that companies approach interact with customers, as a substantial percentage of consumer interactions are now being carried out over online platforms with much higher visibility. Customers can now post reviews of products and services, rate customer service and ask questions or voice concerns directly to companies through social media platforms. Thus social media marketing is also used by businesses in order to build relationships of trust with consumers. To this aim, companies may also hire personnel to specifically handle these social media interactions, who usually report under the title of Online community managers. Handling these interactions in a satisfactory manner can result in an increase of consumer trust. To both this aim and to fix the public's perception of a company, 3 steps are taken in order to address consumer concerns, identifying the extent of the social chatter, engaging the influencers to help, and developing a proportional response.

Twitter

Twitter allows companies to promote their products in short messages limited to 140 characters which appear on followers' home pages. Messages can link to the product's website, Facebook profile, photos, videos, etc.

Facebook

Facebook pages are far more detailed than Twitter accounts. They allow a product to provide videos, photos, and longer descriptions, and testimonials as other followers can comment on the product pages for others to see. Facebook can link back to the product's Twitter page as well as send out event reminders.

A study from 2011 attributed 84% of "engagement" or clicks to Likes that link back to Facebook advertising.By 2014 Facebook had restricted the content published from businesses' and brands' pages. Adjustments in Facebook algorithms have reduced the audience for non-paying business pages (that have at least 500,000 "Likes") from 16 percent in 2012 down to 2 percent in February 2014

Google+

Google+, in addition to providing pages and some features of Facebook, is also able to integrate with the Google search engine. Other Google products are also integrated, such as Google Adwords and Google Maps. With the development of Google Personalized Search and other location-based search services, Google+ allows for targeted advertising methods, navigation services, and other forms of location-based marketing and promotion. Google+ can also be beneficial for other digital marketing campaigns, as well as social media marketing. Google+ authorship was known to have a significant benefit on a website's search engine optimisation, before the relationship was removed by Google. Google+ is one of the fastest growing social media networks and can benefit almost any business.

LinkedIn

LinkedIn, a professional business-related networking site, allows companies to create professional profiles for themselves as well as their business to network and meet others. Through the use of widgets, members can promote their various social networking activities, such as Twitter stream or blog entries of their product pages, onto their LinkedIn profile page. LinkedIn provides its members the opportunity to generate sales leads and business partners. Members can use "Company Pages" similar to Facebook pages to create an area that will allow business owners to promote their products or services and be able to interact with their customer. Due to spread of spam mail sent to job seeker, leading companies prefer to use LinkedIn for employee's recruitment instead using different job portals. Additionally, companies have voiced a preference for the amount of information that can be gleaned from LinkedIn profile, versus a limited email.

Yelp

Yelp consists of a comprehensive online index of business profiles. Businesses are searchable by location, similar to Yellow Pages. The website is operational in seven different countries, including the United States and Canada. Business account holders are allowed to create, share, and edit business profiles. They may post information such as the business location, contact information, pictures, and service information. The website further allows individuals to write, post reviews about businesses and rate them on a five-point scale. Messaging and talk features are further made available for general members of the website, serving to guide thoughts and opinions.

Marketing Ethics:

Marketing ethics is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Some areas of marketing ethics (ethics of advertising and promotion) overlap with media ethics.

Basic principles and values that govern the business practices of those engaged in promoting products or services to consumers. Sound marketing ethics are typically those that result in or at least do not negatively impact consumer satisfaction with the goods and services being promoted or with the company producing them

Fundamental issues in the ethics of marketing

Frameworks of analysis for marketing Possible frameworks

- Value-oriented framework, analyzing ethical problems on the basis of the values which they infringe (e.g. honesty, autonomy, privacy, transparency). An example of such an approach is the AMA Statement of Ethics
- Stakeholder-oriented framework, analyzing ethical problems on the basis of whom they affect (e.g. consumers, competitors, society as a whole).
- Process-oriented framework, analyzing ethical problems in terms of the categories used by marketing specialists (e.g. research, price, promotion, placement

Specific issues in marketing ethics

Market research

Market research is the collection and analysis of information about consumers, competitors and the effectiveness of marketing programs.With market research, businesses can make decisions based on how the responses of the market, leading to a better understanding of how the business has to adapt to the changing market. It is used to establish which portion of the population will or does purchase a product, based on age, gender, location, income level, and many other variables. This research allows companies to learn more about past, current, and potential customers, including their specific likes and dislikes

Ethical danger points in market research include:

- Invasion of privacy.
- Stereotyping.

