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Unit 1: Marketing in the 21st Century

Learning Objectives

1. Learners will be able to define and explain the main concepts of marketing management and their importance and scope in business contexts.
2. Learners will analyse the evolution of changes in marketing practices, trends, and the impact on modern business strategy in the 21st century.
3. Learners will identify and differentiate the key marketing concepts of wants, needs, and demand and describe their function in consumer behaviour.
4. Learners will understand the concept of value creation and how it influences customer satisfaction and competitive advantage in marketing strategies.
5. Learners will be able to apply base marketing principles to everyday scenarios in businesses for better strategic decision-making and problem-solving.

Structure

- 1.0 Introductory Caselet
- 1.1 Introduction to Marketing Management
- 1.2 What is in the 21st Century?
- 1.3 Core of Marketing
- 1.4 Wants, Needs and Demand
- 1.5 Exchanges and Relationships
- 1.6 Defining Value
- 1.7 Summary
- 1.8 Key Terms
- 1.9 Descriptive Questions
- 1.10 References
- 1.11 Case Study

1.0 Introductory Caselet

"Another Way of Seeing the Evolution of 21st Century Marketing"

Neha has joined one of the leading marketing firms in Mumbai. Her traditional marketing background had served her well to this point but as she gets settled in the new position, a realization dawns that times have changed quite drastically. That was the era of marketing as product promotion and broadcasting to customers. These days, marketing is a far more complex craft involving data-led insight as well as personalised engagement and sustainability.

On her first day of the team, Neha is assigned to work on a campaign for a new green-brand focused on millennials and Generation Zes, Ayudh challenged her to come up with something meaningful. As she begins the project, it becomes clear that the old-school marketing tactics familiar tactics are going to fly in this case. The brand has to be in dialogue with the values and lifestyle of an incredibly informed, socially aware demographic. Furthermore, the integration of digital marketing platforms and application of big data for customer's behaviour analysis are crucial factors for success.

Neha faces a conundrum: how does she pivot her skills to adapt to these evolving needs? So she thinks about the basics of what she has learned about marketing — understanding the customers' needs, creating value and how getting your message right at the right moment is key. It made her start to wonder: how do you define marketing today, drawing on "old school" lore with new-school tools?

It is these first hand experiences with the challenges of modern marketing that has given Neha an acute sense for what not to do when it comes to selling, as well as what is needed today in order to sell: connecting with customers — understanding what they want and need, and giving them something meaningful in an ever-noisier place. This case study explores how Neha has worked in the 21st-century marketing world — where companies live and die from their innovation and adaptability.

Critical Thinking Question

So how does Neha fuse basic marketing principles with modern day themes such as sustainability and data-driven advertising to create an impactful campaign that resonates with what consumers want today?

1.1 Introduction to Marketing Management

"Marketing management represents an essential component of the current business trends and has a significant impact on organizational performance. Market management is the process of learning about, designing, carrying out, and measuring activities to meet customer wants and needs. Marketing management is more than just selling and advertising, it takes

creative thinking along with analytic skills in order to make good decisions that will benefit a company and their customers.

Today, global markets are evolving at unprecedented rates and the way companies perform their marketing management need to change accordingly simply to remain focused and relevant. Through marketing management companies can anticipate how customers are going to change what they want and need, while responding to trends and new market opportunities that will ultimately lead them to becoming the best, or at least avoid bankruptcy. Marketing management connects marketing plans with business objectives and maintains customer value by benefiting customers as well as society.

1.1.1 Definition and Concept of Marketing Management

A. Meaning of Marketing

Marketing consists of the strategies and tactics used to identify, create and maintain satisfying exchanges with customers. Marketing has a playbook to compare and satisfy what people want out of our demographic.

B. Key Elements of Marketing

There are basic principles upon which marketing is based that dictate how businesses fulfill the needs of their customers in order to succeed. The essential components of marketing strategy -- value creation and communication activities and the exchange mechanism of exchange that result in customer satisfaction. When companies know and employ these essential elements, they are able to engage customers better and achieve long-term growth.

- Value creation: There is no magic about value creation it is as simple as seeing what hurts your customers and asking them to produce a product or service that eliminates the pain. It's about ensuring that products or services provide tangible value to customers and alleviate pain points; this is core to forming genuine, long-term customer relationships.

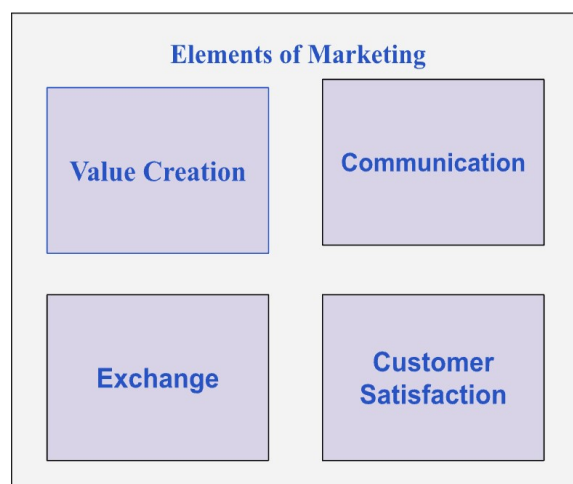


Fig 1.1 Key Elements of Marketing

10 ● Event marketing: Good communication is also crucial for telling potential customers about new offers. It also includes the use of various marketing tools such as advertising, promotions and branding to connect with the audience. The goal is to be able to alert and intrigue customers in the item or service.

● Exchange: When businesses and individuals provide value to one another as they buy or sell products, services, and other values. That means anything to do with buying, including your pricing, how people pay you, and even how they get their hands on whatever it is you're selling. Convenient exchange Scarf will exchange it quickly for you.

● Customer care: The objective of marketing management is to ensure customer satisfaction. It also involves meeting or exceeding customer expectations in order to create trust and loyalty. Thus, happy clients will come back and bring the company to long-term success.

● Illustration: Apple markets the sophistication, style and ease of use that is inherent in the iPhone, building a relationship between consumers and products.

1.1.2 Meaning of Marketing Management

1 Marketing Management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. Marketing Management. By marketing management a business can define and execute its own crucial, between the customer value and the goals of organization. It

entails determining the target market, assessing and selecting market opportunities, formulating marketing plans for those markets, and monitoring/adjusting the programs of 4Ps focus: Marketing program is built around these four controllable variables (Product Price Place Promotion).



13 Fig 1.2 Marketing Management

1.1.3 Marketing Management Orientation

Marketing management is changing due to drastic changes in business methods as well as advancements in technology and new expectations of customers. It demonstrates how companies have evolved from merely making things to placing value on the way customers are served while also deriving some benefit for society over long time frames. Organizations modified their business strategies in disparate market stages where certain management philosophies were put into operation. Now, let's dive into the evolution.

'Production Orientation': The first stage, prevalent in the late 19th and early 20th centuries, it focused on mass production; operational efficiency. Corporations cranked up their output to full capacity to fill the rapidly burgeoning customer demands of the industrial age. Gone were the days when businesses could assume that customers would purchase items just because they were cheap and readily available. Companies were not interested in learning what customers wanted, because the market was more supply-oriented than demand-driven.

Philosophy: "If we build it, they will come."

Example: The Model T put the world on wheels, introducing millions of people to motoring and changing industries that drew business lessons from its production-oriented philosophy, such as Ford's founder Henry Ford.

Ford had provided the tool that factory workers could then use to get any average Joe into a car but not software for salesmen who wanted to know what kind of car an individual customer might need.

Product Oriented: 1920's and 1930's were defining periods for companies where they are just focusing on improving their product features and quality. The logic was that customers would vote with their wallet for whatever performed better and lasted longer. If better product features matched what buyers wanted, that strategy was largely ignored. Businesses focused their attention on applying their internal technical skills, instead of taking notice of what customers wanted in the market.

Axiom: "If you build it, they will come." You won't actually need to chase buyers when you have a good product.

Example: Rolex, the expensive watch brand was product focused through its advertising period. They became known for the fact that all their products were of higher quality and built with precision.

Sales Orientation: Sales were taken over by salespeople during the 1930s to the 1950s as a response to overproduction and market saturation that resulted from the Great Depression. If the business was more interested in sales tactics rather than taking care of their customers. In this case the company sought quick sales rather than a long lasting relationship with the customer. It was around this time and businesses were giving precedence to making profits over customer loyalty and quality in the games.

Philosophy: "Moving what we make, regardless of customer requirements." Our aim is to sell all the goods that we produce

products without accounting for the consumers who use them.

Example: Eureka Forbes that made home appliances was also there in the sales-age and it remained very popular in India. Selling agents of this company at one time visited the homes with vacuum cleaners and went door to door displaying them. These agents began selling water purifiers later and would cajole their customers into buying these products through pushy sales language. That practice was known as the "sell what we make" philosophy.

Marketing Orientation: In the 1950s to 80s businesses began to shift their focus from pushing products on customers to understanding and meeting customer needs. Businesses use market research to figure out why customers behave the way they do and what they want. The market mix or package which is being followed by companies is the one that consists 4Ps

(Product, Price, Place, Promotion) in order to create a more customer- or client-focused sales and marketing approach and service the needs of their market base. It was during this time that businesses began to prioritize their customers and work to construct meaningful experiences for them.

Philosophy: "The customer is king."

Example: Procter & Gamble, the multinational consumer goods company created Tide detergent out of extensive consumer research, when customers wanted a low-cost alternative to cleaning products that also performed well.

Societal Marketing Orientation During the 1980's, firms initiated the societal marketing trend: which calls on them to satisfy consumer needs in a way that provides for society's well-being and company profits. Businesses built sustainability, ethics and the common good into their marketing strategy. It was during this period that companies discovered how they impacted society and the environment.

Philosophy: "Do well by doing good."

Illustration: Patagonia- an outdoor clothing brand is one of the most prominent examples for societal marketing concept By design of its business model, Patagonia protects the environment by recycling materials into new clothes and teaching consumers how to repair their purchases rather than buying new ones.

Digital and Relationship Marketing Era Digital and relationship marketing The move towards digital technology has changed the way businesses interact with their customers. Smart companies use data analytics, AI, and omnichannel tactics to tailor marketing campaigns for long-term customer relations. Today, companies foster loyalty by offering consumers tailored experiences and rewards based on direct communications.

37 Philosophy: "Engage, personalize, and retain." Our primary business objective should be to build long-lasting relationships with our customers.

Example: Philosophy of customer today surfaces in the form of Amazon's recommender systems and its arsenal of intelligence tools as well as in its Amazon Prime benefits, which add happiness to customers and ups the frequency at which they buy.

2 1.1.4 Importance of Marketing Management

36 Marketing management is the business discipline which allows a corporation to grow, succeed and remain viable. Sales and marketing management is important for success in the fast-paced business world of today. By strategic planning the marketing manager can formulate, direct, and control projects in relation to the corporate objectives. Firms satisfy consumers' demand for goods and services efficiently by marketing management. Marketing management also helps to ensure the success of a company by its analyses of market trends and customer behavior, and thereby it enables the company to make informed decisions that are responsive to change.

8 Marketing management is the coordination of marketing activities at all levels of an organization that support its overall business strategy and goes beyond sales efforts including advances in promotional tools. Marketing management is important because it enables companies to establish strong brand identities and cultivate closer relationships with clients. Organizations need to have had their business built around value and good communication as well as satisfied customers, to have a long term customer-organisation relationship. Management of marketing helps companies to achieve long term success by improving performance, increasing revenues, and staying ahead among competitors on the market. Here is why marketing management, the very thing that defines your business, is so critical.

