Module 4

SUPPLY CHAIN

Whereas marketing channels connect the marketer to the target buyers, the supply chain Describes a longer channel stretching from raw materials to components to final products that are carried to final buyers.

For example, the supply chain for women's purses

Starts with hides, tanning operations, cutting operations, manufacturing, and the marketing channels that bring products to customers. This supply chain represents a value

Delivery system. Each company captures only a certain percentage of the total value generated by the supply chain. When a company acquires competitors or moves upstream Or downstream, its aim is to capture a higher percentage of supply chain value.

The supply chain, which Stretches from raw materials to the final products for final buyers, represents a value Delivery system. Marketers can capture more of the supply chain value by acquiring Competitors or expanding upstream or downstream.

THE VALUE DELIVERY PROCESS

The traditional—but dated—view of marketing is that the firm makes Something and then sells it, with marketing taking place during the selling Process. Companies that take this view succeed only in economies marked by Goods shortages where consumers are not fussy about quality, features, or Style—for example, basic staple goods in developing markets. In economies with many different types of people, each with individual Wants, perceptions, preferences, and buying criteria, the smart competitor

Must design and deliver offerings for well-defined target markets. ThisRealization inspired a new view of business processes that places marketing at The beginning of planning. Instead of emphasizing making and selling,Companies now see themselves as part of a value delivery process.

We can divide the value creation and delivery sequence into three phases.

1 . choosing the value is the "homework" marketers must do before any Product exists. They must segment the market, select the appropriate target,and develop the offering's value positioning. The formula "segmentation, Targeting, positioning (STP)" is the essence of strategic marketing.

2 . providing the value. Marketing must identify specific product Features, prices, and distribution.

3 . Communicating the value by utilizing the Internet, advertising, sales force, And any other communication tools to announce and promote the product. The value delivery process begins

before there is a product and continues Through development and after launch. Each phase has cost implications.

Multi channel marketing

Today's successful companies typically employ multichannel marketing, using two or more marketing channels to reach customer segments in one market area. HP uses its sales force to sell to large accounts, outbound telemarketing to sell to medium-sized accounts, direct mail with an inbound phone number to sell to small accounts, retailers to sell to still smaller accounts, and the Internet to sell specialty items. Each channel can target a different segment of buyers, or different need states for one buyer, to deliver the right products in the right places in the right way at the least cost. When this doesn't happen, channel conflict, excessive cost, or insufficient demand can result. Launched in 1976, Dial-a-Mattress successfully grew for three decades by selling mattresses directly over the phone and later online. A major expansion into 50 brick-and-mortar stores in major metro areas was a failure, however. Secondary locations, chosen because management considered prime locations too expensive, could not generate enough customer traffic. The company eventually declared bankruptcy.

INTEGRATING MULTICHANNEL MARKETING SYSTEMS

Most companies today have adopted multichannel marketing. Disney sells its videos through multiple channels: movie rental merchants such as Netflix and Redbox, Disney Stores (now owned and run by The Children's Place), retail stores such as Best Buy, online retailers such as Disney's own online stores and Amazon.com, and the Disney Club catalog and other catalog sellers. This variety affords Disney maximum market coverage and enables it to offer its videos at a number of price points.Here are some of the channel options for leather-goods maker Coach.

An integrated marketing channel system is one in which the strategies and tactics of selling through one channel reflect the strategies and tactics of selling through one or more other channels. Adding more channels gives companies three important benefits. The first is increased market coverage. Not only are more customers able to shop for the company's products in more places, as noted above, but those who buy in more than one channel are often more profitable than single-channel customers. The second benefit is

VALUE NETWORKS

A supply chain view of a firm sees markets as destination points and amounts to a linear view of the flow of ingredients and components through the production process to their ultimate sale to customers. The company should first think of the target market, however, and then design the supply chain backward from that point. This strategy has been called demand chain planning.

A broader view sees a company at the center of a value network—a system of partnerships and alliances that a firm creates to source, augment, and deliver its offerings. A value network includes a firm's suppliers and its suppliers' suppliers and its immediate customers and their end customers. It also incorporates valued relationships with others such as university researchers and government approval agencies.

THE DIGITAL CHANNELS REVOLUTION

The digital revolution is profoundly transforming distribution strategies. With customers—both individuals and businesses—becoming more comfortable buying online and the use of smart phones exploding, traditional brick and replaced mortar channel strategies are being modified or even replaced.

Online retail sales (or e-commerce) have been growing at a double-digit rate; apparel and accessories, consumer electronics, and computer hardware are the three fastest-growing categories. Skeptics initially felt apparel wouldn't sell well online, but easy returns, try-on tools, and customer reviews have helped counter the inability to try clothes on in the store. As brick-and-mortar retailers promote their online ventures and other companies bypass retail activity by selling online, they all are embracing new practices and policies. As in all marketing, customers hold the key.Customers want the advantages both of digital—vast product selection, abundant product information, helpful customer reviews and tips—and of physical stores—highly personalized service, detailed physical examination of products, an overall event and experience. They expect seamless channel integration so they can:

- Enjoy helpful customer support in a store, online, or on the phone
- Check online for product availability at local stores before making a trip
- Find out in-store whether a product that is unavailable can be purchased and shipped from
  another store to home
- Order a product online and pick it up at a convenient retail location
- Return a product purchased online to a nearby store of the retailer
- Receive discounts and promotional offers based on total online and offline purchases

The Role of Marketing Channels

Why does a producer delegate some of the selling job to intermediaries, relinquishing control over how and to whom its products are sold? Through their contacts, experience, specialization, and scale of operation, intermediaries make goods widely available and accessible to target markets, offering more effectiveness and efficiency than the selling firm could achieve on its own.Many producers lack the financial resources and expertise to sell directly on their own. The William Wrigley Jr. Company would not find it practical to establish small retail gum shops throughout the world or to sell gum online or by mail order. It is easier to work through the extensive network of privately owned distribution organizations. Even Ford would be hard-pressed to replace all the tasks done by its almost 8,500 dealer outlets worldwide.

CHANNEL FUNCTIONS AND FLOWS

The main function of distribution channel is to assemble the goods from different manufacturer and make it available to the consumer. Apart from this, the channel members also perform a number of other functions like buying, carrying inventory, selling, transporting, financing, etc. These functions enable products and information flow from manufacturer to user in a timely and efficient manner.

The main functions performed by the distribution channels are the following.

Function # 1. Financing:

Intermediaries usually make advance payments for goods and services, thereby, providing necessary working capital to the manufacturers for their day-to-day operations. Though the manufacturers may extend credit, payment is made in advance, even before the product is bought, consumed and paid by the ultimate consumer.

Function # 2. Assists in Merchandising:

Through merchandising, they help reinforce the awareness about the product among customers. While visiting a retail shop, customer's attention can be allured by an attractive display of the product/brand increasing his awareness and interest. Merchandising, especially display, complements the selling efforts of the company and acts as a silent salesman at the retail outlet.

Function # 3. Provides Market Intelligence:

Market intelligence and feedback to the principal are rendered by channels. In the nature of things, channels are in a good position to perform this task, since they are in constant and direct contact with the customers. They feel the pulse of the market all the time.

Function # 4. Assortment of Products:

It leads to the customer convenience as channels of distribution help the consumers to buy goods in convenient unit lots, packs and assorted varieties of the products. In order to use the economics of scale and to minimise the overall production cost, goods and services are produced in bulk.

But these goods and services consumed in smaller quantity so there is essentially the need of breaking the bulk. It is carried out by channel intermediaries.

Function # 5. Price Stability:

A middleman also works to maintain price stability in the market. Many a time the middlemen absorb an increase in the price of the products and continue to charge the customer the same old price. This is because of the intra-middlemen competition. He also maintains price stability by keeping his overheads low.

Function # 6. Promotion:

Sales incentive programmes are designed by middlemen aiming to building customers traffic at the other outlets. Channels of distribution perform promotional activities like advertising, personal selling and sales promotion etc., so as to be useful to the producer in achieving greater market share in sales and market coverage of the products.

Function # 7. Provides Salesmanship:

Salesmanship is provided by marketing channels. As they help in introducing and establishing new products in the market. Under some cases, buyers go by the recommendations of the dealers. The dealers establish the products in the market through their persuasive selling and person-to-person communication. They also provide pre-sale and after-sale service to the buyers.

Function # 8. Title:

The title to the goods, services and trade are taken by middlemen under their own names. It helps in eliminates the risks between the manufacturer and middlemen, also enabling middlemen to be in physical possession of the goods, which in turn helps. Then to meet customer demand at very moment it arises.

Function # 9. Helps in Production Function:

Leaving the marketing problem to middlemen who specialise in the profession the producer can concentrate on the production function. Their services can best utilised for selling the product. The finance, required for organising marketing can profitably be used in production where the rate of return would be greater.

Function # 10. Matching Demand and Supply:

The major function of intermediaries is to assemble the goods from many producers in such a manner that a customer can affect purchases with ease. The goal of marketing is the matching of segments of supply and demand.

Function # 11. Pricing:

While pricing a product, the producer should invite the suggestions from the middlemen as they are very close to the ultimate users and know what they can pay for the product. Pricing may be different for different markets or products depending upon the channel of distribution.

Function # 12. Standardising Transactions:

Standardising transactions is another function of marketing channels. Like the milk delivery system, the distribution is standardised throughout the marketing channel so that consumers do not need to negotiate with the sellers on any aspect, whether it is price, quantity, method of payment or location of the product. By standardising transactions, marketing channels automate most of the stages in the flow of products from the manufacturer to the customers.

What is Channel Levels?

Channel level is a means used to transfer merchandise from the manufacturer to the end user through retailer and other necessary intermediaries. An intermediary in the channel is called an agent/middleman. Channels normally vary from two-level channels without intermediaries to five-level channels with three intermediaries.

For example, a leather handbag manufacturer who prepares handbags and sells it directly to the customer is in a two-level channel. A poultry farmer sells chicken and eggs to a restaurant supplier, who sells to individual restaurants, who then serve the customer, is in a four-level channel. Agents/intermediaries in the channel of distribution are used to facilitate the delivery of the merchandise as well as to transfer title, payments, and information about the merchandise.

Channel Levels:

Each layer of distribution intermediaries that performs some work in bringing the product to its final consumer is a channel level.

(i) A Zero Level Channel:

A zero level channel, commonly known as direct marketing channel has no intermediary levels. In this channel framework manufacturer sells merchandise directly to customers. An example of a zero level channel would be a factory outlet store. Many service providers like holiday companies, also market direct to consumers, bypassing a traditional retail intermediary – the travel agent.

Eureka Forbes, leaders in domestic and industrial water purification systems, vacuum cleaners, air purifiers & security solutions is pioneered in direct selling that makes it an Asia's largest direct sales organization.