People affected by unethical market research:

- Public
- Respondents
- Client
- Researcher

Approaches to privacy can, broadly, be divided into two categories: free market, and consumer protection. In a free market approach, commercial entities are largely allowed to do what they wish, with the expectation that consumers will choose to do business with corporations that respect their privacy to a desired degree. If some companies are not sufficiently respectful of privacy, they will lose market share. In a consumer protection approach, in contrast, it is claimed that individuals may not have the time or knowledge to make informed choices, or may not have reasonable alternatives available. Stereotyping occurs because any analysis of real populations needs to make approximations and place individuals into groups. However if conducted irresponsibly, stereotyping can lead to a variety of ethically undesirable results. In the American Marketing Association Statement of Ethics, stereotyping is countered by the obligation to show respect ("acknowledge the basic human dignity of all stakeholders")

Market audience

Ethical danger points include:

- Excluding potential customers from the market: selective marketing is used to discourage demand from undesirable market sectors or disenfranchise them altogether.
- Targeting the vulnerable (e.g. children, the elderly).

Examples of unethical market exclusion or selective marketing are past industry attitudes to the gay, ethnic minority and obese ("plus-size") markets. Contrary to the popular myth that ethics and profits do not mix, the tapping of these markets has proved highly profitable. For example, 20% of US clothing sales are now plus-size.

Pricing ethics

List of unethical pricing practices.

- Bid rigging
- Dumping (pricing policy)
- Predatory pricing
- Price discrimination
- Price gouging

- Price fixing
- Price skimming
- Price war

- Supra competitive pricing
- Variable pricing

Ethics in advertising and promotion

Ethical pitfalls in advertising and promotional content include:

- Issues over truth and honesty. In the 1940s and 1950s, tobacco used to be advertised as promoting health. Today an advertiser who fails to tell the truth not only offends against morality but also against the law. However the law permits "puffery" (a legal term). The difference between mere puffery and fraud is a slippery slope: "The problem... is the slippery slope by which variations on puffery can descend fairly quickly to lies."
- Issues with violence, sex and profanity. Sexual innuendo is a mainstay of advertising and yet is also regarded as a form of sexual harassment. Violence is an issue especially for children's advertising and advertising likely to be seen by children.
- Taste and controversy. The advertising of certain products may strongly offend some people while being in the interests of others. Examples include: feminine hygiene products, hemorrhoid and constipation medication. The advertising of condoms has become acceptable in the interests of AIDS-prevention, but are nevertheless seen by some as promoting promiscuity. Some companies have actually marketed themselves on the basis of controversial advertising - see Benetton. Sony has also frequently attracted criticism for unethical content (portrayals of Jesus which infuriated religious groups; racial innuendo in marketing black and white versions of its PSP product; graffiti adverts in major US cities).

Negative advertising techniques, such as attack ads. In negative advertising, the advertiser highlights the disadvantages of competitor products rather than the advantages of their own. The methods are most familiar from the political sphere.

References:

Websites:

http://www.slideshare.net
http://www.marketingpower.com
https://en.wikipedia.org
http://www.scribd.coml
http://www.freemba.in

www.enotesmba.com
en.wikipedia.org/wiki/**Green_marketing**
en.wikipedia.org/wiki/**Digital_marketing**
en.wikipedia.org/wiki/Social_marketing
www.social-marketing.com/whatis.html
www.entrepreneur.com/marketing/onlinemarketing
https://www.boundless.com/.../**products**-9/**types-of-products**-67