Analysis of customer requirements: Effective marketing management refers to being able to identify what customers want logically. Market research helps companies to understand how and why customers make buying decisions. All organizations need to understand where the customer's heart is and what they are looking for so relevant products can be developed to satisfy those desires.

Example: A smartphone manufacturer does research in the market and discovers that a large percentage of their target audience wants a phone with a longer life between charges. The company opted to develop a new phone with longer battery life

10 Developing Brand Recognition and Equity: Marketing management develops strategies to improve value for brands in peoples' minds. Advertising, public relations and social media marketing efforts establish brands and build customer confidence in businesses. When consumers see a strong brand they are aware it makes the business unique and assist in keeping them loyal.

Example: A fashion brand can engage its culture through social media marketing by posting new collections or interacting with customers. A reluctant presence in the online channel would make a brand have followers and give a sense of identity to a fashion brand.

Creating and Capturing Value Marketing management creates value "by matching the needs of a customer with an appropriate offering" (Kotler, 2000; p. Business makes a profit and adds value by supplying items at reasonable price. Good marketing enables a buyer to feel the price was fair because there's value in it for them.

Example: A software startup that's building an innovative project management tool way ahead of the rest in terms of features and functionality. Because, with the unique capabilities and facility of use offered by it, a client is willing to pay a high price because the utility derived from it is perceived to be exclusive.

Increasing Sales and Revenue Growth: The number one marketing goal for any business is to grow sales figures followed by increasing the total revenue. With engaging potential markets, Companies form lasting relationships that will generate higher sales and increase profits. Marketing teams are the ones that transform product viewers into real buyers.

Example: An e-commerce company advertises its products through social media ads targeted to people who like similar items. More visitors to the website means more traffic generated by the marketing campaign, which increases sales.

Market Adjustment – Companies need to respond quickly to new market trends and constantly changing customer preferences. Marketing management is also used to monitor and analyze market changes, new opportunities for the business and description of a marketing plan. For a business to thrive in the future it must remain flexible.

Example: A neighborhood book shop sees a drop in the sales of physical books as more people opt for digital e-books. To adjust to market demands, it begins a foray into online e-books and other digital-based products.

Businesses leading their marketing toward accordance with these objectives would be able to push further and maintain lasting relationships with customers while winning in business.

1.1.5 Functions of Marketing Management

Marketing management utilizes numerous tools to enable companies to move closer and in the right manner to their customers. It requires teams to analyze customer behavior and market dynamics and then develop plans for helping the business reach its objectives. Separate marketing activities contribute to a joint business ideology. A career in marketing management enables organizations to build brand awareness to increase sales and customer relations in a constantly evolving market place. The world of advertising needs somebody who can look at data and develop new ideas with it and change their approach as the

14

21

3 consumers change, as the markets change. Now in this case, if we look at the basic functions of marketing management.

Market Research and Analysis – This is the collecting and analyzing of information about your target market, competition, trends within an industry. It serves to assist companies in understanding what consumers want and need, as well as their purchasing behaviour. Market research data leads to effective marketing decisions and decision making.

Example: A company utilises surveys and focus groups to research what new features customers want in the new product. Consumers favor and like environmental advocate companies, according to research. When the company understands what customers want out of products, it then starts to use materials that are good for the environment and green production methods.

Product Development and Management: This role designs and manages products or services that meet the demands of the target market. It includes use case that discusses new products, improvements to existing ones, and product lifecycle management. Product management is responsible for delivering products that are in demand by the market and each product should be able to meet or influence business goals.

Example: A technology company develops a new mobile app following feedback and market research. Since the mobile app offers utilities and features to the customer in a very relevant and personalized form. The app is regularly updated based on the feedback provided by its users, as well as with market trends.



Pricing Strategies: This is the task of setting competitive, profitable and perceived-value prices on products or services. Prices are determined by production costs, competitor prices, and demand for the product. The quality of pricing tactics is judged based on how they manage to generate maximum revenue without doing anything that could reduce the number of satisfied customers.

For example, a retail company sees and borrows the price of this product by competitors and the need for this product in market. They decide to provide a price that is lower than their closest three competitors and is slightly above the bottom-priced competitor, so they can attract price-sensitive customers who see value while ensuring they make a reasonable profit margin.

Objectives After studying this unit, you will be able to: explain marketing information system (MIS) and its functioning; describe the functions of MIS; discuss the reliability of MIS.

There are a wide variety of strategies that marketing managements use to move their company's to as well as sell goods and services from/to their customers. It requires teams to analyze customer behaviors and market trends and develop plans that push the business toward its objectives. Varied marketing efforts combine to create a collective business

mindset. Brand and sales developments from marketing management Marketing Management helps in brand awareness which uplifts the sale and relationship of organization with clients in the rapidly-changing business world. When consumers and markets change, it's the analysis of data and new ideas that can switch them to a different approach -- if they've learned enough about those changes to find their interest. Here are the essential features of marketing management.

  Market Research and Analysis: This is about collecting and analyzing information from the market, competition, and industry trend. It assists companies in getting the pulse of their consumer for what they need, want and how do they buy. Market research Unlimited Web Hosting is a tool that helps businesses LatentView Thrive in the fierce competition of today's business world.

Example: A company conducts surveys and focus groups to examine what they humanly demand from the new product. Studies have shown that people prefer and feel good about businesses who help protect the environment. Once it turns out what consumers are looking in a product, the company starts using environmentally-friendly materials as well as green production processes.

Product Development and Management: The purpose of this function is to develop and manage products or services that are competitive in the target market. It includes new product development, improving existing products, and managing the lifecycle of products. Product Management Product management is responsible for delivering what the market wants by initiating and ensuring that the product produced with marketing input matches what is needed.

Example: A software firm introduces a new mobile app after some feedback and market research. On the mobile application, you will have services and features tailor-made to suit your individual demands and needs. The corporation often updates the app through feedback from its users and in response to market trends.

Pricing Strategies: is the process of setting a targeted value-based, competitive and or profitable and customer-perceived price for a product. Pricing methods assess the production cost, rival pricing and market demand. Pricing strategies are only as useful as to what extent they can enable companies for maximizing revenue while keeping customer satisfaction intact.

Example: A merchant sees the prices other merchants are charging for a particular product and the demand conditions in the market. So they decide to slap a competitive price on their products, just below the priced of their nearest competition and that way; Save for customers who are tight on budget and ensure that they make some decent profits out of everyone.

Distribution and Channel Management: It deals with channels through which goods or services are delivered to the customers. This includes the selection of an appropriate distribution channel, inventory control and high quality of product Distribution. Useful channels can help assure customers have the products they want, when and where they want them.

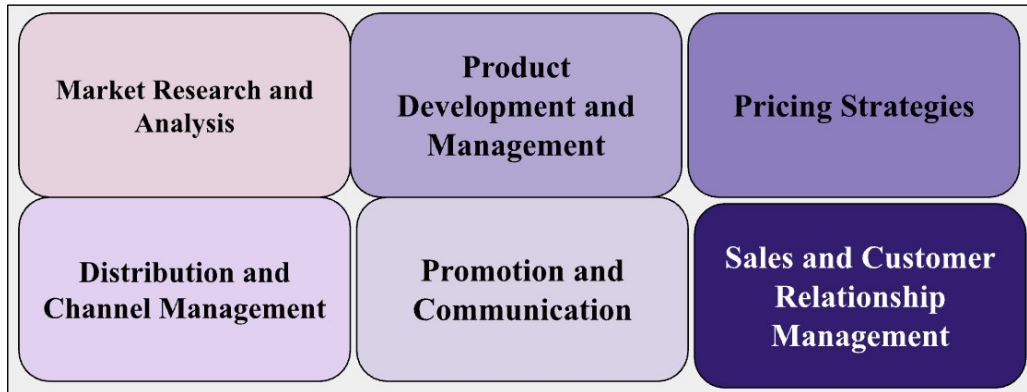


Fig 1.3 Core Functions of Marketing Management

Example: Reliance Retail combines its offline and online channels with JioMart platform where users can order groceries through their phones while the deliverables are sourced from the local Kirana (independent/small) stores which enable faster delivery of goods at doorstep and bring support to small businesses.

Marketing and Communication: This role tells the target audience about a product or service using marketing tactics like advertising, public relations, social media marketing, product marketing and sales promotions. The beauty of great promotions is that they accomplish and achieve brand recognition, leads and sales!

Example: Restaurants can share menu items, promotions and events on social media, and interact with customers by replying to posts in feed and messages. This encourages people to become customers of their brand and promotes what they have to offer to customers in their area.

Sales and CRM: This task includes overseeing the sales process, and creating healthy relations with customers. This includes Lead identification, validation, Turn them into Customer and Better customer service. customer satisfaction value ensures that sales, CRM strategies increase customer loyalty.

Example: A car dealer might use a customer relationship management system to know who interacted with whom, what were the preferences and what was bought. Based on this information, they could personalize their interactions with the customers, deliver tailored content and also do some proactive customer service. But when businesses possess all the

basics of marketing, they develop ambitious strategies that drive their company to grow and enrich and achieve business goals.

1.1.6 Scope of Marketing Management

Marketing management deals with the efforts that focus on creating value for customers and at achieving organizational success. This spans market research, product planning, pricing, promotion, distribution and service, customer relationship management and business process analysis. Schreier Cartwright Business is the knowledge of dimensions that will allow businesses to a) plan all components so as to b) win and have success. Now, examine the range more closely.

Market Research and Analysis: They study consumer behavior and the market of their competitors, using the information gained in order to improve their marketing strategies. It enables entities to pinpoint areas for profits, minimize loss and sort out business logistics with the marketplace.

Example: Coca-Cola markets surveys to boost consumer promotion of healthy drinks, allowing it more varieties. The company has created products like Diet Coke, Coca-Cola Zero Sugar and Vitamin-infused drinks based on trends and customer feedback in order to meet the evolving needs of consumers.

Product planning and development: Product design is closely related to product planning and development as it involves the following: levdsing/TiiGng of developing. There is ideation, idea testing and taking product to market.

Illustration: Apple's new iPhone, which includes new functionality and updates that occur regularly, addresses the changing needs of consumers. It's thoroughly researched and user-tested for feedback to help iterate design, improve performance, and deploy innovation, like better cameras, AI features or materials that are good for the planet.

Pricing Strategy: Pricing strategy is necessary for the companies to get products segmented by assessing those price points at which profit margins can be endorsed and that also matches technological advances. Companies have to take into account their own costs plus what's happening in the market and what customers think when setting product prices.

Example: Amazon is using an automatic dynamic pricing model, which changes the price of items up and down depending on customer demand for a specific item, competitors' prices and the current market conditions. Amazon dynamically price their product using machine learning algorithms – they keep an eye on the market, and respond to competitor pricing moves.

Promotion and Advertising: companies communicate value to the buyers by various methods of advertising. Good ways of promoting brands make them memorable and bring in buyers who spend money.

For example in the Nike's "Just Do It" campaign, the customers are connected emotionally which keep them come back for more and ultimately strengthen up their market position. The focus on motivating each person to do great things has forged a powerful personal relationship between Nike and its customers, driving brand loyalty.

Sales and Distribution Management: Sales and distribution management is aimed to make the right goods available at the right place with all convenience possible. They are establishment of the distribution channels, logistics control and quality marketing channel.

Example: Flipkart has a wide logistics network that ensures timely deliveries at different locations in India. With the aid of local delivery services, and an effectively running supply chain management at its best, flipkart succeeds in delivering timely and confidently all over the country.

