

JEPPIAAR

ENGINEERING COLLEGE

DEPARTMENT OF MANAGEMENT STUDIES

I YEAR / II SEMESTER

MB25C10: BUSINESS RESEARCH METHODS

STUDY MATERIAL – NOTES

Faculty In charge

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Anna University Chennai

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MB25C10 MARKETING MANAGEMENT L T P C 40 0 4

Course Objectives:

This course aims to develop a comprehensive understanding of marketing fundamentals, strategic planning, and marketing mix decisions in dynamic global and digital environments. Students will learn to analyze buyer behavior, develop market-driven strategies, and apply contemporary tools in digital and social media marketing. The course also equips learners with skills in customer relationship management, ethical marketing practices, and data-driven decision-making. Emphasis is placed on real-world application through case analysis, marketing research, and simulations aligned with global and Indian Business scenarios.

Foundations of Marketing and Business Environment

Defining Marketing – Core concepts in Marketing – Evolution of Marketing – Marketing Planning Process – Scanning Business environment: Internal and External – Value chain – Core Competencies – PESTEL – SWOT Analysis – Marketing interface with other functional areas – Production, Finance, Human Relations Management, Information System – Marketing in global environment – International Marketing – Rural Marketing – Prospects and Challenges.

Strategic Marketing and Market Segmentation

Marketing strategy formulations – Key Drivers of Marketing Strategies – Strategies for Industrial Marketing – Consumer Marketing – Services marketing – Competition Analysis – Analysis of consumer and industrial markets – Influence of Economic and Behavioral Factors – Strategic Marketing Mix components.

Product, Pricing, and Channel Decisions

Product planning and development – Product life cycle – New product Development and Management – Defining Market Segmentation – Targeting and Positioning – Brand Positioning and Differentiation – Channel Management – Managing Integrated Marketing Channels – Managing

Retailing, Wholesaling and Logistics – Advertising and Sales Promotions – Pricing OBJECTIVE,

Policies and Methods

Consumer and Organizational Buyer Behavior

Understanding Industrial and Consumer Buyer Behavior – Influencing factors – Buyer Behaviour Models – Online buyer behaviour – Building and measuring customer satisfaction – Customer relationships management – Customer acquisition, Retaining, Defection – Creating Long Term Loyalty Relationships.

Marketing Research and Data-Driven Decision Making

Marketing Information System – Marketing Research Process – Concepts and applications: Product – Advertising – Promotion – Consumer Behaviour – Retail research – Customer driven organizations – Cause related marketing – Ethics in marketing – Online marketing trends – social media and digital marketing.

Contemporary Trends and Ethical Marketing

Cause-Related and Sustainable Marketing – Ethical and Legal Aspects in Marketing – Green Marketing – Social Media Marketing – Influencer and Content Marketing – Mobile and Digital Marketing Trends – Personalization and Marketing Automation – Emerging Tools in Digital Marketing (SEO, SEM, Email, Analytics) – Customer-Centric Marketing Organizations.

References:

1. Philip Kotler & Kevin Lane Keller, Marketing Management, 16th Ed., Pearson, 2022
2. Paul Baines, Chris Fill, Kelly Page, Marketing, Oxford University Press, 6th Ed., 2023
3. V.S. Ramaswamy & S. Namakumari, Marketing Management: Global Perspective Indian Context, Macmillan, 7th Ed., 2023
4. Lamb, Hair, Sharma, McDaniel, Marketing: South Asian Perspective, Cengage Learning, 2012
5. K.S. Chandrasekar, Marketing Management – Text and Cases, Tata McGraw Hill, 2012
6. Rajan Saxena, Marketing Management, McGraw Hill Education, 6th Ed., 2023
7. Michael Solomon, Consumer Behavior: Buying, Having, and Being, Pearson, 14th Ed., 2023
8. Jean-Noël Kapferer, The New Strategic Brand Management, Kogan Page, 6th Ed., 2020

E-Resources:

- HubSpotAcademy –Digital Marketing
- Google Digital Garage –Fundamentals of Digital Marketing
- Think with Google –Consumer Insights
- Statista –Marketing Statistics
- HBR Marketing Resources
- Coursera –Marketing in a Digital World (Illinois)

UNIT I

FOUNDATIONS OF MARKETING AND BUSINESS ENVIRONMENT

SYLLABUS

Defining Marketing – Core concepts in marketing - Evolution of Marketing – Marketing planning process - Scanning business environment - Internal and external - value chain Core competencies – PESTEL - SWOT - Marketing interface with other functional areas - Production, Finance, HRM, Information system - Marketing in global environment - International marketing.- Rural marketing – Prospects and challenges

S. No	Topic	Course Outcome (CO)	Programme Outcomes (POs)	Bloom's Taxonomy Level
1	Defining Marketing – Core concepts in marketing	C01	PO1, PO2,PO3,PO4	BT2 – Understand
2	Evolution of Marketing – Marketing planning process	C01	PO1, PO2	BT2 – Understand
3	Scanning business environment	C01	PO1, PO2, PO3,PO4	BT3 – Apply
4	Internal and external - value chain	C01	PO1, PO2	BT3 – Apply
5	Core competencies – PESTEL - SWOT	C01	PO1, PO2	BT3 – Apply
6	Marketing interface with other functional areas	C01	PO1, PO2, PO3,PO4	BT4 – Analyze
7	Production, Finance, HRM, Information system	C01	PO1, PO2, PO3,PO4	BT4 – Analyze
8	Marketing in global environment	C01	PO1, PO2, PO3,PO4	BT4 – Analyze
9	International marketing.	C01	PO2, PO4	BT4 – Analyze
10	Rural marketing – Prospects and challenges	C01	PO1, PO2	BT3 – Apply

I.Defining Marketing & Core Concepts

Definition of Marketing

Marketing is not just "selling" or "advertising." It is a systemic process.

- **AMA Definition:** "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."
- **Philip Kotler's Definition:** "A societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others."

II. Core Concepts of Marketing

Understanding marketing requires mastering the fundamental loop of human behavior and economic exchange.

☐ A. Needs, Wants, and Demands

Needs

- Fundamental human requirements.
- E.g., food, shelter, clothing, safety.

Wants

- Form that needs take shaped by culture and personality.
- E.g., craving for a pizza instead of just food.

Demands

- Wants backed by **purchasing power**.
- Consumers demand products that deliver the most value and satisfaction.

Hierarchy:

Needs → Wants → Demands

☐ B. Market Offerings (Products, Services, Experiences)

A **market offering** is a combination of:

- **Products** (tangible goods)
- **Services** (intangible benefits)
- **Experiences** (memorable interactions)

Examples:

- **Product:** Samsung smartphone
- **Service:** Uber ride
- **Experience:** Disneyland visit

☐ C. Value and Satisfaction

Customer Perceived Value

Value = *What you get* – *What you give*

Customers compare total value received with total costs (money, time, effort).

Customer Satisfaction

- Measures how well the product performance matches expectations.
- Satisfaction affects loyalty and repeat purchase.

If performance \geq expectations → Satisfaction

If performance $<$ expectations → Dissatisfaction

▣ D. Exchange and Transactions

Exchange

- The **core** of marketing.
- Process where two parties give something of value to each other.

Example:

Customer gives money → Firm gives product.

Transaction

- A **trade** between two parties, usually involving:
 - At least two things of value
 - Agreed terms
 - Communication and delivery

▣ E. Markets

A **market** is:

“The set of all actual and potential buyers of a product or service.”

Components:

- Buyers with needs
- Ability to buy
- Willingness to buy
- Authority to buy

III. Evolution of Marketing: From Production to Holistic Marketing

The evolution of marketing reflects the shifting focus of businesses from simple production to deeply integrated, value-driven relationships. For MBA students under the Anna University curriculum, understanding these "marketing philosophies" is crucial for analyzing how organizations adapt to changing economic environments.

The Production Orientation (1860s – 1920s)

The oldest concept in business, the production orientation, emerged during the Industrial Revolution.

- **Core Philosophy:** Consumers will favor products that are widely available and highly affordable.
- **Key Focus:** Achieving **high production efficiency**, low costs, and mass distribution.
- **Context:** Demand exceeded supply. Management focused on scale to lower prices.
- **The Flaw:** It leads to "Marketing Myopia," where the firm focuses so much on the process that they forget the actual needs of the customer.
- **Example:** Henry Ford's Model T—*"You can have any color as long as it's black."*

The Product Orientation (1920s – 1930s)

As competition grew, the focus shifted from quantity to quality.

- **Core Philosophy:** Consumers will favor products that offer the most quality, performance, or innovative features.
- **Key Focus: Continuous product improvement** and superior engineering.
- **The Flaw:** A "Better Mousetrap" fallacy. Companies often believe a superior product will sell itself without considering whether the market actually wants that specific solution.

The Sales Orientation (1930s – 1950s)

Following the Great Depression, supply began to overtake demand, leading to aggressive tactics.

- **Core Philosophy:** Consumers, if left alone, will not buy enough of the organization's products.
- **Key Focus: Aggressive selling and promotion.** The aim is to sell what the company makes, rather than making what the market wants.
- **Context:** Typically practiced with "unsought goods" (e.g., insurance, encyclopedias).
- **The Flaw:** High risks. It focuses on the transaction rather than building a long-term relationship.

The Marketing Orientation (1950s – 1990s)

The "Customer is King" era. This marked a shift from "pushing" products to "pulling" customers.

- **Core Philosophy:** The key to achieving organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value.
- **Key Focus: Market research, segmentation, and customer satisfaction.**
- **Difference:** Unlike the Sales concept (which starts with the factory), the Marketing concept starts with a well-defined market and focuses on customer needs.

The Societal Marketing Orientation (1990s – Early 2000s)

Organizations began to realize that focusing solely on consumer wants might ignore long-term social welfare.

- **Core Philosophy:** The organization's task is to determine the needs of target markets and deliver satisfaction more effectively than competitors in a way that preserves or enhances the **consumer's and society's well-being.**
- **Key Focus:** Balancing three goals: Company profits, Consumer wants, and Public interest (Environmentalism, Ethics).
- **Example:** Body Shop's focus on "No animal testing" or companies using biodegradable packaging.

The Holistic Marketing Orientation (Present Day)

Proposed by Philip Kotler, this modern view recognizes that "everything matters" in marketing.

- **Relationship Marketing:** Building deep, enduring relationships with stakeholders (customers, employees, partners) to retain long-term business.
- **Integrated Marketing:** Ensuring all communication tools (advertising, PR, digital) work together to deliver a consistent message.
- **Internal Marketing:** Treating employees as internal customers. If staff aren't motivated, they won't deliver the brand promise to external customers.
- **Performance Marketing:** Looking beyond sales revenue to examine social, ethical, environmental, and legal effects of marketing activities (the "Triple Bottom Line").

IV. The Marketing Planning Process

Marketing Planning Process is defined as a systematic approach to developing marketing strategies that align with organizational goals. It is a documented roadmap that outlines how a company will reach its target audience and generate revenue.

1. Corporate Mission and Vision Analysis

The process begins at the top. Before a marketing plan is drafted, it must align with the organization's reason for existence.

- **Mission:** What is our business? Who is our customer?
- **Vision:** Where do we want to be in the next 5–10 years?
- **Objective:** To ensure that marketing goals do not contradict corporate values (e.g., a luxury brand shouldn't pursue mass-market discounting).

2. Situation Analysis (Scanning the Environment)

This is the "Where are we now?" stage. It involves a 360-degree view of the business environment.

- **SWOT Analysis:** Identifying Internal Strengths and Weaknesses, and External Opportunities and Threats.
- **PESTEL Analysis:** Examining Macro-environmental factors (Political, Economic, Social, Technological, Environmental, and Legal).
- **Competitor Analysis:** Identifying market share, pricing strategies, and USP (Unique Selling Propositions) of rivals.

3. Setting Marketing Objectives

Objectives must be **SMART**: Specific, Measurable, Achievable, Relevant, and Time-bound.

- *Example:* "To increase market share in the organic skincare segment by 15% within the next 12 months."

4. Marketing Strategy Development (STP Model)

This is the core of marketing planning. It involves three critical steps:

- **Segmentation:** Dividing the broad market into smaller groups based on demographics, psychographics, or behavior.
- **Targeting:** Selecting which segment(s) the company can serve most profitably.
- **Positioning:** Creating a distinct image of the product in the mind of the consumer relative to competitors.

5. Designing the Marketing Mix (The 4 Ps / 7 Ps)

Once the strategy is set, the firm develops the tactical tools to execute it:

- **Product:** Features, quality, branding, and packaging.
- **Price:** List price, discounts, and credit terms.
- **Place:** Distribution channels, logistics, and inventory management.
- **Promotion:** Advertising, sales promotion, and digital marketing.
- *(For Services: People, Process, and Physical Evidence).*

6. Implementation and Execution

This stage involves "putting the plan into action." It requires:

- **Resource Allocation:** Assigning budgets and personnel.
- **Timeline:** Creating a GANTT chart or schedule for campaigns.
- **Internal Marketing:** Ensuring the sales and support teams understand the plan.

7. Control and Evaluation

The final stage is a feedback loop. Management compares actual performance against the set objectives.

- **Sales Analysis:** Tracking actual sales vs. targets.
- **Market Share Analysis:** Monitoring the company's position against competitors.
- **Marketing Audit:** A periodic, systematic examination of the marketing environment and activities to identify problem areas.



V. Scanning the Business Environment

Marketing does not operate in a vacuum. It is heavily influenced by the environment.

Internal Environment

Factors within the organization that affect its capability to serve customers:

- **The "Five Ms":** Men, Money, Machinery, Materials, Minutes (Time).
- Corporate Culture, Organizational Structure, R&D capabilities.

External Environment (Macro) - PESTEL Analysis

A framework used to scan the external macro-environmental factors.



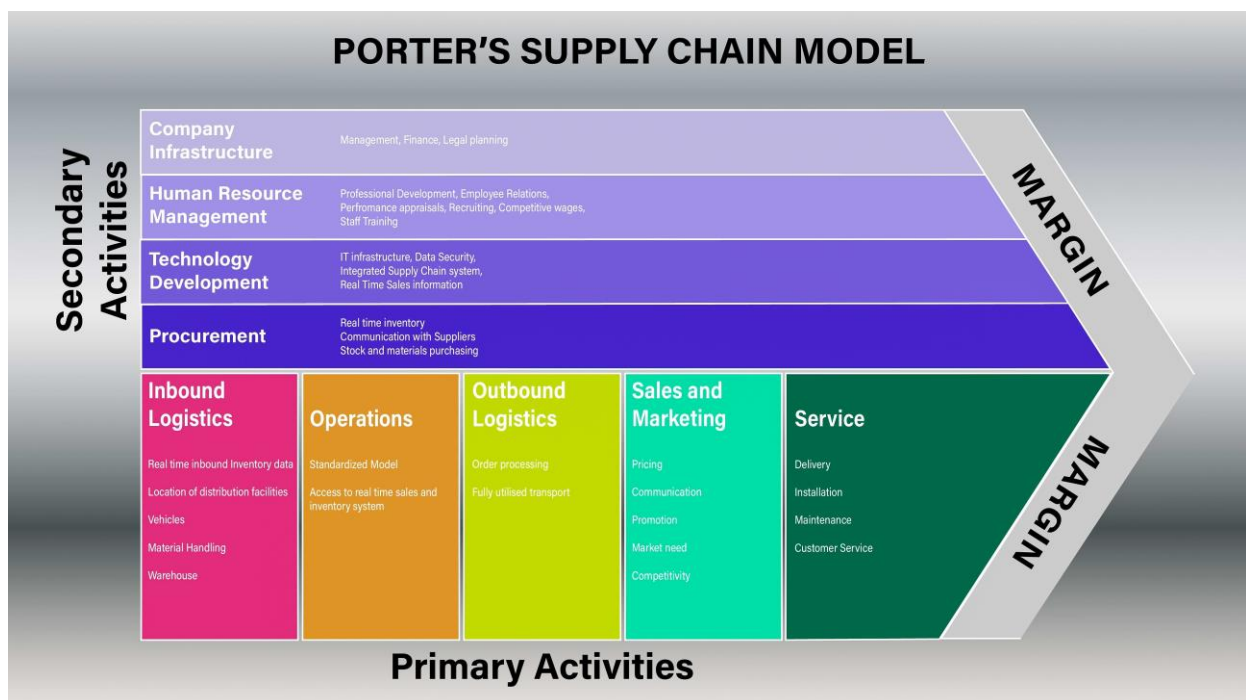
Factor	Description & Examples
P - Political	Gov policies, tax laws, trade restrictions, political stability.
E - Economic	GDP growth, interest rates, inflation, exchange rates, consumer spending power.
S - Social	Demographics, lifestyle trends, cultural barriers, population growth rate.
T - Technological	R&D activity, automation, technology incentives, rate of technological change.
E - Environmental	Weather, climate change, pollution laws, waste management.

Factor	Description & Examples
L - Legal	Discrimination laws, consumer protection, antitrust laws, employment laws.

Strategic Analysis Tools

Michael Porter's Value Chain

The value chain identifies the specific activities through which organizations can create a competitive advantage.



- **Primary Activities:**
 1. **Inbound Logistics:** Receiving/storing materials.
 2. **Operations:** Transforming inputs into final products.
 3. **Outbound Logistics:** Distributing the final product.
 4. **Marketing & Sales:** Advertising, pricing, channel selection.
 5. **Service:** Installation, repair, training.
- **Support Activities:**
 - Procurement, Technology Development, HRM, and Firm Infrastructure.

Core Competencies

A concept introduced by Prahalad and Hamel. A core competency is a defining capability or advantage that distinguishes an enterprise from its competitors.

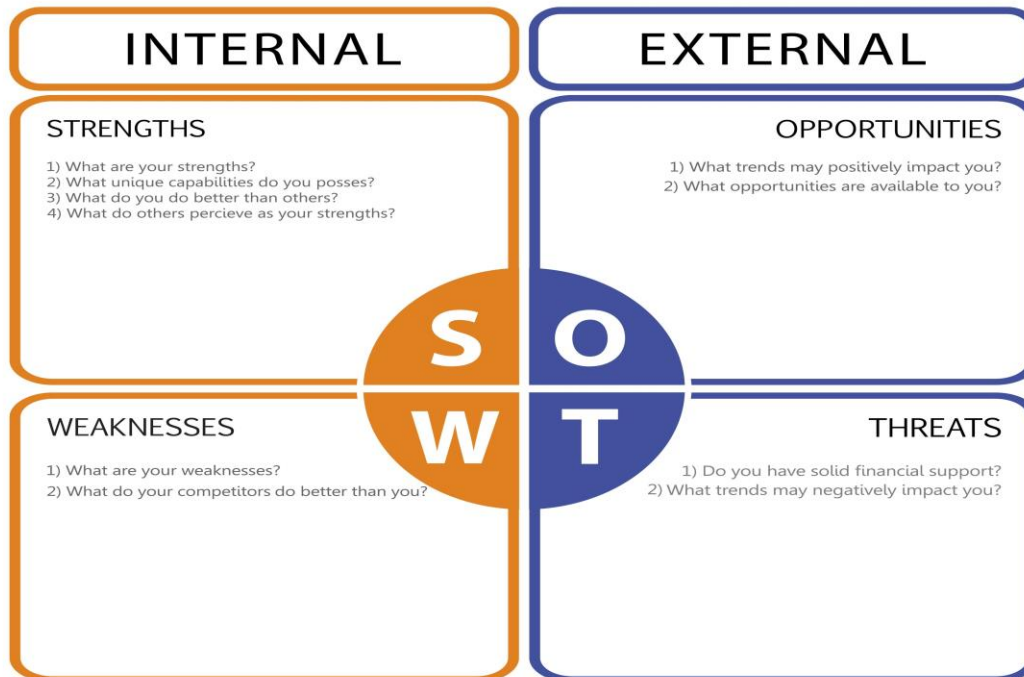
- **Criteria:**
 1. It provides potential access to a wide variety of markets.
 2. It makes a significant contribution to the perceived customer benefits.

3. It is difficult for competitors to imitate.

SWOT Analysis

A tool for auditing an organization and its environment.

SWOT ANALYSIS



- **Strengths (Internal):** Capabilities that give the firm an advantage (e.g., strong brand, patent).
- **Weaknesses (Internal):** Limitations that place the firm at a disadvantage (e.g., weak supply chain, debt).
- **Opportunities (External):** Favorable trends in the environment (e.g., emerging markets, tech shifts).
- **Threats (External):** Unfavorable trends (e.g., new competitors, changing regulations).

VI. Marketing Interface with Other Functional Areas

Concept: Marketing cannot function in isolation. According to the **Holistic Marketing Concept**, "everything matters." For an organization to deliver value to the customer, the marketing department must coordinate seamlessly with other departments (Finance, HR, Production, R&D).

Why is this Interface Critical?

- **Silos create failure:** If Marketing promises a product that Production cannot make, or Finance cannot fund, the company fails.

- **Value Delivery Network:** Porter's Value Chain suggests that every department adds value. Marketing is the bridge between the customer and these internal value-creating activities.

Key Definition: "Marketing interface refers to the cross-functional coordination and communication between the marketing department and other organizational units to achieve common business objectives."

2. MARKETING AND FINANCE INTERFACE

This is often the most critical conflict area. Marketing spends money (to acquire customers), while Finance tries to save money (to ensure profit).

Key Areas of Interaction:

1. **Budgeting:**
 - **Marketing View:** Needs funds for advertising, sales promotions, and market research to grow share.
 - **Finance View:** Needs justification for ROI (Return on Investment). "If we spend ₹1 Lakh on ads, how much sales will we get?"
2. **Pricing Strategy:**
 - **Marketing:** Wants competitive or penetration pricing to boost volume.
 - **Finance:** Wants cost-plus pricing to ensure margins and cover overheads.
3. **Credit Policy:**
 - **Marketing:** Wants lenient credit terms (e.g., "Pay in 90 days") to close sales easily.
 - **Finance:** Wants strict credit terms (e.g., "Pay in 30 days") to maintain cash flow and reduce bad debts.

Resolution Strategy:

- Jointly developing profit plans.
- Finance treating marketing expenditure as an *investment* rather than just a *cost*.

3. MARKETING AND PRODUCTION (OPERATIONS) INTERFACE

The conflict here usually revolves around **Variety vs. Efficiency**.

Key Areas of Interaction:

1. **Product Variety & Customization:**
 - **Marketing:** Wants many models, colors, and sizes to satisfy every customer niche.
 - **Production:** Wants standardized products and long production runs to achieve economies of scale and lower costs.
2. **Production Scheduling & Lead Time:**
 - **Marketing:** Wants products "Available Now" to prevent stock-outs.
 - **Production:** Needs accurate forecasts to plan shifts and raw material procurement. Sudden "rush orders" from sales disrupt the factory floor.

3. **Quality Control:**

- **Marketing:** Promises high quality and zero defects to customers.
- **Production:** Must balance quality with cost and speed. Over-promising by marketing leads to customer dissatisfaction if production cannot deliver.

Resolution Strategy:

- **S&OP (Sales and Operations Planning):** Regular meetings where sales forecasts are matched with production capacity.

4. MARKETING AND HUMAN RESOURCES (HR) INTERFACE

HR hires the people who deliver the brand promise. This interface is often called "**Internal Marketing.**"

Key Areas of Interaction:

1. **Recruitment:**
 - Marketing defines the "Brand Image." HR must hire employees who fit that image (e.g., a luxury hotel hiring polite, well-groomed staff).
2. **Training:**
 - Front-line staff (Sales, Customer Support) need training not just on soft skills, but on product knowledge and the brand's value proposition.
3. **Motivation & Compensation:**
 - Designing incentive structures for the sales team (Commissions vs. Salary) requires HR and Marketing to work together to drive the right behavior.

Note: If employees (internal customers) are not happy, they cannot make external customers happy. This is the essence of the **Service-Profit Chain.**

5. MARKETING AND R&D (RESEARCH & DEVELOPMENT)

This interface determines the future of the company through New Product Development (NPD).

Key Areas of Interaction:

1. **Product Design:**
 - **R&D:** Focuses on functional excellence ("Is this the most advanced engine?").
 - **Marketing:** Focuses on customer usability ("Is it easy to drive? Does it look good?").
2. **Innovation vs. Marketability:**
 - Technologists (R&D) love complex features. Marketers might argue that customers won't pay for features they don't understand (Feature Creep).
3. **Time to Market:**
 - Marketing often pressures R&D to launch products quickly to beat competitors, while R&D may need more time for testing.

Resolution Strategy:

- **Cross-functional teams:** Having a marketer sit in R&D meetings to represent the "Voice of the Customer" from day one.

VII. Marketing in the Global Environment

1. INTRODUCTION TO GLOBAL MARKETING

Global Marketing is the process of conceptualizing and then conveying a final product or service worldwide with the hopes of reaching the international marketing community. It involves planning, producing, placing, and promoting a business's products or services in the worldwide market.

The Drivers of Globalization:

- **Technology:** Rapid growth in the internet and communication.
- **Trade Liberalization:** Reduction in tariffs and trade barriers (WTO).
- **Market Needs:** Converging consumer tastes (e.g., everyone wants a smartphone).
- **Cost Drivers:** Seeking lower manufacturing costs in developing nations.

2. STAGES OF INTERNATIONALIZATION (EPRG FRAMEWORK)

Developed by **Perlmutter**, this framework describes how companies approach global markets. It is a favorite topic for Anna University 13-mark questions.

- 1. Ethnocentric (Home-Country Orientation):**
 - The company believes that the home country's products/practices are superior.
 - The focus is on exporting the exact same product sold at home.
- 2. Polycentric (Host-Country Orientation):**
 - The company treats each country as unique.
 - Local subsidiaries are established with local marketing strategies (Decentralized).
- 3. Regiocentric (Regional Orientation):**
 - Marketing strategies are developed for a specific region (e.g., South Asia, EU).
- 4. Geocentric (World Orientation):**
 - The company views the entire world as a potential market and develops a "Global" strategy that integrates local and global elements.

3. FORCES IN THE GLOBAL MARKETING ENVIRONMENT

When a firm moves beyond its borders, it encounters several uncontrollable environmental forces.

A. Economic Environment

- **Income Levels:** GDP per capita determines purchasing power (High in USA vs. Emerging in India).

- **Infrastructure:** Transportation, energy, and communication facilities.
- **Exchange Rates:** Fluctuations in currency values can wipe out profits.

B. Cultural Environment

Culture is the most difficult variable to manage. It includes:

- **Language:** Literal translations can lead to marketing blunders.
- **Values & Beliefs:** For example, beef-based products in India or alcohol advertising in Middle Eastern countries.
- **Hofstede's Cultural Dimensions:** Power distance, Individualism vs. Collectivism, etc.

C. Political and Legal Environment

- **Political Stability:** Risk of nationalization or civil unrest.
- **Legal Systems:** Differences in patent laws, labor laws, and advertising regulations (e.g., some countries ban toy commercials during kids' shows).

D. Technological Environment

- Levels of digital literacy and internet penetration.
- Payment gateways and e-commerce readiness.

4. GLOBAL MARKET ENTRY STRATEGIES

Companies must choose how they want to enter a foreign market based on risk and control.

Strategy	Risk Level	Control Level	Description
Exporting	Low	Low	Selling products made in the home country to foreign markets.
Licensing/Franchising	Low-Medium	Medium	Allowing a foreign firm to use your brand/IP for a fee (e.g., McDonald's).
Joint Venture	Medium-High	Medium	Partnering with a local company to share costs and risks.
Direct Investment	High	High	Setting up your own manufacturing or office in the foreign country (FDI).

5. GLOBAL MARKETING MIX (STP & 4Ps)

A key debate in global marketing is **Standardization vs. Adaptation**.

- **Standardization (Global Integration):** Selling the exact same product with the same message worldwide (e.g., Coca-Cola, iPhone). This reduces costs.

- **Adaptation (Local Responsiveness):** Modifying the product, price, or promotion to suit local tastes (e.g., McDonald's McAloo Tikki in India).

The 4Ps in a Global Context:

1. **Product:** Should the features be changed? (Voltage, size, packaging).
2. **Price:** "Gray Markets" or "Parallel Importing" can occur if prices vary too much between countries.
3. **Place (Distribution):** Navigating complex local supply chains and "mom-and-pop" stores vs. supermarkets.
4. **Promotion:** Adapting the language, symbols, and media (TV vs. Radio vs. Digital).

6. CHALLENGES IN GLOBAL MARKETING

- **Trade Barriers:** Tariffs (taxes) and Quotas (quantity limits).
- **Environmental Regulations:** Differences in carbon credit requirements.
- **Ethics & Social Responsibility:** Managing labor standards in sweatshops or environmental dumping.

VII. Rural Marketing: Prospects and Challenges

Definition: Rural Marketing is the process of developing, pricing, promoting, and distributing specific goods and services to rural consumers. It is a two-way process:

1. **Urban to Rural:** Flow of manufactured goods (FMCG, durables) to rural markets.
2. **Rural to Urban:** Flow of agricultural produce to urban markets.

Criteria for "Rural" (Census of India):

- A population of less than **5,000**.
- Population density less than **400 per sq. km**.
- At least **75%** of the male working population engaged in agriculture.

2. PROSPECTS OF RURAL MARKETING (OPPORTUNITIES)

India's rural market is often called the "sleeping giant." The following factors make it highly attractive for modern marketers:

- **Large Population Base:** Approximately **65-70%** of India's population resides in over 6.4 lakh villages. This provides a massive, untapped consumer base.
- **Rising Rural Prosperity:** Due to the Green Revolution, modern farming techniques, and government schemes (like MGNREGA), the per capita income in rural areas is rising faster than in urban centers.
- **Growth in Consumption:** Rural India accounts for over **50%** of the consumption in categories like toilet soaps, hair oil, and tea.
- **Market Saturation in Cities:** Urban markets for products like soaps and detergents have reached a plateau (saturation). Companies like HUL and ITC must move to rural areas for the next wave of growth.
- **Infrastructure Development:** Improvements in rural roads (Pradhan Mantri Gram Sadak Yojana), electrification, and mobile internet (4G/5G) have bridged the gap between the producer and the rural consumer.

- **Changing Lifestyles:** Increased literacy and exposure to television/social media have led to a "demonstration effect," where rural youth aspire to use the same brands as urban citizens.

3. CHALLENGES IN RURAL MARKETING

Despite the potential, rural marketing is fraught with logistical and cultural hurdles:

A. Logistical Challenges

- **Physical Distribution:** Reaching 6 lakh scattered villages is expensive. Many villages lack "all-weather" roads, making transportation difficult during monsoons.
- **Warehousing Issues:** Lack of proper cold storage and central warehouses in rural hubs leads to supply chain inefficiencies.

B. Communication Challenges

- **Low Literacy Levels:** Traditional print media (newspapers) has limited reach. Marketers must rely on visual and oral communication (Radio, Wall paintings, Nukkad Natak).
- **Language Diversity:** India has 22 official languages and hundreds of dialects. A slogan that works in Tamil Nadu may not resonate in Punjab.

C. Consumer Behavior Challenges

- **Seasonal Demand:** Rural income is tied to harvest cycles (Kharif and Rabi). Purchasing power peaks during harvest and festival seasons and dips during the lean season.
- **Price Sensitivity:** Rural consumers are highly value-conscious. They prefer small unit sizes (sachets) and "value-for-money" products.
- **Spurious Brands:** Local look-alike brands (e.g., "Lifeboy" instead of "Lifebuoy") often flood rural markets, confusing consumers and eating into the market share of established brands.

4. THE RURAL MARKETING MIX (4 As)

To succeed in rural markets, the traditional 4 Ps must be adapted into the **4 As framework**:

1. **Affordability:** Low-priced packaging, such as ₹1 or ₹5 sachets (e.g., Chik shampoo).
 2. **Availability:** Ensuring the product reaches the "Last Mile" through local *Haats* (weekly markets) and *Melas* (fairs).
 3. **Awareness:** Using unconventional media like van promotions, wall paintings, and folk theater to reach non-literate audiences.
 4. **Acceptability:** Designing products that suit rural conditions (e.g., a soap that works in hard water or a radio with long battery life).
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UNIT II

STRATEGIC MARKETING AND MARKET SEGMENTATION SYLLABUS

Marketing strategy formulations - Key Drivers of Marketing Strategies - Strategies for Industrial Marketing - Consumer Marketing - Service marketing - Competition analysis - Analysis of consumer and industrial markets - Influence of economic factors - Influence of behavioral factors - Strategic marketing mix components

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3	Strategies for Industrial Marketing	C02	PO2, PO4	BT4 – Analyze
4	Consumer Marketing	C02	PO1, PO2	BT3 – Apply
5	Service marketing	C02	PO1, PO2, PO3,PO4	BT4 – Analyze
6	Competition analysis	C02	PO1, PO2, PO3,PO4	BT4 – Analyze
7	Analysis of consumer and industrial markets	C02	PO1, PO2, PO3,PO4	BT4 – Analyze
8	Influence of economic factors	C02	PO1, PO2,PO3,PO4	BT2 – Understand
9	Influence of behavioral factors	C02	PO1, PO2,PO3,PO4	BT2 – Understand
10	Strategic marketing mix components	C02	PO1, PO2	BT3 – Apply

I.MARKETING STRATEGY FORMULATION

1. INTRODUCTION

Definition:

Marketing Strategy Formulation is the process of defining an organization's marketing goals and developing a roadmap to achieve them. It involves selecting target market segments, determining the product positioning, and creating a marketing mix that creates value for customers and the firm.