The remaining channels are known as indirect-marketing channels.

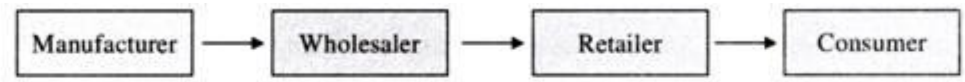
(ii) A One Level Channel:

A one level channel contains one selling intermediary. In consumer markets, this is usually a retailer. The consumer electrical goods market in the United Kingdom is typical of this arrangement whereby producers such as Sony, Panasonic, Canon etc. sell their goods directly to large retailers such as Comet, Dixons and Currys which then sell the goods to the final consumers.

(iii) A Two Level Channel:

A two level channel encompasses two intermediary levels – a wholesaler and a retailer. A wholesaler typically buys and stores large quantities of merchandise from various manufacturers and then breaks into the bulk deliveries to supply retailers with smaller quantities. For small retailers with limited financial resources and order quantities, the use of wholesalers makes economic sense.

This agreement tends to work paramount where the retail channel is jumbled – i.e. not dominated by a small number of large, dominant retailers who have an encouragement to cut out the wholesaler. Distribution of drugs/ pharmaceuticals in the Europe and United Kingdom is typical example of such arrangement.



(iv) A Three Level Channel:

A third level channel, as the name implies, encompasses three intermediary levels – a wholesaler, a retailer and a jobber. In the poultry industry, products like mutton, chicken, eggs etc. are first sold to wholesalers; he then sells it to jobbers, who sell to small and unorganized retailers.

One point in this regard, is to be noted that the levels of distribution vary from industry to industry and country to country. In Japan, food distribution system usually may involve as many as five or six levels while rest of the world, rely on two to three levels distribution network.

CHANNEL MANAGEMENT

Channel management involves the marketing and sales strategies your company uses to reach and satisfy consumers, the techniques you use to support your partners who help with the distribution process, and how you manage vendors.

When establishing your channel management solutions, you must set clear goals for each channel. (A channel is how you intend to sell your goods or services to your target audience). In addition to clear goals for each channel, you want to:

- Define the policies and procedures to manage your channels
- Identify which products you offer that are suitable for a particular channel, and
- Develop sales and marketing programs for each channel to meet the actual needs of your target customer, not what you think their needs are.

The main types of channel management include:

- **Channel architecture:** Channel architecture is the basic framework for your channel. It encompasses how the product is provided by the producer to the consumer.

- **Channel strategy:** This aspect involves your sales and distribution blueprint, such as how you plan to expand your market and what specific action plans you will put in place to improve your e-commerce channel.

- **Channel design:** How will you implement new channels? For instance, you may create an affiliate program to encourage certain types of people and companies to help sell and promote your product.

- **Sales management**: This aspect involves how you will manage sales and other partners. This could include things such as what incentives you will offer to drive sales.

- **Channel conflict**: How do you plan to address conflict between channels that are unfair to one party or counterproductive? For instance, if you are using an e-commerce solution that undercuts your affiliates, you must address this conflict. When designing channels, you must pay careful attention so one channel does not create a conflict for another channel.

- **Relationship management**: This aspect involves establishing and managing relationships with vendors, affiliates, etc., over time.

- **Brand experience:** How do you plan to develop a brand experience that is consistent across all channels, including if you sell online, through social media, etc., as well as physical locations such as stores, boutiques, and more? For instance, if your brand voice emphasizes making customers feel loved and appreciated, this should happen no matter where your customers go. For example, various beauty brands make their customers feel pampered. This is much easier to do in person, as this can allow you to massage, apply makeup, etc. Nevertheless, the online experience must also go above and beyond to give the same personal touch by using the right words, offering exclusive deals, etc.

- **Pricing:** This method involves using channel-based pricing strategies. For instance, a luxury bakery that only sells certain products in upscale areas is an example of pricing as channel management.

- **Sales and operations planning:** This method involves taking the time to match the goods or services you are producing with the general demand. For instance, if you have a product or service that is more popular during certain times of year (i.e., Christmas), you want to increase production in the spring or summer.

- **Revenue management:** How will you optimize revenue for your available inventory? For instance, a retail store may sell swimsuits at full price until near the end of the summer, at which time it would likely discount the inventory to make more room for fall and winter products.

- **Distribution:** This aspect is focused on how you will deliver on your obligations to both channel partners and customers. For example, this could include properly managing logistics, such as product exchanges and returns.

CHANNEL DESIGN DECISION

The channel design decision can be broken down into seven phases or steps.

1. Recognizing the need for a channel design decision
2. Setting and coordinating distribution objectives
3. Specifying the distribution tasks
4. Developing possible alternative channel structures
5. Evaluating the variable affecting channel structure
6. Choosing the “best” channel structure
7. Selecting the channel members

Recognizing the Need for a Channel Design Decision

Many situations can indicate the need for a channel design decision. Among them are:

1. Developing a new product or product line
2. Aiming an existing product to a new target market
3. Making a major change in some other component of the marketing mix
4. Establishing a new firm
5. Adapting to changing intermediary policies
6. Dealing with changes in availability of particular kinds of intermediaries
7. Opening up new geographic marketing areas
8. Facing the occurrence of major environmental changes
9. Meeting the challenge of conflict or other behavioural problems
10. Reviewing and evaluating

Setting and Coordinating Distribution Objectives

In order to set distribution objectives that are well coordinated with other marketing and firm objectives and strategies, the channel manager needs to perform three tasks:

1. Become familiar with the objectives and strategies in the other marketing mix areas and any other relevant objectives and strategies of the firm.
2. Set distribution objectives and state them explicitly.
3. Check to see if the distribution objectives set are congruent with marketing and the other general objectives and strategies of the firm.

Specifying the Distribution Tasks

The job of the channel manager in outlining distribution functions or tasks is a much more specific and situational dependent one. The kinds of tasks required to meet specific distribution objectives must be precisely stated. In specifying distribution tasks, it is especially important not to underestimate what is involved in making products and services conveniently available to final consumers.

Developing Possible Alternative Channel Structures

The channel manager should consider alternative ways of allocating distribution objectives to achieve their distribution tasks. Often, the channel manager will choose more than one channel structure in order to reach the target markets effectively and efficiently.

Evaluating the Variables Affecting Channel Structure

Having laid out alternative channel structures, the channel manager should then evaluate a number of variables to determine how they are likely to influence various channel structures.

Choosing the "Best" Channel Structure

In theory, the channel manager should choose an optimal structure that would offer the desired level of effectiveness in performing the distribution tasks at the lowest possible cost.

RETAILING

Retailing is the distribution process of retailer getting the goods (either from the manufacturer, wholesaler, or agents) and selling them to the customers for the actual use.

In simple terms, retailing is the transaction of small quantities of goods between a retailer and the customer where the good is not bought for the resale purpose.

What Is A Retailer?

A retailer is a person or a business who sells small quantities of goods to the customers for the actual use.

Retailing Types

Retailing can be divided into five types. Here are the types of retailing that exists today –

- **Store retailing:** This includes different types of retail stores like department stores, speciality stores, supermarkets, convenience stores, catalogue showrooms, drug stores, superstores, discount stores, extreme value stores etc.
- **Non-store retailing:** Non-store retailing is a type of retailing where the transaction happens outside conventional shops or stores. It is further divided into two types – *direct selling* (where the company uses direct methods like door-to-door selling) and automated vending (installing automated vending machines which sell offer variety of products without the need of a human retailer).
- **Corporate retailing:** It involves retailing through corporate channels like chain stores, franchises, and merchandising conglomerates. Corporate retailing focuses on retailing goods of only the parent or partner brand.
- **Internet retailing:** Internet retailing or online retailing works on a similar concept of selling small quantities of goods to the final consumer but they serve to a larger market and doesn't have a physical retail outlet where the customer can go and touch or try the product.
- **Service retailing:** Retailers not always sell tangible goods, retail offerings also consists of services. When a retailer deals with services, the process is called service retailing. Restaurants, hotels, bars, etc. are examples of service retailing.

Retailing Examples

The most common examples of retailing are the traditional brick-and-mortar stores like Walmart, Best Buy, Aldi, etc. But retailing isn't limited to them. It also includes small kiosks at the malls, online marketplaces like Amazon and eBay, and even the restaurants which sell food and service.

Wholesaling

Wholesaling is the act of buying goods in bulk from a manufacturer at a discounted price and selling to a retailer for a higher price, for them to repackage and in turn resell in smaller quantities at an even higher price to consumers. Due to the large quantities purchased from the manufacturer at a discounted price, the wholesaler can also pass on this discount to retailers. The retailer sells at a price that reflects the overall cost of doing business.

Types of Wholesalers

1.Merchant wholesalers

These are the most common type of wholesalers used in the FMCG industry , agriculture industry or private label industry quite simply merchant wholesalers are the one who buy directly from the manufacturer, store the product and then sell it to the customer. They might sell in any channel and they are not restricted to sell do retail early or to online only.

Example: a vegetable wholesaler buys produce directly from the farm and stocks it at his own warehouse. He then sells this products to the local retail outlets or even to end customers .he may also sell to restaurants. However, any loss of the produce due to spillage or any other reason is a cost to the merchant wholesalers.

2.Full service wholesalers

They are most commonly observed in consumer durables or engineering products. The full service type of wholesalers is as the name suggests giving full service to the end retailer. These wholesalers mainly operate in the retail market and sell products to a reseller (a retailer in this case) everything expect service of the product is the responsible of the full service wholesaler.

Example: Samsung wants to expand its operation in region A but it does not have a sales office in that region. So it appoints a distributor in region A .f this distributor solely Responsible for order picking, delivery, training sales associates, promotions and everything for the Samsung brand. He is now a full service word sailor. However, for service of the product, there is a different service franchise opened in the same region.

3.Limited service wholesalers

A limited service wholesaler is someone who stocks the products of the company and sells it in a limited channel. He does not have a large turnover or does not cover all channels of the company.

Example :company X wants to sell its products online but it knows that if it allow local distributors to sell online, there will be a huge price war. As a result, company X appoints an exclusive online wholesaler. This online wholesaler has only one job - to purchase the product and stock it and sell it online. So whenever an order comes from Amazon or eBay, this wholesaler gives the mission to Amazon or eBay. That’s his only job

The same way- there are other limited service wholesalers .two are mentioned below:

<u>Cash and carry wholesalers:</u> strong FMCG products are sold as cash and carry. Immediate payment is demanded on a delivery of material.

<u>Logistics wholesalers</u> : A Milk Wholesaler who delivers whole truck of milk across the market. His only work is to deliver the milk and not to get orders for the company.