28 23 Customer Relationship Management(CRM): CRM is used to develop and maintain long-term relationships with customers increasing their loyalty to the business. Businesses must customize their checkouts, provide excellent customer service and operate rewards programs.

Example: Tailored benefits are provided to members by Starbucks rewards program, fortifying experiential branding. It creates a community by learning what guests like and then showing them targeted promotions that encourage return visits, which ultimately builds loyalty.

Brand Building – The brand management team creates a favorable image of the brand that attracts consumers. How a brand can differentiate itself from competition also defines how customers perceive the company.

Example: BMW wants to be a high-end performance car company, so it adheres to its luxury points, and makes great cars. By always making it about a history of precision and performance, BMW has been able to create identity as something that appeals to high-income buyers.

Marketing Control and Performance Measurement: • Marketing control is conducting an analysis of the marketing strategy and campaign to determine in what areas improvements are needed. What performance metrics are used to optimize future marketing strategies?

Example: PepsiCo turns to performance analytics to determine how well its ad campaigns work, in order to enhance performance. PepsiCo knows not just how, but also why is the brand being consumed, as well as who and where is consuming it Combining consumer engagement, sales growth and brand sentiment with their 20 persona model filters out a lot of guesswork.

Each component of marketing management brings together the processes creating a complete course that results in improved market position, goal achievement and superior customer service.

1.1.7 Core Elements of Marketing Management

6 Marketing management is the art and science of choosing target markets, acquiring, retaining, and growing customers through creating, delivering, and communicating superior customer value. It's a fluid process that mixes strategic thoughts with customer-focused steps on the way to success for any business venture. Accordingly, these are the underlying building blocks through which organisations can filter what customers want to help create relevant offerings (products or services) and meaningful conversations with those they consider target markets. They form the building blocks of an integrated marketing strategy, market-driven and demanding environment, as well as competitive situations. These marketing pivot points drive enduring business growth in terms of brand loyalty and market- and customer-related benefits in competitive markets.

Following are the key topics covered in our marketing management notes and case studies, which we'll discuss at length with some examples.

Value Creation: A company learns what the customer wants; it develops a product or service to meet those specifications. The work studies the needs of customers and then provides rewarding solutions. Happy customers, repeat customers and differentiation from competition – all analytics are rooted in common sense for the businesses adding value.

Example: Zomato realized that India needed a faster, simpler way to order & deliver food and find restaurants. By integrating a simple-to-use app with restaurant reviews, online ordering and delivery capabilities, eating seamlessly became an experience – that's what gave Zomato its competitive edge against the other players.

Market Research and Customer Insights: The effectiveness of marketing initiatives is only as good as the intelligence on market changes and customer behavior. Through market research, businesses are capable of making data-backed decisions regarding customer preferences, competitor strategies and overall market conditions.

Excerpt: Using viewer behavior as Netflix learns how to create the best recommendations for discovering and consuming streaming content.

Communication: Communication refers to telling potential customers about a firm's products and persuading them to buy. Promotional Strategy a. Promotion is done through selling (Personal sales) Advertising, branding and public relations are other forms of promotional strategies. Talking to directly makes them realise our brand better and also prompts their buying actions.

Example: One of the most memorable ad campaigns for Coca Cola involved the “Share a Coke” campaign where you could get bottles with consumer names on them, what can be more personal than looking at your bottle and seeing it was made just for you. 3- Drive Sales

Exchange and Transactions: The exchange does refer to the way that you (as a customer) get a product or service by giving something of value in return, usually money. Enabling easy transactions while marketing is the key to success.

Example: Amazon’s one-click purchasing reduces friction between thought and purchase, making it easy to buy things and therefore selling more.

Customer’s satisfaction: Achieving or surpassing the customer’s expectations leads to satisfy them. Satisfied customers are likely to be loyal, repeat purchasers and brand advocates.

Example: Zappos, an online shoe retailer, is famous for its customer service, free shipping and easy returns; all of which lead to high levels of customer satisfaction and repeat buyers.

Product Mix (4P’s): Marketing mix contains 4Ps, product, price, place and promotion. Every aspect of the marketing mix must be managed effectively to build an effective marketing plan.

Example: McDonald’s personalizes its menu (e.g the McAloo Tikki burger in India) which is low-cost and has high traffic locations; it also subsidizes locally relevant advertising to cater to local palettes.

Brand Building and Positioning–Branding creates an identity that customers can relate and come to love even while the positioning distinguishes the product from its comtitors in the market.

Example: Tesla has become synonymous with cutting-edge sustainable innovation and premium electric vehicles, building a brand that is synonymous with technical acumen and environmental responsibility.

Marketing Performance and Control: Measurement and review of marketing activities will ensure that the sound strategies are in place. Enterprises monitor their success in many ways relevant to the sales organization, e.g. as KPIs: sales growth rate; customer acquisition cost; ROI and so on.

Example: Google analyses the effectiveness of its online adverts by such metrics as the click-through or conversion rate so that it can improve a campaign. When these core components are combined, marketing management becomes a potent mechanism for identifying trends in the marketplace, increasing value to customers, and sustaining long-run business success.

1.2 What is in the 21st Century?

360° 21st Century Marketing: Its Origins: A Summary

Marketing in the 21st century is a rapidly changing business practice which is fueled by drastic technological change, globalization and dynamics of consumer behavior. The point is, the old marketing world isn't anything like the new one – it demands speed and innovation and an understanding of how humans behave. We are living in a hyper connected world, where trends come and go at fast speed while people's preferences change overnight. One has to be capable of assimilating these changes, even marketing managers have to adapt and anticipate them in order to win in a competitive world.

21st-century marketing is about the meaningful connection of people with each other, their tools and technologies, their ethics, and responsibility. Here are few other central components about what marketing looks like within the century – outlined in examples of companies who do a great job of living them out.

Technology-Driven Marketing

Technology has changed the way businesses communicate with customers and in this day and age, where data is king marketing methods have never been more effective or productive. There are two elements to this:

a. Digital Marketing: The World Wide Web has emerged as a very significant channel to deliver messages across nations. And digital channels also enable global reach with locally relevant interactive content (as they do in the determinedly mobile world, and the increasingly internety one).

Illustration: Nike uses Instagram and YouTube platforms to run visually-rich, slightly-storytelling-ish campaigns with success. Both how it's done and the meaning behind content, as conceived at Nike, has driven home emotions of global customers to both brand and to establishing a customer relationship.

b. Artificial Intelligence (AI): Marketers use AI driven tools to anticipate customer behavior, offer recommendations, and better serving customers. AI makes it possible for brands to process large sets of data, learn consumer insights and anticipate future behaviors in order to personalize experiences. Example: Amazon deploys AI for product recommendations based on past purchases and browsing history. This makes the shopping experience personal and helps boost sales by recommending relevant products.

c. Big Data Analytics: The visualization of big data explains the preferences and needs customers then assists with carrying out a business. As with processing and analysing volumes of data, companies find hidden patterns that can predict the behaviour of their customers and help make better decisions. Flipkart example : Big data analytics is used to check the types of browsing or purchasing behaviour of website and based on that, personalized recommendation is generated around most appropriate price of product along with available stock so as to enhance customer shopping experience let alone sales.

d. Automation: Tools to automate repeat tasks such as email marketing. Automation increases efficiency reducing time and effort of tasks by freeing resources to do more creative or strategic work.

Example: Companies such as HubSpot employ software to orchestrate campaigns, CRM and analytics in one fell swoop. Automating the mundane will enable more strategic initiatives in the business and ensure customers are spoken to timely, personally.

Consumer-Centric Approach

The contemporary consumer demands personalized experiences and deeper connections to brands. Companies that know and care for what users want differentiate themselves in the market. The key aspects are:

a. Personalized: Products and services must match personal tastes. It is targeted to address the needs of its customers with customised offer and as such more likely to be relevant engaging.

Example: Spotify keeps people using the service by getting people invested with playlists like “Discover Weekly” to make them loyal to the brand. Spotify provides tailor made personalized playlists through the analysis of listening behavior that feel special and add value to use.

b. Engagement: There’s a better customer experience with more interactive brew promotions. Engagement-based strategies create an inclusive experience that fosters belonging, and a greater feeling of participation or significance in workflow.

Illustration: Customers are motivated to associate with Amul through their creative and insightful commentary on current events in a topical ad. These are ads that evoke conversations, sharing on social media and enhance the brand's connect with the consumer.”

c. Experience Marketing – There is no better way to create customer allegiance than giving them something memorable. It immerses the user, makes positive experience and also helps companies to build a more emotional relationship with the customer.

IKEA, a global furniture emporium that originated in Sweden, delights its customers with augmented reality apps similar to what an “Imagine if company” would create which enables their users to visualize how furniture looks like at their home even before purchase. At the point of sale, customers can engage with the product in a fresh and an enhanced way displacing them with confidence as they actually make a hardened purchase.

Globalization and Diversity

Globalisation has enabled businesses to access the largest possible set of potential customers around the world. But successful ventures in many markets do require an embrace of cultural norms, preferences and consumption habits. This includes:

a. Embracing Cultural Diversity: If business is to start moving towards a global market, businesses will have to appreciate and accept the local taste of your market and culture. There will need to be tweaks in the product line to get features and flavours or designs suited for regional tastes.

Instance: Dominos India created its menu which included vegetarian pizzas, spicy toppings and also paneer-related yeast-based dishes in order to satisfy the Indian palates. This kind of cultural arbitrage helped Domino’s make its presence known in the Indian market.

b. Content that has been Customized: It is not enough for brands to rely on marketing content based on the same values, language, and traditions of where they may operate in various regions. Localized contents allow a brand to address an audience better and create emotional connect better.

For example, Airbnb's domain changes based on where you're located. For example, if you visit the site from India, you will see local stays, be able to pay in rupees and view images with a strong Indian focus. All of this makes brand more recognizable and reliable for users in the same region.



Fig 1.4 Globalization and Diversity

a. Online Sales through International Websites: The growth of the online shoppers, start-up companies and the large enterprises may explore their business up to international level on global e-commerce website. These gateways help to open the gates for international sales and can be a great place to begin with relatively little investment in heavy infrastructure.

An instance in case, Amazon and Alibaba are the most important platforms selling internationally. Amazon and alibaba have opened up international markets to reach millions of customers across the globe through language translation, currency conversion, cross border logistics. Alibaba also allows small businesses to make wholesale orders to distributor buyers which means that international trade is possible.

Sustainability and Ethical Marketing

At the current time, there is a new interest by individuals for where their money and effort is being spent in this 21st century. Consumers are aware of the social and environmental consequences behind the brands they use. Therefore, socially and environmentally responsible companies earn customer loyalty and improve company image. Pretending to share the values of consumers is no longer enough, matching them has become the business gold! The main aspects are:

a. Environmental Practices: Sustainable business relies in part on employing environmentally friendly practices throughout all production processes today. Companies are working maintainable when they use energy self-generated, reduce waste and lower carbon footprint for promoting recycling activity. Companies that put attention in these environmental protection ways make the nature a friend, and those customers who wish to live green flock under their businesses.

Illustration: ITC Limited transcended to an all-inclusive sustainability approach as it transformed a carbon positive, water positive and solid waste recycling positive entity. ITC also adopts environment friendly way into its

operations including responsible packaging, afforestation and use of renewable energy along with environmental preservation.

b. Ethical Messaging: For a marketing message to be ethical, it has to be truthful and sincere. Companies that are communicating ethically, they're giving you all of the information and showing how good some of their operations are. Here is how they do it: Openness Brands that demonstrate openness about their business build trust and develop emotional connections with customers. An ethical message is an expression of what a brand does as a responsible member of society, and is about more than product description.