Strategic Levels:

1. **Corporate Strategy:** What business should we be in?
2. **Business Strategy:** How do we compete in this specific industry?
3. **Marketing Strategy:** How do we deliver value to the customer better than competitors?

2. THE STRATEGY FORMULATION PROCESS

The process follows a logical sequence, often referred to as the **STP Model** (Segmentation, Targeting, and Positioning).

Step 1: Situation Analysis

Before formulating a strategy, a firm must conduct a **SWOT Analysis** and **Competitor Analysis**. It must understand the "Marketing Environment" (PESTLE).

Step 2: Market Segmentation

Since no company can serve everyone, the market is divided into distinct groups of buyers with different needs.

- **Geographic:** Region, City size, Climate.
- **Demographic:** Age, Gender, Income, Education.
- **Psychographic:** Social class, Lifestyle, Personality.
- **Behavioral:** Occasions, Benefits sought, User status.

Step 3: Market Targeting

The firm evaluates the segments and decides which one(s) to enter. Strategies include:

- **Undifferentiated (Mass) Marketing:** One offer for the whole market.
- **Differentiated Marketing:** Different offers for different segments (e.g., Toyota having Camry and Lexus).
- **Niche Marketing:** Focusing on a small, well-defined sub-segment.

Step 4: Product Positioning and Differentiation

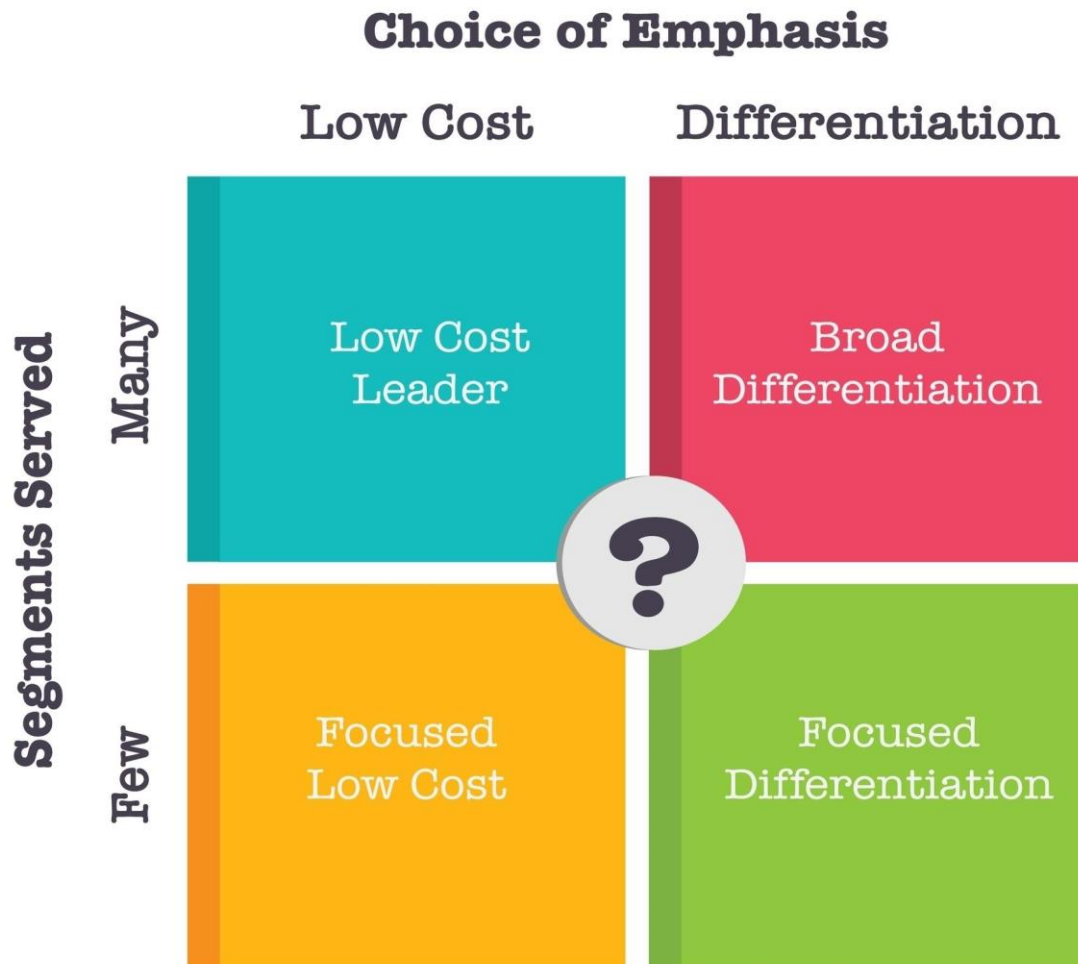
Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.

- *Example:* Volvo positions on "Safety"; Apple positions on "Innovation/Design."

3. PORTER'S GENERIC STRATEGIES

Michael Porter suggests three primary strategies a firm can use to gain a competitive advantage. This is a high-priority topic for Anna University exams.

Porter's Generic Strategies



1. **Cost Leadership:** Becoming the lowest-cost producer in the industry (e.g., Walmart, AirAsia).
2. **Differentiation:** Creating a product that is perceived as unique industry-wide (e.g., Mercedes-Benz).
3. **Focus Strategy:** Concentrating on a narrow segment (Niche) and serving them through either cost or differentiation.

4. COMPETITIVE STRATEGIES (MARKET ROLE)

Strategies vary based on the firm's market share:

- **Market Leader Strategies:** Expand total market, protect market share (e.g., Coca-Cola).
- **Market Challenger Strategies:** Attack the leader (e.g., Pepsi attacking Coke).
- **Market Follower Strategies:** Emulate the leader's products with less risk (e.g., local cola brands).

- **Market Nicher Strategies:** Serve small segments that leaders overlook (e.g., Diet-specific niche brands).

5. PRODUCT-MARKET GROWTH MATRIX (ANSOFF MATRIX)

This tool helps in formulating growth strategies by looking at new vs. existing products and markets.



Strategy	Product	Market	Description
Market Penetration	Existing	Existing	Increasing sales to current customers (Discounts).
Market Development	Existing	New	Entering new geographic or demographic markets.
Product Development	New	Existing	Launching new products for current customers.
Diversification	New	New	Starting or buying businesses outside current scope.

6. THE MARKETING MIX INTEGRATION (4Ps)

The final stage of formulation is designing the tactical tools:

- **Product Strategy:** Features, Quality, Branding, Packaging.
- **Price Strategy:** Skimming, Penetration, or Psychological pricing.
- **Place Strategy:** Distribution channels, Logistics, Coverage.
- **Promotion Strategy:** Advertising, Personal Selling, Sales Promotion, PR.

II. STRATEGIC MARKETING PLANNING

1. INTRODUCTION

Marketing strategies do not emerge in a vacuum. They are shaped by specific "drivers"—forces that determine the direction, intensity, and scope of a firm's marketing activities. Understanding these drivers allows a marketing manager to align the company's strengths with market realities to ensure sustainable competitive advantage.

2. INTERNAL DRIVERS (CONTROLLED FORCES)

Internal drivers are the organizational factors that define what the company *can* do.

- **Corporate Objectives:** The overarching goals of the firm (e.g., rapid growth, profit maximization, or market leadership) dictate the marketing strategy. A firm seeking "Market Share" will use aggressive pricing, while one seeking "Profitability" may use premium positioning.
 - **Core Competencies:** These are unique strengths that competitors cannot easily match. For example, **Apple's** driver is design and innovation; **Amazon's** is logistics and data analytics.
 - **Financial Resources:** The availability of capital determines the scale of marketing. High-budget firms can afford massive TV campaigns and global distribution, while cash-strapped firms may focus on digital niche marketing.
 - **Organizational Culture:** A customer-centric culture (like **Zappos** or **The Ritz-Carlton**) drives strategies focused on relationship marketing and service excellence.
-

3. EXTERNAL DRIVERS (UNCONTROLLABLE FORCES)

External drivers are market forces that define what the company *must* do to survive and thrive.

A. Customer Drivers

- **Changing Consumer Needs:** The shift toward health-consciousness or environmental sustainability (Green Marketing) forces firms to reformulate products.
- **Customer Power:** In the digital age, customers are highly informed. This drives strategies toward transparency, engagement, and value-based pricing.

B. Competitor Drivers

- **Competitive Intensity:** The number and strength of rivals determine whether a firm adopts a "Market Challenger" or "Market Follower" stance.
- **Disruptive Innovation:** The entry of a tech-driven disruptor (e.g., **Uber** in transport or **Netflix** in media) forces traditional players to pivot their strategies.

C. Technological Drivers

- **Digitalization:** The rise of AI, Big Data, and E-commerce is perhaps the strongest driver today, shifting strategies from traditional mass marketing to **hyper-personalized marketing**.

4. THE 3C'S MODEL OF STRATEGY DRIVERS

Developed by **Kenichi Ohmae**, this model suggests that a successful marketing strategy must integrate three key drivers:

1. **The Corporation:** Strategies must maximize the firm's strengths relative to its weaknesses.
2. **The Customer:** Strategies must focus on the interests of the customer, not just the stockholders.
3. **The Competitor:** Strategies must offer a "differentiation" that is visible to the customer compared to what rivals offer.

5. GLOBAL DRIVERS OF MARKETING STRATEGY

For firms operating internationally, additional drivers come into play:

- **Market Drivers:** Common customer needs across borders (e.g., the global demand for soft drinks).
- **Cost Drivers:** The need to achieve economies of scale by standardizing products globally.
- **Government Drivers:** Trade policies, host-country regulations, and regional trade blocs (like ASEAN or EU).

6. IMPACT OF DRIVERS ON THE MARKETING MIX

The drivers eventually manifest in the tactical **4Ps**:

- **Product:** Driven by R&D and customer feedback (e.g., Electric Vehicles).
- **Price:** Driven by economic conditions and competitor pricing.
- **Place:** Driven by technological shifts (e.g., Direct-to-Consumer/D2C models).
- **Promotion:** Driven by social media trends and media consumption habits.

III. INDUSTRIAL MARKETING STRATEGIES

1. INTRODUCTION TO INDUSTRIAL MARKETING

Definition: Industrial Marketing involves the marketing of goods and services to business organizations, governments, and institutions. These entities use the products to produce other goods, to facilitate their operations, or for resale.

Key Characteristics (B2B vs. B2C):

- **Derived Demand:** Demand for industrial goods is derived from the demand for consumer goods (e.g., demand for steel depends on the demand for cars).
- **Inelastic Demand:** Total industry demand is often not much affected by price changes in the short run.

- **Complex Buying Process:** Decisions involve a **Decision Making Unit (DMU)** or Buying Center.
- **Professional Buyers:** Buyers are technically qualified and use rational criteria rather than emotional ones.

2. INDUSTRIAL MARKET SEGMENTATION STRATEGIES

Unlike B2C, where we look at age or lifestyle, industrial segmentation uses the **Nested Approach** (developed by Bonoma & Shapiro):

1. **Demographics:** Industry type, company size, and geographical location.
2. **Operating Variables:** Technology used by the customer and user/non-user status.
3. **Purchasing Approaches:** Centralized vs. decentralized buying; companies with existing strong relationships.
4. **Situational Factors:** Urgency of delivery and order size.
5. **Personal Characteristics:** Loyalty, risk-taking behavior of the individual buyers.

3. STRATEGIES FOR THE INDUSTRIAL MARKETING MIX (4Ps)

A. Product Strategy

- **Technical Specification:** The product must meet precise technical standards.
- **Service Component:** Strategy focuses on "Total Product Value," which includes installation, training, and after-sales maintenance.
- **Product Customization:** High degree of tailoring the product to the specific factory or process of the buyer.

B. Pricing Strategy

- **Competitive Bidding:** Most industrial contracts are won through a formal bidding process (tendering).
- **Life-Cycle Costing:** Strategy focuses on convincing the buyer that the product is cheaper over its *lifetime* (energy efficiency, low maintenance) even if the initial price is high.
- **Leasing:** Providing the equipment on a lease to reduce the buyer's capital expenditure.

C. Place (Distribution) Strategy

- **Direct Channels:** Most large industrial equipment is sold directly from the manufacturer to the user to maintain technical control.
- **Industrial Distributors:** For smaller items (MRO – Maintenance, Repair, and Operations), firms use specialized distributors.

D. Promotion Strategy

- **Personal Selling:** This is the *most critical* tool. Salespeople act as technical consultants.
 - **Trade Shows and Exhibitions:** Crucial for demonstrating heavy machinery.
 - **Direct Marketing:** Using personalized catalogs or LinkedIn-based "Account-Based Marketing" (ABM).
-

4. BUYING CENTER STRATEGY (DMU)

In industrial marketing, the strategist must influence multiple people within the buying organization:

1. **Initiators:** Those who first recognize the need.
2. **Users:** Those who will actually use the product.
3. **Influencers:** Technical experts who define specifications.
4. **Deciders:** Those who make the final choice (often senior management).
5. **Gatekeepers:** Those who control the flow of information (e.g., purchasing agents or secretaries).

5. RELATIONSHIP MARKETING STRATEGY

In B2B, the focus shifts from a single "transaction" to a long-term "partnership."

- **Key Account Management (KAM):** Assigning dedicated teams to handle the most important clients.
- **Joint R&D:** Working with the customer to design future products (Co-creation).
- **System Selling:** Instead of selling a single component, the firm sells a "complete solution" (e.g., IBM selling hardware, software, and consulting as one package).

6. INDUSTRIAL BUYING SITUATIONS (BUY CLASSES)

Marketing strategies must change based on the "Buy Class":

1. **Straight Rebuy:** Routine purchase. Strategy: Maintain quality and automate the ordering process.
2. **Modified Rebuy:** Buyer wants to change specs or prices. Strategy: Defend your position or, if you are a competitor, offer better value.
3. **New Task:** Buying a product for the first time. Strategy: Provide extensive technical information and build trust.

IV. CONSUMER MARKETING STRATEGIES

1. INTRODUCTION TO CONSUMER MARKETING

Definition: Consumer Marketing refers to the strategies and tactics used by a company to promote and sell its products or services directly to individual customers for personal use.

Core Philosophy: The primary driver in B2C marketing is the **Consumer Purchase Decision Process**. Strategies are designed to move a consumer from "Unawareness" to "Purchase" and finally to "Brand Loyalty."

2. CORE STRATEGY: THE STP PROCESS

For any consumer brand (e.g., Nike, Coca-Cola, HUL), the strategy begins with **STP**:

A. Segmentation

Dividing the heterogeneous mass market into homogeneous groups:

- **Geographic:** Rural vs. Urban, Climatic regions.

- **Demographic:** Age (Kids, Teens, Seniors), Gender, Income (High, Middle, Low).
- **Psychographic:** Personality, Lifestyle, Social Class (e.g., "Aspiring" vs. "Elite").
- **Behavioral:** Usage rate (Heavy vs. Light users), Loyalty status, Benefits sought (Economy vs. Luxury).

B. Targeting

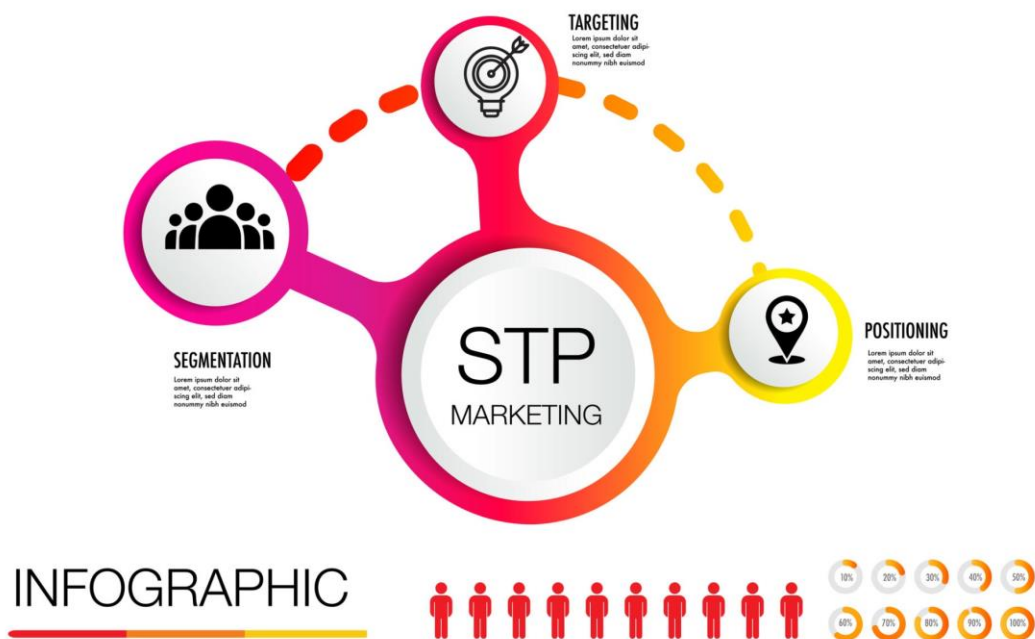
Evaluating segment attractiveness.

- **Mass Marketing:** One product for everyone (e.g., Salt).
- **Differentiated Marketing:** Different products for different groups (e.g., Unilever's various soap brands like Dove, Lifebuoy, and Pears).
- **Niche Marketing:** Concentrating on a small, specific group (e.g., Gluten-free snacks).

C. Positioning

Creating a distinct image in the consumer's mind.

- **Attribute Positioning:** Based on a feature (e.g., Volvo = Safety).
- **Benefit Positioning:** Based on the result (e.g., Sensodyne = Relief from sensitivity).
- **Value Positioning:** Based on price-quality ratio (e.g., Mi Phones = High specs at low cost).



3. CONSUMER BRANDING STRATEGIES

In B2C, the "Brand" is often the most valuable asset.

- **Brand Extension:** Using an existing brand name for a new product category (e.g., Tata Motors to Tata Salt).
- **Line Extension:** Adding new versions in the same category (e.g., Maggi Noodles introducing "Atta Noodles" or "Oats Noodles").

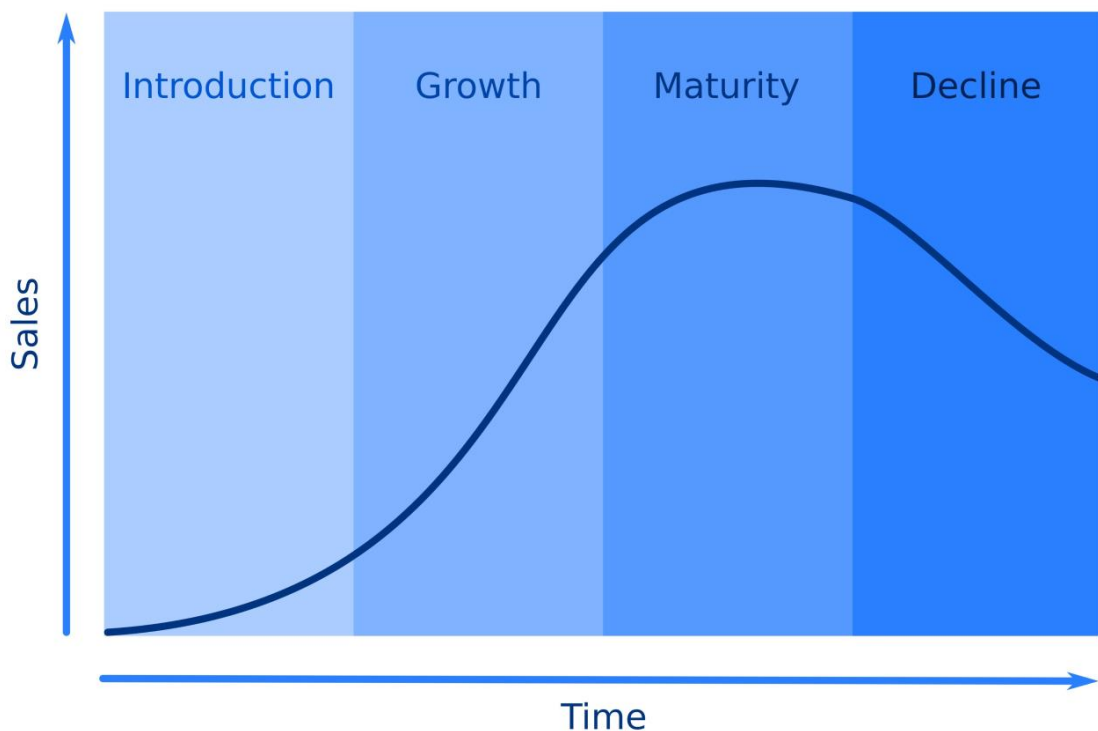
- **Multi-Branding:** Managing different brands in the same category to capture more shelf space (e.g., P&G owning both Ariel and Tide).
- **Co-Branding:** Two brands joining forces (e.g., Nike and Apple creating Nike+).

4. THE CONSUMER MARKETING MIX (4Ps) STRATEGIES

Product Strategy

- **Packaging:** In B2C, packaging is the "Silent Salesman." It must be attractive and functional.
- **Product Life Cycle (PLC) Management:** Constantly innovating to keep the product in the "Growth" or "Maturity" phase.

PRODUCT LIFE CYCLE



Pricing Strategy

- **Psychological Pricing:** Pricing at ₹99 instead of ₹100.
- **Skimming Pricing:** Setting high prices for new tech (e.g., iPhones).
- **Penetration Pricing:** Low prices to gain market share (e.g., Jio's entry strategy).

Place (Distribution) Strategy

- **Intensive Distribution:** Available everywhere (e.g., Chocolates, Cigarettes).
- **Selective Distribution:** Available in specific outlets (e.g., Premium appliances).
- **Exclusive Distribution:** Only in one outlet in a large area (e.g., Luxury cars).

Promotion Strategy

- **Emotional Appeal:** Using "Feel-good" or "Family" themes in ads (e.g., Cadbury).
- **Sales Promotion:** Discounts, "Buy 1 Get 1," and coupons to drive immediate sales.
- **Social Media Marketing:** Using Influencers to create "Social Proof."

5. CONSUMER BUYING BEHAVIOR STRATEGY

Marketers must understand the **Black Box** of the consumer. Strategies vary based on the type of buying behavior:

1. **Complex Buying Behavior:** For expensive, infrequent purchases (Cars). *Strategy:* Provide detailed information.
2. **Dissonance-Reducing:** High involvement but few differences between brands (Diamonds). *Strategy:* Provide after-sales reassurance.
3. **Habitual Buying:** Low involvement, few brand differences (Salt). *Strategy:* Use heavy ad repetition.
4. **Variety-Seeking:** Low involvement but significant brand differences (Biscuits). *Strategy:* Offer many flavors and dominate shelf space.

6. MODERN TRENDS IN CONSUMER STRATEGY

- **D2C (Direct-to-Consumer):** Brands like BoAt or Mamaearth skipping distributors and selling via their websites.
- **Personalization:** Using AI to suggest products (e.g., Amazon's "Recommended for you").
- **Green Marketing:** Focusing on eco-friendly products and packaging to attract conscious consumers.

V. SERVICE MARKETING STRATEGIES

1. THE NATURE OF SERVICES (IHIP FRAMEWORK)

Before formulating strategies, a marketer must understand the four unique characteristics of services that necessitate a different approach from physical goods:

1. **Intangibility:** Services cannot be seen, tasted, or touched before purchase.
2. **Heterogeneity (Variability):** Service quality depends on who provides it, when, and where. It is hard to standardize.
3. **Inseparability:** Services are produced and consumed simultaneously.
4. **Perishability:** Services cannot be stored for future sale (e.g., an empty hotel room tonight is lost revenue forever).

2. THE EXTENDED MARKETING MIX (7Ps)

For services, the traditional 4Ps are insufficient. Three additional Ps are required to manage the "human" and "procedural" elements of the service encounter.

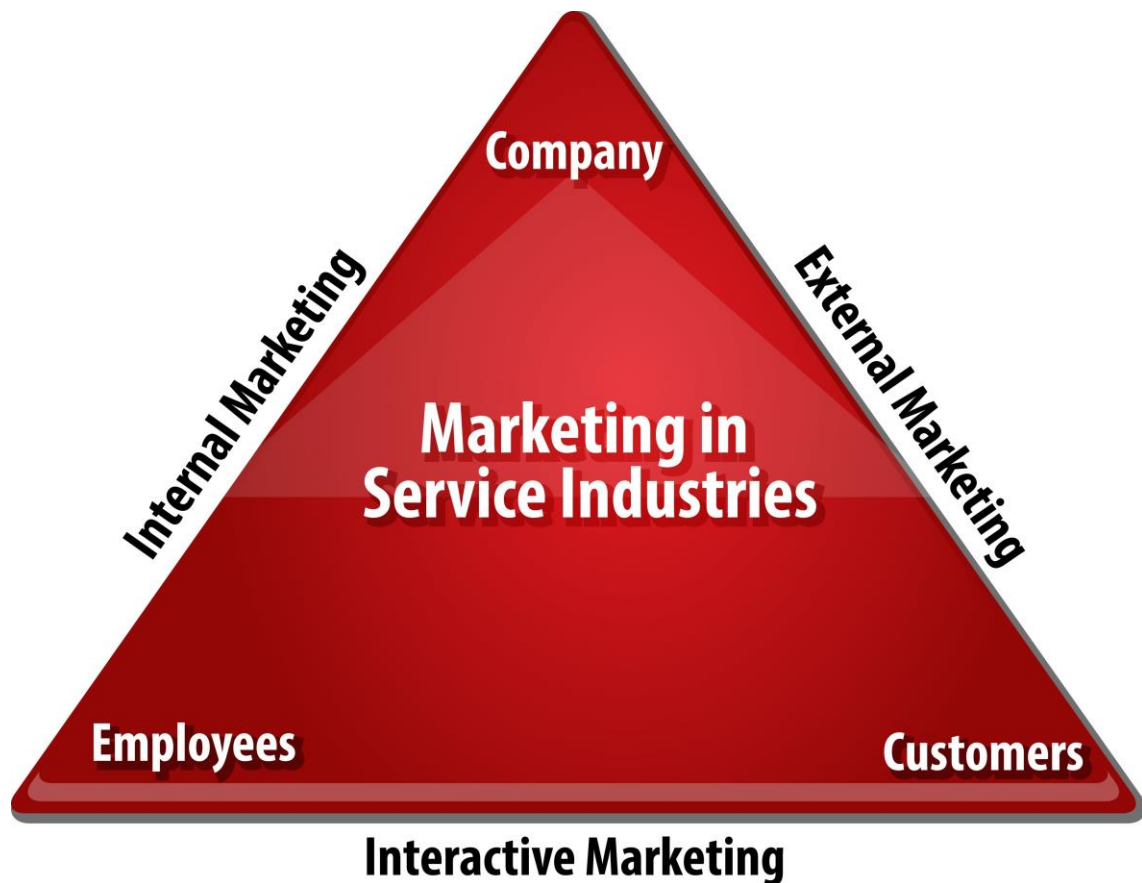
- **Product:** The "Service Package" including core and peripheral services.
- **Price:** Often used as a surrogate for quality (High price = High quality).
- **Place:** Channels of distribution (Electronic or Physical).
- **Promotion:** Focuses on "tangibilizing" the intangible (using symbols/celebrities).
- **People:** Every employee is a marketer. Their attitude and skill define the service.
- **Process:** The flow of activities in service delivery (e.g., ATM vs. Bank Teller).
- **Physical Evidence:** The environment where the service is delivered (Ambient conditions, signage, decor). This is also called the **Servicescape**.



3. THE SERVICE TRIANGLE (STRATEGIC FRAMEWORK)

Developed by **Kotler**, the Service Triangle identifies three types of marketing that must be performed for success:

1. **External Marketing (Making the Promise):** Traditional marketing between the company and the customers (Ads, Pricing).
2. **Internal Marketing (Enabling the Promise):** Marketing between the company and employees (Training, Motivation).
3. **Interactive Marketing (Delivering the Promise):** The "Moment of Truth" where the employee interacts with the customer.



4. KEY SERVICE STRATEGIES

A. Service Differentiation Strategy

Since services are hard to protect via patents, differentiation is key:

- **Offer:** Adding innovative features (e.g., In-flight Wi-Fi).
- **Delivery:** Faster or more reliable delivery (e.g., 30-minute pizza delivery).
- **Image:** Branding through symbols and atmosphere (e.g., Starbucks "Third Place" concept).

B. Service Quality Strategy (SERVQUAL)

Strategies focused on closing the "Gaps" in service quality. The **SERVQUAL Model** (by Parasuraman, Zeithaml, and Berry) identifies five dimensions:

- **Reliability:** Ability to perform the service dependably and accurately.
- **Assurance:** Knowledge and courtesy of employees.
- **Tangibles:** Appearance of physical facilities and equipment.
- **Empathy:** Caring, individualized attention to customers.
- **Responsiveness:** Willingness to help customers and provide prompt service.

C. Demand and Capacity Management Strategy

Because services are perishable, marketers must synchronize supply and demand:

- **To Manage Demand:** Use differential pricing (Happy hours), non-peak promotions, and reservation systems.
- **To Manage Capacity:** Use part-time employees, cross-training, or outsourcing.

D. Service Recovery Strategy

Since service failure is inevitable due to heterogeneity, firms need a "Recovery" plan:

- **Empowerment:** Allowing front-line staff to solve problems on the spot.
- **Service Guarantee:** Promises like "Fixed in 24 hours or your money back."

5. THE GAPS MODEL OF SERVICE QUALITY

This is a critical 13-mark topic. Strategy formulation involves identifying and closing five gaps:

- **Gap 1:** Not knowing what customers expect.
- **Gap 2:** Not selecting the right service designs/standards.
- **Gap 3:** Not delivering to service standards (Performance gap).
- **Gap 4:** Not matching performance to promises (Communication gap).
- **Gap 5:** The difference between Customer Expectation and Perception.

VI. COMPETITIVE ANALYSIS & STRATEGIES

1. INTRODUCTION

Definition: Competition Analysis is the process of identifying key competitors; assessing their objectives, strategies, strengths, and weaknesses; and selecting which competitors to attack or avoid. It is a critical component of the **Situation Analysis** phase of strategic planning.

Importance:

- To understand the firm's relative position in the market.
- To anticipate competitor moves and counter-strategies.
- To identify "Gaps" in the market that competitors have overlooked.

2. IDENTIFYING COMPETITORS

Marketers must look beyond the obvious. Competitors can be identified at four levels:

1. **Brand Competition:** Firms offering similar products to the same customers at similar prices (e.g., Pepsi vs. Coca-Cola).
2. **Industry Competition:** Firms making the same product or class of products (e.g., BMW vs. all automobile manufacturers).
3. **Form Competition:** Firms manufacturing products that supply the same service (e.g., Netflix vs. Cinema Theaters).
4. **Generic Competition:** Firms competing for the same consumer dollars (e.g., a person deciding between buying a new iPhone or going on a vacation).

3. MICHAEL PORTER'S FIVE FORCES MODEL

This is the most widely used framework for analyzing industry competition. Porter argues that the intensity of competition is determined by five forces:

1. **Threat of New Entrants:** How easy is it for new firms to enter? (Barriers like high capital, patents, or brand loyalty).
2. **Bargaining Power of Buyers:** Can customers force prices down? (High when buyers are few or have many alternatives).
3. **Bargaining Power of Suppliers:** Can suppliers raise input costs? (High when there are few suppliers of a critical raw material).
4. **Threat of Substitute Products:** Can customers switch to a different type of product? (e.g., E-mail substituting for physical mail).
5. **Intensity of Rivalry:** The level of "warfare" between existing players (Price wars, ad battles).

4. STEPS IN ANALYZING COMPETITORS

A systematic analysis involves the following steps:

Step 1: Assessing Competitor's Objectives

What is the competitor looking for? Is it short-term profit, long-term market share growth, or technological leadership? Knowing this helps predict their reaction to a price cut or a new product launch.

Step 2: Identifying Competitor's Strategies

A group of firms following the same strategy in a given target market is called a **Strategic Group**. For example, in the appliance industry, GE and Whirlpool are in a strategic group focusing on high-quality, high-price products.