4. Brokers and agents

Most commonly observed in the real estate industry or in the chemical markets. A broker assumes no risk will stuff he asked the producer or the manufacturer on one side and he has the buyer on the other side. The work of the broker is to get the deal done and he gets a Commission on the deal.

5. Branches and mini officers

Although branches and mini officers do not come in the various type of wholesalers, this are common way for companies to start selling their products in a region they are targeting. A branch can also be called a type of wholesaling wherein the branch directly picks the orders from the end customers in bulk and ensure and choose the supply and reorders from the customers

Example : paper company like B2B or 3M knows that large companies require a lot of print paper across the month. This companies then established branch officers which also act as his sales office. They pick a bulk order of paper and the company might transport the complete order from the warehouse to the company.

6. Specialized wholesalers

These are wholesalers who do wholesale of specialized items only . example- A used car wholesaler who sells directly to customers or the other used car dealers. He specialized in used cars and knows the in’s and outs of selling a used car to customers or refurbishing the used car.

Franchising

Franchising is a form of business by which the owner (**franchisor**) of a product, service or method obtains distribution through affiliated dealers (franchisees). If buying an existing business doesn't sound right for you but starting from scratch sounds a bit intimidating, you could be suited for franchise ownership.

Examples of well-known **franchise** business models include McDonald's (NYSE: MCD), Subway, United Parcel Service (NYSE: UPS), and H. & R. Block (NYSE: HRB). In the United States, there are **franchise** business opportunities available across a wide variety of industries.

Teleshopping

A form of non-store or in-home retailing in which the consumer can purchase goods and services shown on television; the purchaser telephones an order, or orders with the aid of a computer, and the products are delivered to the home.

COMMUNICATING VALUES

Effective communicating values to the stakeholders of a company is of much Importance. Value creation involves including those elements in a product or service that Are fully informed to the customers and they are willing to pay for it is what we called “value”. Value communication involves communicating credibly the benefits of the product.

The value of communication is based on relevant and timely

Information, without such information, there can be no effective communication. Marketing Communication helps to move products, services from manufacturers to end users and builds and maintains relationship with customers, prospects, and other important stakeholders in the company. Good communication skills are skills that facilitates people to communicate.

Value is not just a single element (price), it encompasses a range of Attributes of the goods and services for which customers are willing to pay.

VALUE COMPONENTS

Value can be separated in to 7 components

1. Service
2. Response
3. Variety
4. Knowledge
5. Quality
6. Guarantee
7. Price

The 4 core values of communication

- Personal Responsibility

  This is about taking ownership for every single feeling, thought, action and reaction.
- Personal integrity

  This is about our connection to the heart
- Authenticity

  It is the value of being different from integrity
- Equal Dignity

  It is the value giving all the person the equal position

MARKETING COMMUNICATIONS MIX OR PROMOTION MIX

A company’s total marketing communications mix (or promotion mix) consists of the specific blend of advertising, sales promotion, public relations, personal selling and direct marketing tools that the company uses persuasively to communicate customer value and build customer relationships.

Elements of promotional mix or marketing communications mix are also called as tools, means, or components. Basically, there are five elements involved in promotional mix.

1. ADVERTISING:

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods, and services by an identified sponsor. It is a way of mass communication. It is the most popular and widely practiced tool of market promotion. Major part of promotional budget is consumed for advertising alone.

Various advertising media:

- television
- radio
- newspapers
- magazines
- outdoor means

- broadcast
- print
- online

Characteristics of advertising are:

i. Adverting is non-personal or mass communication. Personal contact is not possible.

ii. It is a paid form of communication.

iii. It is a one-way communication.

iv. Identifiable entity/sponsor-company or person gives advertising.

v. It is costly option to promote the sales.

vi. It can be reproduced frequently as per need.

vii. Per contact cost is the lowest.

viii. Various audio-visual, print, and outdoor media can be used for advertising purpose.

ix. It is a widely used and highly popular tool of market promotion.

2. SALES PROMOTION:

Sales promotion covers those marketing activities other than advertising, publicity, and personal selling that stimulate consumer purchasing and dealer effectiveness. Sales promotion mainly involves short-term and non-routine incentives, offered to dealers as well consumers.

The popular methods used for sales promotion are:

- demonstration
- trade show
- exhibition
- exchange offer
- seasonal discount
- free service
- gifts
- contests
- discounts
- coupons
- displays

Characteristics of sales promotion are:

i. The primary purpose of sales promotion is to induce customers for immediate buying or dealer effectiveness or both.

ii. Excessive use of sale promotion may affect sales and reputation of a company adversely.

iii. It is taken as supplementary to advertising and personal selling efforts.

iv. It involves all the promotional efforts other than advertising, personal selling, and publicity.

v. It consists of short-term incentives, schemes, or plans offered to buyers, salesmen, and dealers.

vi. It involves non-routine selling efforts.

3. PERSONAL SELLING:

Personal selling includes face-to-face personal communication and presentation with prospects (potential and actual customers) for the purpose of selling the products. It involves personal conversation and presentation of products with customers. It is considered as a highly effective and costly tool of market promotion.

Personal selling includes:

- sales presentations
- trade shows
- incentive programs.

Characteristics of personal selling are:

i. Personal selling is an oral, face-to-face, and personal presentation with consumers.

ii. Basic purpose is to promote products or increase sales.

iii. It involves two-way communication.

iv. Immediate feedback can be measured.

v. It is an ability of salesmen to persuade or influence buyers.

vi. It is more flexible way of market communication.

vii. Per contact cost is higher than advertising.

viii. It involves teaching, educating, and assisting people to buy.

4. DIRECT MARKETING

Direct connections with carefully targeted individual consumers both
to obtain an immediate response and to cultivate lasting customer relationships the use of telephone, mail, fax, email, the Internet and other tools to communicate directly with specific consumers.

Direct marketing includes:

- catalogues
- telephone marketing
- kiosks
- internet

Characteristics of direct marketing are:

i. Direct marketing involves obtaining favorable presentation about company or company's offers upon radio, television, or stage that is not paid for by the sponsor.

ii. It is a non-paid form of market promotion. However, several indirect costs are involved in it.

iii. It may include promotion of new product, pollution control efforts, special achievements of employees, publicizing new policies, etc., for increasing sales. It is primarily concerns with publishing or highlighting company's activities and products. It is targeted to build company's image.

iv. Company has no control over publicity in terms of message, time, frequency, information, and medium.

v. It has a high degree of credibility. Direct marketing is more likely to be read and reacted by audience.

vi. It can be done at a much lower cost than advertising.

5. PUBLIC RELATIONS:

The public relations is comprehensive term that includes maintaining constructive relations not only with customers, suppliers, and middlemen, but also with a large set of interested publics. Public relations include publicity, i.e., publicity is the part of public relations.

Building good relations with the company's various publics by obtaining
favorable publicity, building up a good corporate image, handling or heading off unfavorable rumors, stories and events.

Public relations includes:

- press releases
- sponsorships
- special events
- twitter

Characteristics of publicity are:

i. Public relations is a paid form of market promotion. Company has to incur expenses.

ii. Public relations activities are designed to build and maintain a favorable image for an organization and a favorable relationship with the organization's various publics.

iii. It is an integral part of managerial function. Many companies operate a special department for the purpose, known as the public relations department.

iv. It involves a number of interactions, such as contacting, inviting, informing, clarifying, responding, interpreting, dealing, transacting, and so forth.

v. Public relations covers a number of publics – formal and informal groups. These publics may be customers, stockholders, employees, unions, environmentalists, the government, people of local community, or some other groups in society.

vi. Public relations activities are undertaken continuously. It is a part of routine activities.

vii. All the officials, from top level to supervisory level, perform public relations activities.

viii. In relation to modern management practices, the public relations is treated as the profession.

The main objective of marketing communication is to exchange the information about the product and organization with the help of promotion in order to create awareness amongst the customers and all other stakeholders. Thus promotion plays an important role in marketing communication and is considered as one of the most important components of the marketing communication.

MANAGING MARKETING COMMUNICATION

Integrated marketing communication is an approach to promote products and services (brand promotion) where various modes of marketing are integrated so that similar message goes to the customers. According to integrated marketing communication, all aspects of marketing communication work together to promote brands more effectively among end-users and also for better results. Brands are promoted through advertising, sales promotions, banners, hoardings, public relations, social networking sites and so on simultaneously to increase brand awareness among potential end-users.'

One of the most effective ways to promote brands is through effective communication. Organizations need to communicate well with not only the potential customers but also existing customers. Communicating effectively not only strengthens relationship with your clients but also gives organizations an edge over competitors. Remember, effective communication enables message and relevant information to reach the recipients in the desired manner. Why would a customer invest in your brand if he/she is not aware of the product's features and benefits? The unique selling points of brands need to be communicated well to the end-users by effectively integrating various brand promotion tools.

Following are the various ways which enable organizations to communicate effectively with customers:-

1. Advertising

2. Online Promotions

3. Direct Marketing

4. Hoardings, Banners

5. PR Activities

6. Internet, Emails and so on.

Marketers need to promote two way communication with customers. The feedback of customers is essential and should be monitored regularly, if you really wish to survive in the long run. Your customers must be able to reach you conveniently for them to develop a sense of attachment and loyalty towards your brand.

Various modes of brand communication need to be managed effectively so that similar message reaches customers. For Example if your advertisement says your products are eco friendly, the bill boards, and banners must also share the same message. The integration needs to be done smartly and effectively.

1) The first step towards managing integrated marketing communication is to identify the target audience. You need to understand who all are the customers who would actually benefit from your products. Understand their needs and expectations.

2) The second step is to know what you intend to communicate. No brand promotion tools would help unless and until you are really sure of what you want to share with your potential and existing customers.

3) Carefully design your message. Check the content of the message, message structure, format, spellings and so on.

4) The next step is to identify the various channels of communication. You need to be really careful while selecting the channel of communication so that the right message goes to the right customer at the right place and right time.

5) Allocate right resources for brand promotion. Decide how much can you spend on various marketing and promotional activities. A marketer needs to wisely assign budgets for various promotional activities such as advertising, PR activities, banners and so on.

6) The most crucial step is to measure the results of integrated marketing communication. Find out whether the combination of all marketing tools has actually helped you reach a wider audience and promote your brands more effectively.

MODULE - 5

Marketing Control

Marketing control is the process by which firms assess the effects of their marketing activities and programs and make necessary changes and adjustments. Marketing control implies application of controlling system to marketing activities. And it involves verifying and rectifying marketing performance.

Marketing control is the process of monitoring the proposed plans as they proceed and adjusting where necessary.