For instance, the Tata Tea's "Jaago Re" campaign raises social awakening on issues such as corruption, voting rights and women's safety. Instead of the product, Tata Tea used the platform for pushing civic engagement and to reinforce its positioning as a socially responsible brand.

c. Cause-based Campaigns: Brands resort to cause-based campaigns to, publicly align or support social causes and broadcast their intentions in making the world a better place. When companies embrace social causes, they help create good public opinion and they get repeat customers who also are on-board with those same concerns. Organisations differentiating themselves by adding meaning to their business strategy often can be recognized compared to other market players.

Example: One of the projects that Hindustan Unilever has launched is called "Project Shakti". It's a program that trains women in rural India to be micro-entrepreneurs who sell Unilever

20 products in their own communities. This not only provides them financial freedom but also increases the company's penetration in the nation's rural markets.

The Omni-Channel Emergence

a. Online/Offline Integration: An omnichannel approach links all (brand) channels to offer customers a consistent and coherent shopping experience over the different channels. This unified experience also ensures brand conformance and customer satisfaction.

Example: Walmart allows its customers to purchase items online and select either in-store pickup or home delivery. By providing customers with options to select a shopping channel, through our service we enhance convenience and maintain customer interest.

b. Customer Journey Mapping: An activity in which companies observe and understand how customers interact with them at each touch point to form an effortless and connected brand experience across all channels. This enables brands to tailor the experience in response to individual customer engagement.

Example: Starbucks wins by linking their reward program to its physical and digital stores everywhere. You can establish advance payments on your cards and won't earn rewards by applying the same benefits across all of our purchasing locations.

c. Unified Communication If brands maintain a similar communication style and visual language in all platforms they use, customer's confidence on them grows. The customer trust and recognition is a result of the consistency in brand messaging, design and tone on all the platforms. Whether it's a website, or social media, advertising even down to stores; this consistency of communication shapes a 'brand experience'.

Example: Coca-Cola's finding itself in a vending machine and social media look the same – it does what it can to make sure that your brand looks the same everywhere. Be it ads, packaging or online sites, Coca-Cola's omnipresent red colour combined with the globally recognisable logo ensures a level of comfort and trust-building that is accessible to all.

Content as a Key Driver

a. Storytelling: When brands tell good stories, people feel that you connect with them on an emotional level. The act of telling creates memory, so the brand itself is more human and understandable. As a result, this emotional connection means stronger brand loyalty and more repeat engagement.

Nike brings its "You Can't Stop Us" campaign to life by telling powerful stories of athletes overcoming obstacles as it shows split-screen coverage of sportspersons from diverse backgrounds with a split screen. These stories humanize Nike, and they connect them more personally to the brand itself, which works really well given that it's all about building inner strength.

b. Video content: Videos are what digital media audiences prefer to engage with. There's a reason why videos are leading the way for engaged content, from grabbing your viewer's attention to sharing and spreading more reach for brands. And, seeing videos supplements the overall brand message.

Example: Red Bull (an energy drink brand) links its brand to active energy with high-production value videos of extreme sports. YouTube, just like Tiktok and Instagram allows videos to spread more and it shops for customers! We deliver!.

c. User-Generated Content (UGC): Brands who let customers share their glowing feeling make real connections with those they serve. There's also the fact that UGC creates a sense of authenticity and leads to peer recommendations -- it naturally builds credibility and strengthens the trust element. UGC also builds camaraderie among the brand's community.

Example: GoPro, the American technology company, shows user-shot footage from their cameras to highlight how customers generate special content while having adventures. Content created by users enhances brand interaction, and enables marketing cost to be minimized.

d. Educational Value: Brands that offer useful informations are deemed industry experts. As a marketing leader, HubSpot offers you free educational content in its blog posts, webinars and certification courses on marketing sales and customer relationship management. In this way, companies generate a trustworthy relationship with their customers who keep coming back for more business.

Example: LinkedIn provides users with a number of learning resources available through its site, which is known as LinkedIn Learning. The site has class offerings in topics from marketing to data science, and LinkedIn is trying to position itself as a powerhouse of professional development. In doing so, it gives subscribers an ability to not simply progress in their careers but to also create a lifetime relationship with the site therefore creating retained users who return and interact frequently.

Data Privacy and Security

a. Regulation Compliance : If businesses want to keep their customers trusting them they will have to adhere to GDPR and CCPA. Adhering to these regulations will mean legal compliancy and maintain the rights and security of your customers in regard to privacy. It also avoids legal punishments and affirms the company's dedication to ethical data practices.

Example: Google provides its users strong data control tools that align with privacy regulations worldwide. By those means you can have your saying on the way personal data should be handled including shared, stored or processed.

b. Clarity of Policies: Companies that are clear and transparent about how they treat user data win greater trust from their users.) When dealing with data being collected, such

handling of it will surely build customer trust that he or she would be comfortable using a specific brand at the time of transaction.

Example: Apple advertises privacy protection, both in its advertisements and product design. Its advertising program “Privacy — Our That’s iPhone” makes customers feel secure about their personal information. These are comforting messages that emphasize Apple’s sensitivity to privacy and customers’ calmness they have in knowing all their information is secure and private.

c. Building Trust with Security: Companies gain competitive advantages by protecting customer data. Enable high tech security, protect user's data and secure what they do online. Trusted methods of data protection, can make customers feel more comfortable trusting businesses and brands.

Example: Razor Pay is a reliable India payment gateway with capabilities like 2nd factor authentication, sophisticated encryption, and detection of fraud that provides for safe transactions hence wins trust of its users.

Trends in Marketing Management

a.) Influencer Marketing: Engaging with the right influencers to showcase their products, allows brands to reach out to their intended audience. It allows brands to speak with niche audiences and reach out to prospective customers in a far more authentic, impactful manner. By working with influencers, a brand can gain exposure and trust among specific demographic consumer groups, which translates into greater relatability and authenticity when the brand message is communicated.

Example: Bajaj Allianz Life Insurance partners with influencers in finance category to educate its customers on life insurance. It hits those niche pockets whilst humanising complex financial products for potential buyers to relate to and trust in through these affiliations.

b. Voice Search Optimization: Marketing now must include the optimization of web content for voice activated speakers such as Amazon’s Alexa and Google Assistant. As people continue to search using spoken queries, it’s high time for businesses to refine content strategies so that they are more conversational and mobile-friendly in order to better serve customers. Example: Domino's Pizza lets its customers place an order for food through voice technology without any manual intervention

c. Augmented Reality (AR) & Virtual Reality (VR): With the use of AR and VR, customers can experience product visualization as never before. These are immersive solutions which allow potential customers to interact with product in a state of virtual reality making them feel more confident when it comes time to make a purchase.

Example: Indian eye wear brand Lens Kart has used augmented reality in its application for people to try on glasses virtually. The shopping experience has already been improved with the AR feature to provide online shoppers with a feeling of certainty when making a purchase.

d. Subscription Business Models: More people are opting for subscription services these days; they provide a steady income and do well to engender loyalty from the consumer end. Subscription-based models generate predictable revenue streams for companies and an ongoing relationship with consumers.

Case in point: Netflix and Spotify pride themselves on recommending media that corresponds to what their users would like to watch or listens to.

Chartered Institute of Marketing "Managing the organisation's marketing effort in a complex, frequently competitive environment calls for an ethos of agility, innovation and customer orientation. So thanks to high tech, great content and policies that are in tune with consumer wants and needs, for Apple or Nike or Sephora plus a few others more like them, all's well that ends dazzling! Winning, however, requires businesses to be flexible enough to adapt, chase new trends and keep building long-term relationships with customers.

1.3 Core of Marketing

It is the "central idea of marketing" (and a keystone concept in the field), which: extends beyond customer satisfaction and selling to incorporate a company's larger role as it creates, communicates, and delivers value; and spans multiple levels of analysis between the firm and consumer relations. Principles of marketing are a basis for market success and business longevity.

At the heart of which is to add value to customer fulfilment and satisfaction through services. When businesses can conquer these key elements at **the core of marketing**, they are in a position to build lasting relationships with customers, stand out from competitors and grow.

Core Marketing Components

Core Product: This is actual product that takes out the core components which customers are demanding. The flagship product extends beyond physical attributes to offer fundamental advantages that solve customer needs. A product is bought primarily because of this fundamental value.

Example:

- The essential product of the smartphone is its benefits of use: communication, socialization and interaction with information – not the phone itself.
- For a vacuum cleaner, the fundamental product is the act of cleaning and removing dirt that it provides to keep homes or offices clean.

Understanding the core product that can help to concentrate on things which are really important from a business customer stand point and deliver something that speaks to their targets.

Core Marketing Plan A core marketing plan describes the main components of the business's products or services, assets and connection points with its target consumer base. This part demonstrates the incremental process of presenting company products and adding value to customers. The company's marketing goals should align with the business as a whole so that everything can be tracked and measured. Elements of a Fundamentals Marketing Plan Essential building blocks of a frontline marketing strategy often consist of:

Market research involves the collection and analysis of data related about a customer's actions and enquiry as well as those of competing organizations. It discovers what customers want and anticipates market shifts for better targeting.

- Target Market Definition – This is the process for identifying and re-segmenting your market, in order to market to profitable segments. And so this demographic, psychographic AND buying behavior information is what allows for accurate targeting.

- Positioning: Will define how a product or service is perceived in the mind of the consumer. It is the distinctiveness of it that will make it succeed in a competitive market. Positioning enables the firm distinguish its product from of competition and create a brand perception.



Fig 1.5 Core Marketing Components

- Budget: This means spending money in the most efficient marketing activities and channels that bring about the targeted result. It also helps you ascertain that your marketing plans are financially viable and enables to track cost-efficient spending across all initiatives. It makes ROI trackable and enables you to tweak the strategy as necessary.

Example: A fledgling restaurant develops a marketing plan that includes promoting itself on social media, paying to advertise locally and cutting deals with influencers and customer

loyalty programs to attract and retain its customers. A simple marketing plan outlines which ad networks will focus on and how we measure our success.

Marketing Concept: Marketing concept involves creating offerings that meet the growing needs and requirements of customers rather than trying to sell whatever has been produced. The method demands that companies learn to interpret and address customer wishes, and ensure all marketing activity is sympathetic to happiness. Three 'big ideas' underpin the concept of marketing:

- **Customer Focus:** Does what is necessary to ensure customer satisfaction; understands the customer's need and develops standards in order to meet them. This means companies meet the requirements in terms of product, or service delivery to its true added value. Therefore, by detecting what customers want to get more loyalty and further relationship will easily occur.
- **Cohesive Marketing effort:** It's a C-level joint effort from sales, product development, customer support and more. The outcome is a consistent marketing stance that keeps the message and experience uniform at every point of touch. A unified front results in strengthening the brand and increasing its value proposition at large.
- **Profits:** The marketing concept emphasizes that an organization should strive to satisfy the wants of customers and look for a return in terms of profit. Hence, if meeting and surpassing the customer expectations becomes a way of life, not only businesses to create customer loyalty but also ensures profitability in long run. This approach is about creating value, not just selling right now.

For example: Apple markets the hell out of high-margin products that give customers better ways to use technology. If you buy an Apple product, they become post-purchase brand advocates because you trust the brand.