Step 3: Assessing Strengths and Weaknesses

Marketers gather data on the competitor's sales, market share, profit margin, return on investment, and capacity utilization. This is often done through **Benchmarking** (comparing one's own products/processes against the best in the industry).

Step 4: Estimating Competitor Reaction Patterns

- **The Laid-back Competitor:** Does not react quickly or strongly.
- **The Selective Competitor:** Reacts only to certain types of attacks (e.g., reacts to price cuts but not to increased advertising).
- **The Tiger Competitor:** Reacts swiftly and strongly to any intrusion.
- **The Stochastic Competitor:** Does not exhibit a predictable reaction pattern.

5. COMPETITIVE STRATEGIES (MARKET ROLES)

Based on a firm's market position, different strategies are formulated:

Market Role	Market Share	Typical Strategy
Market Leader	40%	Expand total market, protect current share (Innovation), expand share.

Market Role	Market Share	Typical Strategy
Market Challenger	30%	Aggressive attack on leader (Frontal, Flanking, or Guerilla attacks).
Market Follower	20%	Copying/improving the leader's product with less risk and investment.
Market Nicher	10%	Specialized focus on small, overlooked segments (High margin, low volume).

6. CUSTOMER-VALUE ANALYSIS

A useful tool to see where the firm stands relative to competition is **Customer-Value Analysis**.

1. Identify major attributes customers value (e.g., Quality, Price, Service).
2. Assess the quantitative importance of these attributes.
3. Assess the company's and competitors' performance on these attributes.
4. Monitor customer values over time.

VII. MARKET ANALYSIS AND BUYER BEHAVIOR

1. INTRODUCTION

Market analysis is the process of evaluating the characteristics, size, and potential of a market to understand how to satisfy its needs. For an MBA student, it is vital to distinguish between **Consumer Markets (B2C)** and **Industrial Markets (B2B)**, as the buying motives, processes, and relationships differ significantly.

2. ANALYSIS OF CONSUMER MARKETS (B2C)

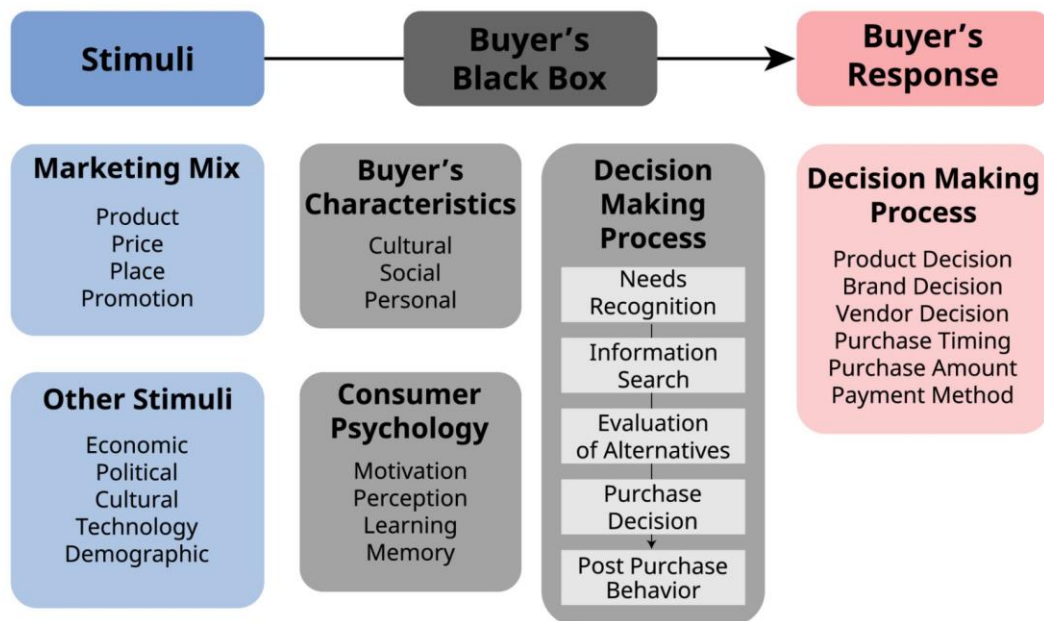
Definition:

Consumer markets consist of individuals and households who buy goods and services for personal consumption.

A. Factors Influencing Consumer Behavior

1. **Cultural Factors:** Culture, Sub-culture, and Social Class. (The most fundamental determinant of a person's wants).
2. **Social Factors:** Reference groups, Family, and Social Roles/Status.
3. **Personal Factors:** Age, Life-cycle stage, Occupation, Economic circumstances, and Personality.
4. **Psychological Factors:** Motivation (Maslow's Hierarchy), Perception, Learning, and Beliefs.

Model of Consumer Behavior



B. The Consumer Buying Decision Process

A typical consumer goes through five stages:

1. **Problem Recognition:** Realizing a need (e.g., "I am hungry").
2. **Information Search:** Seeking data from personal, public, or commercial sources.
3. **Evaluation of Alternatives:** Comparing brands based on attributes (price, quality).
4. **Purchase Decision:** The actual act of buying.
5. **Post-Purchase Behavior:** Satisfaction or "Cognitive Dissonance" (buyer's remorse).

Buying Decision Process



3. ANALYSIS OF INDUSTRIAL MARKETS (B2B)

Definition:

Industrial markets consist of all organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others.

A. Distinctive Characteristics of Industrial Markets

- **Fewer, Larger Buyers:** A few big customers (e.g., Boeing buying parts) account for most of the volume.
- **Geographically Concentrated:** Industries often cluster in specific zones (e.g., IT in Bangalore/Chennai).
- **Derived Demand:** Demand for industrial goods is driven by demand for consumer goods.
- **Professional Purchasing:** Buying is handled by trained purchasing agents using formal "Requests for Proposals" (RFPs).

B. The Industrial Buying Process (BuyGrid Framework)

According to **Robinson, Faris, and Wind**, the process is more formal than B2C:

1. Problem Recognition.
2. General Need Description.
3. Product Specification.
4. Supplier Search.

5. Proposal Solicitation.
6. Supplier Selection.
7. Order-Routine Specification.
8. Performance Review.

4. KEY DIFFERENCES: CONSUMER VS. INDUSTRIAL MARKETS

Feature	Consumer Market (B2C)	Industrial Market (B2B)
Buyer Motivation	Emotional & Personal	Rational & Functional
Number of Buyers	Large/Mass	Small/Limited
Purchase Volume	Small individual units	Large/Bulk orders
Decision Maker	Individual or Family	Buying Center (DMU)
Market Structure	Fragmented	Concentrated
Relationship	Short-term/Transactional	Long-term/Partnership
Pricing	Fixed/Standard	Negotiated/Bidding

5. THE BUYING CENTER (DECISION MAKING UNIT - DMU)

In industrial markets, decisions are rarely made by one person. Analysis must identify:

- **Initiators:** The people who request the purchase.
- **Users:** Those who will use the product.
- **Influencers:** Technical people who help define specs.
- **Deciders:** Those with the power to choose the supplier.
- **Approvers:** Management who authorizes the deciders.
- **Buyers:** Those with formal authority to select the supplier and arrange terms.
- **Gatekeepers:** Those who control the flow of information (e.g., Purchasing agents).

6. ANALYTICAL TOOLS FOR BOTH MARKETS

1. **Market Potential Analysis:** Estimating the maximum possible sales for an entire industry.
2. **Market Share Analysis:** Determining the percentage of total market sales earned by a specific company.
3. **Customer Value Analysis (CVA):** Evaluating the benefits vs. the costs of an offering relative to competitors.

VIII. INFLUENCE OF ECONOMIC FACTORS

The Economic Model of buyer behavior (often called the **Marshallian Model**) suggests that consumers and businesses are rational actors who aim to maximize utility (satisfaction) while minimizing cost.

A. Key Economic Factors for Consumers (B2C)

1. **Personal Income:** The most direct driver.
 - **Disposable Income:** Income left after taxes. High disposable income leads to higher spending on comforts and luxuries.
 - **Discretionary Income:** Income left after meeting basic necessities (food, rent). This is what marketers of travel, electronics, and fashion target.
2. **Family Income:** In the Indian context, joint family income often determines high-value purchases like real estate or automobiles.
3. **Income Expectations:** If a consumer expects a salary hike or a bonus, they are more likely to buy on credit. Conversely, fear of recession leads to "precautionary savings."
4. **Liquid Assets:** Access to cash, gold, or shares that can be quickly converted to money increases the propensity to spend.
5. **Consumer Credit:** The availability of "Easy EMIs," Credit Cards, and "Buy Now Pay Later" (BNPL) schemes has revolutionized the purchase of consumer durables in India.

B. Key Economic Factors for Industrial Markets (B2B)

1. **Economic Growth (GDP):** Business demand is highly volatile and sensitive to the country's economic health.
2. **Interest Rates:** High interest rates increase the cost of borrowing for capital equipment (machinery), leading to delayed industrial purchases.
3. **Inflation:** Rising raw material costs squeeze profit margins, forcing industrial buyers to look for cheaper substitutes or more efficient suppliers.

IX. INFLUENCE OF BEHAVIORAL FACTORS

While economic factors explain *what* people can buy, behavioral factors explain *why* they choose a specific brand. Behavioral factors are rooted in psychology and sociology.

A. Psychological Factors

1. **Motivation:** Based on **Maslow's Hierarchy of Needs**. A person moves from physiological needs (food) to safety, then social, esteem, and finally self-actualization.



2. **Perception:** How a consumer selects, organizes, and interprets information. Two people may see the same ad but perceive it differently based on "Selective Attention" or "Selective Distortion."
3. **Learning:** Changes in behavior arising from experience. If a consumer has a good experience with a Samsung phone, they "learn" to trust the brand for TVs as well (Generalization).
4. **Attitudes and Beliefs:** These are hard to change. Marketers try to align products with existing beliefs (e.g., Ayurvedic positioning for health-conscious Indians).

B. Social & Cultural Factors

1. **Reference Groups:** People to whom an individual looks for guidance.
 - **Aspirational Groups:** Those we want to join (e.g., celebrities influencing luxury fashion).
 - **Membership Groups:** Friends and colleagues who influence daily brand choices.
2. **Role and Status:** A person's position in society (e.g., a CEO vs. a Trainee) influences the "Symbolic Value" of the products they buy.

3. **Culture and Sub-culture:** The set of basic values and perceptions learned from family. For example, the "culture of saving" in India affects how brands market "Value for Money."

X. THE STRATEGIC MARKETING MIX

1. INTRODUCTION

Definition:

The Marketing Mix is a set of controllable, tactical marketing tools that a firm blends to produce the response it wants in the target market. At a **Strategic Level**, the mix is not just about daily operations but about creating a sustainable competitive advantage and long-term brand equity.

Historically, the mix consisted of the **4Ps** (McCarthy, 1960). However, with the rise of the service economy, it expanded to the **7Ps** (Booms & Bitner, 1981), and more recently, the consumer-centric **4Cs** (Lauterborn, 1990).

2. THE TRADITIONAL 4Ps (PRODUCT-CENTRIC)

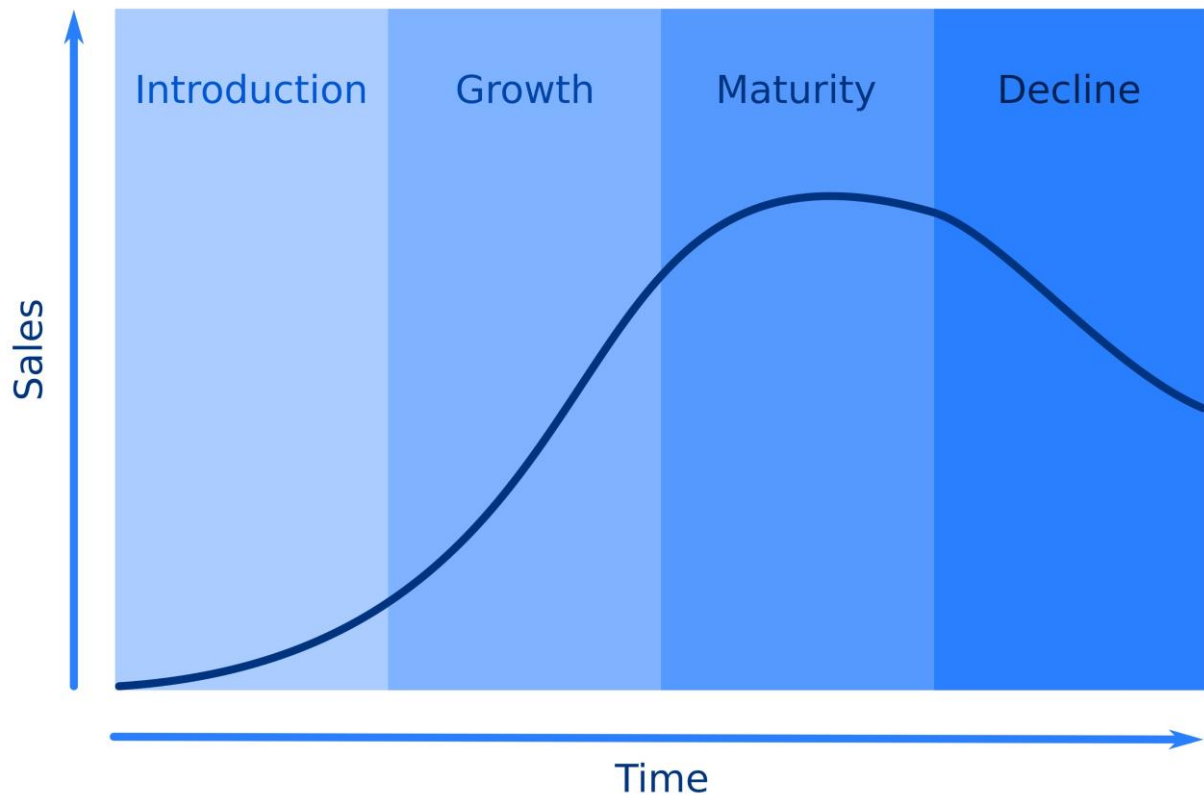
For a marketing mix to be "strategic," each component must be aligned with the **STP** (**Segmentation, Targeting, and Positioning**) framework.

A. Product Strategy

The product is the "Value Offering." Strategic decisions include:

- **Product Breadth & Depth:** Deciding how many lines and variants to offer.
- **Branding:** Creating a unique identity (Brand Equity).
- **Product Life Cycle (PLC):** Strategies for Introduction, Growth, Maturity, and Decline.
- **Packaging & Labeling:** Strategic roles in protection, convenience, and promotion.

PRODUCT LIFE CYCLE



B. Pricing Strategy

Price is the only element that generates revenue; others represent costs.

- **Skimming vs. Penetration:** High entry price for luxury/tech vs. low price for market share.
- **Value-Based Pricing:** Setting prices based on perceived value rather than cost.
- **Psychological Pricing:** Strategies like ₹999 to influence perception.

C. Place (Distribution) Strategy

Ensuring the product is available at the right time and place.

- **Channel Design:** Direct (D2C) vs. Indirect (Wholesalers/Retailers).
- **Market Coverage:** Intensive (everywhere), Selective (specific outlets), or Exclusive (one outlet).
- **Logistics & Supply Chain:** Managing the physical flow of goods.

D. Promotion Strategy

The "Integrated Marketing Communication" (IMC) aspect.

- **Promotion Mix:** Advertising, Personal Selling, Sales Promotion, Public Relations, and Direct Marketing.
 - **Push vs. Pull Strategy:** Pushing products through the channel vs. creating consumer demand to "pull" them.
-

3. THE EXTENDED 3Ps (FOR SERVICES)

Anna University exams frequently ask for the "Expanded Mix" in the context of services.

1. **People:** All human actors who play a part in service delivery (Staff training, uniforms, and behavior).
2. **Process:** The actual procedures and flow of activities (e.g., standard operating procedures in a hotel).
3. **Physical Evidence:** The environment in which the service is delivered (Servicescape, business cards, reports).



4. FROM 4Ps TO 4Cs (CUSTOMER-CENTRIC)

Strategic marketing now shifts from the seller's perspective (Ps) to the buyer's perspective (Cs):

4Ps (Seller)	4Cs (Buyer)	Strategic Shift
Product	Customer Solution	Focus on solving a problem, not just selling a feature.
Price	Cost to Customer	Total cost (Time, effort, gas) not just the price tag.
Place	Convenience	How easy is it for the customer to buy? (e.g., Apps).

4Ps (Seller)	4Cs (Buyer)	Strategic Shift
Promotion	Communication	A two-way dialogue instead of one-way shouting (Social Media).

5. STRATEGIC COHERENCE OF THE MIX

For a marketing strategy to succeed, the mix components must have **Internal Consistency** and **External Fit**:

- **Internal Consistency:** If a product is "Premium" (Product), it cannot be sold at a "Discount" (Price) in a "Dirty Store" (Place).
- **External Fit:** The mix must match the needs of the target segment and the external environment (PESTLE).

6. THE MARKETING MIX MATRIX FOR STRATEGY

Strategy Type	Focus
Cost Leadership	Low Price, Intensive Distribution, Standardized Product.
Differentiation	Unique Features, Premium Price, High-end Promotion.
Niche	Specialized Product, Selective Place, Personalized People/Service.

UNIT III

PRODUCT, PRICING, AND CHANNEL DECISIONS

SYLLABUS

Product planning and development - Product life cycle - New product Development and Management - Defining Market Segmentation - Targetting and positioning - Brand positioning and differentiation - Channel Management - Managing integrated marketing channels - Managing retailing, Wholeselling & Logistics, Advertising and sales promotion - Pricing objective, Policies and Methods

S. No	Topic	Course Outcome (CO)	Programme Outcomes (POs)	Bloom's Taxonomy Level
1	Product planning and development	C03	PO1, PO2,	BT1 – Remember
2	Product life cycle	C03	PO1, PO2,PO6	BT3 – Apply
3	New product Development and Management	C03	PO2, PO6	BT3 – Apply BT4 – Analyze
4	Defining Market Segmentation	C03	PO1, PO2	BT1 – Remember BT3 – Apply
5	Targetting and positioning	C03	PO1, PO3,	BT3 – Apply BT4 – Analyze
6	Brand positioning and differentiation	C03	PO3,PO4, PO6	BT4 – Analyze BT–5 Evaluate
7	Channel Management	C03	PO1, PO2,	3 – Apply
8	Managing integrated marketing channels	C03	PO2,PO3,PO5	BT3 – Apply BT4 – Analyze
9	Managing retailing, Wholeselling & Logistics, Advertising and sales promotion	C03	PO2,PO3,PO4	BT3 – Apply BT–5 Evaluate
10	Pricing objective, Policies and Methods	C03	PO1, PO2	BT3 – Apply

I. PRODUCT PLANNING

1. Introduction

Product planning is one of the most important functions of marketing management. In today's highly competitive and dynamic business environment, organizations must continuously plan and modify their products to meet changing customer needs and preferences. A product is not merely a physical item, but it also includes services, benefits, brand image, and customer satisfaction.

Product planning involves making decisions regarding the **product line, product features, design, quality, branding, packaging, and product positioning**. It ensures that the firm offers the right product to the right market at the right time. Effective product planning helps

organizations to survive and grow in competitive markets by aligning their offerings with customer expectations.

2. Meaning and Definition of Product Planning

Product planning refers to the process of **determining in advance the product features, product mix, and product strategies that a firm should adopt to achieve its marketing objectives.**

It can also be defined as a systematic approach to **deciding what products to produce, how to produce them, and how to market them effectively.**

Product planning is both **strategic and tactical in nature**, as it involves long-term decisions such as product innovation as well as short-term decisions like product modifications and improvements.

3. Objectives of Product Planning

The primary objective of product planning is to ensure that the company's products satisfy customer needs while achieving organizational goals.

The key objectives include:

- To **meet customer expectations** by offering suitable products
- To **increase market share** through product differentiation
- To ensure **profitability and cost efficiency**
- To maintain **high standards of quality and performance**
- To adapt to **changing technology and market trends**
- To strengthen the company's **brand image and reputation**

In addition, product planning aims to balance innovation with risk, ensuring that new products contribute positively to business growth.

4. Elements of Product Planning

Product planning involves several important elements that must be carefully considered:

1. Product Line and Product Mix

A firm must decide the range of products it offers. This includes determining the width, depth, and length of the product mix.

2. Product Design

Design plays a vital role in attracting customers. It includes the product's appearance, functionality, and ease of use.

3. Product Quality

Maintaining consistent quality is essential for customer satisfaction and brand loyalty.

4. Branding

Branding helps in differentiating the product from competitors and creates a unique identity in the market.

5. Packaging

Packaging protects the product and also acts as a promotional tool.

6. Product Positioning

Positioning refers to how the product is perceived in the minds of consumers compared to competing products.

6. Product Planning Process

The process of product planning involves a series of systematic steps:

1. Market Research and Analysis

The first step is to study the market environment, including customer needs, competitor products, and industry trends. This helps in identifying potential opportunities.

2. Idea Generation

New product ideas are generated from various sources such as customers, employees, research and development, and competitors.

3. Idea Screening

Not all ideas are feasible. Therefore, unsuitable ideas are eliminated based on technical, financial, and market considerations.

4. Concept Development

The selected ideas are developed into detailed product concepts, which describe the features and benefits of the product.

5. Feasibility Analysis

This stage involves evaluating the economic viability of the product by analyzing costs, demand, and profitability.

6. Product Design and Development

The product is designed and developed according to specifications. Prototypes may be created for testing.

7. Test Marketing

The product is introduced in a limited market to assess customer response and identify any improvements needed.

8. Commercialization

Finally, the product is launched in the market on a large scale with appropriate marketing strategies.

8. Product Planning Strategies

Organizations adopt different strategies in product planning to achieve competitive advantage:

- **Product Innovation Strategy** – Introducing new and improved products
- **Product Differentiation Strategy** – Making products unique
- **Product Elimination Strategy** – Removing unprofitable products
- **Product Modification Strategy** – Improving existing products

These strategies help firms to manage their product portfolio effectively.

II. PRODUCT LIFE CYCLE (PLC)

1. Introduction

The concept of Product Life Cycle (PLC) is an important tool in marketing management that helps organizations understand the performance of a product over its lifetime. Just like human beings, products also pass through different stages from introduction to decline. Each stage presents unique challenges and opportunities, requiring different marketing strategies.

In today's competitive environment, no product can remain successful forever. Changes in technology, consumer preferences, and competitive actions influence the life span of a product. Therefore, understanding the product life cycle enables managers to plan appropriate strategies at each stage and ensure long-term profitability.

2. Meaning and Definition of Product Life Cycle

Product Life Cycle refers to the **stages through which a product passes from its introduction into the market until its eventual decline or withdrawal.**

It is a conceptual model that describes how a product's **sales and profits change over time.** The PLC concept helps marketers in analyzing market behavior and making strategic decisions related to pricing, promotion, distribution, and product modification.

In simple terms, PLC explains the **birth, growth, maturity, and decline of a product in the market.**

3. Characteristics of Product Life Cycle

The Product Life Cycle has certain important characteristics:

- Every product has a **limited life span**
- Product sales pass through **distinct stages**, each with different challenges
- Profits vary at different stages of the cycle
- Marketing strategies must be **adjusted according to each stage**
- The duration of each stage varies from product to product

Understanding these characteristics helps organizations in effective planning and decision-making.

4. Stages of Product Life Cycle

The Product Life Cycle consists of four main stages:

1. Introduction Stage

The introduction stage is the first stage where the product is launched in the market. At this stage, the product is new, and customer awareness is low.

Sales growth is slow because customers are not familiar with the product. The company incurs high costs on promotion, advertising, and distribution. As a result, profits are usually low or even negative.

The main objective at this stage is to **create awareness and stimulate demand**. Companies focus on educating customers about the product's features and benefits.

2. Growth Stage

In the growth stage, the product starts gaining acceptance in the market. Sales increase rapidly as more customers become aware of the product and begin to purchase it.

Profits also increase due to higher sales and economies of scale. Competitors may enter the market, leading to increased competition.

At this stage, the company focuses on **improving product quality, adding new features, and expanding distribution channels**. Promotional efforts are intensified to build brand preference.

3. Maturity Stage

The maturity stage is characterized by a slowdown in sales growth. The product reaches its peak in terms of market penetration, and competition becomes intense.

Profits may start to decline due to price competition and increased marketing expenses. Companies adopt strategies such as **product differentiation, market expansion, and promotional offers** to sustain their market position.

This stage usually lasts longer than other stages, and firms must focus on maintaining customer loyalty and maximizing profits.

4. Decline Stage

In the decline stage, sales and profits begin to decrease due to changes in consumer preferences, technological advancements, or increased competition.

Some firms may decide to withdraw the product from the market, while others may attempt to **revive it through modification or repositioning**.

The main objective at this stage is to **minimize losses and decide whether to continue, modify, or discontinue the product**.

5. Factors Influencing Product Life Cycle

Several factors affect the duration and performance of the product life cycle:

- Technological changes
- Consumer preferences
- Level of competition
- Economic conditions
- Government policies

Products in fast-changing industries tend to have shorter life cycles compared to traditional products.

III. NEW PRODUCT DEVELOPMENT AND MANAGEMENT (NPD & NPM)

1. Introduction

New Product Development (NPD) and Management is a critical function of modern marketing that focuses on **creating new products or improving existing ones to meet changing customer needs and market demands**. In today's competitive business environment, firms cannot rely solely on their existing products. Continuous innovation and strategic product management are essential for maintaining market share, profitability, and long-term growth.

NPD and management is not merely a technical activity; it is a **strategic, cross-functional process** involving marketing, research and development (R&D), production, finance, and sales. Successful new product development ensures that the company consistently delivers value to customers while achieving organizational goals.

2. Meaning and Definition

New Product Development (NPD) refers to the process of **conceiving, designing, developing, testing, and launching a new product in the market**. It transforms an idea into a commercially viable product.

According to Philip Kotler, NPD is “**the development of original products, product improvements, product modifications, and new brands through the firm's own product-development efforts.**”

New Product Management (NPM), on the other hand, involves **overseeing the entire product life cycle**, from idea generation to product withdrawal. It ensures that each product contributes positively to the firm's portfolio, maintains profitability, and aligns with strategic objectives.

3. Objectives of New Product Development and Management

The primary objectives of NPD and NPM are:

- To **satisfy emerging customer needs** and preferences
- To **enhance market share and profitability**
- To **achieve competitive advantage** through innovation
- To **diversify the product portfolio** and reduce reliance on existing products
- To **adapt to technological advancements and market trends**
- To ensure the **efficient use of resources** and minimize development risks

Effectively managed NPD ensures that products are aligned with both market demand and the firm's strategic vision.

4. Importance of New Product Development and Management

NPD and NPM are vital for several reasons:

1. **Innovation and Growth:** They help companies introduce innovative products that meet customer expectations.
2. **Competitive Advantage:** By developing unique products, firms can differentiate themselves from competitors.
3. **Risk Reduction:** Systematic management of product development reduces the likelihood of product failure.
4. **Customer Retention:** Regularly launching improved products enhances customer satisfaction and loyalty.
5. **Long-Term Profitability:** A well-managed product portfolio ensures consistent revenue streams and sustainability.

Organizations that ignore NPD risk becoming obsolete as competitors introduce superior products.

5. Stages of New Product Development

The NPD process involves a **series of sequential stages** designed to reduce risks and ensure market success:

1. Idea Generation

Ideas are generated from internal sources (R&D, employees, marketing teams) and external sources (customers, competitors, suppliers, and market trends). Creativity and innovation are critical at this stage.

2. Idea Screening

Not all ideas are feasible or profitable. Idea screening involves evaluating potential ideas based on technical feasibility, market potential, and alignment with company objectives. Unviable ideas are eliminated.

3. Concept Development and Testing

Selected ideas are transformed into product concepts with defined features, benefits, and target markets. These concepts are tested with potential customers to gauge acceptance and collect feedback.

4. Business Analysis

A detailed assessment of costs, pricing, expected sales, and profitability is carried out. Only ideas that show strong commercial potential proceed to development.

5. Product Development

This stage involves designing, engineering, and creating prototypes. Cross-functional teams work together to ensure technical feasibility, product quality, and manufacturability.

6. Test Marketing

The product is introduced in a limited geographic or demographic segment. Feedback is collected to refine features, marketing strategies, and pricing.

7. Commercial Launch

The product is launched at full scale, with appropriate marketing, distribution, and promotional campaigns.

8. Post-Launch Review and Management

Even after launch, product performance is monitored. Adjustments are made to marketing strategies, product features, or pricing to maximize success.

6. Factors Influencing New Product Development

Several internal and external factors impact NPD and management:

- **Customer Needs:** Products must satisfy evolving preferences.
- **Technological Advancements:** Emerging technologies can create opportunities or threats.
- **Competition:** Market rivalry influences product features, pricing, and positioning.
- **Costs and Resources:** Availability of financial and technical resources determines feasibility.
- **Regulatory Environment:** Government regulations affect product design, labeling, and safety.
- **Market Trends:** Social, economic, and cultural trends guide product development.

Understanding these factors ensures that products are market-ready and profitable.

7. Challenges in New Product Development and Management

Despite its importance, NPD and NPM face several challenges:

- High costs of research, development, and marketing
- Risk of product failure due to incorrect market analysis or changing preferences
- Time constraints and pressure to launch products quickly
- Coordination issues among cross-functional teams
- Rapid technological changes that can make a product obsolete

Effective management and structured processes help mitigate these challenges.

IV. MARKET SEGMENTATION

Market segmentation is a foundational concept in marketing management. It refers to the process of dividing a broad, heterogeneous market into smaller, more homogeneous groups of consumers who have similar needs, preferences, or behaviors. This allows companies to design targeted marketing strategies instead of using a one-size-fits-all approach.

□ 1. Meaning & Definition

Market segmentation is the process of identifying distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing mixes.

□ In simple terms:

Instead of selling one product to everyone, businesses divide customers into groups and tailor offerings for each group.

□ 2. Objectives of Market Segmentation

- To identify profitable customer groups
- To customize marketing strategies
- To improve customer satisfaction
- To gain competitive advantage
- To optimize resource allocation

□ 3. Bases of Market Segmentation

Segmentation can be done using different criteria:

A. Geographic Segmentation □

Dividing the market based on location.

- Country (India, USA)
- Region (South India, North India)
- City size (metro, urban, rural)
- Climate (hot, cold, humid)

□ Example: Selling air conditioners more aggressively in Chennai than in hill stations.

B. Demographic Segmentation □

Based on measurable population characteristics.

- Age (kids, youth, adults)
- Gender
- Income
- Occupation
- Education
- Family size

□ Example: Luxury cars target high-income groups.

C. Psychographic Segmentation □

Based on lifestyle, personality, and values.

- Lifestyle (health-conscious, luxury-oriented)
- Personality traits (introvert, extrovert)
- Social class

- Example: Fitness brands target health-conscious consumers.

D. Behavioral Segmentation ☐

Based on consumer behavior and usage.

- Usage rate (heavy, medium, light users)
- Brand loyalty
- Benefits sought
- Occasion (festivals, daily use)

- Example: Chocolates marketed differently during festivals like Diwali.

Advantages of Market Segmentation

- Better understanding of customer needs
- Efficient use of marketing resources
- Higher customer retention
- Competitive advantage
- Improved product development

Limitations of Market Segmentation

- Costly and time-consuming
- Risk of over-segmentation
- Requires extensive data
- Implementation complexity

V. TARGETING

1. Introduction to Targeting

Targeting is the second step in the **STP process (Segmentation, Targeting, Positioning)**.

After dividing the market into segments, a firm evaluates and selects one or more segments to serve.

□ **Definition:**

Targeting is the process of selecting the most attractive market segments and deciding how to serve them.