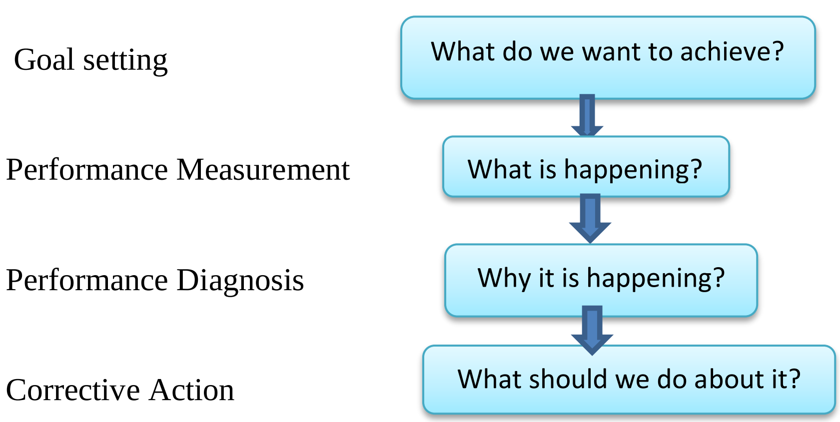
Control involves measurement, evaluation, and monitoring. Resources are scarce and costly so it is important to control marketing plans. Control involves setting standards.

Marketing Control Process

Marketing control is a four step process

1. Define Marketing Objectives
2. Set Performance Standards
3. Compare Results Against Standards
4. Corrections and Alterations

Resources are scarce and costly so it is important to control marketing plans. Controlling marketing plan is not an one time activity, it is a series of actions, and it is required to be done regularly. Marketing control process starts with the review of the marketing objectives.
After defining/redefining marketing objectives, performance standards are set. Performance standards provide benchmarks to enable managers and employees to decide how they are progressing towards achieving objectives.
Actual results are compared against standards. If the actual results are in direction to the expected results, their is no problem in marketing plan and its execution.
If actual results are deviated from the expected results, their is requirement to correct and alter marketing plan to bring the results back to the desired level.



This control model applies to all levels of the organization. Top management sets annual sales and profit goals; each product manager, regional district manager, sales manager, and sales rep is committed to attaining specified levels of sales and costs. Each period, top management reviews and interprets the results. Marketers today have better marketing metrics for measuring the performance of marketing plans. Four tools for the purpose are sales analysis, market share analysis, marketing expense-to-sales analysis, and financial analysis.

Example

If an objective states where you want to be and the plan sets out a road map to your destination, then control tells you if you are on the right route or if you have arrived at your destination

Types of Marketing Control:

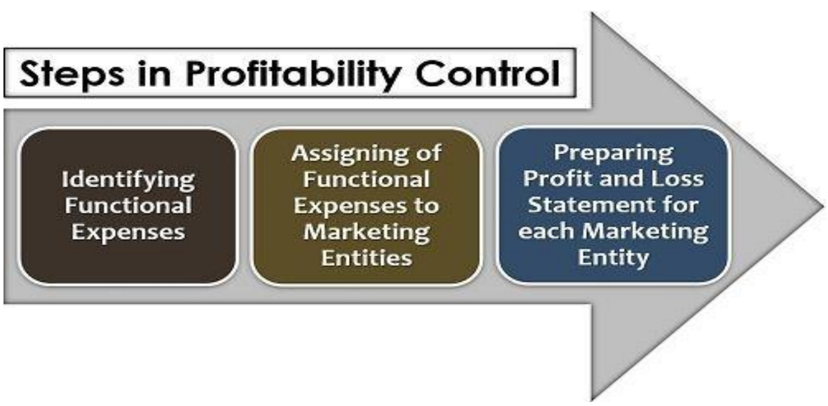
Type of Control	**Prime Responsibility**	**Purpose of Control**	**Approaches**
1. Annual-plan control	Top management Middle management	To examine whether the planned results are being achieved.	• Sales analysis • Market share analysis • Sales-to-expense ratios • Financial analysis • Market-based scorecard analysis
2. Profitability control	Marketing controller	To examine where the company is making and losing money.	Profitability by: • product • territory • customer • segment • trade channel • order size
3. Efficiency control	Line and staff management Marketing controller	To evaluate and improve the spending efficiency and impact of marketing expenditures	Efficiency of: • sales force • advertising • sales promotion distribution
4. Strategic control	Top management Marketing auditor	To examine whether the company is pursuing its best opportunities rating instrument with respect to markets, products and channels	• Marketing-effectiveness rating instrument • Marketing audit • Marketing excellence review • Company ethical and social responsibility review

ANNUAL-PLAN CONTROL

ANNUAL-PLAN CONTROL Annual-plan control ensures the company achieves the sales, profits, and other goals established in its annual plan. At its heart is management by objectives. First, management sets monthly or quarterly goals. Second, it monitors performance in the marketplace. Third, management determines the causes of serious

Performance deviations. Fourth, it takes corrective action to close gaps between goals and performance.

PROFITABILITY CONTROL



PROFITABILITY CONTROL Companies should measure the profitability of their products, territories, customer groups, segments, trade channels, and order sizes to help determine whether to expand, reduce, or eliminate any products or marketing activities. The chapter appendix shows how to conduct and interpret a marketing profitability analysis.

EFFICIENCY CONTROL

EFFICIENCY CONTROL Suppose a profitability analysis reveals the company is earning poor profits in certain products, territories, or markets. Are there more efficient ways to manage the sales force, advertising, sales promotion, and distribution? Some companies have established a marketing controller position to work out of the controller's office but specialize in improving marketing efficiency. These marketing controllers examine adherence to profit plans help prepare brand managers' budgets, measure the efficiency of promotions, analyze media production costs, evaluate customer and geographic profitability, and educate marketing staff on the financial implications of marketing decisions.

STRATEGIC CONTROL

STRATEGIC CONTROL Each company should periodically reassess its strategic approach to the marketplace with a good marketing audit. Companies can also perform marketing excellence reviews and ethical/social responsibility reviews.

Marketing Audit

Definition: The Marketing Audit refers to the comprehensive, systematic, analysis, evaluation and the interpretation of the business marketing environment, both internal and external, its goals, objectives, strategies, principles to ascertain the areas of problem and opportunities and to recommend a plan of action to enhance the firm's marketing performance.

The marketing audit is generally conducted by a third person, not a member of an organization.

Characteristics of **Marketing Audit**...

1. is a comprehensive study of all markeitng activites of a company.
2. is a systematic process that follows a step-by-step procedure.
3. is a periodic activity and must be conducted regularly.
4. is conducted by an independent person who is not from company.
5. is a critical review of marketing activities of the company.
6. is an evaluation of marketing activities of the company.
7. It finds out marketing opportunities and weaknesses of company.
8. is a preventative and curative marketing medicine.

Components of Marketing Audit

1. **Macro-Environment Audit**: It includes all the factors outside the firm that influences the marketing performance. These factors are Demographic, Economic, Environmental, Political, and Cultural.
2. **Task Environment Audit**: The factors closely associated with the firm such as Markets, Customers, Competitors, Distributors and Retailers, Facilitators and Marketing Firms, Public etc.that affects the efficiency of the marketing programs.
3. **Marketing Strategy Audit**: Checking the feasibility of Business Mission, Marketing Objectives and Goals and Marketing Strategies that have a direct impact on the firm's marketing performance.
4. **Marketing Organization Audit**: Evaluating the performance of staff at different levels of hierarchy.
5. **Marketing Systems Audit**: Maintaining and updating several marketing systems such as Marketing Information System, Marketing Planning System, Marketing Control System and New-Product Development System.
6. **Marketing Productivity Audit**: Evaluating the performance of the Marketing activities in terms of Profitability and Cost-Effectiveness.
7. **Marketing Function Audit:** Keeping a check on firm's core competencies such as Product, Price, Distribution, Marketing Communication and Sales Force.

Thus, the marketing audit helps to determine how well a firm's marketing department is carrying out the marketing activities. And how much it is adding to the overall performance of the organization.

Example of Marketing Audit with its step-by-step process

I. Discovery	Conduct interviews across the client organization. Gather information about strategies, competencies, vendors, audience, messaging, customer / partner / staff requirements, and the competitive landscape, relying on ECC's 30-point assessment framework to guide the engagement.
II. Analysis, Research & Competitive Intelligence Gathering	Conduct research outside the organization – assess competitor digital operations, consult with domain experts, and identify best practices and map how they relate to the client's infrastructure and requirements.
III. Quick-Hit Recommendations	Based on early research findings, deliver recommendations to the client to implement in the short-term, which will have the ability to bolster marketing performance, save money, and/or get the organization moving in the right direction.
IV. Mid-Project Presentation	Deliver mid-project findings to the client's project team leadership. This step inserts a formal deliverable into the process and keeps everyone aligned, as well as allows ECC to share initial findings and solicit feedback, and then make changes to the process as appropriate.
V. Final Recommendations & Presentation	Deliver final presentation and report to the client executive team. Document findings and fully transfer knowledge to the client marketing, IT and operations groups.

Marketing Challenges Faced Globally

1. **Providing the ROI of Marketing Activities**

   Measuring the ROI (return on investment) of your marketing activities has remained a top marketing challenge globally year-over-year. It continues to be a vital way for marketers to understand the effectiveness of each particular marketing campaign or piece of content. Plus, proving ROI often goes hand-in-hand with making an argument to increase budget: No ROI tracking, no demonstrable ROI. No ROI, no budget. Although return on investment is a crucial stat that shows your campaigns success or progress, tracking the ROI of every single marketing activity isn't always easy, especially if you don't have two-way communication between your marketing activities and sales reports.

2. **Securing Enough Budget**

when we have a great, revenue-generating idea, you still usually need to get your budget approved by a higher-up.

Securing more budget is a pressing challenge for marketing globally. And often, getting more budget is easier said than done -- especially for smaller organizations that aren't working with sizable nor flexible marketing spend. But the key to securing more money for your team might not be that complex.

3) Managing Website

Although managing a website is consistently a challenge to marketers, it seems to be growing less threatening.

Managing a website was the fourth biggest challenge for marketers. And chances are, the website's performance is high on the list of priorities. It's an asset that works around the clock to draw in visitors, convert them, and help to hit goals, after all. Issues with website management include a variety of different factors, from writing and optimizing the content to designing beautiful webpages.

4) Targeting Content for an International Audience

Targeting is a key component of all aspects of marketing. To be more effective at targeting, one of the first things any marketer needs do is identify their buyer personas to determine who it is they should be marketing to. If expanding internationally, it can be a big challenge not only to figure out the best ways to market to an international audience but also to organize and optimize your site for different countries. However, exchange rates are marketers' biggest challenge with international marketing.

5) Training Your Team

As companies scale and technologies continue to evolve, training your team will become a greater challenge for marketers.

Whether it's training them on the concepts and tools they'll be using every day or making sure they're achieving their full potential, the struggle is real across the board.