Process of marketing planning An institution obtains its total marketing strategy through a sequential process of planning. Marketing planning takes all business ergs and translates them to measurements that connect with organizational goals. It consists of a number of stages:

a. **Market Condition Appraisal -- Understanding** the outside world, such as what the customer wants and does not; market dynamic; competitive pressures. A company must keep its finger on the pulse of the market so it can respond before things go south.

Example: A company introducing a nature-friendly product might analyze consumer trends toward sustainable and environmentally conscious choices to craft marketing messages that effectively reach them.

b. **Target Audiences Identification:** Dividing a market into a group of distinct people that share some related characteristic or displaying behaviour, which the business can choose to serve by focusing on and targeting those most likely benefit from its goods.

For example: Luxury car brands might target rich customers, while budget car brands can target first-time buyers or young professionals.

c. Marketing Objectives Setting: The marketing department sets easily attainable and measurable standards for marketing projects to reach/ pursue. Specific marketing goals should pull double duty, being both enterprise-level success metrics and providing actionable strategic advice to marketers.

Sample business goal scenario A company may aim to increase brand awareness by twenty per cent over the next six months with social media marketing.

d. Marketing Plan Formulation: Consideration of tactics and strategies that can attain the marketing objectives. This pertains to deciding on the marketing mix (product, price, place, promotion), communication strategy, as well as distribution medium.

Example: A company might choose to use digital advertising, public relations and events for a product launch.

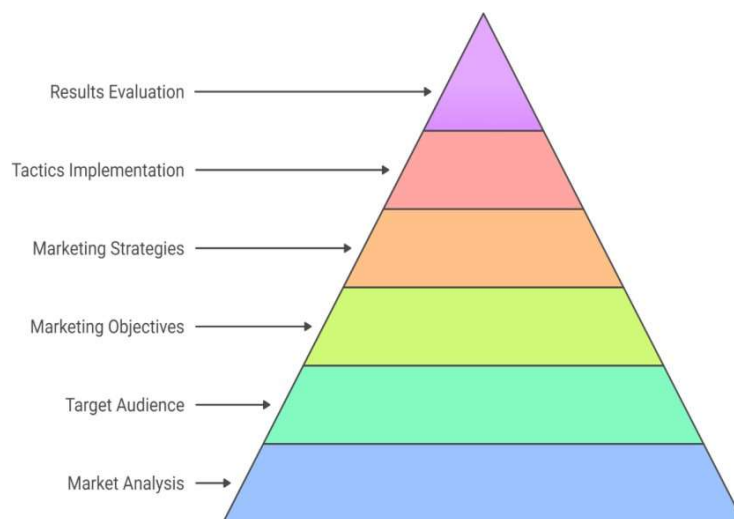


Fig 1.6 Marketing Planning Process

a. Tactics Implementation: At this stage, we will be implementing the strategies and tactics established in the plan. Some of those tactics can be building a direct mail campaign or the next promotion, event or advertising run.

Example: A company might start a promotion to coincide with one of the seasons in order to increase sales during that season only.

b. Results Assessment: Tracking and quantifying the marketing initiatives. The last finishing point: Here, data is reviewed to determine if the goals have been achieved and to improve future marketing efforts.

Example: The business measures KPIs like sales growth, customer engagement and ROI post a campaign.

The Marketing Core is a fundamental to understanding how companies deliver value to customers. When organizations integrate their core products with powerful marketing programs and customer-centric approaches they establish separation from the competition in the marketplace. The marketing planning (concretized in the marketing plan) is an essential organizational activity, considering the hostile and complex competitive business environment. Each element of the foundational marketing system is strategically designed to support businesses so they can keep their customers, and grow in the right direction over time.

1.4 Wants, Needs and Demand

They do start in differences between needs, wants and demand that are very useful to all marketing strategies* In Marketing the paradox of selection develops. The ideas become a foundation for products and marketing messages that

appeal to the customers' interests. From these definitions, marketers try to understand what drives consumers to purchase certain goods or services.

1.4.1 Definition of Needs, Wants, and Demand

Needs: Something that you need is a basic human requirement to live or be happy. They are basic and elemental: food, shelter and safety. They are not invented by marketers, but simply exist in human life.

Example: Human beings need food in order to live. It's a basic need that transcends culture and individual desires."

Wants: Wants are shaped by the culture, preferences and environment of an individual. Needs are common and want varies person to person. Needs to refer to the particular ways individuals seek to satisfy their needs.

Example: Someone may be hungry for food, but what he or she desires is a specific meal and that could be pizza, sushi. The type of diet preferred is a matter of personal choice that is also culturally and environmentally conditioned.

Demand Demand refers to the desire for a good or service backed up by purchasing power; it also means how much the consume is ready and able to buy at different prices. It is the aggregate demand for a product at a particular price level, and wants are demands when those with purchasing power intend to purchase.

7

Illustration: Want is where an individual may desire high-end smartphone and if they are in a position to purchase it from the market, demand is created. Willingness of the individual to buy in the market is what makes up demand.

1.4.2 Needs, Wants, and Demand Relationship

The concept of "need", "want" and demand There are interrelation between need, want and demand but there are different concepts also. Marketers need to develop tactics that go hand in hand with their target customer. "Therefore, the need-want-demand is a bit of a natural tendency - needs because wants and wants as demands if they have purchasing power."

How Needs to Create Wants?

Wants are based on needs. When one becomes aware of a need, they will look for specific products or services that fill that need. Desires are based on fulfilling needs in certain ways as influenced by culture and society.

For example, a person has to get from Point A to Point B (need), but depending on his or her preference or lifestyle, he or she may also want a car (want) that happens to be red, black and have four doors in the form of a sleek luxury sports car or comfy family sedan.

How Does Wants Translate Into Demand?

When the desire of a person is met by his or her ability to pay for it, it becomes demand. This is where a customer not only wants a product, but has the means and willingness to buy. A marketer attempts to develop opportunities for his products by discovering customers' needs and offering solutions within his range of payment.

For example, a customer may want an expensive laptop. A need in the abstract would become a demand if there were an ability to pay for what was needed.

1.4.3 Kotler's Needs, Wants, and Demand Theory

Philip Kotler, widely considered to be the world's leading marketing guru, is the S.C. Johnson Distinguished Professor of International Marketing at Kellogg Graduate School of Management at Northwestern University. His explanation clarifies how marketing can use these ideas to meet customers' expectations. Kotler believes that while needs are universal human necessities, wants and demands are in effect created by marketing itself as well as purchasing power.

a. Kotler's View on Needs: For Kotler, needs are the fundamental necessity for human existence. Despite the sameness of needs, arrangements by which humans satisfy these



needs can vary greatly. The marketer has to identify the needs, and then position his product or service as a solution.

Example: A business selling bottled water recognizes people are thirsty. Water is the product that addresses this fundamental requirement, and the advertising suggests its simplicity.

b. Kotler’s Explanation: Wants, according to Kotler are shaped by culture, experience and advertisement. You can't creating demand according to a model is not true rather: You can generate wants by attaching the piece of your choice with certain wishes for desired outcome or status.

Example: Nike is generating a want to wear athletic shoes when they create the want by linking the product with an active healthy lifestyle and high profile athletes that appeal directly at building the customers desire for a particular brand of product.

c. Kotler’s view on demand: Demand is a matter of wants supported by ability to pay
 ACCORDING TO KOTLER’s : – Demand is a function of F It means creating demand for the business with customer desires while satisfying the price and availability at minimum. When the specific benefit a product provides exceeds whatever the customer perceives he is giving up in return, value and interest are generated.
 E Baas Making wants into demand Marketing value.

Example: A performance laptop at an affordable price, advertised by a tech company can turn the need of technology to have it (or, not want it) for students or fresh graduates who can afford to purchase.

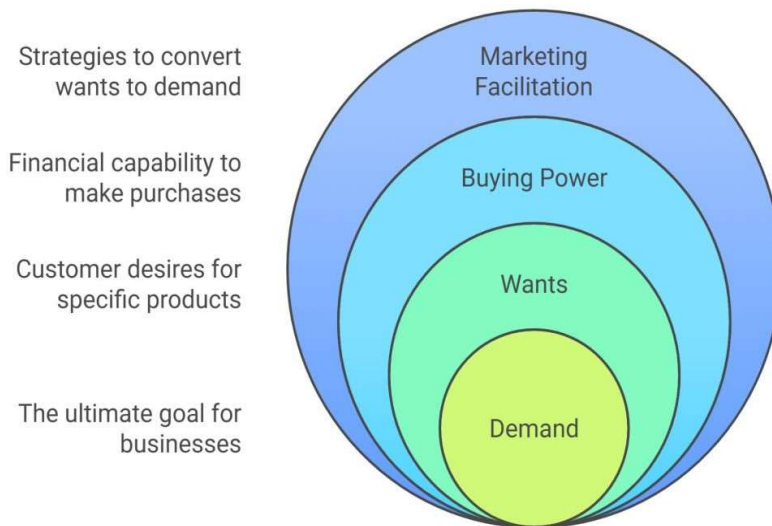


Fig 1.7 Kotler’s Needs, Wants, Demand Theory

The Needs wants and attaches are three fundamental aspects of marketing ...!! Needs are fundamental and universal, wants are culturally conditioned desires, and demand is what occurs when wants are backed by purchasing power.” The primary roles of a marketer are to fulfill these desires and create strategies accordingly. It will enable the companies to have a closer contact with their clients and satisfy market needs.

1.4.4 Role of Marketing Management in influencing Wants and Demands

Marketing management is responsible for decolonizing the needs of customers to become demand. Based on an understanding of the consumer and customer insight, the marketing manager will be able to make changes in products / services, pricing, communications or supply etc in order to achieve its objectives. The marketing management covers the demand of customers as well as creates demands of products and services into planned actions and strategies.

The Concept of Marketing Management

a. Customer orientation: Marketing subordinates itself to the customer and serves their needs for the firm to sell products and services of interest to its target market successfully. Here are research and insights that explain why we like something or choose to act one way over another.

For example, brands such as Apple know their customers desire cutting-edge techie gadgets. Knowing this, the Apple marketing management team invents daily to help mold consumer sentiment and drive demand for new product releases.

b. Value Creation: The goal of marketing is creating value for the customer. By providing products to meet specific needs and wants, marketers help create demand. It is to make very good use of the fact that our product or service solves your customer's pain, by making it coincide with an intention to buy. Example – Marketing management of Tesla resulted in the creation of desire for electric vehicles by highlighting their eco-friendly nature, technology and luxury design. Not only will they solve the problem of moving all those bodies around, but they'll also be part of metropolises becoming ever greener.

Shaping Wants through Marketing Strategies

a. Influencing Customer Choices: Marketing management can influence customer wants using various tools such as advertising, branding, competitive advantages. Brands shape desires by making certain attributes desirable in preference to others.

Case: GoPro is an American technology company, founded in 2002 by Nick Woodman that shaped user behavior around their cameras who linked it with travel and adventure sports. And advertisements of the real-life, extreme sports-related footage is nothing but glorifying those products to be on top of the list for anyone looking to pump up their adrenaline rush.

b. Personalisation and Customisation: In the world of marketing management today, personalization is commonly used to make products more attractive. Responding to individual preferences and strategies Producing personalized products or promotions customized to encompass distinct taste preferences, will also raise demand of the product.

Example: An international online marketplace offers a platform for customers to design business cards, marketing items, and promotional products as the customer wishes. Generating infinite possibilities toward customization or doing the process differently personalize the process itself so what he makes is a perfect fit for him because, after all, this is his identity.