2. Importance of Targeting

- Helps efficient use of resources
- Improves customer satisfaction
- Enhances competitive advantage
- Enables focused marketing strategies
- Reduces wastage in advertising and distribution

3. Basis for Evaluating Market Segments

Before selecting a target segment, firms evaluate segments using the following criteria:

3.1 Segment Size and Growth

- Current market size
- Growth potential
- Profitability

3.2 Segment Attractiveness

- Competitive intensity
- Threat of substitutes
- Entry barriers

3.3 Company Objectives and Resources

- Alignment with company goals
- Availability of financial, human, and technological resources

4. Targeting Strategies

4.1 Undifferentiated Marketing (Mass Marketing)

- Firm targets the entire market with one offer
- Focus on common needs

Example: Basic commodities like salt, sugar

Advantages:

- Cost efficiency
- Simplicity

Disadvantages:

- High competition
- Ignoring specific needs

4.2 Differentiated Marketing (Segmented Marketing)

- Targets multiple segments with different offerings

Example: Automobile companies offering economy, luxury, and SUV models

Advantages:

- Higher customer satisfaction
- Better market coverage

Disadvantages:

- Higher cost
- Complex management

4.3 Concentrated Marketing (Niche Marketing)

- Focus on a single segment

Example: Luxury brands targeting high-income groups

Advantages:

- Strong brand loyalty
- Expertise in a niche

Disadvantages:

- High risk if segment declines

4.4 Micromarketing

Customized marketing for individuals or local areas

a) Local Marketing

- Tailored to local customer needs

b) Individual Marketing (One-to-One Marketing)

- Personalized offers

Example: Customized online recommendations

5. Targeting Approaches**5.1 Single Segment Strategy**

- Focus on one segment

5.2 Selective Specialization

- Select multiple unrelated segments

5.3 Product Specialization

- Focus on one product for multiple segments

5.4 Market Specialization

- Serve many needs of a particular group

5.5 Full Market Coverage

- Cover entire market

6. Factors Influencing Targeting Decisions

- Company resources
- Product variability
- Product life cycle stage
- Market variability
- Competitor strategies

7. Benefits of Effective Targeting

- Better positioning
- Increased sales and profits

- Strong customer relationships
- Efficient marketing mix design

8. Limitations of Targeting

- Risk of wrong segment selection
- Over-specialization
- Market changes affecting demand
- High research cost

VI. POSITIONING

1. Introduction to Positioning

Positioning refers to the process of designing a company's offering and image so that it occupies a **distinct and valued place in the target customer's mind**.

According to Philip Kotler:

“Positioning is the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market.”

Key Idea

- Positioning is **perception-based**, not just product-based.
- It answers:
 - ☐ “*Why should customers choose this brand over others?*”

2. Importance of Positioning

Positioning is critical because:

- Helps differentiate the product in a crowded market
- Builds brand identity and recall
- Influences customer buying decisions
- Guides marketing mix (Product, Price, Place, Promotion)
- Creates competitive advantage

3. Positioning vs Differentiation

Aspect	Positioning	Differentiation
Meaning	Creating perception in mind	Actual product differences
Focus	Customer perception	Product attributes
Nature	Psychological	Physical + functional

☐ Differentiation is **what you do**, positioning is **what customers think**.

4. Positioning Process (Steps)

Step 1: Identify Target Market

- Segment the market (demographic, geographic, psychographic, behavioral)
- Select the most attractive segment

Step 2: Identify Competitors

- Direct competitors (same product category)
- Indirect competitors (substitutes)

Step 3: Determine Points of Difference (POD)

- Unique features or benefits
- Should be:
 - Desirable
 - Deliverable
 - Distinctive

Step 4: Determine Points of Parity (POP)

- Features necessary to be considered a valid competitor
- Example: basic quality, safety standards

Step 5: Select Positioning Strategy

- Choose a clear, simple positioning idea

Step 6: Communicate Positioning

- Through advertising, branding, packaging, etc.

5. Positioning Strategies

1. Attribute Positioning

- Based on product features
Example: High durability, advanced technology

2. Benefit Positioning

- Focus on customer benefits
Example: Toothpaste for cavity protection

3. Use/Application Positioning

- Based on usage occasion
Example: Energy drinks for sports performance

4. User Positioning

- Target specific user group
Example: Products for kids, professionals

5. Competitor-Based Positioning

- Direct comparison with competitors
Example: “Better than leading brands”

6. Quality/Price Positioning

- Premium or economy positioning
Example: Luxury vs budget brands

7. Cultural/Symbolic Positioning

- Based on values, lifestyle, or emotions

6. Repositioning

Repositioning involves changing the product's position in the consumer's mind.

Reasons for Repositioning

- Change in consumer preferences
- Intense competition
- Declining sales
- Technological changes

Types

- Reactive repositioning (due to competition)
- Proactive repositioning (to capture new markets)

7. Positioning Errors

1. Under-positioning
 - Customers have vague idea about brand
2. Over-positioning
 - Too narrow image (limited appeal)
3. Confused Positioning
 - Mixed or inconsistent messages
4. Doubtful Positioning
 - Claims lack credibility

8. Product Life Cycle and Positioning

Positioning strategy may change across stages:

Stage	Positioning Focus
Introduction	Awareness and innovation
Growth	Differentiation
Maturity	Reinforcement and loyalty
Decline	Reposition or withdraw

VII. DIFFERENTIATION IN MARKETING MANAGEMENT

1. Introduction to Differentiation

Differentiation is a marketing strategy through which a company makes its product or service **distinct from competitors** in ways that are valued by customers.

According to Philip Kotler, differentiation is:

“The act of designing a set of meaningful differences to distinguish the company's offering from competitors.”

Key Idea

Customers choose a product not only for its price but also for **unique value** such as quality, design, brand image, or service.

2. Importance of Differentiation

Differentiation is critical in competitive markets because it:

- Helps avoid **price competition**
- Builds **brand loyalty**
- Creates **competitive advantage**
- Enhances **perceived value**
- Supports **premium pricing**

Example:

- Apple Inc. differentiates through design, ecosystem, and innovation.
 - Nike differentiates through branding and emotional appeal.
-

3. Bases of Differentiation

A firm can differentiate its offering in several ways:

3.1 Product Differentiation

Focuses on product features and performance.

Elements:

- Form (size, shape)
- Features
- Performance quality
- Durability
- Reliability
- Design

Example:

- Samsung Electronics offers varied features across phone models.

3.2 Service Differentiation

Providing superior services along with the product.

Elements:

- Delivery speed
- Installation
- Customer training
- Maintenance and repair

Example:

- Amazon differentiates via fast delivery and easy returns.

3.3 Personnel Differentiation

Employees create a unique customer experience.

Qualities:

- Competence
- Courtesy
- Credibility
- Responsiveness

Example:

- Tata Group is known for ethical and customer-friendly staff.

3.4 Channel Differentiation

Efficient distribution channels.

Focus:

- Coverage
- Expertise
- Performance

Example:

- Reliance Retail has extensive distribution reach.

3.5 Image Differentiation

Creating a strong brand identity.

Tools:

- Logo
- Advertising
- Brand personality

Example:

- Coca-Cola uses emotional branding and global recognition.

4. Differentiation Strategies

4.1 Unique Selling Proposition (USP)

A specific benefit that makes the product unique.

Example:

- Colgate-Palmolive focuses on dental protection.

4.2 Value-Based Differentiation

Providing superior value relative to cost.

4.3 Innovation-Based Differentiation

Continuous improvement and innovation.

Example:

- Tesla differentiates through innovation in EV technology.

4.4 Brand-Based Differentiation

Strong brand identity creates distinction.

5. Criteria for Effective Differentiation

For differentiation to be successful, it must be:

1. **Important** – Valuable to customers
2. **Distinctive** – Unique from competitors
3. **Superior** – Better than alternatives
4. **Communicable** – Easily explained
5. **Preemptive** – Difficult to copy
6. **Affordable** – Within customer reach
7. **Profitable** – Benefits exceed costs

6. Steps in Developing Differentiation Strategy

1. Identify customer needs
2. Analyze competitors
3. Select differentiation attributes
4. Position the product
5. Communicate value to target market

VIII. CHANNEL MANAGEMENT

1. Introduction to Channel Management

Channel Management refers to the process of selecting, managing, and evaluating distribution channels to deliver products and services from producers to end consumers efficiently.

A **marketing channel (distribution channel)** is a set of interdependent organizations involved in making a product available for use or consumption.

Key Functions of Marketing Channels

- Information gathering about customers and competitors
- Promotion of products
- Negotiation of prices and terms
- Ordering and financing
- Risk-taking
- Physical distribution (transportation & storage)

2. Importance of Channel Management

Effective channel management helps in:

- Ensuring **product availability** at the right place and time
- Reducing **distribution costs**
- Enhancing **customer satisfaction**
- Expanding **market reach**
- Creating **competitive advantage**

3. Types of Marketing Channels

A. Direct Channel (Zero-Level Channel)

- Producer → Consumer
- No intermediaries
- Example: Company-owned stores, online sales

Advantages:

- Higher control
- Better profit margins
- Direct customer feedback

Disadvantages:

- High investment
- Limited reach

B. Indirect Channel

Involves intermediaries such as wholesalers and retailers.

1-Level Channel

Producer → Retailer → Consumer

2-Level Channel

Producer → Wholesaler → Retailer → Consumer

3-Level Channel

Producer → Agent → Wholesaler → Retailer → Consumer

Advantages:

- Wider distribution
- Reduced burden on producers

Disadvantages:

- Less control
- Lower margins

4. Channel Design Decisions

Channel design involves developing new channels or modifying existing ones.

Steps in Channel Design:

1. **Analyzing customer needs**
 - Convenience, variety, service level
2. **Setting channel objectives**
 - Market coverage
 - Profitability
3. **Identifying channel alternatives**
 - Types of intermediaries
 - Number of intermediaries
 - Responsibilities
4. **Evaluating alternatives**
 - Economic criteria (cost & profit)
 - Control
 - Adaptability

5. Channel Levels and Structure

Channel Levels

Refers to the number of intermediary layers.

Channel Structure Decisions

- **Intensive Distribution:** Maximum outlets (FMCG products)
- **Selective Distribution:** Limited outlets (electronics)
- **Exclusive Distribution:** Single or very few outlets (luxury goods)

6. Channel Integration Systems

A. Vertical Marketing System (VMS)

A unified system where producers, wholesalers, and retailers act as one.

Types:

1. **Corporate VMS** – Single ownership
2. **Contractual VMS** – Agreements (e.g., franchises)
3. **Administered VMS** – Dominance by one member

B. Horizontal Marketing System

Two or more companies at the same level collaborate.

C. Multichannel Distribution System

A company uses multiple channels to reach different segments.

7. Channel Member Selection

Criteria for Selecting Channel Members:

- Experience and reputation
- Financial strength
- Market coverage
- Sales capability
- Compatibility with company policies

8. Channel Motivation

Channel members must be motivated to perform effectively.

Methods:

- Higher margins and incentives
- Discounts and allowances
- Training programs
- Cooperative advertising
- Performance bonuses

9. Channel Conflict

Conflict occurs when members disagree on roles or rewards.

Types of Conflict:

1. **Horizontal Conflict** – Between same-level members
2. **Vertical Conflict** – Between different levels

Causes:

- Goal incompatibility
- Role ambiguity
- Poor communication

Resolution Methods:

- Negotiation
- Mediation
- Arbitration

10. Channel Power

Channel power is the ability to influence other channel members.

Types of Power:

- Reward power
- Coercive power
- Legitimate power
- Expert power
- Referent power

11. Channel Evaluation and Control

Performance Evaluation Criteria:

- Sales volume
- Market share
- Inventory turnover
- Customer satisfaction
- Delivery efficiency

Control Mechanisms:

- Regular audits
- Performance reviews
- Feedback systems

12. Logistics and Supply Chain in Channel Management

Physical Distribution (Logistics):

- Transportation
- Warehousing
- Inventory management
- Order processing

Objectives:

- Right product
 - Right place
 - Right time
 - Minimum cost
-

13. Emerging Trends in Channel Management

- Growth of **e-commerce platforms** (e.g., Amazon, Flipkart)
 - Use of **omnichannel marketing**
 - Increased use of **digital intermediaries**
 - Data-driven decision-making
-

14. Role of Technology in Channel Management

- ERP systems for coordination
 - CRM tools for customer insights
 - AI-based demand forecasting
 - Real-time inventory tracking
-

15. Advantages of Effective Channel Management

- Improved operational efficiency
 - Strong market presence
 - Better customer relationships
 - Increased profitability
-

16. Limitations / Challenges

- Channel conflicts
- High dependency on intermediaries
- Complex coordination
- Changing consumer behavior

IX. MANAGING INTEGRATED MARKETING CHANNELS

1. Introduction to Marketing Channels

A **marketing channel (distribution channel)** is a set of interdependent organizations involved in the process of making a product or service available for use or consumption.

Examples:

- Producers → Wholesalers → Retailers → Consumers
- Direct selling via e-commerce platforms

Definition

A marketing channel is a network of institutions that perform activities required to move goods from producers to consumers.

2. Concept of Integrated Marketing Channels

Integrated Marketing Channels refer to the coordination and unification of multiple distribution channels (offline + online) to deliver a seamless customer experience.

Key Idea

Customers interact with brands through multiple touchpoints:

- Physical stores
- Websites
- Mobile apps
- Social media

- Direct sales

Integration ensures:

- Consistent messaging
- Unified pricing
- Smooth customer journey

3. Importance of Channel Integration

1. Customer Convenience

Customers expect:

- Buy online, pick up in store (BOPIS)
- Easy returns across channels

2. Competitive Advantage

Firms with integrated channels:

- Offer better service
- Gain higher customer loyalty

3. Improved Data Utilization

Integrated systems:

- Track customer behavior across platforms
- Enable personalized marketing

4. Increased Sales and Reach

- Combines reach of physical + digital platforms
- Enhances market penetration

4. Types of Marketing Channels

A. Direct Channels

- Producer → Consumer
- Example: Company-owned website

B. Indirect Channels

- Producer → Intermediaries → Consumer
- Includes wholesalers, retailers

C. Hybrid Channels (Multi-channel)

- Combination of direct and indirect channels
- Example: Selling via stores + online marketplaces

5. Channel Integration Strategies

1. Vertical Marketing Systems (VMS)

A system where producers, wholesalers, and retailers act as a unified system.

Types:

- **Corporate VMS** – One firm owns all levels
 - **Contractual VMS** – Independent firms coordinate via contracts
 - **Administered VMS** – Dominant firm controls others
-

2. Horizontal Marketing Systems

Two or more firms at the same level collaborate.

Example:

- Joint distribution partnerships
-

3. Omni-channel Strategy

Advanced integration where:

- All channels are interconnected
- Customer experience is seamless

Features:

- Unified inventory
 - Consistent pricing
 - Cross-channel promotions
-

6. Channel Design Decisions

1. Analyzing Customer Needs

- Lot size
- Waiting time
- Convenience
- Service expectations

2. Setting Channel Objectives

- Market coverage
- Service quality
- Cost efficiency

3. Identifying Alternatives

- Types of intermediaries
- Number of intermediaries
- Responsibilities

4. Evaluating Alternatives

Based on:

- Economic criteria
- Control
- Adaptability

7. Channel Management Decisions

1. Selecting Channel Members

Criteria:

- Experience
- Financial strength
- Market reputation

2. Training and Motivating Channel Members

Methods:

- Incentives
- Training programs
- Cooperative advertising

3. Evaluating Channel Performance

Metrics:

- Sales volume
- Delivery time
- Customer satisfaction

8. Channel Conflict and Its Management

Types of Conflict

1. Vertical Conflict

Between different levels

Example: Manufacturer vs retailer

2. Horizontal Conflict

Between same-level members

Example: Retailer vs retailer

3. Multi-channel Conflict

Between different channels of same company

Causes of Conflict

- Pricing differences
- Territory disputes
- Role ambiguity

Conflict Resolution Techniques

- Negotiation
- Mediation
- Arbitration
- Clear role definition

9. Role of Technology in Channel Integration

1. E-commerce Platforms

Enable direct selling

2. Customer Relationship Management (CRM)

- Tracks customer interactions
- Helps personalization

3. Supply Chain Management Systems

- Improve logistics coordination

4. Data Analytics

- Predict demand
- Optimize inventory

10. Logistics and Supply Chain Integration

Functions:

- Order processing
- Warehousing
- Inventory management
- Transportation

Objective:

Deliver the **right product**, at the **right time**, in the **right place**, at the **lowest cost**

11. Challenges in Managing Integrated Channels

- Channel conflict
- High integration cost
- Technology issues
- Resistance from intermediaries
- Maintaining consistency across channels

12. Contemporary Trends

- Rise of omni-channel retailing
- Increased use of AI and automation
- Direct-to-consumer (D2C) models
- Last-mile delivery innovations

13. Advantages of Integrated Marketing Channels

- Better customer experience
 - Increased efficiency
 - Stronger brand image
 - Improved coordination
-

14. Disadvantages

- High setup cost
- Complex management
- Risk of channel conflict

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 - Increased efficiency
 - Stronger brand image
 - Improved coordination
-

14. Disadvantages

- High setup cost
 - Complex management
 - Risk of channel conflict
-

XI. MANAGING RETAILING

1. Introduction to Retailing

Retailing includes all activities involved in selling goods or services directly to final consumers for personal use.

Definition

Retailing is the process of selling products in small quantities to end users.

2. Functions of Retailing

- Breaking bulk (buying large quantities, selling small units)
 - Holding inventory
 - Providing variety and assortment
 - Customer service (credit, delivery, assistance)
 - Market information to producers
-

3. Types of Retailers

A. Store-Based Retailing

1. **Department Stores** – Wide variety (e.g., clothing, electronics)
 2. **Supermarkets** – Self-service, food and groceries
 3. **Convenience Stores** – Small stores, quick purchases
 4. **Specialty Stores** – Focus on one product line
 5. **Hypermarkets** – Combination of supermarket + department store
-

B. Non-Store Retailing

- E-commerce (online retailing)
 - Direct selling
 - Telemarketing
 - Vending machines
-

4. Retailing Strategies

1. Target Market Selection

- Mass market / niche market

2. Retail Positioning

- Based on price, quality, service

3. Retail Marketing Mix

Product

- Assortment, variety

Price

- Competitive pricing, discounts

Place

- Store location is critical

Promotion

- Advertising, sales promotion
-

5. Retail Atmosphere

Includes:

- Store layout
- Lighting
- Music
- Cleanliness

Goal: Enhance customer experience

6. Retail Trends

- Omni-channel retailing

- Digital payments
- Personalized shopping experience
- AI-based recommendations

XII. MANAGING WHOLESALING & LOGISTICS

1. Introduction to Wholesaling

Wholesaling involves selling goods in large quantities to retailers, businesses, or other intermediaries.

2. Functions of Wholesalers

- Buying and assortment building
- Bulk breaking
- Warehousing
- Transportation
- Financing
- Risk bearing
- Market information

3. Types of Wholesalers

A. Merchant Wholesalers

- Take ownership of goods

B. Brokers and Agents

- Do not own goods, earn commission

C. Manufacturer's Sales Branches

- Owned by producers

4. Trends in Wholesaling

- Disintermediation (cutting out middlemen)
- Digital platforms
- Increased competition

5. Introduction to Logistics Management

Definition

Logistics involves planning, implementing, and controlling the flow and storage of goods from origin to consumption.

6. Objectives of Logistics

- Right product
- Right place
- Right time
- Minimum cost

7. Key Logistics Functions

1. Order Processing
 - Receiving and handling customer orders
2. Warehousing
 - Storage of goods
3. Inventory Management
 - Maintaining optimal stock levels
4. Transportation
 - Movement of goods via road, rail, air, sea

8. Supply Chain Management (SCM)

Definition

SCM integrates suppliers, manufacturers, warehouses, and retailers to deliver value to customers.

Components

- Suppliers
- Manufacturers
- Distributors
- Retailers

9. Logistics Strategies

- Just-in-Time (JIT)
- Outsourcing logistics (3PL)
- Technology integration

10. Challenges in Logistics

- High transportation cost
- Demand fluctuations
- Infrastructure issues
- Inventory mismanagement

XIII. ADVERTISING AND SALES PROMOTION

1. Introduction to Advertising

Definition

Advertising is a paid, non-personal form of communication used to promote products or services.

2. Objectives of Advertising

- Informing customers
- Persuading buyers

- Reminding users
- Building brand image

3. Types of Advertising

1. Informative Advertising
 - Introduces new products
2. Persuasive Advertising
 - Encourages brand switching
3. Reminder Advertising
 - Maintains brand awareness

4. Advertising Media

Traditional Media

- TV
- Radio
- Newspapers
- Magazines

Digital Media

- Social media
- Search engines
- Websites

5. Advertising Process

1. Setting objectives
2. Budget decision
3. Message design
4. Media selection
5. Evaluation

6. Sales Promotion

Definition

Short-term incentives to encourage purchase or sale of a product.

7. Objectives of Sales Promotion

- Increase sales
- Attract new customers
- Clear excess inventory
- Encourage repeat purchases

8. Types of Sales Promotion

A. Consumer Promotion

- Discounts
 - Coupons
 - Free samples
 - Cashback offers
-

B. Trade Promotion

- Incentives to retailers/wholesalers
 - Trade discounts
 - Display allowances
-

C. Sales Force Promotion

- Bonuses
 - Contests
 - Incentives
-

9. Tools of Sales Promotion

- Price packs
 - Premiums
 - Loyalty programs
 - Point-of-purchase displays
-

10. Advantages of Sales Promotion

- Immediate sales boost
 - Attracts attention
 - Encourages trial
-

11. Disadvantages

- Short-term impact
 - May reduce brand loyalty
 - Can lead to price wars
-

XIV. PRICING: OBJECTIVES, POLICIES, AND METHODS

1. Introduction to Pricing

Pricing is one of the most critical elements of the marketing mix. It is the **only element that generates revenue**, while the others (product, place, promotion) incur costs. Pricing decisions directly affect demand, profitability, market share, and brand positioning.

2. Pricing Objectives

Pricing objectives are the goals a firm aims to achieve through its pricing strategies. These objectives guide the overall pricing decision.

2.1 Profit-Oriented Objectives

- **Profit Maximization**
Setting prices to achieve the highest possible profit.
- **Target Return on Investment (ROI)**
Pricing to achieve a specific return on capital employed.
- **Target Profit Pricing**
Fixing prices to earn a predetermined profit level.

□ *Example:* A company may aim for 15% ROI and set prices accordingly

2.2 Sales-Oriented Objectives

- **Sales Maximization**
Increasing sales volume rather than profit.
- **Market Share Maximization**
Capturing a larger share of the market.
- **Market Penetration**
Setting low prices to enter and dominate the market quickly.

□ *Used when competition is intense or demand is price-sensitive.*

2.3 Status Quo Objectives

- **Price Stabilization**
Maintaining stable prices to avoid price wars.
- **Meeting Competition**
Setting prices similar to competitors.

2.4 Survival Objective

- Used during **economic downturns or intense competition.**
- Prices are set low to cover costs and stay in business.

2.5 Customer-Oriented Objectives

- **Customer Value Maximization**
Offering the best value for money.
- **Building Customer Loyalty**
Fair pricing to retain customers long-term.

2.6 Social Objectives

- Pricing aligned with **ethical, social, or regulatory considerations.**
- Example: Affordable pricing for essential goods.

3. Pricing Policies

Pricing policies are **guidelines or rules** that help firms make consistent pricing decisions.

3.1 One-Price Policy

- Same price for all customers.
- Common in retail stores.

3.2 Flexible Pricing Policy

- Different prices for different customers or situations.
- Common in B2B markets.

3.3 Skimming Pricing Policy

- High initial price, then gradually reduced.
- Suitable for innovative or premium products.

- *Advantage:* Quick recovery of investment
- *Disadvantage:* Attracts competitors

3.4 Penetration Pricing Policy

- Low initial price to gain market share quickly.
- Suitable for mass markets.

3.5 Psychological Pricing Policy

- Prices designed to influence perception.
- Example: ₹999 instead of ₹1000.

3.6 Discount and Allowance Policy

- **Trade Discounts** – Given to intermediaries
- **Cash Discounts** – For early payment
- **Seasonal Discounts** – To boost off-season sales

3.7 Geographical Pricing Policy

- Prices vary based on location.
- Includes:
 - FOB pricing
 - Uniform delivered pricing
 - Zone pricing

3.8 Product Line Pricing Policy

- Setting prices for a range of related products.
- Example:
 - Basic, standard, and premium variants.

3.9 Promotional Pricing Policy

- Temporary price reductions to boost sales.
- Examples:
 - Festive offers
 - Limited-time discounts

4. Pricing Methods

Pricing methods are the **approaches used to determine the actual price.**

4.1 Cost-Based Pricing

a) Cost-Plus Pricing

- Price = Cost + Markup
- Simple and widely used.

□ *Example:*

Cost = ₹100, Markup = 20% → Price = ₹120

b) Break-Even Pricing

- Price set to cover costs at a certain sales level.
- Based on:
 - Fixed costs
 - Variable costs

c) Target Return Pricing

- Price set to achieve a specific return on investment.

4.2 Demand-Based Pricing

a) Value-Based Pricing

- Price based on customer perception of value.
- Higher perceived value → Higher price.

b) Price Discrimination

- Charging different prices to different customers.
- Example:
 - Student discounts
 - Airline pricing

c) Psychological Pricing

- Based on consumer behavior and perception.

4.3 Competition-Based Pricing

a) Going-Rate Pricing

- Price based on competitors' prices.

b) Competitive Bidding

- Common in government contracts and tenders.

4.4 Other Pricing Methods

a) Dynamic Pricing

- Prices change based on demand, time, or conditions.

b) Freemium Pricing

- Basic service free, premium features paid.

c) Bundle Pricing

- Multiple products sold together at a lower price.

5. Factors Influencing Pricing Decisions

Internal Factors

- Cost of production
- Company objectives
- Marketing strategy
- Product life cycle

External Factors

- Demand and supply

- Competition
- Government regulations
- Economic conditions

6. Importance of Pricing

- Determines profitability
- Influences demand
- Affects brand image
- Helps in market positioning

UNIT IV

CONSUMER AND ORGANIZATIONAL BUYER BEHAVIOR

SYLLABUS

Understanding industrial and consumer buyer behavior - Influencing factors - Buyer Behaviour Models - Online buyer behavior - Building and measuring satisfaction - Customer relationships management - Customer acquisition – Retaining – Defection - Creating long term loyalty relation.

S. No	Topic	Course Outcome (CO)	Programme Outcomes (POs)	Bloom's Taxonomy Level
1	Understanding industrial and consumer buyer behavior	C04	PO1, PO2,	BT1 – Remember
2	Influencing factors	C04	PO1, PO2,PO6	BT3 – Apply
3	Buyer Behaviour Models	C04	PO2, PO6	BT3 – Apply BT4 – Analyze
4	Online buyer behavior	C04	PO2,PO3,PO5	BT3 – Apply BT4 – Analyze
5	Building and measuring satisfaction	C04	PO2,PO3,PO4	BT3 – Apply BT–5 Evaluate
6	Customer relationships management	C04	PO3,PO4, PO6	BT4 – Analyze BT–5 Evaluate
7	Customer acquisition	C04	PO1, PO2,	3 – Apply
8	Retaining	C04	PO1, PO2,PO6	BT3 – Apply
9	Defection	C04	PO2, PO6	BT3 – Apply BT4 – Analyze
10	Creating long term loyalty relation.	C04	PO1, PO2	BT3 – Apply

I. UNDERSTANDING INDUSTRIAL AND CONSUMER BUYER BEHAVIOR

Buyer behavior is the **decision-making process and actions of individuals or organizations** in acquiring, using, and disposing of goods and services. It is influenced by multiple factors including psychological, social, cultural, and environmental aspects. In marketing, understanding buyer behavior is critical for designing effective strategies, targeting the right audience, and gaining competitive advantage.

1. Consumer Buyer Behavior

Consumer buyer behavior refers to the **behavior of individuals and households** in purchasing goods and services for personal consumption.

1.1 Characteristics of Consumer Markets

- **Large number of buyers:** Consumers are numerous and heterogeneous.

- **Diverse preferences:** Consumers differ in tastes, income, lifestyle.
- **Impulse and habitual buying:** Some purchases are routine (e.g., groceries), others are impulsive (e.g., gifts).
- **Emotional involvement:** Purchasing often involves emotional and psychological factors.

1.2 Consumer Buying Decision Process

The consumer buying decision process consists of **five key stages**:

1. **Need Recognition**
 - Occurs when the consumer identifies a gap between their current state and desired state.
 - Triggered by internal stimuli (hunger, thirst) or external stimuli (advertisements, peer influence).
2. **Information Search**
 - Consumers gather information about products or services.
 - Sources: personal (family/friends), commercial (ads, salespeople), public (reviews), experiential (trial).
3. **Evaluation of Alternatives**
 - Consumers compare products based on features, price, quality, and brand.
 - Models:
 - **Compensatory model:** High scores in one attribute can offset low scores in another.
 - **Non-compensatory model:** Fails any one criterion leads to rejection.
4. **Purchase Decision**
 - Choice of product/brand based on evaluation.
 - Influenced by:
 - Attitudes of others (family, peers)
 - Unexpected situational factors (discounts, stock-outs)
5. **Post-Purchase Behavior**
 - Evaluation of satisfaction or dissatisfaction.
 - Leads to:
 - Repeat purchase (if satisfied)
 - Complaints or negative word-of-mouth (if dissatisfied)
 - Marketers focus on **customer satisfaction and loyalty**.

1.3 Factors Influencing Consumer Behavior

1. **Cultural Factors**
 - Culture, subculture, and social class shape values, beliefs, and preferences.
2. **Social Factors**
 - Reference groups, family, roles, and status affect decisions.
3. **Personal Factors**
 - Age, occupation, lifestyle, economic situation.
4. **Psychological Factors**
 - Motivation, perception, learning, beliefs, and attitudes.

2. Industrial Buyer Behavior

Industrial (or organizational) buyer behavior refers to the **purchasing behavior of organizations** that buy goods and services for **production, resale, or operational purposes**.

2.1 Characteristics of Industrial Markets

- **Fewer buyers:** Compared to consumer markets, but purchase volumes are large.
- **Professional buying:** Decisions are based on technical specifications, ROI, and quality.
- **Derived demand:** Demand depends on consumer demand.
- **Formal procedures:** Purchases follow formalized processes and contracts.

2.2 Types of Industrial Buying Situations

1. **Straight Rebuy**
 - Routine reorder of existing products without modifications.
 - Example: Raw materials ordered regularly.
2. **Modified Rebuy**
 - Buyer wants to modify specifications, suppliers, or terms.
 - Example: Switching vendors for better price or quality.
3. **New Task**
 - First-time purchase requiring detailed evaluation.
 - Example: Buying new machinery or software.

2.3 Industrial Buying Process

1. **Problem Recognition**
 - Organization identifies a need for goods/services.
2. **General Need Description**
 - Broad description of the requirement (quantity, quality, purpose).
3. **Product Specification**
 - Technical specifications and standards are defined.
4. **Supplier Search**
 - Identification and evaluation of potential suppliers.
5. **Proposal Solicitation**
 - Suppliers submit bids or proposals.
6. **Supplier Selection**
 - Evaluation based on quality, price, reliability, and service.
7. **Order Routine Specification**
 - Final order details, contract terms, delivery schedule.
8. **Performance Review**
 - Evaluation of supplier performance for future reference.

2.4 Factors Influencing Industrial Buyer Behavior

1. **Environmental Factors**
 - Economic, technological, political, and competitive environment.
2. **Organizational Factors**
 - Objectives, policies, procedures, and hierarchy.
3. **Interpersonal Factors**
 - Influence of key decision-makers within the buying center.
4. **Individual Factors**
 - Age, education, job position, risk perception.

2.5 Buying Center Concept

The **buying center** is a group of people in an organization involved in a purchase decision:

- **Users:** Those who use the product.

- **Influencers:** Provide information or specifications.
- **Buyers:** Authority to make the purchase.
- **Deciders:** Final decision authority.
- **Gatekeepers:** Control information flow.

3. Key Differences Between Consumer and Industrial Buyer Behavior

Aspect	Consumer Buyer Behavior	Industrial Buyer Behavior
Decision Maker	Individual or family	Group (Buying center)
Number of Buyers	Large, diverse	Few, concentrated
Purchase Volume	Small	Large
Buying Motive	Emotional, personal	Rational, business-oriented
Decision Process	Shorter, simpler	Longer, formalized
Product Complexity	Low to medium	High, technical

4. Importance of Understanding Buyer Behavior

1. Helps in **segmenting and targeting** effectively.
2. Improves **product design and positioning**.
3. Supports **pricing and promotional strategies**.
4. Enhances **customer satisfaction and loyalty**.
5. Reduces risks of **marketing failures**.

II. INFLUENCING FACTORS IN BUYER BEHAVIOR

Buyer behavior is shaped not only by the product or service itself but also by a variety of **influencing factors**. These factors determine **how, why, when, and what consumers or organizations purchase**. Marketers must understand these factors to design effective marketing strategies.

Buyer behavior is influenced by **four major categories of factors**:

1. **Cultural Factors**
2. **Social Factors**
3. **Personal Factors**
4. **Psychological Factors**

1. Cultural Factors

Culture is the **most fundamental determinant** of a person's wants and behavior. It represents the **shared values, beliefs, and norms** of a society.

Components of Cultural Influence

1. **Culture**
 - Culture is a set of basic values, perceptions, and behaviors learned by members of society.
 - Example: Dietary preferences, clothing styles, technology adoption.
 - Marketing Implication: Brands must adapt products to local culture (e.g., McDonald's serving vegetarian options in India).

2. Subculture

- Smaller groups within a culture that share specific values or lifestyles.
- Examples: Religion, ethnic groups, age-based communities.
- Marketing Implication: Targeted campaigns for ethnic festivals or youth culture.