6) Hiring Top Talent

Hiring top talent is another challenge marketers commonly report experiencing.Many companies are shifting more resources to inbound marketing, which means higher and higher demand for top marketing talent. But supply simply isn't keeping up. From sourcing the right candidates to evaluating for the right skills, finding the perfect person could take months ... or more.

7) Delivering an Account-Based Marketing Strategy

Account-based marketing (ABM) is a new trend, which is a growth strategy in which marketing and sales collaborate to create a personalized buying experience for an identified set of accounts. However, interestingly, the most common challenge with ABM is delivering a personalized experience.

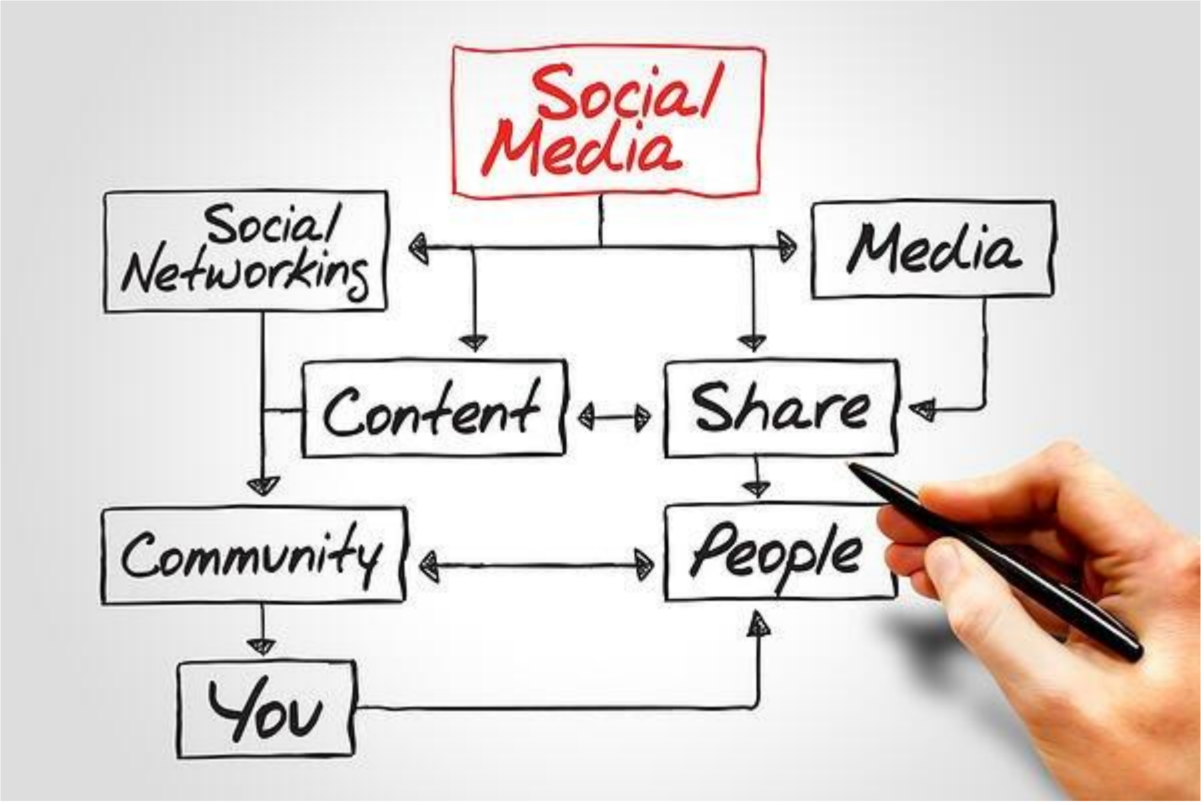
Currently, there aren't a lot of software that are focused on account-based marketing. Many companies that are implementing ABM strategies are using manual methods, which means some accounts are getting lost in the cracks.

Social Media Marketing

"Social media marketing (SMM) is the use of social media websites and social networks to market a company's products and services."

"Social media marketing is the process of creating tailored content for each social media platform to drive engagement and promote your business."

Social media marketing is all about connecting with your audience or customers and helping them understand your brand better. It is incredibly beneficial to business growth.



Five key pillars of social media marketing

1) Strategy: This step involves determining goals, the social media channels to be used, and the type of content that will be shared.

2) Planning and Publishing: Businesses should draft plans of what their content will look like (i.e. will there be videos? Photos? How much script?) and decide when it will be put out on the platform.

3) Listening and Engagement: Monitoring what users, customers, and others are saying about the posts, brands, and any other business assets. This may require the adoption of a social media engagement tool.

4) Analytics and Reporting: Part of being on social media is knowing how far posts are going, so reports of engagement and reach are very important

5) Advertising: Purchasing ads on social media is a great way to promote and further develop a brand.

Because audiences can be better segmented than more traditional marketing channels, companies can ensure they focus their resources on the audience that they want to target using social media marketing. Some of the metrics used to measure the success of social media marketing (which is also known as digital marketing and e-marketing) include:

- Website reports, such as Google Analytics
- Return on investment (ROI)
- Customer response rates or the number of times customers post about a company
- A campaign's reach and/or virality or how much customers share content.

Benefits Of Social Media Marketing

The concept of social media marketing has evolved over the years. A few years ago, the sole purpose of using social media channels was to generate website traffic.

1. SMM Consistently Warms Up A New Audience For Your Business.

There’s nothing worse than facing a cold audience or people who haven't interacted with your brand before.

Social media marketing opens up doors to tools and tactics that make it easy to warm up a new audience for your business.

Facebook and other social platforms allow you to use content to connect with the potential audience and warm them up. While it’s hard to get people’s attention, you can easily break through the noise with engaging content.

For example, creating an interesting Facebook video ad can drive people to know more about you.

2. SMM Builds Stronger Relationships With Customers.

Successful brands connect and engage with their social media audiences to build lasting relationships.

For instance, when they share something on a platform, they respond to whoever leaves a comment or question to provide them any assistance they may need.

Rather than selling your products or services, you can simply ask your social media followers questions about your products or share something that could make life easier for your audience.

This way, you build trust and show them how much you care about their needs and opinions.

For example, one of our best social media strategies that we use is our Entrepreneur Cooperative Facebook Community.

We use this Facebook group as a place to talk about life and business, share cool thoughts and strategies, and really just get to know other like-minded people like us.

A Facebook group is a great way to use social media to grow a loyal audience of people who will advocate for your business or brand for a lifetime.

3. SMM Generates More Leads & Conversions.

Platforms like Facebook, Instagram, Twitter, and Linkedin allows companies to generate leads. We can use a mix of paid and organic tactics to boost conversions.

Video marketing, paid ad campaigns, giveaways, and email opt-ins are some of the leading strategies to get prospects into your sales funnel.

For example, running a giveaway campaign on Facebook can help you boost your list of qualified email addresses.

Since everything happens online, SMM is a measurable, quicker, and easier way to build a database of prospects. With increased visibility, your business finds plenty of opportunities for conversion.

Compelling content can lead your social media followers to your company’s website and turn them into loyal customers.

4. SMM Gives You A Leg Up On Competitors.

There's a lot to learn from your competitors' social media presence, especially if just started exploring social media and lack good marketing ideas.

Progressive companies always monitor their competition to see what's working for them and whatnot. Tracking what your competitors are up to should be a key part of your social media marketing strategy.

For example, if paid Facebook ads are generating good results for your competitors, you should try it too. However, you shouldn't copy your competition in a way that could hurt your reputation. Make sure to stand out.

5. SMM Is Cost-Effective

Social media marketing is probably the most cost-efficient and diverse way of promoting a business.

It doesn't cost anything to create a profile on most social networking sites. In case we want to run a paid campaign to boost your content, the cost is relatively low as compared to other advertising platforms.

Digital Marketing Platform

Modern marketing relies on technology to analyze the comprehensive performance of a marketing campaign, and help guide future strategies and decision making. The best way to define a digital marketing platform is to break it down into its two parts: digital marketing and digital business platforms.

Digital Marketing

Digital marketing refers to any marketing initiative that leverages online media and the internet through connected devices such as mobile phones, home computers, or the Internet of Things (IoT). Common digital marketing initiatives center around distributing a brand message through search engines, social media, applications, email, and websites.

Today, digital marketing often focuses on reaching a customer with increasingly conversion-oriented messages across multiple channels as they move down the sales funnel. Ideally, marketing teams will be able to track the role each of these messages / channels played in reaching their ultimate goal.

Digital marketing Platform

platforms are tools that provide multiple business or technology capabilities. While there are tools to address specific functions within one business need, such as a single tool to schedule social media updates alone, platforms support multiple functions across these needs. Platforms typically enable a more extensive set of functions with APIs, integrations, and partnerships with other applications or data sources.

A digital marketing platform is a solution that supports a variety of functions within the realm of marketing over the internet. According to Gartner, it is important to note that to classify as a platform, the solution cannot claim to support every component of digital marketing – but will rather cover functionality like media buying, performance measurement and optimization, and brand tracking. However, it may not cover other marketing efforts like SEO, social media.

Types of Digital Marketing

1. Social Media Marketing Platforms

Social media platforms allow marketers to reach their prospects in a myriad of ways. First, marketing teams can use these channels to distribute paid ads and sponsored content. Each platform has a way for marketing teams to create paid ad campaigns and segment users so these ads appear on the feeds of target audience members. While each platform is different, most have capabilities that allow marketing teams to place ads based on location, job title, interests, age, etc.

Social media is also a great way to promote products or resources organically to your followers, and engage with consumers. Chances are, people that follow your brand on social media have likely purchased from you in the past. Interacting with them on social media or answering customer service-oriented questions is a great way to ensure continued engagement with the brand and cultivate positive experiences and customer loyalty.

Finally, marketing teams can use social media to build their brand and establish a voice that can make them popular to follow and share.

For example, Wendy’s flippant and funny tone has made them exceptionally popular on Twitter, commonly earning likes, retweets, and responses.

2. Influencer Marketing

Another effective way to harness digital channels to reach target audiences is with influencer marketing. Brands can partner with celebrities, sites, or others that are considered experts in their field, that share similar values. Brand can then reach these influencers' followers with branded content and offers. Many marketers have found success with influencer marketing, with 9 out 10 noting that it was the same or better than other channels they use. Additionally, 1 out of 2 women based a purchase decision on a recommendation from an influencer.

Example; GoPro partnered up with this Colorado-based influencer, Loki, whose followers include many outdoor enthusiasts. This put their product in front of their target audience, with a recommendation from a like-minded, trustworthy source.