Converting Wants into Demand

a. Creation of demand by : The work of marketing management is not just creating interest or desire, but also making sure that the customer has access to the product. A want can become demand once the customer has developed an ability to pay, this and such could have been facilitated by the consumer's availability of credit, or his disposable income.

Example: Netflix created demand for its streaming service with cheap subscription plans that provide easy access to content. They're what makes supply and demand a thing here: an open price point for video on demand (VOD) paired with abundant distraction turns want - in these cases, the algebraically defined kind of wanting as opposed to need or desire - into stays-on-demand desire.

b. Use of Promotion and Distribution Channels: Its application boosts demand with promotional tactics, such as investing sales or a limited offers, and loyalty programs which make customers react to their needs. And when the customer is ready to buy, it's not just about price but availability – Getting products out at the right time can also be suddenly as important.

Example: Having a full map of targeted ads, promotional sales, and the guarantee of fast delivery forms demand for the vast number of products Amazon has. Its distribution system is so good that as soon as someone decides they want it, there it is, and what was something desired becomes something demanded.

Wants and Demand Definition – The Power of Digital Marketing in Influencing wants.

a. Targeted Advertisement and Social Media: the development of online advertising, marketing management become able to effectuate customer wants more effectively through targeted advertisement, social media and influencer advertisement. Brands create desires and demand for their products by reaching consumers with personalized messages.

Example: Instagram ads have the power to spike demand for fashion and beauty products. Beautiful content 3 Brands and influencers use beautiful content to inspire their audiences with the result that passive floral interest instantly becomes informed purchasing intent.

b. DATA ANALYSIS AND CONSUMER INSIGHTS: Digital marketing tools collect, store and analyze huge volumes of data related to customers preferences, activities, behaviors and shopping patterns. And by sifting through this information, marketing management can both anticipate and shape future desires, developing strategies that will hone in on new fads and wishes.

Case in point: Spotify uses data science to generate a demand for streaming music service by recommending playlists and songs based on user preferences, engaging users with the platform so they can sign up.

c. Ethical Dilemmas & Consumer Trust-inc digital marketing impact desire and demand, it also raises issues of ethical nature related to data privacy, tracking user and transparency. Consumers have become leery of overly targeted advertising, fearing data exploitation or misuse leading to questioning brand trust and loyalty.

For example: Apple's new App Tracking Transparency highlights the rising demand for privacy from consumers that prevents advertisers from tracking user activity without their consent, affecting how online marketing will be approached in future.

The Influence of Marketing Management on Long-Term Demand Creation

a. Building Brand Loyalty: Marketing management secures over the long term the control of consumer demand, because it builds up a certain confidence in brand name energy. Systematic value and customer relationship management cause its customers to buy again, which often turns occasional wants into demand that is continuous.

Example: Starbucks creates brand loyalty by providing standard loyalty programs with an added personalization of rewards and high customer service in order to transform a once-in-a-while coffee shop purchase into ongoing visits for drinking beverages.

b. Continuous Innovation And Adaptation: Marketing management needs to be continuously modified in consonance with the changing consumer styles and external market environment. Marketers who are on the leading edge and who innovate also have a role in shaping wants, and creating new demand. Case in point: Samsung Early and often improvements to smartphones over the years replenish consumer demand for better tech, so customers' wants become long-term demand for your products.

Marketing management is crucial in shaping customer's wants and turning them into demand. By using the insight into drilling customer behavior, by adopting effective measures such as did in customization and segmentation) and availability of products and services, they will have a good opportunity to create needs for their activities over the long term. Marketing management also develop and shape demand in the competitive market by constant innovation, value creation for the customers an loyal customer base.

1.5 Exchanges and Relationships

Marketing isn't a sales pitch—it's an exchange of value. An exchange is when you hand over something valuable like goods, services, money or even time. But in modern marketing, companies are no longer just zeroed in on transactions as a one-time transaction; they're interested in winning lifetime customers.

Why do relationships matter?: Because customer loyalty equals repeat purchasing, word-of-mouth advocacy or business growth. "In general, businesses that listen to their customers' requirements and have good relations with them often outperform." By creating engaging conversations and building relationships, brands can remain relevant and succeed in a competitive marketplace.

1.5.1 Understanding Exchanges in Marketing

ExchangeThe exchange between seller and buyer The key marketing concept on which a seller and a buyer trade things of value. A good exchange is not done just because a transaction takes place but rather by both parties benefiting in some way. Exchanges come in many shapes and sizes, including purchases/sales, swapping goods, or even digital exchanges.

There are Two Parties or More: There should be at least two parties that agree to the transaction. Each ought to have something of interest to offer – whether this is a good or service or a proposition for collaboration. Companies must ensure that they attract the right consumers in order to create a successful exchange.

Example: A user purchases an EV scooter from Ather Energy, and they engage in the transaction where as a company you provide something to the user for money.

Something of Worth to Offer: Both sides must offer something which is valuable to the other. That value can be something physical (cash, goods) or notional (trust, good will, quality of service). **No Value, No Exchange.** no perceived value = no exchange

Example: A farmer supplies organic wheat to iD Fresh Food (a ready-to-cook Indian brand) in return for bulk buy contracts and better rates.

Good Communication and Delivery: Any successful exchange requires good communication, as well as the ability to deliver whatever is exchanged. Consumers must have transparency about the competitive requirements, pricing, and availability of goods before making a transaction.

Example: Noise (an India-based smartwatch brand) explains all its features and prices on the website so that customers can make an easy decision before getting to a store.

Freedom of Acceptance or Rejection: It is essential that both parties freely accept the offer and possess the freedom to reject it. This provides a level playing field and satisfied consumers.

Example: A shopper in the D-Mart chain (Indian retail) can comparison shop and verify to screen value to pay, which then becomes the purchase option.

Mutual Benefit and Satisfaction: Successful trading is based upon mutually beneficial exchanges. If the other side is not content with its loot, then there would be future resentments and block future deals.

E.g the return policy of lenskart (an Indian eyewear company) with 14 days guarantee makes customer feel that he is safe purchasing good and as a result also contributes in positive branding.

1.5.2 Role of Relationships in Marketing

More than the one-time-only sale, businesses have to focus on creating a strong and lasting relationship with their customers. The development of relationships can help firms in forming brand loyalty, repeat business and word-of-mouth advertising.

Transactional Relationships- A transactional relationship is very much a take one and done. It's not about extending the relationship, it's about getting the sale quickly. Companies that operate in this manner do not prioritize engagement after a purchase is over.

Illustration: A customer buys a recharge pack for his mobile phone from Jio and does not have further contact with the company, in other words, a transaction at one point in time.

Long-Term Customer Relationship: Companies with Long-Term customer relationship sustainably create value, state of the art products, and efficient after sale service. Such companies generate strong customer relationships that lead to repeat business and referrals.

Example: Nykaa, an Indian beauty and cosmetics brand keeps customers engaged by giving them loyalty rewards, personalized beauty advice, special discounts.

Business-to-Business (B2B) Relationships: These are strategic partnerships between businesses seeking to work with one another towards a common interest by either, providing them with supplies at large scale, co branding of products services or taking advantage of the technology they possess. They run through trust, long-term contracts and strategic alignment to provide stability and participation in growth.

Example: Railroad company Norfolk Southern has long-term contracts with steelmaker ArcelorMittal to buy rail materials.

Emotions and brand commitment: Some brands generate such a strong emotional bond in customers that marketing begins to merge with people's aspirations, culture preferences and

personal histories. Emotional branding—the use of storytelling, advertising and customer interaction to create a lasting psychological bond that makes the consumer loyal beyond reason—lives at the core of the deep brand.

For example – Early brand advertising of Amul (Indian dairy giants) which sticks in consumers mind as “The Taste of India” and also brings some nostalgic feeling along with a funnier element through its classic ads.

1.5.3 Fostering Strong Marketing Relationships

The most efficient companies spend on activities that build and maintain customer relationships. All these projects create customer confidence in engagement and brand, ensuring business growth prospects.

Engagement and Personalisation with the Customer: The more brands interact with the customer, creating something exclusively for them, leads to a stronger relationship. Companies employ AI, social media and analytics to tailor-upon-personal-preference experiences.

Example: PharmEasy (an Indian health tech startup) nudges its customers to take medicine and offers them personalized health knowledge as per their medical history.

After Sales Service & Support: A consistent after-sales support builds trust with your customers to keep them loyal. Excellent customer service from businesses can lead to higher retention and better word of mouth promotion.

Example: Mission by Tata Motors (An Indian automotive giant) Mission by Tata Motors are an extended warranty and free car service offers, guaranteeing customer satisfaction post-purchase.

Loyalty Programs and Rewards: Without exception or to prevent customers from buying elsewhere, the majority of firms start paying some form of charge back or special rewards program for contingents. These types of programs keep customers by offering more value.

Example: CRED, the Indian fintech platform, offers exclusive discounts and rewards to users that pay their credit card bills on time.

Emotional Branding and Story Telling : Brand positioning stories resonate with their audience emotions. Brand association is a kind of emotional branding that allows businesses to control the way consumers think and increases brand loyalty.

Example: Tanishq (an Indian jewellery brand) threads ads about Indian customs, emotions and the importance of family to make patrons feel a part of it.

Today marketing is no longer just transactions, it's about the creation of good relationships that lead to brand trust and long-term loyalty. There is an exchange involved in marketing, but

companies which invest in their relationships with customers gain a competitive edge. Companies that engage with customers via personalization, post-purchase customer service and emotional brand appeal are developing more powerful brand reputations for long-term success.

1.6 Defining Value

1.6.1 Introduction to Value in Marketing

In marketing, value is regarded as one of the core concepts which determines the perception of customers with respect to a product or service against what they are prepared to give in order to obtain it. The price they see as fair is the basis for their buying behaviour and satisfaction in general. Value is of significance for firms, as it is what provides the customer loyalty and competitive advantage.

Meaning: Value in marketing, also known as customer-perceived value is the difference between what a customer gets from a product and what he or she has to give in order to get it. The benefits include functional, emotional and monetary; the costs include money, time and effort.

Example: Tesla has managed to frame its electric vehicles as high value products by associating cutting-edge technology, greenness and luxury with electric cars, which is why you pay a premium over regular cars for them. The value is high in the mind of customers because they perceive a status symbol value due to being green car.

Formula: Value = benefits- costs

Effect on Marketing: Marketers focus in creating value for the product by way of product differentiation, customer experience and branding your product. Conversely, when consumers have a positive attitude towards a product's value, they are more likely to purchase that item, repeatedly choose it and even pay more for the brand.

1.6.2 Types of Value

Value hits in various ways, all trying to hit part of what the customers want. These forms help the marketers in shape their products or services by adding more user experience. Let's see the types of values below.

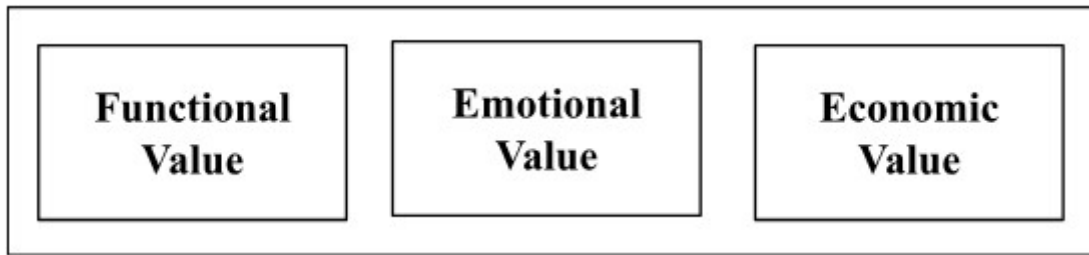


Fig 1.8 Types of Value

a) **Functional Value** Functional value arises from the functional benefits and utility realized by a consumer in using a product or service. Features, Performance and Quality all must work in harmony to help a buyer solve a problem or fill a need.