3. Social Class

- A relatively permanent and ordered division in society based on wealth, education, occupation, and prestige.
- Impact: Influences product choice, brand preferences, and consumption patterns.
- Example: Luxury brands target upper-class consumers; FMCG brands target middle-class segments.

2. Social Factors

Social influences come from **interactions with others** and the groups individuals belong to. Humans are social beings, and their buying decisions are often affected by **family, friends, and social networks**.

Key Social Influences

1. Reference Groups

- Groups that directly or indirectly influence attitudes or behavior.
- Types:
 - **Membership groups:** Groups one belongs to (family, clubs).
 - **Aspirational groups:** Groups one wants to join (celebrities, elite clubs).
 - **Dissociative groups:** Groups one wants to avoid.
- Marketing Implication: Peer endorsements or influencer marketing leverage reference group influence.

2. Family

- Family members influence brand choice, purchase frequency, and decision-making authority.
- Example: Parents influence children's food choices; spouses influence household purchases.

3. Roles and Status

- Each person has multiple roles (e.g., parent, employee, friend) that determine buying behavior.
- Status in society also affects product choices.
- Example: High-status individuals may prefer premium cars or luxury watches.

3. Personal Factors

Personal factors are **unique to each individual** and include demographic and lifestyle characteristics.

Key Personal Factors

1. Age and Life Cycle Stage

- Needs and preferences change with age and family stage.
- Example: Young singles prefer trendy gadgets; middle-aged consumers focus on health products.

2. Occupation and Economic Situation

- Occupation affects buying power, preferences, and lifestyle.
- Income level determines affordability and purchasing behavior.
- Example: Professionals may buy branded work attire; students prefer budget-friendly products.

3. Lifestyle

- A person's pattern of living, activities, interests, and opinions.
- Lifestyle segmentation helps marketers tailor products to consumer preferences.
- Example: Fitness enthusiasts prefer organic foods and gym equipment.

4. Personality and Self-Concept

- Personality traits (introvert, extrovert, adventurous) influence brand choice.
- Consumers often buy products that reflect their self-image.
- Example: A consumer may choose eco-friendly products to reflect a socially responsible self-image.

4. Psychological Factors

Psychological factors are **internal motivations and mental processes** that affect how individuals perceive and respond to stimuli.

Key Psychological Influences

1. Motivation

- The driving force behind behavior, often linked to Maslow's Hierarchy of Needs:
 - Physiological → Safety → Social → Esteem → Self-actualization
- Example: Luxury cars fulfill esteem and status needs.

2. Perception

- The process of selecting, organizing, and interpreting information to form a meaningful picture.
- Different people perceive the same product differently.
- Example: A product labeled "organic" may be perceived as healthier.

3. Learning

- Changes in behavior resulting from experience or information.
- Example: A consumer who had a positive experience with a brand is likely to repurchase.

4. Beliefs and Attitudes

- Beliefs: Descriptive thoughts about a product or brand.
- Attitudes: Persistent evaluations or feelings toward a product.
- Marketing Implication: Companies try to shape positive attitudes through advertising and brand positioning.

5. Other Influencing Factors (Optional but Important)

1. Situational Factors

- Temporary conditions influencing behavior.
- Examples: Time constraints, store layout, weather, or special occasions.

2. Marketing Mix Factors

- Product features, price, promotion, and place (distribution) can directly influence purchase decisions.

III. BUYER BEHAVIOR MODELS

Buyer behavior models are **theoretical frameworks** that help marketers **understand how consumers and organizations make purchasing decisions**. These models explain the **processes, factors, and interactions** that influence buying behavior.

Understanding these models helps marketers:

- Predict consumer behavior
- Design effective marketing strategies
- Influence decision-making through appropriate stimuli

Buyer behavior models are generally classified into:

1. **Economic Models**
2. **Learning and Psychological Models**
3. **Howard-Sheth Model**
4. **Nicosia Model**
5. **Engel-Kollat-Blackwell (EKB) Model**

1. Economic Models of Buyer Behavior

These models assume that **buyers are rational decision-makers** who aim to **maximize utility** while minimizing costs.

Key Features

- Consumers have full information about products, prices, and alternatives.
- Decisions are based on **economic calculations**.
- Often used in **industrial and high-involvement purchases**.

Example

- A buyer comparing the **price and features of two laptops** to get the best value.

Limitations

- Assumes perfect rationality, ignoring **psychological, emotional, and social influences**.
- Real-world buyers are not always rational.

2. Learning and Psychological Models

These models emphasize the **psychological processes** behind buying, focusing on **motivation, perception, learning, and attitudes**.

Key Features

- Consumer behavior is influenced by **stimuli (marketing and environmental factors)**.
- Decisions are based on **experience, perception, and reinforcement**.

Types

1. **Stimulus-Response Model**

- Marketing stimuli (product, price, promotion) → Buyer's decision → Response (purchase)
 - Example: A promotional campaign motivates a customer to buy a new soft drink.
2. **Motivational Model (Maslow's Hierarchy)**
- Buyers make decisions based on needs:
 1. Physiological
 2. Safety
 3. Social
 4. Esteem
 5. Self-actualization
 - Example: Luxury cars appeal to **esteem and status needs**.

3. Howard-Sheth Model

The **Howard-Sheth Model (1969)** is a **comprehensive model** of buyer behavior integrating **psychological and social factors**.

Key Components

1. **Inputs (Stimuli)**
 - **Marketing stimuli:** Product, price, place, promotion
 - **Social stimuli:** Family, reference groups, social class
2. **Perceptual Constructs**
 - **Attention:** Buyer notices the product
 - **Comprehension:** Buyer understands the product's attributes
 - **Attitude formation:** Buyer forms positive/negative attitude
3. **Learning Constructs**
 - Past experiences influence future behavior
 - Reinforcement strengthens repeat purchase
4. **Outputs (Behavioral Response)**
 - Purchase or non-purchase decision

Significance

- Explains **complex, high-involvement buying decisions**
- Useful for **industrial and consumer durable products**

4. Nicosia Model

The **Nicosia Model (1973)** focuses on the **communication process** between the firm and the consumer.

Key Features

- Views consumer behavior as a **dynamic process** between **firm's marketing communication** and **consumer's decision-making**.

Components

1. **Firm Attributes / Marketing Effort**
 - Product features, promotion, and advertising
2. **Consumer Attributes**
 - Motivation, attitude, personality, information processing

3. Decision Field

- Evaluation of alternatives based on interaction with marketing stimuli

4. Outcome

- Purchase decision, leading to feedback for future marketing strategies

Significance

- Highlights the role of **communication and feedback loops**
- Useful in **advertising and brand management**

5. Engel-Kollat-Blackwell (EKB) Model

The **EKB Model (1968, updated 1982)** is widely used in **consumer behavior analysis**. It describes the **decision-making process in a structured manner**.

Key Stages

1. Problem Recognition

- Realization of a need

2. Information Search

- Internal (memory, past experience)
- External (advertising, peers, internet)

3. Evaluation of Alternatives

- Compare brands/products based on features, price, quality

4. Purchase Decision

- Choice of product and purchase

5. Post-Purchase Evaluation

- Satisfaction or dissatisfaction
- Leads to repeat purchase or negative feedback

Significance

- Provides a **step-by-step guide** for understanding consumer purchase decisions
- Useful for **product development, advertising, and post-sale marketing**

6. Comparison of Buyer Behavior Models

Model	Focus	Strength	Limitation
Economic	Rational decision-making	Simple and quantitative	Ignores psychology & social factors
Learning/Psychological	Motivation & perception	Explains emotional factors	Less structured for complex decisions
Howard-Sheth	Integration of social & psychological factors	Explains high-involvement decisions	Complex, hard to quantify
Nicosia	Firm-consumer communication	Highlights feedback & advertising	Limited for routine purchases
EKB	Step-by-step decision process	Practical & structured	May not capture subconscious influences

IV. ONLINE BUYER BEHAVIOR

Online buyer behavior refers to the **decision-making process and actions of consumers when purchasing goods or services over the Internet**. With the growth of **e-commerce, digital platforms, and mobile technology**, understanding online buying behavior has become critical for marketers to design effective digital marketing strategies.

Online buyer behavior is influenced by **traditional factors** (cultural, social, personal, psychological) as well as **digital-specific factors** (website design, online reviews, social media influence).

1. Characteristics of Online Buyers

1. **Global and Diverse**
 - Online buyers can come from different regions and demographic backgrounds.
2. **Convenience-Oriented**
 - Online shopping is valued for **24/7 access, home delivery, and time-saving**.
3. **Information-Seeking**
 - Consumers compare products, read reviews, and check prices before purchase.
4. **Interactive**
 - Online buyers often engage in **chat support, social media interactions, and community forums**.
5. **Tech-Savvy**
 - Online buyers are familiar with **digital payment systems, apps, and e-commerce platforms**.

2. Online Buying Decision Process

The **online buying decision process** is similar to traditional consumer behavior but has **digital-specific considerations** at each stage:

1. **Need Recognition**
 - Triggered by internal needs (e.g., wanting a new smartphone) or external stimuli (ads, emails, social media recommendations).
2. **Information Search**
 - Extensive online search via:
 - E-commerce websites (Amazon, Flipkart)
 - Search engines (Google)
 - Product review sites and blogs
 - Social media recommendations
 - Consumers rely on **ratings, reviews, influencer opinions, and comparison websites**.
3. **Evaluation of Alternatives**
 - Comparison based on:
 - Price, quality, brand, delivery options
 - Website credibility and trust signals (secure payment, return policy)
 - Tools like **product comparison apps** make evaluation faster.
4. **Purchase Decision**
 - Influenced by:
 - Discounts, offers, free shipping

- Payment options (credit/debit cards, wallets, UPI)
 - User-friendly checkout process
 - Abandonment of carts is common if process is complex.
5. **Post-Purchase Behavior**
- Includes **delivery satisfaction, product quality, and customer service experience**.
 - Online feedback and reviews affect future buying and brand perception.
 - Social sharing of experience is significant (positive or negative).

3. Factors Influencing Online Buyer Behavior

Online buyer behavior is influenced by a combination of **traditional and digital-specific factors**:

3.1 Cultural Factors

- Similar to offline: culture, subculture, social class
- Example: Cultural festivals influence online buying patterns (Diwali, Christmas)

3.2 Social Factors

- Influence of peers, online communities, and social media influencers
- Peer reviews and ratings on e-commerce platforms guide decisions

3.3 Personal Factors

- Age, lifestyle, occupation, and income influence product choice
- Tech literacy is a significant personal factor in online behavior

3.4 Psychological Factors

- Motivation, perception, learning, attitudes, and trust
- Trust and security concerns are critical in online buying

3.5 Digital-Specific Factors

1. **Website Design and Usability**
 - Easy navigation, fast loading, clear information
2. **Reviews and Ratings**
 - High ratings and positive reviews increase purchase likelihood
3. **Price and Convenience**
 - Online discounts, coupons, and hassle-free returns
4. **Personalization**
 - Recommendations based on browsing and purchase history
5. **Security and Privacy**
 - Safe payment gateways, secure checkout, and data privacy
6. **Social Media Influence**
 - Engagement with influencers and brand pages affects buying decisions

4. Types of Online Buyers

1. **Browsers**
 - Visit websites for information but may not buy immediately
2. **Impulsive Buyers**
 - Make quick purchases influenced by promotions or social media ads

3. Need-Based Buyers

- Visit online stores with a specific product in mind

4. Loyal Buyers

- Regularly purchase from a preferred e-commerce platform or brand

5. Online Buyer Behavior Patterns

- **Multi-Device Shopping:** Buyers switch between mobile, desktop, and tablets.
- **Cart Abandonment:** High in online shopping due to price sensitivity, delivery charges, or complicated checkout.
- **Social Proof Dependence:** Ratings, reviews, and influencer recommendations heavily guide decisions.
- **Speed and Convenience-Oriented:** Fast delivery and easy returns are key drivers.
- **Global Reach:** Access to international brands and products not available offline.

6. Implications for Marketers

1. Website Optimization

- Ensure user-friendly interface, mobile responsiveness, and easy checkout.

2. Content and Reviews

- Leverage testimonials, ratings, and social media content.

3. Digital Marketing Strategies

- SEO, email campaigns, social media marketing, and retargeting.

4. Trust-Building Measures

- Display secure payment options, transparent policies, and customer support.

5. Customer Engagement

- Personalization, loyalty programs, and interactive communication to retain buyers.

V. BUILDING AND MEASURING CUSTOMER SATISFACTION

1. Introduction to Customer Satisfaction

- **Definition:** Customer satisfaction is the degree to which a product or service meets or exceeds customer expectations. It is a key metric for understanding customer perceptions and loyalty.
- **Importance in Marketing Management:**
 - Drives repeat purchases and customer loyalty.
 - Reduces customer churn.
 - Increases positive word-of-mouth.
 - Supports brand reputation and competitive advantage.

“Satisfied customers are not enough; delighting customers creates loyalty.” – Marketing principle.

2. Factors Influencing Customer Satisfaction

Customer satisfaction is influenced by both **expectations** and **perceptions**. Key factors include:

1. Product Quality

- Performance, reliability, durability, features.

2. **Service Quality**
 - Responsiveness, assurance, empathy, reliability, tangibles (SERVQUAL model).
3. **Price Perception**
 - Value for money – balancing cost and benefits.
4. **Customer Expectations**
 - Prior experiences, word-of-mouth, brand promises.
5. **Emotional Factors**
 - Trust, brand attachment, and perceived fairness.

Note: Satisfaction is subjective; two customers with the same experience may perceive it differently based on personal expectations.

3. Building Customer Satisfaction

Creating satisfaction requires a **strategic approach** encompassing product, service, and experience management.

A. Understanding Customer Needs

- **Market Research:** Surveys, focus groups, interviews to identify explicit and latent needs.
- **Customer Segmentation:** Different segments have different expectations; customization improves satisfaction.

B. Product and Service Design

- Ensure products meet functional requirements and aesthetic preferences.
- Provide convenience, user-friendliness, and additional features.

C. Service Excellence

- Implement **SERVQUAL** principles:
 1. Tangibles – physical facilities and equipment.
 2. Reliability – consistent service delivery.
 3. Responsiveness – promptness and willingness to help.
 4. Assurance – competence and courtesy of staff.
 5. Empathy – personalized attention to customers.

D. Relationship Marketing

- Building long-term relationships increases satisfaction and loyalty.
- Tools include loyalty programs, personalized communication, and customer support.

E. Customer Experience Management (CEM)

- Monitor and improve every touchpoint in the customer journey.
- Aim for “**moments of delight**” beyond basic expectations.

4. Measuring Customer Satisfaction

Measurement is crucial to understand how well your organization meets customer expectations.

A. Methods of Measurement

1. Direct Feedback

- Surveys, questionnaires, online feedback forms.
- Example metrics: Likert scale (1–5) satisfaction rating.

2. Indirect Feedback

- Complaint logs, returns, customer inquiries.

3. Behavioral Metrics

- Repeat purchases, customer retention rates, net promoter score (NPS).

B. Key Tools and Metrics

1. Customer Satisfaction Score (CSAT)

- Measures satisfaction on a specific interaction.
- Formula:

$$\text{CSAT} = \frac{\text{Number of satisfied customers}}{\text{Total respondents}} \times 100$$
$$\text{CSAT} = \frac{\text{Number of satisfied customers}}{\text{Total respondents}} \times 100$$

2. Net Promoter Score (NPS)

- Measures loyalty and likelihood of recommending the brand.
- Formula:

$$\text{NPS} = \% \text{Promoters} - \% \text{Detractors}$$
$$\text{NPS} = \% \text{Promoters} - \% \text{Detractors}$$

3. Customer Effort Score (CES)

- Measures how easy it is for customers to interact with the brand.

4. SERVQUAL Model

- Compares customer expectations vs. perceptions across five dimensions (tangibles, reliability, responsiveness, assurance, empathy).

5. Feedback Analysis and Action

- **Gap Analysis:** Identify gaps between customer expectations and perceptions.
- **Prioritize Improvements:** Address areas with the largest satisfaction gaps.
- **Continuous Improvement:** Use feedback loops for ongoing enhancement of products/services.

6. Benefits of High Customer Satisfaction

1. Increased loyalty and repeat business.
2. Lower marketing and service costs due to retention.
3. Positive word-of-mouth and brand advocacy.
4. Competitive differentiation in crowded markets.
5. Higher profitability and long-term business sustainability.

7. Challenges in Measuring Satisfaction

- Subjective nature of satisfaction.
- Changing customer expectations over time.

- Cultural differences affecting perception.
- Measurement bias in surveys and feedback forms.

VI. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

1. Introduction to CRM

- **Definition:**
Customer Relationship Management (CRM) is a strategic approach to manage an organization's interactions with current and potential customers. It uses data analysis, technology, and communication strategies to enhance relationships, drive loyalty, and maximize customer lifetime value (CLV).
- **Goal of CRM:**
To **understand, anticipate, and respond to customer needs** efficiently and profitably.
- **Key Concept:**
CRM is **customer-centric**, focusing on long-term engagement rather than one-time transactions.

2. Importance of CRM

1. **Customer Retention:**
Retaining existing customers is cheaper than acquiring new ones (5–10x more cost to acquire).
2. **Increased Profitability:**
Loyal customers spend more and refer new customers.
3. **Improved Customer Insights:**
CRM tools capture purchase history, preferences, complaints, and feedback.
4. **Enhanced Communication:**
Enables personalized communication across multiple channels (email, social media, mobile, etc.).
5. **Competitive Advantage:**
Companies using CRM can deliver better customer experiences than competitors.

3. Components of CRM

CRM is usually described through **three main components**:

A. Operational CRM

- Focus: Streamlining **front-end customer-facing processes**.
- Functions:
 1. **Sales Force Automation (SFA):** Tracks leads, prospects, sales pipeline.
 2. **Marketing Automation:** Campaign management, segmentation, personalized offers.
 3. **Service Automation:** Helpdesk, complaint management, after-sales support.

B. Analytical CRM

- Focus: **Data-driven decision-making**.
- Functions:
 1. Customer data collection and storage (databases, data warehouses).
 2. Data analysis for trends, buying behavior, profitability, and churn prediction.
 3. Reporting tools for management decisions.

- Techniques: Data mining, predictive analytics, segmentation.

C. Collaborative CRM

- Focus: **Cross-functional collaboration** to enhance customer experience.
- Functions:
 1. Sharing customer information across marketing, sales, service, and supply chain.
 2. Integrating communication channels (social media, email, calls).
 3. Creating a seamless experience for the customer.

4. CRM Process

CRM implementation generally follows a **structured process**:

1. **Customer Identification:**
 - Identify profitable and strategic customers using purchase history and potential value.
2. **Customer Differentiation:**
 - Classify customers based on value and loyalty (e.g., VIP, regular, occasional).
3. **Customer Interaction:**
 - Engage customers via multiple channels to meet their needs.
4. **Customer Customization:**
 - Personalize offerings, promotions, and services based on preferences.
5. **Customer Retention and Growth:**
 - Use loyalty programs, exclusive offers, and proactive service to retain profitable customers.

5. CRM Tools and Technologies

- **CRM Software:** Salesforce, Zoho CRM, Microsoft Dynamics, HubSpot.
- **Customer Databases:** Centralized repositories of customer information.
- **Analytics Tools:** AI, machine learning, predictive analytics for understanding behavior.
- **Communication Platforms:** Omnichannel support including email, chatbots, social media, and mobile apps.

6. Types of CRM Based on Focus

CRM Type	Focus	Examples
Strategic CRM	Long-term customer relationships, loyalty building	Relationship marketing programs
Operational CRM	Day-to-day interactions and automation	Salesforce automation, call centers
Analytical CRM	Data analysis and insights	Customer segmentation, churn analysis
Collaborative CRM	Information sharing and coordination	Integrated support and marketing platforms

7. Benefits of CRM

1. **For Customers:**
 - Personalized services and faster response.
 - Consistent communication and loyalty rewards.
2. **For Organizations:**
 - Increased sales and customer retention.
 - Improved operational efficiency and reduced costs.
 - Better market insights and targeted marketing.
3. **For Employees:**
 - Streamlined workflow and clear information access.
 - Reduced repetition and error in handling customers.

8. Challenges in CRM Implementation

1. **Data Quality Issues:** Inaccurate or incomplete customer data can lead to poor decisions.
2. **High Costs:** Initial software setup and maintenance can be expensive.
3. **Employee Resistance:** Lack of adoption or inadequate training may reduce effectiveness.
4. **Integration Issues:** Difficulty in connecting CRM with existing systems (ERP, accounting).
5. **Customer Privacy Concerns:** Ethical and legal concerns regarding data usage.

9. CRM Metrics and Measurement

- **Customer Lifetime Value (CLV):** Projected profit from a customer over their lifetime.
- **Customer Retention Rate:** Percentage of customers retained over time.
- **Net Promoter Score (NPS):** Likelihood of customers recommending the brand.
- **Customer Satisfaction Score (CSAT):** Direct feedback on experience.
- **Churn Rate:** Percentage of customers lost over a period.

10. CRM Best Practices

1. Start with a clear CRM strategy aligned with business objectives.
2. Ensure top management support and cross-department collaboration.
3. Maintain high-quality, accurate customer data.
4. Provide training for employees to use CRM effectively.
5. Regularly monitor CRM performance using KPIs and analytics.
6. Focus on long-term relationships rather than short-term sales.

11. Future of CRM

- **AI and Machine Learning:** Predictive insights, recommendation engines.
- **Omnichannel Integration:** Seamless experience across offline and online touchpoints.
- **Hyper-Personalization:** Real-time customization of offers, content, and communication.
- **Social CRM:** Leveraging social media for engagement and feedback.

VII. Customer Acquisition

1. Definition

Customer Acquisition refers to the process and strategies a company uses to **attract, convert, and retain new customers**. It is a critical component of **marketing management** because acquiring new customers is essential for revenue growth, market expansion, and brand development.

- **Customer Acquisition vs. Customer Retention:**
 - Acquisition focuses on **bringing in new customers**.
 - Retention focuses on **keeping existing customers**.
 - Both are interdependent: efficient acquisition without retention leads to high churn, while retention without acquisition limits growth.
-

2. Importance of Customer Acquisition

1. **Revenue Growth:** New customers increase sales and expand market share.
 2. **Market Expansion:** Helps firms enter new markets or demographic segments.
 3. **Brand Awareness:** Acquisition campaigns also promote brand recognition.
 4. **Competitive Advantage:** Companies with strong acquisition strategies outperform competitors.
 5. **Customer Lifetime Value (CLV):** Acquiring profitable customers can maximize CLV over time.
-

3. Customer Acquisition Process

The customer acquisition process is typically **structured in stages**:

a) Market Research

- Understanding **target audience**, demographics, preferences, and buying behavior.
- Tools: Surveys, focus groups, social media analytics, and CRM data.

b) Lead Generation

- Creating awareness and interest through marketing campaigns.
- Channels include:
 - **Digital Marketing:** SEO, SEM, social media ads.
 - **Content Marketing:** Blogs, videos, webinars.
 - **Traditional Marketing:** TV, print, events, sponsorships.

c) Lead Nurturing

- Engaging potential customers and guiding them toward a purchase.
- Methods: Email campaigns, personalized offers, retargeting ads.

d) Conversion

- Turning leads into paying customers.
- Techniques:
 - Clear value propositions
 - Limited-time offers
 - Simplified purchasing process

e) Onboarding

- Ensuring the customer has a **positive initial experience** to encourage retention.
- Activities: Welcome emails, tutorials, support, loyalty programs.

4. Customer Acquisition Strategies

1. Inbound Marketing

- Attracting customers through **valuable content** and organic reach.
- Example: Blogs, SEO, social media posts.

2. Outbound Marketing

- Actively reaching out to potential customers.
- Example: Cold calling, display ads, direct mail.

3. Referral Programs

- Leveraging existing customers to bring in new ones.
- Example: “Invite a friend, get a discount.”

4. Promotional Campaigns

- Discounts, limited-time offers, or freebies to entice trial and purchase.

5. Strategic Partnerships

- Collaborating with complementary brands to access new customer segments.

6. Digital Marketing Tools

- PPC campaigns, social media marketing, email marketing automation.

5. Metrics for Customer Acquisition

- **Customer Acquisition Cost (CAC):** Total cost of acquiring a new customer.

$$\text{CAC} = \frac{\text{Total Marketing} + \text{Sales Costs}}{\text{Number of New Customers Acquired}}$$

$\text{CAC} = \frac{\text{Total Marketing} + \text{Sales Costs}}{\text{Number of New Customers Acquired}}$

- **Conversion Rate:** Percentage of leads converted into customers.
- **Return on Investment (ROI):** Profit generated relative to acquisition costs.
- **Customer Lifetime Value (CLV):** Expected revenue from a customer over the relationship duration.

The goal is to **minimize CAC while maximizing CLV**, achieving efficient growth.

6. Challenges in Customer Acquisition

1. **High Competition:** More competitors increase marketing costs.
2. **Changing Consumer Behavior:** Requires constant market research.
3. **Cost-Intensive Marketing:** High CAC if campaigns are not targeted.
4. **Technology Adoption:** Need for data analytics, CRM systems, and digital platforms.
5. **Retention Pressure:** Acquisition is useless if customers churn quickly.

7. Best Practices

- **Targeted Marketing:** Focus on high-potential segments.
- **Personalization:** Tailor offers and communications to customer needs.
- **Multi-Channel Approach:** Combine online and offline channels.

- **Data-Driven Decisions:** Use analytics to optimize campaigns and CAC.
- **Continuous Testing & Optimization:** A/B testing, conversion rate optimization.

VIII. Customer Retention

1. Definition

Customer Retention refers to the ability of a company to **keep its existing customers over a period of time** and encourage repeat purchases. Unlike acquisition, which focuses on gaining new customers, retention emphasizes **maintaining a long-term relationship** and increasing **customer loyalty**.

- Retention is often measured as a **percentage of customers who continue to buy from a company over a specific period**.
- It is closely linked to **Customer Lifetime Value (CLV)**, as retaining customers is generally more cost-effective than acquiring new ones.

2. Importance of Customer Retention

1. **Cost Efficiency:** Retaining a customer is typically **5-7 times cheaper** than acquiring a new one.
2. **Revenue Growth:** Loyal customers contribute more to revenue through repeat purchases and upselling.
3. **Brand Advocacy:** Retained customers often become **brand ambassadors**, referring new clients.
4. **Competitive Advantage:** High retention indicates strong customer satisfaction and differentiates a brand.
5. **Predictable Cash Flow:** A stable customer base ensures consistent sales over time.

3. Customer Retention Process

The process of retention involves multiple steps to **enhance satisfaction, loyalty, and engagement**:

a) Customer Onboarding

- Providing a **positive first experience** to encourage continued engagement.
- Methods: Welcome emails, tutorials, product guides, and support.

b) Customer Engagement

- Maintaining **regular and meaningful interactions** with customers.
- Channels: Email newsletters, social media, mobile apps, loyalty programs.

c) Personalized Experiences

- Tailoring offerings based on customer preferences and purchase history.
- Tools: CRM systems, AI-based recommendations, behavioral analytics.

d) Customer Feedback and Service

- Listening to complaints and suggestions to **resolve issues quickly**.
- Importance: Reduces churn and builds trust.

e) Loyalty Programs

- Rewarding repeat customers to **strengthen emotional and financial commitment**.
- Examples: Points systems, exclusive offers, membership perks.

f) Continuous Improvement

- Enhancing products, services, and customer interactions based on **data insights**.

4. Customer Retention Strategies

1. **High-Quality Customer Service**
 - Fast, empathetic, and effective problem resolution.
2. **Relationship Marketing**
 - Building emotional bonds through regular communication and personalized offers.
3. **Loyalty Programs**
 - Reward programs, tiered memberships, discounts, and referral bonuses.
4. **After-Sales Support**
 - Providing support post-purchase enhances trust and satisfaction.
5. **Customer Engagement Platforms**
 - Using mobile apps, chatbots, and email campaigns for ongoing communication.
6. **Predictive Analytics**
 - Identifying at-risk customers early and taking preventive measures to **reduce churn**.

5. Metrics for Customer Retention

- **Customer Retention Rate (CRR)**: Measures the percentage of retained customers over a period.

$$\text{CRR} = \frac{\text{Customers at End of Period} - \text{New Customers Acquired}}{\text{Customers at Start of Period}} \times 100$$

- **Churn Rate**: Percentage of customers lost during a period.
- **Repeat Purchase Rate (RPR)**: Measures how often a customer buys again.
- **Customer Lifetime Value (CLV)**: Projects the total revenue from a customer over their relationship with the company.

The goal is to **maximize retention, reduce churn, and increase CLV**.

6. Challenges in Customer Retention

1. **High Customer Expectations**: Modern customers demand personalized and seamless experiences.
2. **Competitive Offers**: Competitors may lure customers with promotions or better products.

3. **Service Quality Gaps:** Poor service or product quality leads to churn.
4. **Changing Preferences:** Consumer tastes evolve rapidly, requiring constant innovation.
5. **Lack of Engagement:** Infrequent communication can make customers disengage.

7. Best Practices

- **Proactive Communication:** Anticipate customer needs before they become issues.
- **Data-Driven Insights:** Use analytics to understand behavior and predict churn.
- **Reward Loyalty:** Offer incentives for repeat purchases and advocacy.
- **Customer-Centric Culture:** Align the entire organization to prioritize customer satisfaction.
- **Continuous Feedback Loop:** Regular surveys, reviews, and follow-ups to improve retention.

IX. Customer Defection

1. Definition

Customer Defection, also known as **customer churn**, refers to the **loss of existing customers** who stop buying a company's products or services over a certain period. It is a critical metric in marketing management because **defection directly affects revenue, profitability, and growth**.

- Defection can be **voluntary** (customer chooses to leave) or **involuntary** (external factors, e.g., company closure).
- High defection rates indicate **problems in customer satisfaction, service quality, or competitiveness**.

2. Importance of Understanding Customer Defection

1. **Revenue Impact:** Losing customers reduces sales and profits.
2. **Indicator of Market Position:** High defection signals dissatisfaction or competitive pressure.
3. **Cost Implications:** Acquiring new customers is more expensive than retaining existing ones.
4. **Strategic Decision-Making:** Understanding why customers leave helps improve products, services, and marketing strategies.
5. **Customer Lifetime Value (CLV):** Defection reduces the expected lifetime revenue from customers.

3. Causes of Customer Defection

Customer defection can occur due to multiple factors:

a) Service-Related Causes

- Poor customer service or support
- Delayed response to complaints
- Lack of personalization

b) Product-Related Causes

- Poor quality or performance
- Lack of innovation
- Product does not meet evolving needs

c) Price-Related Causes

- Perceived high cost or lack of value for money
- Competitor pricing advantages

d) Competitive Causes

- Attractive offers or superior services from competitors
- New entrants with disruptive solutions

e) Relationship Causes

- Weak emotional connection with the brand
- Inadequate engagement or communication

4. Types of Customer Defection

1. Voluntary Defection

- Customer consciously decides to switch to competitors.
- Example: Changing telecom provider due to better plans.

2. Involuntary Defection

- Customer leaves due to reasons outside their control.
- Example: Customer passes away, business closure, or relocation.

3. Partial Defection

- Customers reduce purchases or migrate to a competitor for some products but remain partially loyal.

4. Complete Defection

- Customers stop all transactions and engagement with the company.

5. Measuring Customer Defection

- **Churn Rate:** The most common metric. Measures the percentage of customers lost during a period.

$$\text{Churn Rate} = \frac{\text{Customers Lost During Period}}{\text{Customers at Start of Period}} \times 100$$
$$\text{Churn Rate} = \frac{\text{Customers at Start of Period} - \text{Customers at End of Period}}{\text{Customers at Start of Period}} \times 100$$

- **Customer Retention Rate (CRR):** Complementary metric to churn, measuring the percentage of customers retained.
- **Net Promoter Score (NPS):** Helps predict potential defection based on loyalty and satisfaction.

Monitoring defection trends allows companies to **proactively address issues** before customers leave.

6. Strategies to Reduce Customer Defection

1. **Enhance Customer Service**
 - Fast, efficient, and empathetic support reduces frustration and builds loyalty.
2. **Personalization**
 - Tailor offers, recommendations, and communication to customer preferences.
3. **Loyalty Programs**
 - Incentivize repeat purchases and long-term engagement.
4. **Regular Engagement**
 - Keep customers informed and connected through newsletters, updates, and social media.
5. **Customer Feedback**
 - Actively seek and implement feedback to improve satisfaction.
6. **Predictive Analytics**
 - Identify “at-risk” customers based on behavior and intervene with targeted retention campaigns.
7. **Competitive Benchmarking**
 - Monitor competitors’ offerings and maintain competitive pricing and value.