3. Email Marketing

Email marketing campaigns allow organizations to stay connected with prospects and customers, sending them customized newsletters or offers based on past shopping history or brand engagements. If an individual has interacted with a few of your branded touchpoints – like an email offer for 10 percent off the items they have been considering, or free shipping - may be what ultimately brings about a conversion. Nearly 60% of consumers say that email plays a role in their purchase decisions. Furthermore, transactional emails are more likely to be opened by subscribers.

4. Content Marketing

Content marketing allows marketing teams to be proactive in answering their users' questions. Marketing teams create content, videos, and other assets to answer questions or provide context to consumers throughout the three stages of the buyer's journey:

- The awareness stage: Buyer realizes they have a need
- The consideration stage: Buyer determines a course of action to meet this need
- The decision stage: Buyer decides on a product / service to purchase to meet the need

For example, a consumer might realize they need new shoes to wear to the gym. The marketing team for an activewear company may produce a piece about what features you need from a running shoe, as opposed to what you need if you focus on strength training. Looking at this content, the buyer determines they need a pair of running shoes that meets that criteria. Another piece of content might show the most popular running shoes and their price points. Once they are educated on these factors, they decide. The guidance offered by your brand throughout will likely result in them purchasing from you. Content marketing is often less expensive than other forms of marketing, while producing nearly 3 times as many leads.

5. Search Engine Optimization (SEO) Marketing.

Search engine optimization often goes hand in hand with content marketing. When the customer from the above example is conducting research for which gym shoes to buy, they will probably click on one of the first three results that appear on Google. With this in mind, the athletic shoes' marketing team wants to ensure their article appears in those top results. This is done by optimizing content for user experience and ensuring the technical elements are in place to enable search engine crawlers to easily find and index this content.

6. Pay-per-click (PPC)

Pay-per-click is a form of paid advertising that allows marketing teams to essentially purchase traffic to their website. Marketers place ads on websites or search engines such as Google and Microsoft Bing, and pay a fee each time the ad is clicked on. These ads often appear at the top of the search results page, andare typically determined by bids on specific keywords, while banner ads on websites usually have set prices.

7. Affiliate Marketing

Affiliate marketing is similar to referral programs, it involves working with outside individuals or companies under the agreement that they promote your product in exchange for a commission from each sale that can be attributed to their efforts. This is a way to cut down on costs and outsource some of the heavy lifting of promotion, however, you're putting your brand's reputation in someone else's hands, so this type of marketing often requires more extensive monitoring and tracking.

An example of affiliate marketing would be when an ad running on a podcast or radio show offers a discount code for listeners to use when purchasing the product. The customer may receive 30% off their purchase, for example, and in return, the show gets a small percentage of each purchase that is made using the code.

Social Marketing

According to Philip Kotler, Nancy Lee and Michael Rothschild; Social marketing can be defined as- *"A process that applies marketing principles and techniques to create, communicate, and deliver value in order to influence target audience behaviors that benefit society (public health, safety, the environment, and communities) as well as the target audience."*

Principles and Techniques

Social marketing principles and techniques are most often used to improve public health, prevent injuries, protect the environment, increase involvement in the community, and enhance financial well-being. Those engaged in social marketing activities include professionals in public sector agencies, nonprofit organizations, corporate marketing departments and advertising, public relations, and market research firms. A social marketing title is rare, and social marketing is most likely to fall within the responsibility of a program manager or community relations or communications professional.

Social Marketing Planning Process

Step: 1 Describe the Background, Purpose and Focus for the Planning Effort

Step: 2 Conduct a Situation Analysis

Step: 3 Select and Describe the Target Audience

Step: 4 Set Marketing Objectives and Goals (Behavior, Knowledge, Beliefs)

Step: 5 Identify Audience Barriers, Benefits and the Competition

Step: 6 Craft a Desired Positioning Statement

Step: 7 Develop a Strategic Marketing Mix (The 4Ps)

- Product
- Price
- Place
- Promotion

Step: 8 Determine an Evaluation Plan

Step: 9 Establish a Campaign Budget and Find Funding

Step: 10 Outline an implementation plan

GREEN MARKETING

What is Green Marketing?

- Green marketing is the marketing of environmentally friendly products and services. It is becoming more popular as more people become concerned with environmental issues and decide that they want to spend their money in a way that is kinder to the planet.
- Green marketing can involve a number of different things, such as creating an eco-friendly product, using eco-friendly packaging, adopting sustainable business practices, or focusing marketing efforts on messages that communicate a product's green benefits.
- This type of marketing can be more expensive, but it can also be profitable due to the increasing demand.
- Examples of green marketing include advertising the reduced emissions associated with a product's manufacturing process, or the use of post-consumer recycled materials for a product's packaging. Some companies also may market themselves as being environmentally-conscious companies by donating a portion of their sales proceeds to environmental initiatives, such as tree planting

IMPORTANCE OF GREEN MARKETING

- It reduces the use of plastic and plastic-based products.
- It increases the consumption of natural products and reduces chemical products.
- It creates a demand for herbal medicines, natural therapy, and Yoga.
- It aware the reuse of the consumer and industrial products.
  It makes nature healthy.

ADVANTAGES OF GREEN MARKETING

- A company can enter new markets when it brings attention to positive environmental impact.
- Gain more profit from green marketing.
- Green marketing brings a competitive advantage.
- Raise awareness on important environmental or social issues.
- It makes the company out the line, which help them to gain profit in a long time.

DISADVANTAGES OF GREEN MARKETING

- Change leads to costs.
- It is hard and costly to get Green Certifications.

- Companies may intentionally or unintentionally make false claims regarding the environmental friendliness of their products, a process known as “greenwashing.
- Sometimes customers don’t accept natural products because it is costly as a comparison to normal products.

<u>GREEN MARKETING EXAMPLE IN INDIA</u>

- <u>Tata Consultancy service</u> is well established eco-friendly company. It has more than 80% green score. Now, it is creating technology for agricultural and community benefits.
- <u>Indusland Bank</u> is the first bank which is started paperless ATM in India. Which helps to reduce to the cutting of the trees.
- <u>MRF</u> has launched the ZSLK series and which is about creating eco- friendly tubeless tires.
- <u>Johnson and Johnson</u> is also using green products. Which is environment-friendly as well as body friendly too.

CONSUMERISM

History

Although consumerism is commonly associated with capitalism and the Western world, it is multi-cultural and non-geographical, as seen today in Tokyo, Singapore, Hong Kong, Shanghai, Taipei, Tel Aviv and Dubai, for example. Consumerism, as in people purchasing goods or consuming materials in excess of their basic needs, is as old as the first civilizations (Ancient Egypt, Babylon and Ancient Rome, for example). Since consumerism began, various individuals and groups have consciously sought an alternative lifestyle through simple living.

While consumerism is not a new phenomenon, it has only become widespread over the 20th century and particularly in recent decades, under the influence of neoliberal capitalism and globalization.

Popular media used “Consumerist” as a short-form for “ConsumerActivist”. Webster’s dictionary added “the promotion of the consumer’s interests” alongside “the theory that an increasing consumption of goods is economically desirable” under “Consumerism”.

Meaning

Consumerism is an organized social movement intended to strengthen the rights and power of consumers relative to sellers. Alert marketers view it as an opportunity to serve consumers better by providing more consumer information, education, and protection.

Consumerism” refers to a movement by consumers to ensure fair and honest (ethical) practices on the part of manufacturers, traders, dealers and services providers in relation to consumers. The movement may be regarded an attempt by individual consumer activists and consumer associations for creating consumer awareness about the malpractices in the market and finding ways and means to protect their interests. This movement will be successful if consumers are aware of their rights and responsibilities while using goods and services.

It aims to remove those injustices, and eliminate those unfair marketing practices, e.g., misbranding, spurious products, unsafe products, planned obsolescence, adulteration, fictitious pricing, price collusion, deceptive packaging, false and misleading advertisements, defective warranties, hoarding, profiteering, black marketing, short weights and measures, etc."

Definition

"Consumerism is an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers."

Or

Consumerism – A social force within the business environment designed to aid and protect buyers by exerting legal, moral and economic pressures on businesses.

Rights of Consumers

Today consumers face various problems on account of competition in the market, misleading advertisements, availability of inferior quality of goods and services, etc. Hence protection of consumers' interest has become a matter of serious concern for the Government as well as public bodies. It is to safeguard the interest of consumer's government has recognized certain rights of consumers. Various rights of consumers that are recognized by Government of India are following;

• **Right to safety**: Consumers have a right to be protected against marketing of goods which are injurious to health and life. As a consumer if you are conscious of this right, you can take precautions to prevent the injury or if injury is caused in spite of precaution, you have a right to complain against the dealer and even claim compensation. For example, if you buy any medicine, the pharmacy selling it can be held responsible if the medicine proves harmful. Again if gas cylinder is used for cooking, you have to check that it does not leak when it is supplied to you. If it starts leaking afterwards, the supplier will be liable to pay compensation if the leakage of gas leads to fire and causes injury or death to anyone.

• **Right to be informed:** Consumers also have the right to be informed about the quantity, quality, purity, standard or grade and price of the goods available so that they can make proper choice before buying any product or service. Also, where necessary, the consumer must be informed about the safety precautions to be taken while using the product to avoid loss or injury.

Taking the example of gas cylinder again, the supplier must inform the user to stop the flow of gas with the help of the regulator when it is not in use.

• **Right to choose:** Every consumer has the right to choose the goods needed from a wide variety of similar goods. Very often dealers and traders try to use pressure tactics to sell goods of poor quality. Sometimes, consumers are also carried away by advertisements on the TV. These possibilities can be avoided if consumers are conscious of this right.

• **Right to be heard:** This right has three interpretations. Broadly speaking, this right means that consumers have a right to be consulted by Government and public bodies when decisions and policies are made affecting consumer interests. Also, consumers have a right to be heard by manufactures, dealers and advertisers about their opinion on production and marketing decisions. Thirdly, consumers have the right to be heard in legal proceedings in law courts dealing with consumer complaints.

• **Right to seek redress:** If and when any consumer has a complaint or grievance due to unfair trade practices like charging higher price, selling of poor quality or unsafe products, lack of regularity in supply of services etc. or if he has suffered loss or injury due to defective or adulterated products, he has the right to seek remedies. He has a right to get the defective goods replaced or money refunded by the seller or dealer. He also has the right to seek legal remedies in the appropriate courts of law. Through this right the consumers are assured that their complaints will receive due attention. This right also provides for due compensation to consumers if they have suffered a loss or are put to inconvenience due to the fault of the supplier or manufacturer.

• **Right to consumer education:** To prevent market malpractices and exploitation of consumers, consumer awareness and education are essentially required. For this purpose, consumer associations, educational institutions and Government policy makers are expected to enable consumers to be informed and educated about

(a) The relevant laws which are aimed at preventing unfair trade practice.