For example: Dyson vacuums provide high efficacy in function as it adds stronger suction power, better filtering on a more stylish streamline technology. Customers are taking more money out of their wallets in exchange for the higher performance that Dyson outstrips competitors.

b. **Emotional value:** The psychological and emotional benefit that the customer received from a product offered is represented by the concept emotional value. It might be pride, joy or reassurance from the quality of the brand or product experience.

Example: By offering Apple's simple, user-friendly devices it provides customers with the benefit of a solid brand image. Then, the possession of an Apple product which is iPhone or MacBook makes consumers feel like they embody being innovative and creative, thereby building brand loyalty.

c. **Economic Value:** The economic value is defined as the customer's perceived financial benefit obtained from a product in comparison with its costs or the long-term savings that a service or product provides. Customers want products: of the optimal compromise between quality and price.

Example: The economic value of Walmart involves the low cost structure on a variety of everyday goods, which appeals to the pocket book shoppers. Perceived savings are one of the most powerful levers for customer retention.

1.6.3 Customer Perception of Value

Value is relative and personal, totally dependant on what the customer needs or likes already knows, expects. Marketers need to understand how consumers would like to think about value, so they can design their strategies in a way that resonates with the audience.

a. **Attention Matters:** The consumers may not decide on rational grounds, but on the basis of what they perceive. These attitudes can be shaped by previous experience, hearsay, peer group pressure and advertising.

Example: BMW is known to portray itself as a luxury car brand and people tend to appreciate its value in quality, performance, status etc. There are other cars which can offer the same sort of performance for less, but people like to be seen in a Beemer and that's what they tend to buy.

b. The Perception of Value: Aspects including quality, brand name, service orientation and affective bonding among others influence the way in which consumers perceive value. A great customer experience enhances perceived value, and a poor one destroys it - even if what you're selling is top-notch. Illustration: The value that Tata motors creates for its customers is based on the reliability/ durability of its product promise. Tata Motors assures customers with topnotch engineering and after-sales service which is about the only reason why **customers are willing to pay a 25% premium for** something that's in reality possible at an inconsiderable extra cost from competition.

c. Value and Customers' Expectations: Values of Expected value for the customers is typically influenced by past experience with related goods or services. We've just got to be very careful with expectations as marketers, because if we fail those then that's pretty disappointing.

Example: The fashion store Zara has satisfied customer needs by providing trendy yet well-made clothes that are not expensive. They appreciate the brand by associating fashion-oriented styles with price-competitiveness.

1.6.4 Pricing as a Determinant of Value

Price is a fundamental driver of perceived value to the customer. The right price communicates the benefits and value of what is being offered and supports customers' sense of value. The price strategies need to consider the cost of a company, as well as the willingness to pay from their customers. The key aspect is to figure out what role the pricing plays in determining the value.

a. Price as a Signal of Quality: Price is used to signal quality. High cost and status differentiation or innovation can contribute to the perceived higher quality of high-cost products. On the other hand, low-value other-regarding goods are mostly to be overvalued unless milder some effect equilibrium prices Indeed influence factors difference.

Example: Rolex's are expensive watches and their worth is not in just telling time but in what conveying status of wealth. Exorbitant price supports luxury positioning and appeals to customers who crave prestige.

b. Value Based Pricing This kind of pricing is not based on cost but on how much value the consumer perceives in consuming the product. **What the customer is willing to pay for** these benefits and value is also what fuels the pricing model in these models.

Example: Tata Sky practices value-based pricing by providing choice of subscription plans based on customers' requirements for channels and services); Customers who want to enjoy premium content and other value-added services (e.g., HD channels, multi-connection), are willing to subscribe for the service by paying it.

c. Discounting and promotional pricing: Discounting is when it is offered to the consumers at a price that reduces in relation with its original price for some time or on special occasions; it's actually helping raising its perceived value temporarily. Customers will have a greater perceived value for a product when they get more of what they want without paying the same price or more — especially if there are time-based savings.

Example: Big Bazaar has its seasonal sales very often, where you get insane price cuts on products - especially during festivals like Diwali. Such offers are perceived to provide added value on the product, and give customers more for less.

d. Customer Segments Pricing: Firms can exploit discriminatory prices to address different customer segments according to what they are willing to pay. Prices vary by market or type of customer, and the offering is attractive to all.

1.6.4 Significance of Pricing in Determining Value

Pricing is an integral part of the value proposition from a consumer perspective. The right price communicates to customers the merits and value of what's being offered, all while matching what they believe or are willing to compromise as valuable. Pricing decision need to create value for the potential buyer and thus must be based on both cost of goods sold of the provider and willingness to pay from prospect. So what is the role of pricing in shaping value?

a. Price-Signal as Quality: Prices are signal of quality. High price might be perceived to imply high quality, innovation, or prestige. "Inexpensive" on the other hand, also comes with a connotation that the products may not have any value but for something else which neutralizes the lower price.

For illustration: Rolex watches are expensive and their worth isn't merely in keeping time; it is tied to being a status symbol of wealth. Its premium price contributes further to a perception of luxury and appeals to customers who want distinction.

b. Value-Based Pricing: The price is determined in value-based pricing, not on the basis of cost involved in production, but according to how much value the customer attaches with it. Benefits of the use and value that the customer is willing to pay for are also inherent in what drives the pricing model in these models.

Example: Tata Sky is based on value-based pricing where the more channels and features you want, the higher subscription package you get. Those who want premium content or extra features – HD channels, multiple connections and so on – pay a heftier monthly subscription.

c. Discounting and Promotional Pricing: Discount can be provided through promotional prices which could take the form of temporary price cut or limited-time offer; these serve as a temporary price reduction that increases product's perceived value. When consumers feel that they are receiving more for the same or less amount of money, the value of a product increases and can become alluring as long as they get enough return on investment (ROI) through time-limited savings.

For instance: Big Bazaar organizes seasonal sales where it offers heavy discount on products, especially during festivals such as Diwali. Customers perceive the value in these offers because they feel like they are getting more for less.

d. Customer Segmentation: Firms may utilize price discrimination in order to serve several customer segments according to their willingness to pay for a product. These markets or customer types are offered the service at different price points so that it is appealing to each.

Example: Ola employs the concept of surge pricing whereby they hike their fares based on demand using FBDP. Prices vary, for example at peak times due to increased worth on a "convenient" or "faster" service from the driver than a more budget conscious one when there not that busy.

1.6.5 How Marketers Can Create Value

Effective marketing is based on creating value. Marketers should zero in on what customers want and need, then deliver something that exceeds those expectations. Value creation includes understanding what is desired by the customer, supplying an offering that matches the profile and improving it so customers receive maximum benefit.

a. Customer-Needs and Wants Intimate awareness of customer needs, wants, and expectations is an essential starting point for sellers who wish to develop value. Companies gather data from the market and learn about customer behavior to tailor their products/services according to the need of the target audience.

For An Example: Bajaj Auto adds by presenting the Indian consumer with motorcycles and scooters that are purpose-built for local market fuel-efficiency, price quotient, long life. To remain close to a local customer, Bajaj ensures that its product portfolio is tweaked by constant showing of market interest and listens as much as oblige here.

b. Product Differentiation: Marketers can add value by differentiating the product. This may be in the form of a product or service that is different, higher quality or an experience in a crowded market and distinctive from the competitors.

For instance: "Maruti Suzuki provides car models loaded with features to suit the needs and wants of customers by providing various size options that appeal to distinct tastes."

c. Personalization and Customization: One way of creating value is making products personalized based on the customer's preferences. When you are offering what the consumers feel they want, whether it be in a unique product or specialized service for example, then value is something that the consumer can see.

Example: If it's Spotify, the algorithm gives recommendations on playlists by analyzing what the user likes to listen to. Such high-degree of customization provides even more satisfaction to the the user, effectively increasing usage.

d Value Adding to Customer Experience Value added is not limited to the product. That includes creating an amazing customer experience. Think about the value a marketer brings to its customers -- simplicity in process, convenience of use, good customer service and not making it hard for them to do anything they want with you.

Demonstration: Reliance Jio is a good for company due to its cost effective internet plans, connectivity and customer support. Accessibility reliability and availability they offered/ Charging Service : Accessibility enhancements help to improve the user experience in millions of users choosing this service.

e. Effective Communication of Value proposition: Creation is not enough but the value should be communicated effectively to customers. The value proposition (VP) needs to make clear what benefits are going to be delivered and why a customer should buy one thing rather than some other alternative.

Example: Value proposition of Tesla is sustainability, innovation and technology. These are all ideas that can be easily conveyed through the vehicle to people who are conscientious about the environment and willing to pay a premium for an electric car.

f. Innovation and Improvement: To facilitate the creation of value Marketers should continuously innovate / improve their products and services. Staying up to date with what's happening in the marketplace, as well as changing needs of emerging customers is what will continue to allow businesses to compete and win.

Example: Samsung continues to spend on R&D and hence new models of smart phones are getting launched with better versions such as improved cameras, added battery life and faster processors every time.

g. Building Strong Relationships and Brand Loyalties: Marketers can add value over time by building strong relationships with customers and creating brand loyalties. By engaging with customers in this way, and by delivering loyalty #programs, companies are able to "build perceived value over the long term," which can drive repeat business and word-of-mouth.

Example: HDFC Bank enables brand loyalty and long-term relationships by offering tailor-made financial services, rewards & customer engagement programs. It's loyalty programs, like that as the HDFC Bank Regalia Credit Card which offers its clients rewards and incentives to build long-term brand loyalty and repeat business.

Marketers define value, focusing on customer needs, product differentiation, experience personalization and innovation. The distinct value of the product, as well as the flawless customer journey can make the company powerful, customers loyal and give it an edge over its competitors. Value proposition and is the reason companies become and stay relevant over time (along with continuous improvement).

1.6.6 Value and Satisfaction

Satisfaction and value are closely related in marketing. Value is the reason clients accept to pay for what they have agreed to without the product. In this case, Customer Satisfaction is the customers' sentiments compared to their expectation. If the product or service effectively **meets or exceeds expectations**, then the customer **is satisfied** and that leads to brand loyalty, referral selling and repeat purchasing behaviour.

We always focus on getting rather than giving, while business revolves around serving and helping without expecting anything in return relationships built over a long period. Understanding how value influences satisfaction can help firms to make effective strategies in that firms will decide at which pricing, product and service levels to operate.

(A) Understanding Customer Value

Customer value is a consumer's subjective assessment of the benefits relative to costs in determining the worth of a product. They may also have a high value where they involve benefits that exceed the costs.

Perceived Benefits vs. Cost: Your audience evaluates what they receive (quality, convenience, brand social status) set in opposition to what they give up (income, time and effort). High-value is when a customer feels they receive more than what they have paid for.

Example: boAt A young Indian loves it because it provides good sound at low cost (values offering).

Functional, social and emotional You're not just buying a thing – you're paying for the value of others Functional, Emotional, Social: Not all the value resides in your product How much does it cost? Value: It's not just price. firms need a trade-off among them to be attractive to customers.