7. Challenges in Managing Defection

- **Identifying Early Signs:** Detecting potential defectors before they leave can be complex.
- **Data Accuracy:** Lack of proper customer behavior tracking limits insights.
- **Cost of Intervention:** Retention campaigns can be resource-intensive.
- **Market Dynamics:** Rapid changes in preferences or competitors’ actions can increase defection.

8. Best Practices

- **Integrate Retention and Defection Metrics:** Use churn, CLV, and engagement together to optimize strategy.
- **Segment Customers:** Focus on high-value or at-risk customers for targeted intervention.
- **Continuous Improvement:** Improve products, services, and communication to meet evolving customer needs.
- **Proactive Retention Campaigns:** Offer incentives before customers decide to leave.

X. Creating Long-Term Customer Loyalty

1. Definition

Customer loyalty refers to a customer’s **commitment to repeatedly purchase a brand’s products or services** over time. Creating **long-term loyalty relationships** involves strategies and practices that **strengthen trust, satisfaction, and emotional connection**, ensuring customers stay with the brand rather than switching to competitors.

- Loyalty goes beyond repeat purchases; it encompasses **emotional attachment, advocacy, and trust**.
- It is a **key driver of Customer Lifetime Value (CLV)** and sustainable business growth.

2. Importance of Long-Term Loyalty

1. **Cost Efficiency**
 - Retaining loyal customers is **cheaper than acquiring new ones**.
2. **Stable Revenue Stream**
 - Loyal customers provide **predictable and recurring sales**.
3. **Brand Advocacy**
 - They act as **brand ambassadors**, promoting the brand via word-of-mouth.
4. **Competitive Advantage**
 - Strong loyalty reduces vulnerability to competitors' offers.
5. **Higher Profitability**
 - Loyal customers are more receptive to **upselling and cross-selling**.

3. Factors Influencing Customer Loyalty

1. **Customer Satisfaction**
 - Consistently meeting or exceeding expectations fosters repeat purchase behavior.
2. **Trust and Reliability**
 - Delivering on promises consistently builds confidence in the brand.
3. **Emotional Connection**
 - Personalization and engagement create an emotional bond.
4. **Customer Experience**
 - Seamless, hassle-free, and enjoyable interactions strengthen loyalty.
5. **Value Perception**
 - Customers stay loyal when they perceive high value for money.

4. Strategies for Building Long-Term Loyalty

a) High-Quality Products and Services

- Ensure **reliability, innovation, and consistent quality**.
- Continuous improvement and responsiveness to customer needs build confidence.

b) Superior Customer Service

- Quick, empathetic, and effective problem-solving enhances trust.
- Example: 24/7 support, proactive issue resolution.

c) Personalized Marketing

- Tailor communication, offers, and recommendations based on **customer behavior and preferences**.
- Tools: CRM systems, AI-driven analytics, behavioral data.

d) Loyalty Programs

- Reward repeat purchases, referrals, and engagement.
- Types: Point systems, tiered membership, exclusive access, discounts.

e) Engagement and Relationship Marketing

- Maintain **continuous interaction** with customers through multiple channels.
- Activities: Email newsletters, social media engagement, events, webinars.

f) Feedback and Co-Creation

- Involve customers in **product development, reviews, and surveys**.
- Creates **ownership and emotional investment** in the brand.

g) Consistent Brand Experience

- Ensure a **cohesive and predictable brand experience** across all touchpoints.
- Helps reinforce identity and loyalty.

5. Metrics to Measure Customer Loyalty

1. **Repeat Purchase Rate (RPR)**
 - Frequency of purchases over a period indicates loyalty.
2. **Customer Lifetime Value (CLV)**
 - Expected revenue from a customer over the long-term relationship.
3. **Net Promoter Score (NPS)**
 - Measures customer willingness to recommend the brand.
4. **Customer Engagement Metrics**
 - Interaction with emails, apps, social media, and campaigns.
5. **Churn Rate**
 - Lower churn indicates higher loyalty.

6. Challenges in Building Long-Term Loyalty

- **Changing Customer Preferences:** Requires continuous innovation.
- **Intense Competition:** Competitors' offers may tempt even loyal customers.
- **Service Gaps:** Poor service experiences can break loyalty quickly.
- **Over-Reliance on Discounts:** Loyalty driven solely by price is fragile.
- **Data Management:** Personalization requires robust analytics and CRM infrastructure.

7. Best Practices for Sustainable Loyalty

- **Customer-Centric Approach:** Align the entire organization to focus on customer needs.
- **Segment and Target High-Value Customers:** Personalize efforts to retain profitable customers.
- **Continuous Engagement:** Maintain ongoing interactions beyond transactions.
- **Recognize and Reward Loyalty:** Create emotional incentives, not just financial ones.
- **Monitor and Act on Feedback:** Use complaints and suggestions to improve experiences.

UNIT V

MARKETING RESEARCH AND DATA-DRIVEN DECISION MAKING

SYLLABUS

Marketing Information System - Marketing Research Process - Concepts and applications - Product Advertising Promotion - Consumer Behaviour - Retail research - Customer driven organizations - Causes related marketing - Ethics in marketing - Online marketing trends – social media and digital marketing.

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S. No	Topic	Course Outcome (CO)	Programme Outcomes (POs)	Bloom's Taxonomy Level
1	Marketing Information System	C05	PO1, PO2,	BT3 – Apply BT-5 Evaluate
2	Marketing Research Process	C05	PO1, PO2,PO6	BT3 – Apply BT-5 Evaluate
3	Concepts and applications	C05	PO2, PO6	BT3 – Apply BT4 – Analyze
4	Product Advertising Promotion	C05	PO3,PO4, PO6	BT3 – Apply BT4 – Analyze
5	Consumer Behaviour	C05	PO1, PO2,	BT3 – Apply BT-5 Evaluate
6	Retail research	C05	PO3,PO4, PO6	BT1 – Remember
7	Customer driven organizations	C05	PO1, PO2,	BT3 – Apply
8	Causes related marketing	C05	PO1, PO2,PO6	BT3 – Apply
9	Ethics in marketing	C05	PO2,PO3,PO4	BT3 – Apply BT4 – Analyze
10	Online marketing trends – social media and digital marketing.	C05	PO3,PO4, PO6	BT3 – Apply BT-5 Evaluate

1. INTRODUCTION TO MARKETING INFORMATION SYSTEM

A **Marketing Information System (MIS)** is a structured, continuous system designed to collect, analyze, store, and distribute marketing information for decision-making.

According to standard definitions:

MIS consists of **people, equipment, and procedures to gather, analyze, evaluate, and distribute accurate information to marketing decision-makers**

2. NEED / IMPORTANCE OF MIS

In modern marketing, decisions must be:

- Data-driven
- Customer-focused
- Timely

Importance:

1. Helps in **better decision making**
2. Reduces **uncertainty and risk**
3. Provides **real-time market insights**
4. Supports **planning, control, and evaluation**
5. Helps in **understanding customer needs**
6. Enables **competitive advantage**

□ 3. OBJECTIVES OF MARKETING INFORMATION SYSTEM

- To provide **reliable and relevant information**
- To support **marketing planning and strategy**
- To monitor **market trends**
- To improve **customer satisfaction**
- To assist in **forecasting and control**

□ 4. COMPONENTS OF MIS

MIS consists of **four major subsystems**:

1. Internal Records System

- Data from within the organization
- Examples:
 - Sales reports
 - Inventory records
 - Financial statements

□ Helps track **current performanc**

2. Marketing Intelligence System

- Information from external environment

Sources:

- Competitors
- Distributors
- Customers
- Market reports

□ Helps understand **market trends and competition**

3. Marketing Research System

- Systematic collection of specific data

Includes:

- Surveys
- Interviews
- Experiments

Used for **problem-solving and decision-making**

4. Marketing Decision Support System (MDSS)

- Analytical tools and models

Includes:

- Statistical models
- Forecasting tools
- Simulation techniques

Helps managers **analyze and interpret data**

6. FUNCTIONS OF MIS

1. **Data Collection**
 2. **Data Processing**
 3. **Data Storage**
 4. **Information Distribution**
 5. **Decision Support**
-

7. CHARACTERISTICS OF A GOOD MIS

- Accurate
 - Timely
 - Relevant
 - Complete
 - Flexible
 - Economical
-

8. MIS AND MARKETING DECISION MAKING

MIS supports decisions in:

1. Product Decisions

- New product development
- Product modification

2. Pricing Decisions

- Competitive pricing
- Demand-based pricing

3. Promotion Decisions

- Advertising effectiveness

- Sales promotion analysis

4. Distribution Decisions

- Channel selection
- Logistics planning

II. MARKETING RESEARCH PROCESS

□ 1. INTRODUCTION TO MARKETING RESEARCH

Marketing Research is a systematic and scientific process of collecting, analyzing, and interpreting data related to marketing problems.

Definition:

Marketing research is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation faced by an organization.

□ 2. NEED FOR MARKETING RESEARCH

In today's dynamic and competitive business environment, marketing research is essential because:

- Markets are **complex and constantly changing**
- Consumer preferences are **unpredictable**
- Competition is **intense**
- Decision-making involves **risk and uncertainty**

Key Needs:

- Understanding customer behavior
 - Identifying market opportunities
 - Reducing business risk
 - Supporting strategic planning
 - Evaluating marketing performance
-

□ 3. MARKETING RESEARCH PROCESS – OVERVIEW

The **Marketing Research Process** is a sequence of steps followed to solve marketing problems efficiently.

Steps in the Process:

1. Problem Definition
 2. Research Design
 3. Data Collection
 4. Sampling Plan
 5. Data Analysis
 6. Interpretation & Report Presentation
-

□ 4. STEP 1: PROBLEM DEFINITION

Meaning:

The first and most important step is to clearly define the **research problem**.

Importance:

- Determines the direction of the entire research
- Prevents wastage of time and resources
- Ensures relevant data collection

Types of Problems:

- **Exploratory** (e.g., identifying customer dissatisfaction)
- **Descriptive** (e.g., market share analysis)
- **Causal** (e.g., impact of price change on sales)

Example:

A company facing declining sales must determine whether the issue is due to:

- Poor product quality
- High pricing
- Ineffective promotion

□ 5. STEP 2: RESEARCH DESIGN

Meaning:

Research design is the **blueprint or plan** for conducting research.

Types of Research Design:

1. Exploratory Research

- Used when the problem is not clearly defined
- Methods: literature review, expert opinion

2. Descriptive Research

- Describes characteristics of a market
- Methods: surveys, observation

3. Causal Research

- Determines cause-and-effect relationships
- Methods: experiments

Components of Research Design:

- Data sources
- Research methods
- Measurement techniques
- Time frame
- Cost estimation

□ 6. STEP 3: DATA COLLECTION

Types of Data:

1. Primary Data

- Collected for the first time
- Specific to the research problem

Methods:

- Surveys

- Interviews
- Observations
- Experiments

2. Secondary Data

- Already collected and available
- Sources:
 - Government reports
 - Company records
 - Journals and websites

Advantages of Primary Data:

- Accurate
- Relevant

Disadvantages:

- Costly
- Time-consuming

□ 7. STEP 4: SAMPLING PLAN

Meaning:

Sampling involves selecting a **subset of the population** for study.

Key Elements:

1. Sampling Unit

- Who is to be surveyed?
(e.g., students, customers)

2. Sample Size

- Number of respondents

3. Sampling Technique

Types of Sampling:

A. Probability Sampling

- Every element has equal chance

Types:

- Simple random sampling
- Stratified sampling
- Cluster sampling

B. Non-Probability Sampling

- No equal chance

Types:

- Convenience sampling
- Judgment sampling
- Quota sampling

□ 8. STEP 5: DATA ANALYSIS

Meaning:

Data analysis involves **processing and interpreting collected data.**

Steps:

1. Editing
2. Coding
3. Classification
4. Tabulation

Tools Used:

- Statistical techniques
- Charts and graphs
- Software (Excel, SPSS, etc.)

Types of Analysis:

- Descriptive analysis
- Inferential analysis

□ 9. STEP 6: INTERPRETATION AND REPORT WRITING

Interpretation:

- Drawing meaningful conclusions from data
- Linking results to objectives

Report Writing

Structure of Research Report:

1. Title Page
2. Introduction
3. Objectives
4. Methodology
5. Findings
6. Conclusions
7. Recommendations

Characteristics of Good Report:

- Clear and concise
- Logical structure
- Accurate data presentation
- Action-oriented recommendations

□ 10. CHARACTERISTICS OF GOOD MARKETING RESEARCH

- Scientific and systematic
- Objective and unbiased
- Reliable and valid
- Practical and relevant
- Cost-effective

III. PRODUCT, ADVERTISING AND PROMOTION

□ 1. INTRODUCTION

Marketing success depends heavily on three core elements:

- **Product** (what is offered)
- **Advertising** (how it is communicated)
- **Promotion** (how it is encouraged to sell)

These together form a major part of the **marketing mix (4Ps)** and are essential for creating customer value and achieving organizational goals.

PRODUCT MANAGEMENT

□ 2 PRODUCT – MEANING AND DEFINITION

A **product** is anything that can be offered to a market to satisfy a want or need.

Definition:

A product is a bundle of physical, psychological, and social benefits that satisfy consumer needs.

□ 3. LEVELS OF PRODUCT

1. Core Product

- Basic benefit (e.g., transportation in a car)

2. Actual Product

- Features, brand, packaging, quality

3. Augmented Product

- Additional services (warranty, delivery, after-sales service)

□ 4. PRODUCT CLASSIFICATION

A. Consumer Products

- Convenience goods (soap, bread)
- Shopping goods (clothes, furniture)
- Specialty goods (luxury items)
- Unsought goods (insurance)

B. Industrial Products

- Raw materials
- Machinery
- Components

□ 5. PRODUCT MIX

Meaning:

Product mix refers to the **total range of products offered by a company**.

Dimensions:

- Width (number of product lines)
- Length (total number of items)

- Depth (variations of each product)
- Consistency

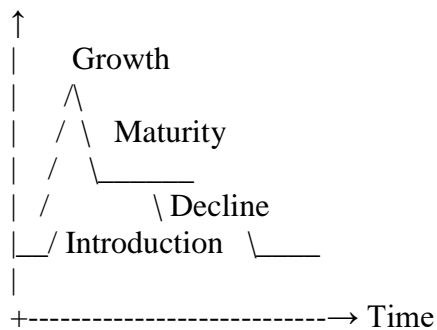
□ 6. PRODUCT LIFE CYCLE (PLC)

Stages:

1. **Introduction**
 - Low sales, high promotion cost
2. **Growth**
 - Rapid sales increase
3. **Maturity**
 - Peak sales, high competition
4. **Decline**
 - Falling demand

PLC Diagram (Text Form)

Sales



□ 7. BRANDING

Meaning:

Branding is the process of giving a product a **unique identity**.

Elements:

- Brand name
- Logo
- Trademark

Advantages:

- Builds customer loyalty
- Differentiates product
- Helps promotion

□ 8. PACKAGING AND LABELING

Packaging:

- Designing and producing container/wrapper

Functions:

- Protection
- Convenience
- Promotion

Labeling:

- Provides product information

Includes:

- Ingredients
- Usage instructions
- Price

ADVERTISING

Advertising is a **paid form of non-personal communication** used to promote products or services.

OBJECTIVES OF ADVERTISING

- Inform customers
- Persuade buyers
- Remind customers
- Build brand image

TYPES OF ADVERTISING

1. Informative Advertising
 - Creates awareness
2. Persuasive Advertising
 - Influences buying decision
3. Reminder Advertising
 - Maintains brand recall

ADVERTISING MEDIA

Traditional Media:

- Television
- Radio
- Newspapers
- Magazines

Digital Media:

- Social media
- Websites
- Mobile apps

ADVERTISING PROCESS

Steps:

1. Setting objectives
2. Budget allocation
3. Message design
4. Media selection
5. Campaign execution
6. Performance evaluation

ADVANTAGES AND LIMITATIONS OF ADVERTISING

Advantages:

- Wide reach
- Brand building
- Increases sales

Limitations:

- High cost
 - One-way communication
 - Difficult to measure effectiveness
-

SALES PROMOTION

SALES PROMOTION

Sales promotion includes **short-term incentives** to encourage purchase or sale of a product.

OBJECTIVES OF SALES PROMOTION

- Increase sales quickly
- Attract new customers
- Encourage repeat purchase
- Clear excess stock

TYPES OF SALES PROMOTION

A. Consumer Promotion:

- Discounts
- Coupons
- Free samples
- Contests

B. Trade Promotion:

- Dealer incentives
- Trade discounts

C. Sales Force Promotion:

- Bonuses
- Incentives

TOOLS OF SALES PROMOTION

- Price-off deals
- Buy-one-get-one-free (BOGO)
- Loyalty programs
- Cashback offers

ADVANTAGES AND LIMITATIONS

Advantages:

- Immediate sales boost
- Attracts attention
- Encourages trial

Limitations:

- Short-term impact
- May reduce brand value
- Can create price sensitivity

INTEGRATED PROMOTION STRATEGY

PROMOTION MIX

Promotion mix includes:

- Advertising
- Sales Promotion
- Personal Selling
- Public Relations

INTEGRATED MARKETING COMMUNICATION (IMC)

Meaning:

IMC ensures **consistent message across all promotional channels**.

Importance:

- Builds strong brand image
- Avoids confusion
- Improves effectiveness

FACTORS AFFECTING PROMOTION MIX

- Nature of product
- Target market
- Budget
- Competition
- Stage of product life cycle

ROLE IN MARKETING STRATEGY

□ IMPORTANCE IN BUSINESS

- Helps differentiate products
 - Increases market share
 - Builds brand loyalty
 - Supports long-term growth
-

IV. CONSUMER BEHAVIOUR

□ 1. INTRODUCTION TO CONSUMER BEHAVIOUR

Meaning:

Consumer Behaviour refers to the study of how individuals, groups, or organizations select, buy, use, and dispose of goods and services to satisfy their needs and wants.

Definition:

Consumer behaviour is the study of processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences.

□ 2. IMPORTANCE OF CONSUMER BEHAVIOUR

Understanding consumer behaviour is crucial because:

- Helps in **understanding customer needs**
- Assists in **developing effective marketing strategies**
- Improves **customer satisfaction**
- Helps in **product design and innovation**
- Supports **market segmentation and targeting**

□ 3. CHARACTERISTICS OF CONSUMER BEHAVIOUR

- Dynamic in nature
- Influenced by many factors
- Complex and multi-dimensional
- Varies from person to person
- Involves decision-making process

CONSUMER BUYING PROCESS

□ 4. STAGES IN CONSUMER BUYING PROCESS

The consumer buying process consists of **five stages**:

1. Problem Recognition
 - Consumer identifies a need or problem
 - Triggered by internal or external stimuli
2. Information Search
 - Internal search (memory)
 - External search (ads, friends, internet)
3. Evaluation of Alternatives
 - Comparing different brands/products
 - Based on features, price, quality
4. Purchase Decision
 - Final decision to buy
 - Influenced by situational factors
5. Post-Purchase Behaviour
 - Satisfaction or dissatisfaction
 - Leads to repeat purchase or rejection

Buying Process Diagram:

Need → Search → Evaluation → Purchase → Post-Purchase

FACTORS INFLUENCING CONSUMER BEHAVIOUR

□ 5. CULTURAL FACTORS

- Culture
- Subculture
- Social class

□ Influence values, beliefs, and buying patterns

□ 6. SOCIAL FACTORS

- Family
- Reference groups
- Roles and status

□ Example: Family decisions affect purchase of appliances

□ 7. PERSONAL FACTORS

- Age
- Occupation
- Income
- Lifestyle
- Personality

□ 8. PSYCHOLOGICAL FACTORS

1. Motivation

- Drives behavior

2. Perception

- How consumer interprets information

3. Learning

- Past experiences influence decisions

4. Beliefs and Attitudes

- Shape preferences

TYPES OF BUYING BEHAVIOUR

TYPES OF BUYING DECISION BEHAVIOUR

1. Complex Buying Behaviour

- High involvement, significant differences

2. Dissonance-Reducing Behaviour

- High involvement, few differences

3. Habitual Buying Behaviour

- Low involvement, frequent purchases

4. Variety-Seeking Behaviour

- Low involvement, high brand switching

CONSUMER PERCEPTION AND LEARNING

PERCEPTION

Meaning:

Process by which consumers **select, organize, and interpret information.**

Elements:

- Exposure
- Attention
- Interpretation

LEARNING

Meaning:

Change in behaviour due to experience

Theories:

- Classical conditioning
- Operant conditioning
- Cognitive learning

MOTIVATION AND PERSONALITY

MOTIVATION

Meaning:

Inner drive that directs behaviour

Types:

- Biological needs
- Psychological needs

Maslow's Hierarchy of Needs:

Self-Actualization

Esteem Needs

Social Needs

Safety Needs

Physiological Needs

PERSONALITY

- Unique psychological characteristics
 - Influences buying behaviour
-

ATTITUDE AND ATTITUDE CHANGE

ATTITUDE

Meaning:

A learned tendency to respond consistently toward an object

Components:

- Cognitive (beliefs)
- Affective (feelings)
- Behavioral (actions)

ATTITUDE CHANGE

Methods:

- Persuasive communication
- Advertising
- Personal experience

CONSUMER DECISION MODELS

MODELS OF CONSUMER BEHAVIOUR

1. Economic Model
 - Based on rational decision-making
2. Psychological Model
 - Based on emotions and motives
3. Sociological Model
 - Based on social influences

ORGANIZATIONAL BUYING BEHAVIOUR

BUSINESS BUYING BEHAVIOUR

Characteristics:

- Fewer buyers
- Large volume purchases
- Professional buying

Buying Situations:

- New task
- Modified rebuy
- Straight rebuy

CONSUMER SATISFACTION

□ 18. CUSTOMER SATISFACTION

Meaning:

Extent to which product meets expectations

Importance:

- Builds loyalty
- Enhances brand image
- Increases repeat purchase

APPLICATIONS IN MARKETING

ROLE IN MARKETING STRATEGY

Consumer behaviour helps in:

- Product design
- Pricing strategy
- Promotion planning
- Market segmentation

V. RETAIL RESEARCH

□ 1. INTRODUCTION TO RETAIL RESEARCH

Meaning:

Retail Research refers to the systematic process of collecting, analyzing, and interpreting data related to retail markets, customers, store performance, and retail strategies.

Definition:

Retail research is the scientific and systematic investigation of retail-related problems to support decision-making in retail management.

□ 2. IMPORTANCE OF RETAIL RESEARCH

Retail research is essential in today's competitive environment due to:

- Rapid growth of organized retail
- Changing consumer preferences
- Increasing competition
- Technological advancements

Importance:

- Helps understand **customer buying behaviour in retail stores**
- Assists in **store location decisions**
- Improves **merchandise planning**
- Enhances **customer satisfaction**
- Supports **sales forecasting and inventory control**

□ 3. OBJECTIVES OF RETAIL RESEARCH

- To identify **consumer needs and preferences**

- To evaluate **store performance**
- To analyze **competitors**
- To optimize **pricing and promotion strategies**
- To improve **store layout and design**

▣ PART I: RETAIL RESEARCH PROCESS

▣ 4. STEPS IN RETAIL RESEARCH PROCESS

The retail research process follows a systematic approach:

1. Problem Definition
 - Identifying the issue (e.g., declining store sales)
2. Research Design
 - Planning how research will be conducted
3. Data Collection
 - Gathering relevant data
4. Sampling
 - Selecting respondents
5. Data Analysis
 - Processing collected data
6. Report Preparation
 - Presenting findings

Process Diagram:

Problem → Design → Data Collection → Sampling → Analysis → Report

▣ PART II: TYPES OF RETAIL RESEARCH

▣ 5. EXPLORATORY RESEARCH

- Used when problem is unclear
- Methods:
 - Interviews
 - Focus groups

▣ 6. DESCRIPTIVE RESEARCH

- Describes customer characteristics

Examples:

- Customer demographics
- Shopping patterns

▣ 7. CAUSAL RESEARCH

- Identifies cause-effect relationship

Example:

- Impact of discount on sales

□ PART III: DATA COLLECTION IN RETAIL RESEARCH

□ 8. TYPES OF DATA

1. Primary Data

- Collected first-hand

Methods:

- Surveys
- Observation
- Experiments

2. Secondary Data

- Already available

Sources:

- Company records
- Government reports
- Industry publications

□ 9. METHODS OF DATA COLLECTION

A. Survey Method

- Questionnaires
- Interviews

B. Observation Method

- Watching customer behaviour in stores

C. Experimental Method

- Testing different store layouts or pricing

□ PART IV: SAMPLING TECHNIQUES

□ 10. SAMPLING IN RETAIL RESEARCH

Meaning:

Selecting a subset of customers for study

Types:

A. Probability Sampling

- Random sampling
- Stratified sampling

B. Non-Probability Sampling

- Convenience sampling
- Judgment sampling

PART V: RETAIL RESEARCH AREAS

11. STORE LOCATION RESEARCH

- Identifying best location

Factors:

- Population density
- Accessibility
- Competition

12. CUSTOMER RESEARCH

- Understanding buying behaviour

Includes:

- Preferences
- Satisfaction levels
- Loyalty

13. MERCHANDISE RESEARCH

- Product selection and assortment

14. PRICING RESEARCH

- Determining optimal price

15. PROMOTION RESEARCH

- Evaluating advertising and sales promotion

16. STORE LAYOUT AND DESIGN RESEARCH

- Improving store atmosphere

Includes:

- Lighting
- Display
- Shelf arrangement

PART VI: TOOLS AND TECHNIQUES

17. ANALYTICAL TOOLS

- Statistical analysis
- Charts and graphs

- Software (Excel, SPSS)

□ 18. MODERN TECHNIQUES

- Customer tracking systems
- Point of Sale (POS) data
- Data analytics

□ PART VII: APPLICATIONS OF RETAIL RESEARCH

□ 19. PRACTICAL APPLICATIONS

- Inventory management
- Demand forecasting
- Customer segmentation
- Sales performance evaluation

□ PART VIII: ADVANTAGES AND LIMITATIONS

□ 20. ADVANTAGES

- Better decision-making
- Increased profitability
- Improved customer satisfaction
- Reduced business risk

□ 21. LIMITATIONS

- High cost
- Time-consuming
- Data inaccuracies
- Requires skilled professionals

□ PART IX: ROLE IN RETAIL STRATEGY

□ 22. STRATEGIC IMPORTANCE

Retail research helps in:

- Market positioning
 - Competitive advantage
 - Customer retention
 - Business expansion
-

VII. CUSTOMER-DRIVEN ORGANIZATIONS

□ 1. INTRODUCTION

In today's competitive business environment, organizations must shift from a **product-oriented approach** to a **customer-oriented approach**.

A **Customer-Driven Organization** focuses on:

- Understanding customer needs
- Delivering superior value
- Building long-term relationships

□ **2. MEANING AND DEFINITION**

Meaning:

A **Customer-Driven Organization** is one that places the customer at the center of all business activities.

Definition:

A customer-driven organization is one that systematically gathers customer insights and uses them to create products, services, and experiences that satisfy customer needs effectively.

□ **3. EVOLUTION OF CUSTOMER-DRIVEN APPROACH**

1. Production Concept

- Focus on mass production

2. Product Concept

- Focus on quality

3. Selling Concept

- Focus on aggressive selling

4. Marketing Concept

- Focus on customer needs

5. Societal Marketing Concept

- Focus on customer + society welfare

□ **4. CHARACTERISTICS OF CUSTOMER-DRIVEN ORGANIZATIONS**

- Customer-centric culture
- Continuous customer feedback
- Strong relationship management
- Focus on value creation
- Use of technology and data

□ **PART I: CUSTOMER VALUE AND SATISFACTION**

□ **5. CUSTOMER VALUE**

Meaning:

Difference between **customer benefits and costs**.

Formula:

Customer Value = Total Benefits – Total Costs

□ **6. CUSTOMER SATISFACTION**

Meaning:

Level of fulfillment of customer expectations

Outcomes:

- Satisfaction → Loyalty
- Dissatisfaction → Switching

□ **7. CUSTOMER DELIGHT**

- Exceeding expectations
- Leads to strong brand loyalty

□ **PART II: BUILDING CUSTOMER-DRIVEN STRATEGY**

□ **8. MARKET SEGMENTATION**

- Dividing market into groups

Types:

- Geographic
- Demographic
- Psychographic
- Behavioral

□ **9. TARGETING**

- Selecting specific segment

□ **10. POSITIONING**

- Creating a unique image in customer's mind

STP Process Diagram:

Segmentation → Targeting → Positioning

□ **PART III: CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**

□ **11. CRM – MEANING**

Customer Relationship Management (CRM) is the process of **building and maintaining profitable customer relationships**.

□ **12. OBJECTIVES OF CRM**

- Improve customer satisfaction
- Increase customer retention
- Enhance customer lifetime value

□ **13. CRM TOOLS**

- Customer databases
- Loyalty programs
- Feedback systems

- Personalization

14. BENEFITS OF CRM

- Better customer understanding
- Improved service quality
- Increased profitability

PART IV: CUSTOMER LIFETIME VALUE (CLV)

15. CUSTOMER LIFETIME VALUE

Meaning:

Total value a customer brings over their lifetime

Importance:

- Helps prioritize customers
- Guides marketing investment

PART V: CUSTOMER EXPERIENCE MANAGEMENT

16. CUSTOMER EXPERIENCE (CX)

Meaning:

Overall experience a customer has with a company

Touchpoints:

- Website
- Store
- Customer service

17. IMPROVING CUSTOMER EXPERIENCE

- Personalization
- Fast service
- Quality interaction

PART VI: ROLE OF TECHNOLOGY

18. DIGITAL TRANSFORMATION

Customer-driven organizations use:

- Data analytics
- Artificial Intelligence
- Social media

19. OMNICHANNEL MARKETING

- Integration of online and offline channels

PART VII: ORGANIZATIONAL CULTURE

20. CUSTOMER-CENTRIC CULTURE

- Employees focus on customer satisfaction
- Training and motivation

21. INTERNAL MARKETING

- Treat employees as internal customers

PART VIII: MEASURING CUSTOMER SATISFACTION

22. METHODS

- Surveys
- Feedback forms
- Net Promoter Score (NPS)

PART IX: ADVANTAGES AND CHALLENGES

23. ADVANTAGES

- Customer loyalty
- Increased profitability
- Competitive advantage

24. CHALLENGES

- High implementation cost
- Data management issues
- Changing customer expectations

PART X: ROLE IN COMPETITIVE STRATEGY

25. STRATEGIC IMPORTANCE

Customer-driven organizations:

- Build strong brand image
 - Achieve long-term growth
 - Sustain competitive advantage
-

VIII. CAUSE-RELATED MARKETING (CRM)

1. INTRODUCTION TO CAUSE-RELATED MARKETING

Cause-Related Marketing (CRM) is an important concept in modern marketing that integrates **business objectives with social responsibility**. It reflects the growing awareness among consumers toward **ethical consumption and social welfare**.

Definition:

Cause-related marketing is a **strategic partnership between a for-profit organization and a non-profit organization or social cause**, where both parties derive mutual benefit.

It involves linking a company's product, brand, or service with a social cause such as:

- Environmental protection
- Health awareness
- Education
- Poverty alleviation

Key Idea:

□ “Doing well by doing good” – Companies generate profits while contributing to societal welfare.

2. EVOLUTION AND CONCEPT

Cause-related marketing emerged as a part of **Corporate Social Responsibility (CSR)**.

- Became popular after **American Express campaign (1983)** supporting the Statue of Liberty restoration
- Demonstrated that marketing can simultaneously:
 - Increase sales
 - Support social causes

3. CHARACTERISTICS OF CAUSE-RELATED MARKETING

CRM has the following distinctive features:

3.1 Strategic Partnership

- Collaboration between:
 - Business firms
 - Non-profit organizations

3.2 Mutual Benefit

- Company → Brand image, profit
- Non-profit → Funds, awareness

3.3 Consumer Involvement

- Customers contribute indirectly through purchases

3.4 Promotional Integration

- CRM is part of advertising, PR, and branding strategies

3.5 Measurable Outcomes

- Sales increase
- Donations generated
- Awareness created

4. OBJECTIVES OF CAUSE-RELATED MARKETING

The main objectives include:

Business Objectives:

- Increase sales and profitability
- Build brand image and goodwill
- Differentiate from competitors

Social Objectives:

- Raise awareness of social issues
- Generate funds for causes
- Encourage social participation

5. TYPES OF CAUSE-RELATED MARKETING

CRM can be classified into several types:

5.1 Transaction-Based CRM

- Company donates a portion of sales to a cause
- Example: “₹10 per product sold donated”

5.2 Point-of-Sale Campaigns

- Customers asked to donate at checkout

5.3 Sponsorship-Based CRM

- Companies sponsor events or programs

5.4 Licensing

- Use of a charity logo on products

5.5 Volunteerism

- Employees participate in social activities

5.6 Joint Promotions

- Co-branded campaigns between company and NGO

These types involve collaboration and consumer engagement in different ways.