(b) The ways in which dishonest traders and producers may try to manipulate market practices to deceive consumers.

(c) How consumers can protect their own interest.

(d) The procedure to be adopted by consumers while making complaints.

Responsibilities of Consumers

There is a well known saying that 'there cannot be rights without responsibilities'. Having examined the consumer rights and the purpose served by them, it is necessary to consider whether consumers should also be responsible enough to be entitled to exercise their rights.

• **Responsibility of self-help:** It is always desirable that a consumer should not depend on the seller for information and choice as far as possible. As a consumer, you are expected to act in a responsible manner to protect yourself from being deceived. An informed consumer can always take care of his/her interest more than anyone else. Also, it is always better to be forewarned and forearmed rather than getting remedies after suffering a loss or injury.

• **Proof of Transactions:** The second responsibility of every consumer is that the proof of purchase and documents relating to purchase of durable goods should be invariable obtained and preserved. For example, it is important to get a cash memo on purchase of goods you should remember that in case you have to make any complaint about defects in goods, the proof of purchase will enable you to establish your claim for repair or replacement of the goods. Similarly, durable consumer goods like TV, refrigerator, etc. carry warranty /guarantee cards issued by the dealers. The cards entitle you to get the service for repairs and replacement of parts free of cost during a certain period after purchase.

• **Proper claim:** Another responsibility that consumers are expected to bear in mind is that while making complaints and claiming compensation for loss or injury, they should not make unreasonably large claims. Very often, consumers have to exercise their right to seek redressal in a court. There have been cases in which consumers claimed huge compensation for no apparent reason. This is regarded as an irresponsible act which should be avoided.

• **Proper use of Product/service**s: Some consumers, especially during the guarantee period, make rough use of the product, thinking that it will be replaced during the guarantee period. This is not fair on their part. They should always use the products properly.

Besides the above responsibilities, consumers should be conscious of some other responsibilities.

• They should stick to the agreement made with manufacturers, traders and service providers.

• They should make timely payment in case of credit purchases.

• They should not tamper with the media of services, like electric and water meters, bus and train seats, etc.

Traditional *sellers' rights* include the following:

• The right to introduce any product in any size and style, provided it is not hazardous to personal health or safety, or, if it is, to include proper warnings and controls

• The right to charge any price for the product, provided no discrimination exists among similar kinds of buyers

• The right to spend any amount to promote the product, provided it is not defined as unfair competition

• The right to use any product message, provided it is not misleading or dishonest in content or execution

• The right to use buying incentive programs, provided they are not unfair or misleading

Traditional *buyers' rights* include the following:

• The right not to buy a product that is offered for sale

• The right to expect the product to be safe

• The right to expect the product to perform as claimed

In comparing these rights, many believe that the balance of power lies on the seller's side. True, the buyer can refuse to buy. But critics feel that the buyer has too little information, education, and protection to make wise decisions when facing sophisticated sellers.

Consumer advocates call for the following additional consumer rights:

• The right to be well informed about important aspects of the product

• The right to be protected against questionable products and marketing practices

• The right to influence products and marketing practices in ways that will improve “quality of life”

• The right to consume now in a way that will preserve the world for future generations of consumer

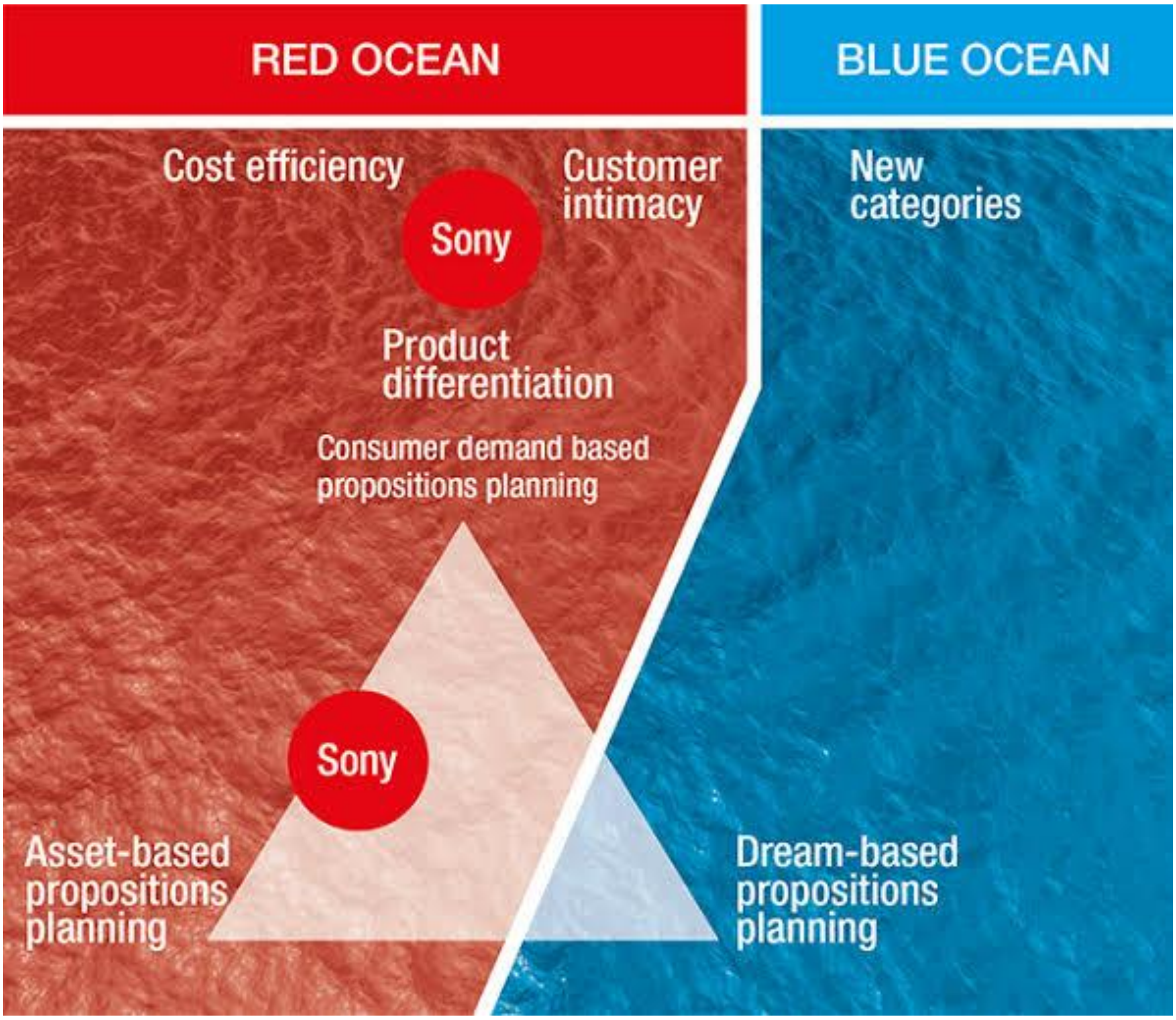
Consumerism in India

In India, as a developing economy, it is felt that the plights of the consumers are not different from that of the counterparts in the rest of the world. In spite of the fact that not all the Indian consumers are well educated and hence, unable to comprehend and understand the complex methods of marketing, they are also exploited and very often become victims of false claims for products, mislead by deceptive advertisements, misled by packaging, poor after sales service and so on. Because of the above felt abuses, there is observed and seen a growing consumer awareness leading to the growth of consumerism and an increasing demand for consumer protection in India.

Consumerism can be said to be a still in its infancy stage. But the consumer movement is slowly gaining momentum.

Rapid rise in the consumer earnings, fall in the savings rate resulting in generating increasing amounts of disposable income to be spent on consumer products and services. With the advent of the information age bringing with it real time images of the global life style; and thus making high spender and budget shoppers spend lavishly on products and services.

RED OCEAN STRATEGY



A red ocean strategy involves competing in industries that are currently in existence. This often requires overcoming an intense level of competition and can often involve the commoditization of the industry where companies are competing mainly on price. For this strategy, the key goals are to beat the competition and exploit existing demand.

" The key goals of the red ocean strategy are to beat the competition and exploit existing demand."

One industry in which a red ocean strategy would be necessary is the soft drink industry. This industry has been in existence for a long time, and there are many barriers to entry. There are industry leaders in place such as Coke and Pepsi, and there are also many smaller companies also in competition for market share. There's also limited shelf space and vending spots, well-established brand recognition of popular, current brands, and many other factors that affect new competition. This causes the soft drink industry to be very competitive to enter and succeed in.

FEATURES OF RED OCEAN STRATEGY

- They focus on competing in a market place which already exists.
- They focus on beating the competition.
- They focus on the value/cost trade-off. The value/cost trade-off is the view that a company has the choice between creating more value for customers but at a higher cost, or reasonable value for customers at a lower cost. In contrast, those who attempt a blue ocean strategy aim to achieve differentiation and at the same time, low cost.
- They focus on exploiting existing demand.
- They focus on execution in better marketing, lower cost base etc.

ADVANTAGES OF RED OCEAN STRATEGY

Less Risky
The first and foremost advantage of the red ocean strategy is that it is less risky because when you have an established market than there is no need to create any new demand for the product rather you have to concentrate only on the competitors pricing and customer service as opposed to blue ocean strategy where the company has to develop demand or find a new market for the product which we all know is not an easy thing to do and hence it is a very daunting task.

Clarity about Future
In the case of red ocean strategy company has clarity with regards to market as well as customers taste and preference which in turn helps in the company focusing on the product as well as the marketing strategy in a better way as opposed to blue ocean strategy which is like a black box as you never know what's in store as far as market and consumer reaction to the product is concerned.

Good for Companies having Limited Resources
Red ocean strategy is ideal for those companies which have limited resources because if the company has limited resources and it follows the blue ocean strategy and if it does not succeed then it will never be able to do business again which is not the case with red ocean strategy where there is this margin of safety as the company operates in an already established market and it's less risky. In simple words, companies that have limited resources should first adopt a red ocean strategy and once they are established and have resources to tackle any failure then they can go for a blue ocean strategy.

DISADVANTAGES OF RED OCEAN STRATEGY

No Chance of Extraordinary Profit
The biggest disadvantage of the red ocean strategy is that in the case of this strategy there is no scope of the company earning extraordinary profit because of the presence of competitors in the market and hence company earns a normal rate of return on the cash sales credit sales done by the company. In simple words, this strategy can help the company in surviving but it cannot help the company in attaining extraordinary growth and become a market leader in their industry.

Economics of Scale is Required
In this strategy, since there are competitors present in the market company cannot keep the price of product high rather they have to keep the prices at a competitive level, and hence the company has to achieve economics of scale so as to reduce costs and earn good profit margins. In simple words the company is not able to achieve economics of scale in the production and marketing stage under this strategy than chances are companies will not be able to compete with competitors following the red ocean strategy.