6. IMPORTANCE OF CAUSE-RELATED MARKETING

CRM is highly relevant in today’s business environment due to:

6.1 Changing Consumer Behavior

- Consumers prefer socially responsible brands

6.2 Competitive Advantage

- Differentiates brand in crowded markets

6.3 Emotional Connection

- Builds deeper relationships with customers

6.4 Corporate Responsibility

- Enhances company's ethical image

7. BENEFITS OF CAUSE-RELATED MARKETING

7.1 Benefits to Business

a) Improved Brand Image

- Builds trust and credibility

b) Increased Customer Loyalty

- Customers prefer value-driven brands

c) Competitive Advantage

- Differentiation from competitors

d) Higher Sales

- Positive image leads to increased demand

e) Employee Satisfaction

- Improves morale and organizational culture

7.2 Benefits to Non-Profit Organizations

- Increased funding and donations
- Greater public awareness
- Access to corporate resources
- Wider audience reach

7.3 Benefits to Society

- Social problems addressed
- Increased public participation
- Better community development

8. PROCESS OF IMPLEMENTING CRM

Step 1: Identify the Cause

- Choose a relevant and meaningful cause

Step 2: Select a Partner

- Collaborate with a suitable NGO

Step 3: Design the Campaign

- Decide:
 - Donation structure
 - Promotional strategy

Step 4: Promotion

- Use:
 - Advertising
 - Social media
 - PR activities

Step 5: Execution

- Launch campaign in market

Step 6: Evaluation

- Measure:
 - Sales
 - Awareness
 - Impact

9. EXAMPLES OF CAUSE-RELATED MARKETING

Example 1: Starbucks & (RED)

- Sales linked to AIDS awareness
- Funds donated to fight HIV

Example 2: Coca-Cola & WWF

- Campaign for polar bear conservation

Example 3: American Express

- Donation per transaction for Statue of Liberty restoration

These examples show how CRM creates a **win-win-win situation**:

- Company
- Customer
- Cause

10. CAUSE MARKETING VS SOCIAL MARKETING

Aspect	Cause Marketing	Social Marketing
Objective	Profit + Social good	Pure social welfare
Participants	Business + NGO	Government/NGO
Focus	Branding + awareness	Behavior change
Example	Donation per purchase	Anti-smoking campaigns

11. ADVANTAGES OF CAUSE-RELATED MARKETING

- Enhances corporate image
- Builds customer trust

- Encourages ethical consumption
- Strengthens community relations
- Increases employee engagement

12. LIMITATIONS / CRITICISMS

Despite its benefits, CRM has some drawbacks:

12.1 Lack of Authenticity

- Consumers may doubt company intentions

12.2 Profit-Oriented Motive

- Seen as marketing gimmick

12.3 Misalignment of Cause

- Wrong cause can damage brand

12.4 Short-Term Focus

- Temporary campaigns may lack real impact

13. SUCCESS FACTORS OF CRM

For effective CRM campaigns:

- Choose relevant cause
 - Ensure transparency
 - Maintain long-term commitment
 - Communicate clearly
 - Measure results effectively
-

IX. ETHICS IN MARKETING

1. INTRODUCTION TO ETHICS IN MARKETING

Marketing ethics refers to the **principles, standards, and moral values** that guide the behavior of marketers in promoting, selling, and distributing products or services. It ensures that marketing activities are **fair, transparent, and socially responsible**.

Definition:

- **AMA (American Marketing Association)**: “Marketing ethics involves those standards of behavior which guide marketing decisions and actions, and which are accepted as morally right by society.”
- **Kotler (2009)**: Ethics in marketing is the application of **moral principles to marketing decisions**, ensuring **honesty, fairness, and responsibility**.

Key Idea:

- Marketing ethics balances **profit motives** with **consumer welfare and social good**.
-

2. IMPORTANCE OF ETHICS IN MARKETING

Ethical marketing is essential for:

1. **Consumer Trust** – Ethical practices build long-term relationships.
2. **Brand Image** – Honest advertising improves brand reputation.
3. **Legal Compliance** – Avoids penalties and litigation.
4. **Social Responsibility** – Aligns business with societal values.
5. **Employee Morale** – Ethical companies attract and retain talented staff.

Example: Companies like **Patagonia** and **TOMS** are known for their ethical marketing strategies, which contribute to customer loyalty and social impact.

3. PRINCIPLES OF MARKETING ETHICS

Marketing ethics is guided by the following principles:

3.1 Honesty

- No false claims or misleading advertisements.

3.2 Transparency

- Clear disclosure of product features, prices, and terms.

3.3 Fairness

- Avoid exploiting vulnerable consumers.

3.4 Responsibility

- Accountability for the social and environmental impact of marketing.

3.5 Respect for Consumer Rights

- Right to safety, information, choice, and privacy.

3.6 Professionalism

- Upholding integrity in all marketing communications.

4. SCOPE OF ETHICS IN MARKETING

Ethics in marketing applies to various aspects:

4.1 Product Ethics

- Safety, quality, and truthful labeling.

4.2 Pricing Ethics

- Avoid price fixing, deceptive discounts, or unfair surcharges.

4.3 Promotion Ethics

- Honest advertising, avoiding false claims, fear tactics, or misleading endorsements.

4.4 Distribution Ethics

- Fair access, preventing exploitation in supply chains.

4.5 Customer Relationship Ethics

- Respect for privacy, fair complaint handling, and data protection.

5. ETHICAL ISSUES IN MARKETING

Marketing faces multiple ethical dilemmas:

5.1 Misleading Advertising

- Exaggerated claims, hidden terms, and “bait and switch” tactics.

5.2 Product Safety

- Selling unsafe or substandard products.

5.3 Pricing Manipulation

- Predatory pricing, price gouging, and unfair competition.

5.4 Exploitation

- Targeting children, vulnerable populations, or inducing compulsive buying.

5.5 Privacy Violation

- Collecting or misusing consumer data without consent.

5.6 Cultural Insensitivity

- Marketing that offends societal norms or ethnic sensitivities.

6. MARKETING ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Ethics in marketing is closely linked with CSR:

- CSR involves **voluntary social initiatives** beyond legal compliance.
- Ethical marketing practices include **cause-related marketing, green marketing, and fair trade initiatives**.
- Example: **The Body Shop** emphasizes ethical sourcing and cruelty-free products.

7. ETHICAL THEORIES APPLIED TO MARKETING

Marketing decisions are guided by ethical frameworks:

7.1 Deontological Ethics

- Focus on **duty and rules**.
- Example: Avoiding false claims even if it reduces profit.

7.2 Utilitarianism

- Focus on **greatest good for the greatest number**.
- Example: Promoting eco-friendly products to benefit society.

7.3 Virtue Ethics

- Focus on **character and integrity** of marketers.
- Example: Encouraging honesty and transparency in campaigns.

7.4 Social Contract Theory

- Marketing should conform to **societal norms and expectations**.

8. ETHICAL MARKETING STRATEGIES

To ensure ethical marketing:

8.1 Green Marketing

- Promote environmental-friendly products.

8.2 Transparent Communication

- Clear labeling and advertising.

8.3 Fair Trade Practices

- Supporting ethical supply chains and labor practices.

8.4 Ethical Consumerism

- Encourage consumers to make informed, ethical choices.

8.5 Codes of Conduct

- Develop internal guidelines for ethical decision-making.

9. BENEFITS OF ETHICAL MARKETING

9.1 For Business

- Enhances brand loyalty and reputation
- Reduces legal risks
- Improves employee morale

9.2 For Consumers

- Ensures safety and fairness
- Builds trust in brands

9.3 For Society

- Promotes social welfare
- Reduces unethical exploitation
- Encourages sustainable development

10. CONSEQUENCES OF UNETHICAL MARKETING

Unethical marketing practices can lead to:

- Loss of consumer trust
- Negative publicity and brand damage
- Legal action and fines
- Employee dissatisfaction
- Market share erosion

Example: The **Volkswagen emissions scandal** damaged its global brand image and caused huge legal penalties.

11. ETHICS IN DIGITAL MARKETING

The rise of digital marketing introduces new ethical concerns:

- Data privacy violations
- Misleading online reviews
- Hidden advertisements and sponsored content
- Social media manipulation

Best practices:

- Obtain explicit consent for data collection
- Transparent influencer marketing
- Honest content and disclaimers

12. FRAMEWORK FOR ETHICAL DECISION-MAKING IN MARKETING

A structured approach helps marketers act ethically:

1. **Identify the ethical issue**
2. **Consider stakeholders** – consumers, employees, society
3. **Evaluate alternatives using ethical principles**
4. **Make a decision** – consistent with laws and morals
5. **Implement and monitor** – ensure compliance
6. **Review and improve** – learn from outcomes

X. ONLINE MARKETING TRENDS – SOCIAL MEDIA & DIGITAL MARKETING

1. INTRODUCTION TO DIGITAL MARKETING

Digital marketing refers to the promotion of products or services using **digital channels and technologies**. It leverages **internet platforms, social media, search engines, email, and mobile apps** to reach and engage consumers.

Definition:

- **Chaffey (2019):** Digital marketing is “the use of digital technologies to achieve marketing objectives by communicating, engaging, and building relationships with customers.”
- **Key Idea:** Unlike traditional marketing, digital marketing provides **two-way communication** and **real-time measurement**.

2. EVOLUTION OF DIGITAL MARKETING

1. **1990s:** Introduction of company websites and email marketing.
2. **Early 2000s:** Rise of search engines (Google) and search engine optimization (SEO).
3. **2010s:** Emergence of social media platforms (Facebook, Twitter, Instagram).
4. **2020s:** Integration of AI, data analytics, video marketing, and influencer marketing.

Factors driving digital marketing:

- Internet penetration

- Smartphone adoption
- Changing consumer behavior
- Cost-effectiveness compared to traditional media

3. SOCIAL MEDIA MARKETING (SMM)

Social media marketing involves **using platforms like Facebook, Instagram, LinkedIn, Twitter, and YouTube** to promote products and interact with customers.

3.1 Objectives of Social Media Marketing:

- Brand awareness and visibility
- Customer engagement and loyalty
- Lead generation and conversions
- Market research and feedback
- Content sharing and virality

3.2 Key Features:

- Two-way communication with customers
- Viral potential for campaigns
- Cost-effective advertising
- Analytics-driven strategy

4. POPULAR SOCIAL MEDIA PLATFORMS

Platform	Marketing Features	Example Usage
Facebook	Paid ads, page management, groups	Targeted product promotions
Instagram	Stories, reels, influencer marketing	Fashion, lifestyle campaigns
Twitter/X	Short content, trending hashtags	Real-time updates, customer support
LinkedIn	B2B marketing, networking	Professional services promotion
YouTube	Video marketing, ads	Product demos, tutorials
TikTok	Short-form videos, trends	Viral marketing campaigns

5. DIGITAL MARKETING CHANNELS

5.1 Search Engine Marketing (SEM)

- Paid ads on Google and Bing
- Includes **Pay-Per-Click (PPC)** campaigns
- Goal: Drive targeted traffic

5.2 Search Engine Optimization (SEO)

- Organic strategies to improve website ranking
- Key components:
 - On-page SEO: content, meta tags, keywords
 - Off-page SEO: backlinks, social signals

5.3 Content Marketing

- Creating valuable content to attract and retain customers
- Examples: blogs, eBooks, videos, infographics

5.4 Email Marketing

- Personalized emails for promotions and engagement
- Automation and segmentation improve efficiency

5.5 Affiliate Marketing

- Partnerships with publishers to promote products
- Commission-based payment model

5.6 Influencer Marketing

- Collaborating with influencers to promote brands
- Builds trust through social proof

5.7 Mobile Marketing

- SMS, push notifications, and app-based marketing
- Location-based targeting enhances personalization

6. ONLINE MARKETING TRENDS

6.1 Video Marketing

- Short-form videos dominate engagement
- Platforms: YouTube, TikTok, Instagram Reels
- Example: Product demos, tutorials, storytelling

6.2 Voice Search Optimization

- Alexa, Google Assistant impact search trends
- Focus on conversational keywords

6.3 AI and Chatbots

- 24/7 customer support
- Personalized recommendations based on user behavior

6.4 Influencer Marketing Growth

- Micro and nano-influencers create niche engagement
- Authenticity is a key trend

6.5 Personalization

- Customized content, offers, and product suggestions
- Data-driven targeting improves ROI

6.6 Social Commerce

- Direct purchasing through social media platforms
- Facebook Shops, Instagram Shopping

6.7 Augmented Reality (AR) & Virtual Reality (VR)

- Interactive product demos
- Example: Virtual try-on for fashion or makeup products

6.8 Sustainability and Ethical Marketing

- Brands promoting eco-friendly products
- Transparent, socially responsible campaigns

7. BENEFITS OF DIGITAL AND SOCIAL MEDIA MARKETING

7.1 For Business

- Global reach and scalability
- Cost-efficient compared to traditional advertising
- Measurable performance through analytics
- Improved customer engagement and brand loyalty

7.2 For Consumers

- Access to information, reviews, and comparisons
- Interactive and personalized communication
- Convenient online shopping

7.3 For Society

- Awareness campaigns on social issues
- E-commerce boosts small businesses and startups

8. CHALLENGES IN DIGITAL MARKETING

- Ad fraud and fake clicks
- Privacy concerns and data protection (GDPR, India Data Protection Act)
- Algorithm changes impacting reach
- Content saturation and consumer attention scarcity
- High competition for social media visibility

9. MEASURING DIGITAL MARKETING EFFECTIVENESS

Key Metrics:

- **Traffic:** Number of visitors to websites
- **Engagement:** Likes, shares, comments, retweets
- **Conversion Rate:** Visitors who take desired action
- **Click-Through Rate (CTR):** Percentage clicking ads or links
- **Return on Investment (ROI):** Revenue generated vs marketing cost

Tools for measurement: Google Analytics, SEMrush, HubSpot, Hootsuite

10. STRATEGIC APPROACH TO ONLINE MARKETING

Step 1: Define Goals

- Brand awareness, leads, sales, or engagement

Step 2: Identify Target Audience

- Demographics, interests, behavior, location

Step 3: Select Channels

- Social media, email, SEO, PPC, content marketing

Step 4: Create Content

- Engaging, relevant, shareable

Step 5: Promote Campaign

- Paid ads, influencer marketing, SEO optimization

Step 6: Analyze and Optimize

- Track KPIs and refine strategy continuously

11. FUTURE TRENDS IN DIGITAL MARKETING

- AI-generated content and personalization
- Voice and visual search adoption
- Metaverse and immersive marketing experiences
- Integration of social commerce and payment gateways

UNIT VI

CONTEMPORARY TRENDS AND ETHICAL MARKETING

SYLLABUS

Cause-Related and Sustainable Marketing - Ethical and Legal Aspects in Marketing - Green Marketing Social Media Marketing - Influencer and Content Marketing - Mobile and Digital Marketing Trends - Personalization and Marketing Automation - Emerging Tools in Digital Marketing - SEO, SEM - Email, Analytics - Customer-Centric Marketing Organizations

S. No	Topic	Course Outcome (CO)	Programme Outcomes (POs)	Bloom's Taxonomy Level
1	Cause-Related and Sustainable Marketing	C06	PO2, PO6	BT1 – Remember
2	Ethical and Legal Aspects in Marketing	C06	PO3,PO4, PO6	BT3 – Apply
3	Green Marketing Social Media Marketing	C06	PO2, PO6	BT3 – Apply BT4 – Analyze
4	Influencer and Content Marketing	C06	PO3,PO4, PO6	BT3 – Apply BT4 – Analyze
5	Mobile and Digital Marketing Trends	C06	PO1, PO2,	BT3 – Apply BT–5 Evaluate
6	Personalization and Marketing Automation	C06	PO3,PO4, PO6	BT1 – Remember
7	Emerging Tools in Digital Marketing	C06	PO1, PO2,	BT3 – Apply
8	SEO, SEM	C06	PO1, PO2,	BT3 – Apply
9	Email, Analytics	C06	PO1, PO2,PO6	BT3 – Apply BT4 – Analyze
10	Customer-Centric Marketing Organizations	C06	PO3,PO4, PO6	BT3 – Apply BT–5 Evaluate

I. CAUSE-RELATED AND SUSTAINABLE MARKETING

1. Introduction to Cause-Related Marketing (CRM)

Definition

Cause-Related Marketing is a **strategic marketing and corporate social responsibility (CSR) initiative** in which a company forms a **partnership with a non-profit or cause** to market an image, product, or service for mutual benefit and social impact.

→ It aims to **create value for the brand while supporting social, environmental, or humanitarian causes.**

According to the American Marketing Association:

“Cause-Related Marketing refers to marketing activities that involve a **cooperative effort between a for-profit firm and a non-profit organization** for mutual benefit.”

Key Characteristics

- **Mutual benefit** for business and the cause
- **Voluntary and strategic association**
- Often involves **donations tied to consumer actions**
- Drives **brand engagement and social impact**

Examples

- Portion of sales donated to charity
- Fundraising tied to purchase behaviors
- Awareness campaigns paired with products

2. Conceptual Framework and Rationale

Why CRM?

Cause-Related Marketing is adopted due to:

1. **Consumer expectations:** Growing demand for ethical and responsible business behavior
2. **Competitive differentiation:** Helps brands stand out
3. **Brand reputation enhancement**
4. **Corporate social responsibility fulfillment**
5. **Customer loyalty and emotional connection**

Underlying Principles

- **Authenticity:** Cause must align with brand values
- **Transparency:** Clear disclosure of contributions
- **Relevance:** Cause should resonate with target audience
- **Measurability:** Impact must be measurable

3. Types of Cause-Related Marketing Programs

Type	Description
Point-of-Sale Campaigns	Donations linked to each purchase
Awareness Raising	Ads that inform and educate
Sponsorships	Brand funds events/campaigns
Community Partnerships	Local programs with NGOs
Product Tie-Ins	Co-branding with a cause

4. CRM Process and Steps

1. **Identify Objectives**
 - Brand image, sales targets, CSR goals
2. **Select Appropriate Cause**
 - Relevance to brand and consumers
3. **Partner Identification**
 - NGOs, charities, social enterprises

4. **Design Program**
 - Campaign mechanics, donation metrics
5. **Communication Plan**
 - Advertising, social media, PR
6. **Implementation**
 - Launch across channels
7. **Monitoring & Evaluation**
 - Measure financial and social outcomes
8. **Feedback and Adjustment**
 - Optimize future campaigns

5. Benefits of Cause-Related Marketing

For Businesses

- Enhanced **brand loyalty**
- Increased **market penetration**
- Positive **brand associations**
- Competitive edge

For Consumers

- Satisfaction of contributing to social good
- Increased identification with brand causes

For Society

- Funding for NGOs and initiatives
- Increased awareness of social issues

6. Limitations and Challenges

- **Risk of skepticism:** Consumer doubts about authenticity
- **Cause misalignment:** Irrelevant partnerships may harm brand
- **Measurement difficulty:** Hard to quantify social impact
- **High costs:** Marketing and partnership expenses

7. Cause Misalignment: Concept & Consequences

Cause misalignment occurs when the chosen cause does not fit the brand's identity or consumer expectations.

Consequences include:

- Consumer backlash
- Reduced trust
- Brand dilution

Example: A fast-food brand promoting health without substantive action

8. Sustainable Marketing: Introduction

Definition

Sustainable Marketing refers to **marketing strategies that meet current customer needs while preserving environmental, social, and economic resources for the future.**

It integrates marketing with **sustainability principles** (environmental protection, social equity, economic viability).

Key Idea

Shift from traditional profit-centric marketing to **triple bottom line marketing**:

1. **Profit**
2. **People**
3. **Planet**

9. Principles of Sustainable Marketing

1. **Long-Term Orientation:** Balances present and future needs
2. **Ethical Standards:** Fairness, responsibility, transparency
3. **Environmental Stewardship**
4. **Consumer Education**
5. **Stakeholder Inclusivity**

10. Sustainable Marketing Mix (7 Ps Reinterpreted)

Element	Sustainable Focus
Product	Eco-friendly design, recyclability
Price	Reflects true environmental cost
Place	Minimized carbon footprint in distribution
Promotion	Transparency, educative messaging
People	Fair labor, community support
Process	Efficient, waste-reducing operations
Physical Evidence	Sustainability cues in packaging, branding

11. Tools and Approaches in Sustainable Marketing

Green Marketing

Focus on products with environmental benefits

→ e.g., biodegradable products

Social Marketing

Marketing to promote societal well-being

→ health, safety campaigns

Environmental Marketing

Emphasis on environmental preservation

→ reduced emissions, sustainable materials

12. Consumer Behavior in Sustainable Marketing

Consumers tend to:

- Prefer ethical brands
- Pay premiums for sustainability
- Avoid brands with poor environmental records

Drivers of sustainable consumer behavior:

- Personal values
- Social norms

- Knowledge of environmental impact

13. Criticisms of Sustainable Marketing

- **Greenwashing risk:** Misleading claims
- **Cost implications:** High investment in sustainable processes
- **Implementation complexity:** Hard to integrate across functions

14. Difference Between CRM and Sustainable Marketing

Aspect	Cause-Related Marketing	Sustainable Marketing
Focus	Support specific causes	Long-term sustainability
Duration	Campaign based	Continuous strategy
Primary Goal	Social cause + brand benefit	Planet, people, profit balance
Impact Measurement	Cause contributions	Broader sustainability metrics

15. Evaluation and Measurement

CRM Metrics

- Amount donated
- Consumer engagement increase
- Sales uplift

Sustainable Marketing Metrics

- Carbon footprint reduction
- Waste reduction
- Stakeholder satisfaction
- Sustainability reporting indices

II. ETHICAL AND LEGAL ASPECTS IN MARKETING

1. Introduction to Marketing Ethics

Definition

Marketing Ethics refers to the moral principles, values, and standards that govern the **conduct and decision-making** of individuals and organizations involved in marketing activities. It dictates what is considered acceptable or unacceptable in marketing behavior.

According to the American Marketing Association (AMA):

“Marketing ethics are the principles and standards that determine acceptable conduct in marketing as defined by stakeholders.”

Nature of Ethics in Marketing

- **Normative** – based on what *should* be done
- **Value-based** – driven by fairness, honesty, respect
- **Dynamic** – varies across cultures and time
- **Stakeholder-centered** – focuses on consumer welfare, societal good, and corporate responsibility

2. Importance of Ethics in Marketing

Ethical marketing is essential because it:

- Promotes **trust and long-term relationships** with customers
- Enhances **brand image** and reputation
- Prevents **legal penalties and compliance issues**
- Reduces **consumer exploitation**
- Supports **sustainable business practices**

3. Ethical Issues in Marketing

3.1. Product and Service Issues

- Misleading product claims
- Concealing defects
- Poor product safety
- Planned obsolescence

Example: Overstating benefits of a product in advertising that cannot be substantiated.

3.2. Pricing Ethics

Unethical issues include:

- Price gouging
- Predatory pricing
- Hidden costs
- Misleading discounts

Example: Charging excessive “service fees” that were not disclosed upfront.

3.3. Advertising and Promotion

Key issues:

- Deceptive ads
- Puffery vs. deception
- Using fear appeals
- Targeting vulnerable groups

Example: Ads suggesting unrealistic weight loss results.

3.4. Distribution Ethics

- Exclusive distribution misuse
- Channel favoritism
- Gray marketing

Example: Channel partners receiving unfair promotional advantages.

3.5. Digital and Social Media Marketing

- Privacy violations
- Data misuse
- Clickbait & fake influencers

- Behavioral targeting

Example: Collecting user data without proper consent.

3.6. Sales and Personal Selling

- High-pressure sales tactics
- Misrepresentation
- Bribery and incentives

Example: Salespeople exaggerating product features to close deals.

4. Ethical Decision-Making Framework in Marketing

A structured approach to resolve ethical dilemmas:

4.1. Recognize the Ethical Issue

Identify conflicting values or interests.

4.2. Gather Relevant Facts

Understand stakeholders, context, laws, consequences.

4.3. Identify Alternatives

List possible courses of action.

4.4. Evaluate Alternatives

Use ethical principles like:

- **Utilitarianism** – greatest good for most
- **Rights** – protect individual freedoms
- **Justice** – fairness and equity
- **Virtue ethics** – moral character

4.5. Make and Implement Decision

Choose the most ethical solution and take action.

4.6. Monitor and Review

Assess outcomes and adjust future decisions.

5. Ethical Principles in Marketing

Principle	Description
Honesty	Truthful communication & claims
Fairness	Equity for all stakeholders
Responsibility	Accountability for consequences
Respect	Acknowledging consumer rights
Transparency	Open and clear disclosures
Corporate Citizenship	Contributing to societal welfare

6. Marketing Codes of Ethics

Organizations and associations set ethical standards, such as:

- **American Marketing Association (AMA) Code**
- **International Chamber of Commerce (ICC) Marketing Codes**
- **Industry self-regulations**
- **Internal corporate ethical codes**

These codes promote:

- Truth in advertising
- Consumer privacy protection
- Fair competition

7. Introduction to Legal Aspects of Marketing

Definition

Legal aspects in marketing refer to the **laws, regulations, and judicial decisions** that govern marketing practices. These rules protect consumers, competitors, and the marketplace.

8. Marketing-Related Laws and Regulations in India

8.1. Consumer Protection Act (2019)

Provides rights to consumers and liabilities to marketers.

Key features:

- Consumer rights (product safety, information transparency)
- Unfair trade practices prohibited
- E-commerce protections
- Consumer protection councils and dispute resolution

8.2. Competition Act (2002)

Prevents:

- Anti-competitive agreements
- Abuse of dominant position
- Improper mergers

8.3. Indian Contract Act

Governs:

- Legal enforceability of contracts
- Misrepresentation and unfair inducement

8.4. Advertisement Regulations

- **ASCI (Advertisement Standards Council of India) Guidelines**
- Restrictions on false claims, health claims, children's marketing
- Sector-specific norms (pharma, food, financial products)

8.5. Information Technology Act (2000)

Focuses on:

- Digital marketing practices
- Cyber/privacy regulations
- Data protection norms

8.6. Trademark and Copyright Laws

- Protect brand identity and creative content
- Prevent imitation and infringement

9. Regulating Unethical Marketing Practices

9.1. Deceptive Advertising

Legal boundaries require:

- Clear, truthful claims
- No false guarantees

Penalties: Fines, campaign withdrawal

9.2. Bait and Switch

Illegally advertising low-priced products to lure customers then switching to higher-priced items.

9.3. Misleading Packaging

Unlawful if packaging creates false impressions.

9.4. Telemarketing and Spam

Regulations restrict:

- Unsolicited calls
- Unwanted messages

Compliance with Do Not Call Registry rules is mandated.

10. Consumer Rights and Legal Protection

Marketing laws uphold consumer rights:

- Right to safety
- Right to information
- Right to choose
- Right to redress
- Right to be heard
- Right to privacy

Legal protections ensure companies cannot:

- Exploit consumers
- Use fraudulent contracts
- Conceal product defects

11. Role of Regulatory Bodies

Body	Functions
Consumer Protection Authority	Enforces consumer rights
Competition Commission of India	Monitors fair competition

Body	Functions
Advertising Standards Council of India (ASCI)	Self-regulate ads
Telecom Regulatory Authority of India (TRAI)	Regulate telemarketing

12. Ethical and Legal Issues in Digital Marketing

12.1. Data Privacy

- Consent for data collection mandatory
- User data storage and use must be transparent

12.2. Online Consumer Protection

- Accurate pricing
- Clear returns and refund policies
- Disclosure of sponsored content

12.3. Intellectual Property Online

Protection of digital content:

- Copyright
- Digital rights management

13. Corporate Social Responsibility (CSR) in Marketing

Ethics in marketing goes beyond compliance. CSR initiatives reflect:

- Environment protection
- Consumer welfare programs
- Sustainable business practices

CSR enhances brand equity and customer loyalty.

14. Relationship Between Ethics and Law

- **Ethics** is broader than law; it includes moral values.
- **Law** is the minimum standard required.
- Ethical actions often go beyond legal compliance to uphold trust and goodwill.

15. Marketing Ethics Across Cultures

Global marketers face cultural variations in ethical norms:

- Different standards for advertising
- Cultural sensitivities in messaging
- Local laws and societal expectations

Example: Advertising to children may be ethically restricted in some countries.

16. Ethical Auditing and Compliance

Organizations conduct ethical audits to:

- Assess ethical performance
- Identify risks
- Improve policies

Compliance departments ensure adherence to:

- Legal rules
- Industry standards

17. Impact of Unethical and Illegal Marketing

Consequences:

- Loss of customer trust
- Legal penalties and fines
- Brand damage
- Shareholder loss
- Market exclusion

Examples:

- False advertising lawsuits
- Breach of consumer data rights

III. GREEN MARKETING AND SOCIAL MEDIA MARKETING

1. Introduction to Green Marketing

Definition

Green Marketing refers to marketing efforts aimed at promoting products and services that are **environmentally friendly, sustainable, and socially responsible**. It integrates **eco-conscious strategies** into all aspects of marketing to appeal to environmentally aware consumers.

Kotler's definition:

“Green marketing involves the marketing of products that are presumed to be environmentally safe.”

Key Features of Green Marketing

1. Focus on **eco-friendly products and services**
2. Includes **environmental communication** and awareness campaigns
3. Aims for **long-term sustainability**
4. Often emphasizes **corporate social responsibility (CSR)**
5. Integrates **green principles in product, pricing, promotion, and distribution**

Objectives of Green Marketing

- Reduce negative environmental impact
- Promote sustainable consumption
- Build brand loyalty among eco-conscious consumers
- Comply with environmental laws and regulations
- Enhance corporate reputation and social responsibility

2. Importance of Green Marketing

1. **Environmental Preservation:** Reduces pollution and waste

2. **Consumer Demand:** Rising preference for eco-friendly products
3. **Competitive Advantage:** Differentiates brands
4. **Regulatory Compliance:** Adheres to environmental norms and laws
5. **Corporate Image:** Enhances reputation and credibility

3. Green Marketing Mix (4 Ps + 3 Additional Ps)

Element	Green Marketing Approach
Product	Eco-friendly design, biodegradable materials, energy efficiency
Price	Reflect environmental cost, premium pricing for sustainability
Place	Environmentally friendly distribution and logistics
Promotion	Communicate eco-benefits, use green advertising, CSR campaigns
People	Staff training in sustainability, customer education
Process	Minimize waste, reduce emissions, sustainable operations
Physical Evidence	Eco-labels, recyclable packaging, environmental certifications

4. Tools and Strategies of Green Marketing

1. **Eco-labeling:** Certifications like Energy Star, FSC, Organic
2. **Green Branding:** Positioning products as environmentally responsible
3. **Environmental Campaigns:** Awareness programs, community initiatives
4. **Green Packaging:** Recyclable, biodegradable, or reusable packaging
5. **Sustainable Supply Chain:** Green sourcing and logistics

5. Challenges in Green Marketing

- Higher cost of green production
- Consumer skepticism and greenwashing
- Measuring environmental impact
- Balancing profitability with sustainability
- Limited awareness in some markets

6. Green Marketing Examples

- **Tata Motors:** Electric vehicles and low-emission technologies
- **ITC Paperboards & Specialty Papers:** Eco-friendly packaging
- **Hindustan Unilever:** Sustainable product lines (e.g., Lifebuoy, Sunsilk with water-saving campaigns)

7. Introduction to Social Media Marketing (SMM)

Definition

Social Media Marketing refers to the use of social media platforms to **promote products, engage customers, and build brand awareness**. It leverages platforms such as Facebook, Instagram, Twitter, LinkedIn, and YouTube to reach targeted audiences.

Key Idea: Two-way communication, content-driven engagement, and brand interaction.

Objectives of Social Media Marketing

1. Increase brand awareness
2. Enhance customer engagement and loyalty
3. Generate leads and sales
4. Build community and social proof

5. Monitor consumer feedback and trends

8. Types of Social Media Marketing

1. **Content Marketing:** Blogs, videos, infographics
2. **Influencer Marketing:** Partnering with influencers to reach audiences
3. **Paid Advertising:** Facebook Ads, Instagram Ads, LinkedIn sponsored posts
4. **Social Engagement:** Responding to comments, messages, polls
5. **Viral Marketing:** Creating shareable content to increase reach
6. **User-Generated Content (UGC):** Encouraging customers to create content

9. Social Media Marketing Process

1. **Set Goals:** Awareness, traffic, engagement, conversion
2. **Audience Research:** Demographics, preferences, behavior
3. **Platform Selection:** Facebook, Instagram, LinkedIn, Twitter, YouTube
4. **Content Strategy:** Informative, entertaining, or promotional content
5. **Execution:** Scheduling posts, paid campaigns
6. **Engagement:** Interact with followers, respond promptly
7. **Monitoring & Analytics:** Track metrics like reach, impressions, CTR
8. **Optimization:** Adjust campaigns based on performance

10. Social Media Metrics

- **Engagement Rate:** Likes, shares, comments
- **Reach & Impressions:** Number of people exposed to content
- **Click-through Rate (CTR):** Percentage of users clicking links
- **Conversion Rate:** Users completing desired actions (purchase, signup)
- **Follower Growth Rate:** Increase in followers over time

11. Advantages of Social Media Marketing

1. **Cost-effective** compared to traditional advertising
2. **Wide reach and global accessibility**
3. **Real-time engagement and feedback**
4. **Brand building and reputation management**
5. **Targeted marketing** based on demographics and interests

12. Challenges in Social Media Marketing

- High competition for attention
- Negative feedback or online reputation risk
- Constantly evolving algorithms and platform policies
- Resource-intensive content creation
- Maintaining authenticity while promoting

13. Green Marketing via Social Media

Social media amplifies green marketing campaigns by:

- Promoting eco-friendly products
- Sharing CSR initiatives and sustainability stories
- Engaging consumers in environmental campaigns
- Encouraging user-generated eco-content

Example: Instagram campaigns for reducing plastic use or promoting sustainable fashion brands.

14. Ethical Considerations in Green and Social Media Marketing

1. Avoid **greenwashing** – don't mislead consumers on eco-friendliness
2. Respect **data privacy** and informed consent
3. Be transparent in **sponsored content** and influencer partnerships
4. Ensure **authentic claims** in digital campaigns

15. Legal Aspects

- **Advertising Standards Council of India (ASCI):** Guidelines for truthful claims
 - **Consumer Protection Act:** Protect against deceptive green claims
 - **IT Act & Data Protection:** Ensure privacy in social media campaigns
 - **Intellectual Property:** Protect content shared on social platforms
-

IV. INFLUENCER MARKETING AND CONTENT MARKETING

1. Introduction to Influencer Marketing

Definition

Influencer Marketing is a strategy where brands **partner with individuals who have influence over potential buyers** to promote products or services. Influencers use their credibility, reach, and audience engagement to impact purchasing decisions.

Influencer Marketing leverages the power of trust and relatability that the influencer has with their followers.

Key Features

1. **Credibility and Trust:** Influencers are perceived as authentic and knowledgeable.
2. **Targeted Reach:** Access to niche or mass audiences.
3. **Content Creation:** Influencers create promotional content aligned with brand messaging.
4. **Engagement:** Two-way communication with the audience.
5. **Measurable Impact:** Tracking reach, engagement, and conversion metrics.

Types of Influencers

Type	Followers	Impact
Mega-Influencers	>1 million	Wide reach, celebrity endorsements
Macro-Influencers	100K–1M	Broad niche audiences
Micro-Influencers	10K–100K	High engagement, trusted within communities
Nano-Influencers	<10K	Hyperlocal influence, highly authentic

2. Objectives of Influencer Marketing

- Increase brand awareness and visibility
- Drive engagement and user interaction
- Influence purchase decisions and conversions
- Build brand credibility and trust
- Launch new products or campaigns effectively

3. Influencer Marketing Process

1. **Identify Goals:** Awareness, conversions, engagement, sales
2. **Target Audience Analysis:** Understand demographics, preferences, behavior
3. **Select Influencers:** Based on relevance, engagement, reach, and credibility
4. **Campaign Design:** Define message, content type, and call-to-action
5. **Content Collaboration:** Co-create content with influencer
6. **Campaign Execution:** Publish content across social media platforms
7. **Monitoring & Analytics:** Track KPIs like reach, engagement, sales
8. **Review and Optimization:** Adjust strategies for future campaigns

4. Benefits of Influencer Marketing

- Enhanced credibility and trust
- Targeted access to niche audiences
- Improved engagement and interaction
- Cost-effective compared to traditional advertising
- Boosts conversions and ROI

5. Challenges of Influencer Marketing

- Fake followers and engagement manipulation
- High costs for top-tier influencers
- Brand misalignment with influencer values
- Measuring ROI and tangible results
- Regulatory compliance for sponsored content

6. Examples of Influencer Marketing

- **Nykaa India:** Partnered with beauty vloggers for product launches
- **Zomato:** Social media collaborations with food influencers
- **Tata Motors EV Campaigns:** Collaboration with sustainability influencers

7. Introduction to Content Marketing

Definition

Content Marketing is a marketing strategy focused on **creating, publishing, and distributing valuable, relevant, and consistent content** to attract and retain a clearly defined audience, ultimately driving profitable customer action.

Content marketing emphasizes providing value to customers instead of directly promoting products.

Key Features

1. **Value-Driven Content:** Educates, informs, or entertains audiences
2. **Strategic Distribution:** Across blogs, social media, websites, and emails
3. **Customer-Centric:** Focused on addressing consumer needs and problems
4. **Long-Term Engagement:** Builds trust and brand loyalty over time
5. **Measurable Results:** Engagement, leads, and conversions

Objectives of Content Marketing

- Increase brand awareness
- Educate and inform target audience
- Drive website traffic and SEO rankings
- Generate leads and conversions

- Build customer loyalty and authority

8. Types of Content Marketing

Type	Description
Blogs & Articles	Informative content to educate or entertain
Videos & Webinars	Visual storytelling and live interaction
Infographics	Data visualization and easy-to-consume content
Social Media Posts	Interactive and shareable content
Podcasts	Audio content to engage niche audiences
E-books & Whitepapers	In-depth knowledge and lead generation
Email Newsletters	Direct engagement with curated content

9. Content Marketing Strategy

1. **Set Goals:** Awareness, leads, engagement, conversions
2. **Audience Research:** Demographics, interests, pain points
3. **Content Planning:** Themes, types, calendar scheduling
4. **Content Creation:** High-quality, original, and relevant
5. **Distribution & Promotion:** Social media, email, paid campaigns
6. **Engagement:** Encourage comments, shares, and interactions
7. **Analytics & Measurement:** Traffic, leads, shares, conversions
8. **Optimization:** Adjust content based on analytics and feedback

10. Benefits of Content Marketing

- Builds brand authority and credibility
- Improves customer engagement
- Enhances SEO and online visibility
- Generates leads and supports sales funnel
- Cost-effective and sustainable marketing

11. Challenges in Content Marketing

- Creating consistent, high-quality content
- Content saturation and competition
- Measuring ROI effectively
- Keeping up with changing trends and algorithms
- Ensuring content aligns with brand identity

12. Integration of Influencer and Content Marketing

- Influencers create **authentic content** that aligns with brand strategy
- Co-created content reaches **niche audiences effectively**
- Drives **higher engagement and conversions**
- Amplifies **brand awareness and trust** through social proof

Example: A beauty brand collaborating with a micro-influencer to create a tutorial video distributed across social media channels.

13. Metrics and Analytics

Influencer Marketing KPIs

- Reach and impressions
- Engagement rate (likes, comments, shares)
- Follower growth
- Conversions and sales
- ROI on influencer campaigns

Content Marketing KPIs

- Website traffic and page views
- Social shares and engagement
- Lead generation and conversion rate
- Bounce rate and session duration
- SEO rankings and organic visibility

14. Ethical and Legal Considerations

- **Disclosure of Sponsorship:** Comply with FTC/ASCI guidelines
- **Truthful Representation:** Influencers must not mislead audiences
- **Intellectual Property Rights:** Respect copyright and content ownership
- **Data Privacy:** Protect consumer data used for personalized campaigns

15. Emerging Trends

- Short-form video content (Reels, TikTok, YouTube Shorts)
 - AI-powered content creation and analytics
 - Micro and nano influencer campaigns for hyper-targeting
 - Interactive content: polls, quizzes, augmented reality experiences
 - Personalized content for niche audiences
-

V. MOBILE AND DIGITAL MARKETING TRENDS

1. Introduction to Digital Marketing

Definition

Digital Marketing refers to marketing activities conducted via **digital channels** such as search engines, social media, email, websites, and mobile apps to **reach and engage consumers**.

It leverages technology to deliver personalized, measurable, and interactive marketing messages.

Key Features

1. **Online Presence:** Marketing on internet-based platforms
2. **Two-way Communication:** Engagement with customers through comments, chats, and feedback
3. **Personalization:** Targeted campaigns based on consumer data
4. **Measurability:** Analytics track performance and ROI
5. **Global Reach:** Access to audiences across geographies

2. Introduction to Mobile Marketing

Definition

Mobile Marketing is a subset of digital marketing that focuses on **reaching consumers on mobile devices** via SMS, mobile apps, social media, and location-based services.

Mobile marketing enables **direct, personalized, and real-time communication** with customers.

Key Features

- Location-based targeting
- App-based marketing and notifications
- SMS and push notifications
- Mobile-friendly websites and landing pages
- Mobile analytics for tracking engagement

3. Importance of Mobile and Digital Marketing

1. **Consumer Behavior:** Growing mobile usage and internet penetration
2. **Cost Efficiency:** Lower cost compared to traditional advertising
3. **Targeting Capabilities:** Demographics, interests, and location-based targeting
4. **Interactivity:** Real-time communication and engagement
5. **Measurable Results:** Analytics track conversions, CTR, and engagement

4. Digital Marketing Trends

4.1. Artificial Intelligence (AI) and Machine Learning

- AI-driven tools personalize content, optimize campaigns, and predict customer behavior
- Chatbots for instant customer support
- Predictive analytics for product recommendations

Example: Amazon recommends products based on purchase history using AI algorithms

4.2. Voice Search Optimization

- Increasing use of voice assistants (Alexa, Google Assistant, Siri)
- SEO strategies adapting to conversational search queries
- Focus on long-tail keywords and natural language

4.3. Video Marketing

- Dominance of short-form videos on TikTok, Instagram Reels, and YouTube Shorts
- Live streaming for product launches and tutorials
- High engagement and shareability

4.4. Influencer and Micro-Influencer Marketing

- Leveraging social authority and trust for brand promotion
- Niche targeting with micro and nano influencers
- Co-created content increases engagement

4.5. Augmented Reality (AR) and Virtual Reality (VR)

- Interactive customer experiences in retail and e-commerce
- AR filters, VR tours, and product visualization
- Enhances customer engagement and purchase decisions

4.6. Programmatic Advertising

- Automated buying and placement of digital ads using AI and algorithms
- Real-time bidding for ad space
- Improved targeting and efficiency

4.7. Social Commerce

- Selling products directly on social media platforms
- Integration of shopping features in Instagram, Facebook, and WhatsApp
- Drives impulse buying and seamless customer experience

4.8. Personalization and Hyper-Targeting

- Tailoring messages and offers based on user behavior, location, and preferences
- Dynamic content in emails, websites, and social media
- Increases engagement and conversion rates

4.9. Content Marketing Evolution

- Focus on educational, interactive, and engaging content
- Podcasts, infographics, and blogs to retain audience
- SEO-driven strategies for organic reach

4.10. Data Analytics and Marketing Automation

- Big data for consumer insights and predictive analytics
- Automated workflows for emails, social posts, and ads
- Performance measurement using KPIs

5. Mobile Marketing Trends

5.1. Mobile-First Strategy

- Optimized mobile websites and landing pages
- Responsive design for smartphones and tablets
- Faster loading speeds improve engagement

5.2. Mobile Apps Marketing

- Push notifications, in-app promotions, and loyalty programs
- Gamification for user retention
- Personalized offers based on app usage

5.3. Location-Based Marketing

- Geo-fencing and beacon technology to target users in specific locations
- Promotions and notifications based on proximity to stores

5.4. SMS and OTT Messaging

- SMS marketing for promotions and alerts
- WhatsApp Business and OTT platforms for customer communication

5.5. Mobile Payment Integration

- Seamless mobile payment options (UPI, Paytm, Google Pay) enhance customer experience
- Promotes mobile commerce adoption

5.6. Progressive Web Apps (PWA)

- Combines features of websites and mobile apps
- Offline functionality and fast loading
- Improved customer retention and engagement

6. Key Metrics and KPIs in Digital and Mobile Marketing

Metric	Description
CTR (Click-through Rate)	Percentage of clicks per impression
Conversion Rate	Percentage of users completing desired actions
Engagement Rate	Likes, shares, comments, interactions
Bounce Rate	Visitors leaving without action
Mobile App Downloads	Number of installs of a brand app
Average Session Duration	Time spent on website or app
Customer Acquisition Cost	Cost to acquire a new customer

7. Advantages of Mobile and Digital Marketing

1. Direct and personalized communication
2. Cost-effective compared to traditional media
3. Measurable and data-driven strategies
4. Global reach and scalability
5. Real-time interaction and engagement
6. Enhanced brand visibility and loyalty

8. Challenges in Mobile and Digital Marketing

- Privacy concerns and data protection compliance
- Ad fatigue and banner blindness
- High competition in digital channels
- Rapidly changing algorithms of platforms
- Measuring ROI across multiple channels

9. Ethical and Legal Considerations

- **Data privacy laws:** GDPR, IT Act compliance
- **Transparency in advertising:** Avoid deceptive ads
- **Consumer consent:** For push notifications, emails, and tracking
- **Copyright protection:** Use licensed content

10. Emerging Trends

- AI-generated content and chatbots for engagement
 - Voice commerce and smart speaker marketing
 - Blockchain for ad transparency
 - Omnichannel marketing integrating mobile, social, and offline touchpoints
 - Sustainability-focused campaigns using digital platforms
-

VI. PERSONALIZATION AND MARKETING AUTOMATION

1. Introduction to Personalization in Marketing

Definition

Personalization in marketing is the practice of **tailoring marketing messages, content, and offers to individual consumers based on their preferences, behavior, demographics, and past interactions.**

Personalization enhances customer experience by delivering **relevant and timely communication**, increasing engagement and conversion.

Key Features

1. **Data-Driven:** Uses consumer data from various touchpoints
2. **Targeted:** Specific offers for individual or segmented groups
3. **Interactive:** Engages customers in personalized conversations
4. **Dynamic:** Adjusts in real-time based on behavior
5. **Value-Oriented:** Improves customer satisfaction and loyalty

Importance of Personalization

- Increases **customer engagement**
- Improves **conversion rates** and sales
- Enhances **customer loyalty and retention**
- Reduces marketing waste by **focusing on relevant audiences**
- Supports **cross-selling and upselling strategies**

2. Types of Personalization

Type	Description	Example
Behavioral	Based on user actions on website, app, or email	Recommending products based on browsing history
Demographic	Age, gender, location, income	Offering age-specific skincare products
Transactional	Purchase history and frequency	Rewarding frequent buyers with discounts
Contextual	Time, device, location	Sending mobile push notifications when user is nearby store
Predictive	Anticipating customer needs using AI	Suggesting next product based on AI predictions

3. Tools and Techniques for Personalization

1. **Customer Data Platforms (CDPs):** Centralized view of customer interactions
2. **CRM Systems:** Track customer relationships and behavior
3. **Email Marketing Automation:** Personalized email campaigns
4. **AI & Machine Learning:** Predict preferences and recommend products
5. **Behavioral Analytics:** Track clicks, dwell time, and conversions
6. **Dynamic Content:** Tailor website, email, and app content in real-time

4. Benefits of Personalization

- Higher engagement rates and click-throughs
- Increased conversion and sales
- Improved customer experience and satisfaction

- Stronger brand loyalty and advocacy
- Efficient marketing spend by targeting only relevant segments

5. Challenges in Personalization

- Privacy concerns and data protection compliance
- Integration of multiple data sources
- Complexity in real-time personalization
- Consumer skepticism regarding misuse of data
- Resource-intensive implementation

6. Personalization Strategies

1. **Email Personalization:** Name, purchase history, personalized recommendations
2. **Website Personalization:** Customized landing pages, product recommendations
3. **Mobile App Personalization:** Push notifications, in-app recommendations
4. **Content Personalization:** Blogs, videos, and social posts tailored to interests
5. **E-commerce Personalization:** Personalized discounts, shopping cart recommendations

7. Introduction to Marketing Automation

Definition

Marketing Automation is the use of **software platforms and technologies to automate repetitive marketing tasks and workflows**, allowing marketers to **deliver personalized, timely, and scalable campaigns**.

Marketing automation combines data collection, segmentation, and predictive analytics to **optimize the customer journey**.

Key Features

- Automated email campaigns and follow-ups
- Lead nurturing and scoring
- Customer segmentation and targeting
- Workflow automation across marketing channels
- Analytics and reporting for campaign performance

Importance of Marketing Automation

- Saves time and reduces manual effort
- Ensures consistent messaging across channels
- Improves lead conversion and sales efficiency
- Provides insights through analytics and reporting
- Enhances customer engagement with timely communication

8. Core Components of Marketing Automation

Component	Function
Lead Management	Track, score, and nurture leads
Email Automation	Automated campaigns, triggers, personalized content
CRM Integration	Unified view of customer interactions
Analytics & Reporting	Monitor campaign performance and ROI
Social Media Automation	Schedule posts, track engagement

Component	Function
Workflow Automation	Triggered campaigns based on actions or behavior

9. Marketing Automation Tools

- **HubSpot:** All-in-one marketing, sales, and CRM platform
- **Marketo:** Lead management and email automation
- **Salesforce Pardot:** B2B marketing automation
- **Mailchimp:** Email and marketing campaigns for small to medium businesses
- **ActiveCampaign:** Email marketing and CRM integration
- **Zoho Marketing Automation:** End-to-end marketing automation

10. Marketing Automation Workflow

1. **Lead Capture:** Website forms, landing pages, social media
2. **Segmentation:** Group leads based on behavior, demographics, and interests
3. **Lead Scoring:** Assign value to leads based on likelihood to convert
4. **Automated Campaigns:** Trigger emails, SMS, or social campaigns
5. **Behavior Tracking:** Monitor user interaction and engagement
6. **Nurturing:** Personalized messages to move leads through the funnel
7. **Conversion:** Leads converted to customers
8. **Analytics:** Measure campaign effectiveness and ROI

11. Benefits of Marketing Automation

- Consistent messaging across channels
- Saves time and increases operational efficiency
- Data-driven decisions with analytics and insights
- Enhanced lead nurturing and conversion rates
- Improved customer retention and loyalty
- Scalable marketing campaigns

12. Challenges of Marketing Automation

- High initial setup cost
- Integration issues with existing systems
- Complexity in managing workflows
- Dependence on accurate and clean data
- Risk of over-automation leading to impersonal communication

13. Personalization and Marketing Automation Integration

- Automation platforms **enable personalized campaigns at scale**
- Personalized emails, SMS, and push notifications can be triggered automatically
- Data from automation tools improves personalization algorithms
- Supports omnichannel engagement: website, mobile app, email, social media

Example: E-commerce platforms send personalized abandoned cart reminders through automated emails with AI-recommended products.

14. Metrics and KPIs

Metric	Relevance
Open Rate	Effectiveness of email personalization

Metric	Relevance
CTR (Click Through Rate)	Engagement with campaigns
Conversion Rate	Leads or actions converted to customers
Bounce Rate	Email or landing page effectiveness
Lead Scoring Metrics	Quality of leads and sales readiness
ROI	Return on marketing automation investment
Customer Lifetime Value (CLV)	Impact on long-term revenue

VII. EMERGING TOOLS IN DIGITAL MARKETING: SEO, SEM, EMAIL MARKETING, AND ANALYTICS

1. Introduction to Digital Marketing Tools

Definition

Digital marketing tools are software, platforms, or applications that help marketers **plan, execute, optimize, and measure digital marketing campaigns**. These tools improve efficiency, precision, and ROI.

The modern digital marketing ecosystem relies on tools for **SEO, SEM, Email, Social Media, Analytics, and Automation**.

Importance of Emerging Digital Marketing Tools

1. **Efficiency:** Automate repetitive marketing tasks
2. **Accuracy:** Data-driven decision making
3. **Reach:** Targeted campaigns based on audience segmentation
4. **Engagement:** Personalized and interactive content
5. **Measurement:** Track and optimize performance using KPIs

2. Search Engine Optimization (SEO)

Definition

SEO is the practice of **optimizing a website or online content to rank higher on search engine result pages (SERPs)** organically, increasing visibility and traffic.

SEO focuses on **relevance, authority, and user experience** to improve rankings without paid advertising.

Key Features of SEO

- Organic (non-paid) traffic growth
- Long-term results and sustainability
- Optimization for both desktop and mobile
- Focus on quality content and user experience
- Measurable via tools like Google Analytics and SEMrush

Types of SEO

1. **On-Page SEO:** Optimization within the website
 - Title tags, meta descriptions, headers (H1, H2)
 - Keyword optimization and density
 - Image alt tags and media optimization
 - Internal linking structure

2. **Off-Page SEO:** External strategies to build authority
 - Backlinks from authoritative websites
 - Social signals and shares
 - Guest blogging and influencer mentions
3. **Technical SEO:** Backend optimization
 - Website speed and performance
 - Mobile responsiveness
 - Structured data and schema markup
 - SSL certificates and secure website protocols

Emerging SEO Trends

- Voice search optimization
- AI-based content optimization
- Mobile-first indexing
- Video SEO
- User experience (UX) signals for ranking

SEO Tools

- **Google Search Console:** Monitor website indexing and performance
- **SEMRush:** Keyword research, backlink analysis, competitor analysis
- **Ahrefs:** Site audits and competitor analysis
- **Yoast SEO:** On-page optimization for WordPress
- **Screaming Frog:** Technical SEO crawling and audits

3. Search Engine Marketing (SEM)

Definition

SEM refers to **paid marketing efforts on search engines** to increase visibility, including **Pay-Per-Click (PPC) advertising**.

SEM combines **keyword targeting, bidding strategies, ad copy, and landing page optimization** to maximize ROI.

Key Features of SEM

- Paid visibility on search engines like Google and Bing
- Targeted keyword campaigns
- Measurable ROI and analytics
- Real-time bidding and optimization

Components of SEM

1. **Keyword Research:** Identify high-value search terms
2. **Ad Copy & Creatives:** Relevant, persuasive ads
3. **Bid Management:** Adjust CPC bids for maximum ROI
4. **Landing Page Optimization:** Relevant and conversion-friendly pages
5. **Campaign Monitoring:** Track clicks, conversions, and cost per acquisition

Emerging SEM Trends

- AI-powered bidding and optimization
- Responsive search ads
- Automation in ad placement and audience targeting
- Voice and visual search advertising

- Integration with remarketing and social media campaigns

SEM Tools

- **Google Ads:** Keyword bidding, campaign management
- **Bing Ads:** Alternative search engine campaigns
- **SpyFu:** Competitor keyword analysis
- **WordStream:** PPC campaign optimization
- **AdEspresso:** Facebook and Google Ads automation

4. Email Marketing

Definition

Email marketing is the process of sending **targeted, personalized messages to a group of subscribers** to nurture leads, retain customers, and promote products or services.

It is one of the **highest ROI channels in digital marketing** due to its direct reach and measurable results.

Key Features

- Direct communication with subscribers
- Personalization and segmentation
- Automation for campaign scheduling
- Measurable analytics (open rates, CTR, conversions)
- Cost-effective for lead nurturing and retention

Types of Email Marketing

1. **Transactional Emails:** Receipts, order confirmations, shipping alerts
2. **Promotional Emails:** Product launches, offers, discounts
3. **Lifecycle Emails:** Welcome series, abandoned cart emails
4. **Newsletter Emails:** Regular updates, blogs, and company news
5. **Triggered Emails:** Based on user actions (e.g., browsing history, downloads)

Email Marketing Best Practices

- Personalize subject lines and content
- Segment the audience based on behavior, demographics, and purchase history
- Optimize for mobile devices
- Use A/B testing for subject lines and content
- Maintain compliance with **CAN-SPAM Act, GDPR, and IT Act**

Email Marketing Tools

- **Mailchimp:** Automation, templates, and analytics
- **HubSpot:** Email automation with CRM integration
- **SendinBlue:** Multi-channel campaigns including SMS and email
- **ActiveCampaign:** Customer experience automation
- **Benchmark Email:** Drag-and-drop email builder with reporting

5. Digital Marketing Analytics

Definition

Digital marketing analytics involves the **measurement, collection, and analysis of digital data** to evaluate the performance of marketing campaigns and optimize future strategies.

Analytics enables **data-driven decision-making** and ensures accountability for marketing ROI.

Key Features

- Tracking campaign performance across channels
- Real-time reporting and dashboards
- Identifying user behavior and preferences
- Measuring ROI and cost per acquisition
- Predictive analytics for future marketing strategy

Types of Analytics

1. **Descriptive Analytics:** Understand past performance (traffic, engagement, sales)
2. **Diagnostic Analytics:** Identify reasons for campaign success or failure
3. **Predictive Analytics:** Forecast future trends and user behavior
4. **Prescriptive Analytics:** Recommendations for campaign optimization

Digital Analytics Metrics

Metric	Description
Website Traffic	Total visitors to a site
Bounce Rate	% of visitors leaving without interaction
Click-Through Rate (CTR)	% of users clicking ads or links
Conversion Rate	% of users completing desired action
ROI	Return on marketing spend
Engagement Rate	Likes, shares, comments on social media
Customer Lifetime Value (CLV)	Long-term revenue from customers

Analytics Tools

- **Google Analytics:** Website traffic, user behavior, conversions
- **Adobe Analytics:** Advanced marketing insights and segmentation
- **Hotjar:** Heatmaps and user behavior tracking
- **Tableau:** Data visualization and reporting
- **Kissmetrics:** Customer journey analytics and cohort analysis

6. Emerging Trends in Digital Marketing Tools

1. **AI and Machine Learning:** Predictive analytics, personalized content
2. **Voice and Visual Search:** Optimized SEO and SEM strategies
3. **Marketing Automation Integration:** AI-driven campaigns across email, social, and search
4. **Omnichannel Analytics:** Unified tracking of customer journeys
5. **Video Analytics:** Measuring engagement with video campaigns
6. **Conversational Marketing Tools:** Chatbots, AI assistants, live chat
7. **Behavioral Analytics:** Advanced tracking of user interactions for personalization

7. Integration of SEO, SEM, Email, and Analytics

- **SEO + SEM:** Improve organic visibility while running targeted paid campaigns
- **Email Marketing + Analytics:** Track open rates, CTR, and conversions for continuous optimization
- **SEM + Analytics:** Optimize bidding strategies and ad spend based on performance

- **SEO + Analytics:** Identify high-performing keywords, improve site structure and content

Example: A retail brand uses SEO to rank product pages, SEM campaigns to attract high-intent buyers, email marketing to nurture leads, and analytics to track campaign ROI and conversion rates.

8. Advantages of Using Emerging Digital Marketing Tools

- Better targeting and personalization
- Data-driven decision-making and accountability
- Cost-effective marketing campaigns
- Automation of repetitive tasks
- Measurable and scalable results
- Competitive advantage through real-time insights

9. Challenges

- Rapidly changing algorithms and tools
- High learning curve for advanced tools
- Data privacy and compliance requirements
- Integration of multiple platforms
- Dependence on accurate and clean data

VIII. CUSTOMER-CENTRIC MARKETING ORGANIZATIONS

1. Introduction to Customer-Centric Marketing Organizations

Definition

A **customer-centric marketing organization** is one that places the **customer at the core of all business strategies and decisions**. Every marketing activity is designed to **create value for the customer, build long-term relationships, and enhance customer experience**.

The goal is to **shift focus from product-centric to customer-focused strategies**, ensuring sustainable business growth.

Key Features

1. **Customer-Focused Culture:** Decision-making prioritizes customer needs
2. **Data-Driven Insights:** Marketing strategies are guided by customer behavior and analytics
3. **Cross-Functional Collaboration:** Marketing, sales, product development, and service work together
4. **Continuous Improvement:** Regular feedback loops enhance customer experience
5. **Long-Term Relationship Orientation:** Focus on loyalty and retention, not just transactions

2. Importance of Customer-Centric Marketing Organizations

- **Enhanced Customer Experience:** Personalization and empathy in communication
- **Increased Customer Loyalty:** Satisfied customers are more likely to return
- **Higher Lifetime Value:** Focus on long-term profitability of each customer
- **Competitive Advantage:** Differentiation through superior service and relationship management

- **Efficient Resource Allocation:** Marketing spend targets high-value customers

3. Principles of Customer-Centric Marketing

1. **Understanding Customer Needs:** Use surveys, interviews, and analytics to identify pain points
2. **Segmenting Customers Effectively:** Group customers based on behavior, preferences, and value
3. **Customer Journey Mapping:** Analyze touchpoints from awareness to post-purchase
4. **Value Creation:** Offer solutions that solve customer problems and enhance satisfaction
5. **Customer Feedback Integration:** Continuously improve products and services based on feedback
6. **Employee Alignment:** Ensure all employees understand their role in delivering customer value

4. Customer-Centric Marketing Strategy

Step 1: Customer Insight Collection

- **Sources:** CRM databases, social media analytics, website analytics, customer surveys
- **Purpose:** Understand expectations, preferences, and buying behavior

Step 2: Customer Segmentation

- **Demographic Segmentation:** Age, gender, location
- **Behavioral Segmentation:** Purchase patterns, product usage
- **Psychographic Segmentation:** Lifestyle, values, interests
- **Value-Based Segmentation:** Profitability and long-term potential

Step 3: Customer Journey Mapping

- **Stages:** Awareness → Consideration → Purchase → Post-Purchase → Loyalty
- **Touchpoints:** Website, social media, customer service, retail interactions
- **Objective:** Identify opportunities for personalization and improvement

Step 4: Value Proposition Design

- Tailor products, pricing, and services to meet specific customer needs
- Ensure consistency across all channels

Step 5: Continuous Engagement

- Use **email, mobile, social media, and loyalty programs** to maintain communication
- Encourage **feedback and participation in brand community**

5. Organizational Structure for Customer-Centric Marketing

Key Roles

1. **Chief Customer Officer (CCO):** Oversees customer experience strategy
2. **Marketing Team:** Designs campaigns based on customer insights
3. **Sales Team:** Converts prospects into loyal customers
4. **Customer Service Team:** Resolves issues and ensures satisfaction
5. **Product Development Team:** Innovates based on customer feedback

Functional Characteristics

- **Cross-Functional Collaboration:** Marketing works with sales, product, and support teams

- **Empowered Employees:** Employees make decisions to enhance customer experience
- **Customer Experience Metrics:** KPIs track satisfaction, retention, and loyalty

6. Tools and Techniques for Customer-Centric Marketing

1. Customer Relationship Management (CRM) Systems

- Collect and manage customer data
- Track interactions and buying behavior
- Segment customers and tailor communication

Popular Tools: Salesforce, HubSpot, Zoho CRM

2. Marketing Automation

- Automate emails, social media posts, and campaigns
- Personalize messages at scale
- Track engagement and conversions

3. Customer Feedback Tools

- Surveys, polls, ratings, and reviews
- Net Promoter Score (NPS) measurement
- Social listening platforms for brand sentiment

4. Analytics and Insights

- Website analytics: Google Analytics
- Social media analytics: Sprout Social, Hootsuite
- Predictive analytics to anticipate customer behavior

7. Metrics for Customer-Centric Marketing

Metric	Definition	Purpose
Customer Satisfaction (CSAT)	Measure of overall satisfaction	Track service quality
Net Promoter Score (NPS)	Likelihood of customer recommending brand	Gauge loyalty
Customer Lifetime Value (CLV)	Total revenue from a customer over time	Prioritize high-value customers
Retention Rate	% of repeat customers	Evaluate relationship strength
Churn Rate	% of lost customers	Identify issues in customer experience
Engagement Metrics	Clicks, shares, comments	Monitor campaign effectiveness

8. Benefits of a Customer-Centric Organization

- Increased customer loyalty and advocacy
- Higher revenues and profitability
- Better customer insights for product and service improvement
- Stronger competitive advantage
- Employee satisfaction and alignment with company goals

9. Challenges in Implementing Customer-Centric Marketing

- Collecting and managing accurate customer data
- Integrating cross-functional teams
- Balancing personalization with privacy concerns
- Aligning organizational culture with customer-centric values
- Measuring ROI for customer experience initiatives

10. Case Studies

1. Amazon

- Personalized recommendations based on browsing and purchase history
- Efficient delivery and customer service
- Focused on CLV and customer retention

2. Zappos

- Exceptional customer service as a core strategy
- Free returns and 24/7 support build loyalty
- Employee empowerment drives customer satisfaction

3. Apple

- Consistent brand experience across retail, online, and support
- Customer feedback used for product innovation
- Cultivates strong emotional loyalty

11. Emerging Trends in Customer-Centric Marketing

- **AI and Machine Learning:** Predictive personalization and recommendations
- **Omnichannel Engagement:** Seamless experience across online and offline touchpoints
- **Customer Experience Management Platforms:** Real-time tracking of interactions
- **Voice and Chatbot Interfaces:** Instant and personalized communication
- **Community Building:** Engaging customers in brand communities for loyalty