Less Exciting
In the case of blue marketing strategy companies take the risks and implement creative ideas and ways to spur demand for its products which makes it exciting as well as challenging as far as the company is concerned but in the case of red ocean strategy, there is no such excitement as the company has to follow the industry and competitors as price their products accordingly. In simple words, the red ocean strategy is a simple ride where there are no ups and downs while the blue ocean strategy is more like a roller coaster ride having many ups and downs. As one can see from the above that red ocean strategy has pros as well as cons and that is the reason why a company should carefully analyze its product and marketing strategy and see if it can go for the blue ocean strategy because if the company goes for this strategy than the company will have to be on its toes all the time as competitors can take the market share from the company anytime.

EXAMPLES:-

1.A good example of Red Ocean Strategy is the European airline operator Ryanair (or Southwest if you like in the US). They are competing very successfully in the already saturated red ocean of the short-haul airline business. Their strategy is focused on providing a low-cost no-frills airline. It is able to achieve low costs through many methods including using secondary airports further away from a city than the main airport, allowing only online booking and check-in, and requiring customers to pay for all extras, amongst other methods. With Ryanair, the service isn't great of differentiated in some way from other carriers, but it is cheap.

2.Red Ocean companies like Indigo and Spice Jet in India, Ryan Air in Europe and Southwest in the USA successfully penetrated in an already saturated ocean of short-haul airlines business.

BLUE OCEAN STRATEGY

Blue ocean strategy is the simultaneous pursuit of differentiation and low cost to open up a new market space and create new demand. It is about creating and capturing uncontested market space, thereby making the competition irrelevant. It is based on the view that market boundaries and industry structure are not a given and can be reconstructed by the actions and beliefs of industry players

<u>The distinctive characteristics of a blue ocean are :</u>

* New unknown market
* There is no competition as there are no competitors
* You can simultaneously use differentiation and low price strategies
* Seeking for potential customers
* Demand development is required
* Defining the (yet) non-existent needs
* Giving innovation a sense of purpose

Top 4 reasons for using the blue ocean strategy

1. <u>High level of competition in red oceans:</u>

Sometimes, competition in the market can reach such a level that supply will highly exceed demand. In this case, you are going to need to have some extremely sharp teeth. Or maybe the market entry barriers are so high that you won’t even be able to get in there in the first place. Anyway, you will have 3 options: 1) eat competitors; 2) be eaten; 3) go for a blue ocean.

2. <u>Crisis in the industry</u>**:**

This is about the situation where the market is in the decline stage. Customers are no more interested in its products. Even if the number of competitors and supply isn’t increasing, the number of interested buyers is reducing. As a result, there is no point in staying in such a market.

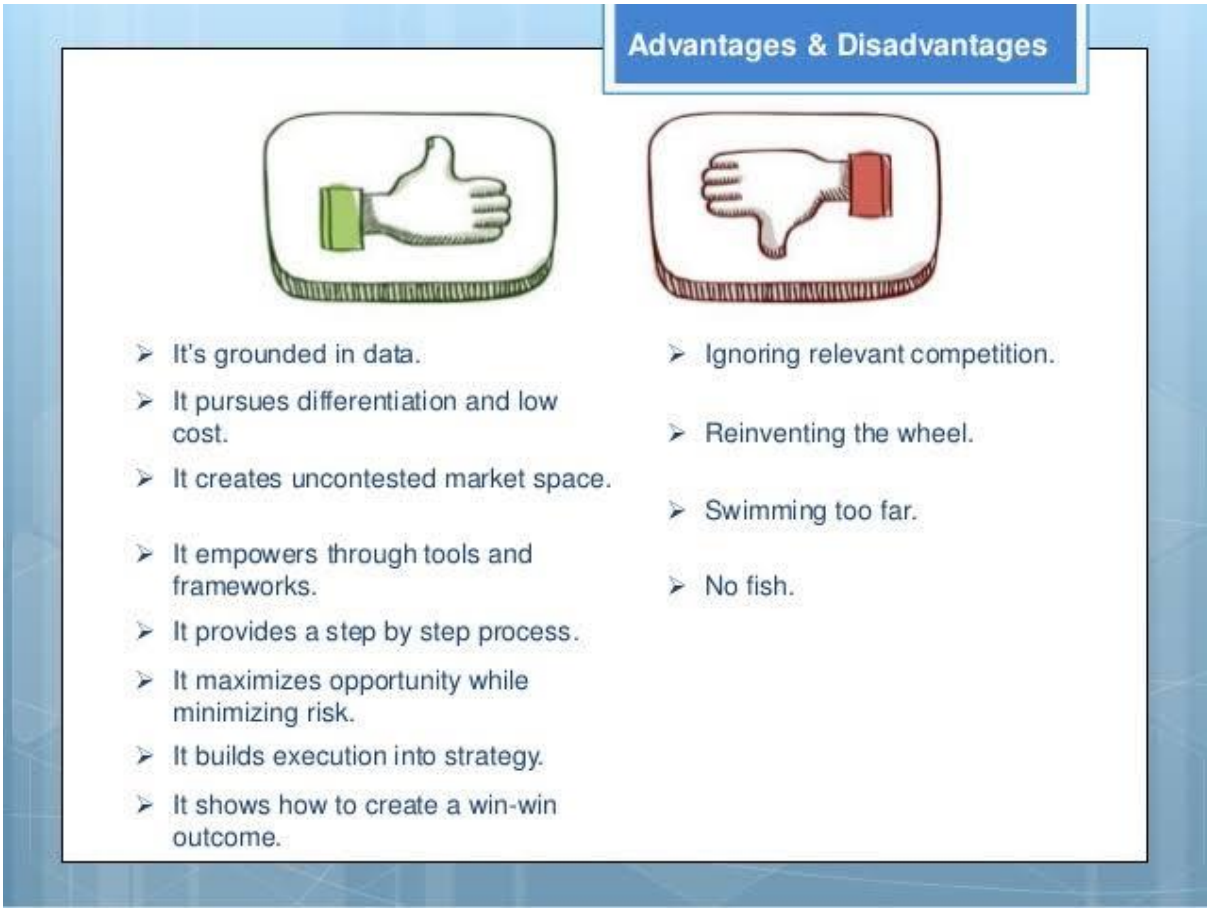
3. Your company doesn’t have a brand identity and customers don’t know anything about you:

Efforts to achieve popularity and recognition of your brand become a perfect engine for the progress of your company. Reaching a blue ocean is a great option to draw attention and create a big name.

4. Mass consumption

This is about markets with a large number of substitute goods. The toothpaste market can serve as an example. If there is a discount by Sensodyne, customers are likely to buy it and forget about their habitual toothpaste by, say, Colgate. The determining factor for choosing a product here is its price, not its USP or brand name. That’s why there is no sense to compete in innovations on a red market. Companies just have to monitor competitors’ actions in their pricing policy and adjust theirs’ accordingly.

The advantage and disadvantage of Blue marketing strategies are:



Examples of blue ocean strategy

- **Nintendo Wii**
  The first example of blue ocean strategy comes from computer games giant, Nintendo, in the form of the Nintendo Wii.The Nintendo Wii launched in 2006 and at its heart is the concept

of value innovation. This is a key principle of blue ocean strategy which sees low cost and differentiation being pursued simultaneously.To reduce costs, Nintendo did away with the hard disk and DVD functionality found in most game consoles and reduced the processing quality and graphics.

- **Cirque de Soleil**
  This list would not be complete without mentioning Cirque de Soleil, arguably one of the most famous examples of blue ocean strategy in action. Formed in Canada in the early 1980s, the company has since gone on to entertain 155 million people in over 300 cities. Doing away with live animal acts enabled the company to reduce its cost base, whilst the introduction of live music and a storyline, inspired by the world of theatre, and an emphasis on human physical skill helped Cirque du Soleil to create new elements that had never before been seen in the world of the circus.

INTRODUCTION TO MARKETING ANALYSIS

A marketing analysis is a study of the dynamism of the market. It is the attractiveness of a special market in a specific industry. Marketing analysis is basically a business plan that presents information regarding the market in which you are operating in. It deals with various factors and should not be confused with market analysis.

A marketing analysis is done so that you can formulate a strategy on how to run your business. By taking into consideration certain factors, you will know how to operate your business.

Dimensions of Marketing Analysis

There are certain dimensions which help us to perform a marketing analysis. These things help us understand the market we operate in better. These dimensions include;

- Market Size
- Growth rate of the market
- Market trends
- Market profitability
- Key success factors
- Distribution channels
- Industry cost structure

Market Size
The size of the market is a key factor in a marketing analysis. The bigger the market the more competitors you are likely to have. For a big market, you need to make sure your products and services stand out. Otherwise, the customers can easily switch to a rival product. Not only that, a bigger market makes you rethink your pricing policy.

Growth rate of the market
The market growth rate is a huge factor in any sort of marketing analysis. This is because you get the idea of how long the said market will last. Before you make an investment you need to analyze the market's growth rate. If it is likely to grow over time then you can invest more in it. If it has no growth then you are likely to be discouraged from investing anything at all. How much time and importance you give to the market depends on its growth rate.

Market Trends
Market trends are a significant part of the marketing analysis. Having knowledge about the trends help you to decide what kind of product you are going to sell. When you are starting off a business you need to know what the current trend is. What is the thing that the customers like? How much they are willing to spend? What other trends may capture their attention? These are the sort of things which will go on your analysis.

Market Profitability
Most companies' motive to get into the business is to make a profit. In other words, they are profit-motive businesses. So before getting into a business you need to analyze the profitability of the market. If the market has a good profitability then only you are going to

invest heavily. Otherwise, it would be a waste of your time and capital. In order to calculate the profitability of the market, there are a few things one has to consider. These things include; buyer power, supplier power, barriers to entry and so on.

Key Success Factors

The key success factors are those elements which help the business to achieve great success in the market. Such elements are required to stand out among the rest of the competition. These are things which you did well that have enabled you to produce great results. Key success factors include;

1. Technology progress
2. Economies of scale
3. Efficient utilization of resources

Distribution Channels

Distribution channels are very important for a business. Without those, you won't be able to get your products to your customers. So it becomes a big factor in a marketing analysis. This is because you need to assess how well the channels are. If the existing ones are good enough or you need to develop newer ones. Sometimes you come up with brand new channels like online marketing.

Industry Cost Structure

The industry cost structure is a significant factor while running a business. It basically sees how much cost is required to get your products for sale. Sometimes firms can come up with ways to decrease that cost and thereby make a bigger profit without increasing the market price. Doing a marketing analysis will help you to come up with newer ways to reduce cost. At the same time, it helps to create strategies for developing competitive advantage of your rivals.