For example: Royal Enfield (an Indian bike company) offers functional value (long life), emotional value (riding experience), and social value (status within the biking community).

Total Customer Value vs. Total Customer Cost: Customers compare the total value (product utility, brand image, post-sale service) with that of the related costs (investment in terms of effort, time and money). When the value proposition is strong, customers think it's worth their money.

Example: Mamaearth (a skincare brand in India) is providing such natural and toxin-free product that packed in green packaging, giving an edge for them to charge premium price to health-conscious customers.

(B) Customer Satisfaction and Marketing

Fulfillment results from the product or service performing better than expected. It affects customer loyalty, customer retention and company reputation.

Expectations and Performance: Satisfaction is the extent a product/ service delivers upon its promises. If it does what was promised, customers are indifferent; if it does more, they are happy; and if less- disappointed.

Tata Nexon EV (Indian electric vehicle) was a blockbuster that provided good battery life and competitive pricing so excellent customer satisfaction.

Importance of Satisfaction Consistency: C.S through consistency is crucial for garnering brand loyalty. A company that consistently upholds service and product standards for a duration builds trust and positive brand, reputation.

Eg: Paper Boat (An Indian beverage company) maintains it's brand on nostalgia flavors in natural drinks, hence having a loyal consumer set.

4) Role of After-Sales Service: In addition to product quality, the satisfactory after-sales service also adds up to satisfaction. It'll also ensure customers feel ensured, safe and they're valued for hassle-free returns, on-time support and guarantees.

Example – Samsung India (consumer electronics company) picks up mobiles for repair from customer's home, that is hassle free to the end of life experience.

How Customer Satisfaction is Measured: Companies measure levels of satisfaction through feedback, questionnaires and NPS (Net Promoter Scores). Customer feedback provides businesses with information on how to improve their products and services.

Example: Swiggy (an India food delivery brand) tracks live ratings of food and service to make product better for the user.

(C) The Value and Satisfaction Relationship

Value and satisfaction are related—the higher the value the more likely consumers will be satisfied. Perceived value is when consumers believe that a product's benefits exceed the cost, and satisfaction is an associated function of if the product meets or surpasses its

expectations. By consistently delivering high value, businesses can create positive experiences that lead to brand loyalty and advocacy.

High Value Leads To High Satisfaction: When people feel like they are receiving a good product for what they paid, then this high value is calculated into a person's satisfaction. Develop an excellent configuration which is the right price. Customers are satisfied and will shop with you again. Brands that can strike this balance and do so consistently will be more successful retaining customers, as well as gain greater brand equity.

Example: Tata Tea / Indian FMCG Company offers less expensive premium tea combinations (various flavours, health properties), giving the perception that one is receiving greater value for less cost and driving a higher level of loyalty over time.

Dissatisfied Consumers: Customers are unhappy about perceived low value, whereby the product does not deliver at the expected level for its price or they would have preferred to get something else. Unsatisfied customers are also the ones most likely to spread negative word-of-mouth and this can harm your brand. Businesses also have to ensure they offer value for money in terms of quality, service and price so that customers won't look elsewhere.

Sample: (An Indian carrier brand) How Air India faced customer frustration due to high fares coupled with inconsistent quality of service, delayed schedule and unpleasant flying that forced the customers to move out to other carriers like IndiGo / Vistara.

Emotional Value Builds Customer Affinity: In addition to functional added value, emotional added value is crucial for customer loyalty. The more a brand directly aligns with a customer's values, beliefs or way of life, the deeper **the emotional connection**. When customers relate **to a brand's** purpose and identity, they are more loyal and become advocates for the brand.

Example: Fabindia creates deep emotional connection by giving customers opportunity to buy traditional, handmade clothes made by local artisans — supports sustainability and Indian heritage which makes the customer feel good... not just about what they bought but who they are.

Satisfaction & Trust Lead To Repeat Sales: Happy customers trust a product and will return to do business again. Quality consistency, price consistency and consistent customer experience builds trust that accrues over the long run. **Adverse Effects of Poor Customer Satisfaction** There are endless organizations that emphasize customer satisfaction by providing personalized services and supporting excellent after sales relationships which lead to revenue enlargement.

Example: HDFC Bank (an Indian banking brand) retains clients by offering **hassle-free digital banking**, 24x7 **customer assistance** and **personalized financial** products like pre-approved loans enabling convenience & trust leading to word-of-mouth and repeat business.

Value and Satisfaction are the heart of Customer Experience. Companies must create perceived value with quality products, fair prices, strong service and emotional appeal. A

customer is satisfied and loyal when they feel like they may be getting more than they give. The companies that take this approach create value and long-term satisfaction and have a competitive advantage on the market.

1.7 Summary

❖ Marketing management is integral to all modern business, which either plans and implements for the provision of products or services in order to meet demand, or seek the customer's support to attain revenue generation objectives.

❖ The evolution of marketing trends has adapted from production orientation to societal marketing and relationship marketing in the digital era due to the change in consumer tastes and uprising of technology.

❖ Marketing at its basic is knowing the needs of the customers, creating value and building a long lasting relationship using efficient exchange and communication mechanism.

❖ Kotler's concept is the relationship between needs, wants and demands and how marketing helps in shaping consumer demand as well as purchasing behavior.

❖ Creating value plays a key role in marketing: it is related to functional, emotional and economic values perceived by consumers compared to costs.

❖ Pricing policies are needed to evaluate the worth, where value-based and dynamic pricing have unique approaches for different customer groups.

❖ Marketers create value by differentiating their product and personalizing, innovating and enhancing the customer experience via all touchpoints.

❖ The 21 century of marketing environment is shaped by the tactics based on technology, theories related to globalization, sustainability and omnichannel.

❖ Currently there are some key marketing trends such as privacy, influencer and augmented reality.

❖ Effective marketing management requires customer orientation, continuous reflection of market feedback and cohesive integration of marketing elements.

1.8 Key Terms

1. Value Proposition Value proposition refers to an offering of value from the organization's product or service, reported by its customers. It provides a competitive advantage for the brand, and shows why customers should choose it.

35 2. Marketing **Segmentation: The division of a large market into smaller groups** comprised of the consumers sharing the same needs, characteristics or behaviour. This enables more accurate targeting and positioning of the product or service.

8 3. **Omnichannel Marketing: It is a marketing approach that** focuses on customer experiences, offering customers flawless and integrated communication across channels and touch points. In this way it is possible to maintain consistent messaging and brand experience that spans online and offline platforms.

21 4. Marketing Mix (4Ps) A model which is used to describe **the marketing choices available to a company** in terms of **Product, Price, Place and Promotion**. This allows a **marketing** strategy to be aligned with an organization and customer goals.

3 5. **Customer Relationship Management (CRM): A system** for managing **a firm's** interactions with its customers, both current and future. It entails sorting data that would assist business relationships, customer retention and the resulting sales increase.

23 6. Transformation digitale (anglais digital transformation ou digitization) : La transformation digitale est souvent définie comme l'intégration des outils digitaux dans tous les aspects de l'entreprise modifiant fondamentalement son mode de fonctionnement, et la manière **dont elle crée de la valeur pour ses** clients. It frequently results in structural and cultural change, and challenges the established order.

51 7. Market Differentiation: This refers to the differentiation of a firm's products or services from those of competitors with a clear value proposition. In other words breaking it down for different segments based on unique features or benefits.

8. Globalization: a process that creates an increasing interconnectedness among economies, cultures and human populations across a geography of acceptance through trade, technology and communication. This leads to transnational corporate expansion and global market integration.

9. Product differentiation: It is when a marketing technique can provide evidence of the difference between one product and that of its competitors with regard to excellence performance, characteristics, and benefits that would create preference in favor if this specific market.

33 10. Promotional Pricing: This is a short-term pricing strategy that involves setting the price of goods or services at **a low initial price** in order **to attract customers**. It is a tool for gaining new customers, capturing market share and cleaning up stocks with time-limited discounting or special offers.

1.9 Descriptive Questions

- 9 1. Analyze the evolution of marketing philosophies from production to societal marketing. Discuss the implications of these trends on business models and what forces shape them.
2. Discuss how big data and analytics have changed today's current marketing methodologies. What are the ways in which an organization can take those to better compete and what are some of the ethical considerations that might arise with regards to collecting information about customers or using it?
3. Critically examine the impact of sustainability and ethics in marketing. How to reconcile profit with social responsibility? What methods will give birth to actual value for a company's customers and the broader society?
4. Examine the meaning and relevance of customer lifetime value and how firms can appropriately measure and apply it in acquiring and retaining customers.
5. Analyze the success influencer marketing has experienced in the age of digital. What should businesses consider when selecting influencers and how can they measure the ROI of influencer campaigns?
6. Describe 2 problems and 2 opportunities facing marketers as a result of globalization. How would a firm need to reposition its marketing mix in order to compete throughout an array of foreign markets but still maintain brand consistency?
- 7 7. Determine the impact of artificial intelligence and machine learning on marketing practice. How are these technologies utilised to improve customer experiences and campaign performance, and what caveats should marketers be aware of?
8. Discuss the importance of a strong value proposition in today's competitive business world. How is the value proposition effectively conveyed across various marketing channels?
9. Differentiate the meaning of omnichannel marketing and its role in today's retail environment. How does it differ from multichannel marketing, and what are some of the issues that companies struggle with when trying to implement an effective omnichannel strategy?

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1.11 Case Study

The Boat Story – What Marketing Really Achieves!

A force behind every business's success, marketing influences everything from what we buy to how much we're willing to pay for it. This case describes how one company coped with the hand it had been dealt and successfully positioned itself in the market, thanks to excellent marketing. Important Marketing Lesson from this this case This is: **Marketing isn't about selling, it's not about** showing the features of your product or services, rather it all has to do with knowing the client building trust and building relationships.

Background

Boats Unlimited is a moderate sized boat company operating for over 20 years. It first built a number of "standard" boats and sold them to lay users. Yet, as competition heated up in the boating industry, Boats Unlimited sales did begin to stagnate. The management knew they had to re-evaluate their marketing and create a brand unlike its competitors in the market.

While dealing with this they also chose to design a new marketing campaign geared toward boats value-oriented to the customers. The plan: First, to extract out a value proposition and shape what drivers the customer had that excited or satisfied them and then describe their boats as how they could put life in a customer's day. By means of calculated marketing, this translated into more than just sales but also that the company became a customer-oriented force in the market.

Problem 1: Do It Solutions Without a Clear Value Proposition

The company struggled with a strong message to customers. There were inconsistent marketing messages and little effective communication around the perceived value of what they were selling. Lacking a compelling reason to buy, Boats Unlimited's prospects had no clue why they should place their business with it over its competitors.

Solution:

Creating a strong value-proposition: This meant that the company had to create an advertising message around the core values of the firm (superior quality, innovative features and great customer service).

- **Customer-Centric Messaging:** Focus on customer needs by positioning their boats as a means to enhance the customer's way of life, focusing on elements such as adventure, relaxation and communion with nature.

Conclusion:




The Boats Unlimited is a classic case of how strategic marketing can make the difference. The organization managed to break its inertia and regain the momentum by finding a clear value proposition, aligning its marketing messages with the customer needs, never stopping communicating. This example serves an example that marketing is not merely about selling to customers, but forming significant relationships with them; thus highlighting issues of value and long term relationship building. Companies, which put customer-centricity in the heart of their strategies, can distinguish themselves successfully in the market and experience sustainable growth.

Reflective Questions:

How do businesses keep their value proposition current in a changing market?

How does the brand's voice help in establishing trust and loyalty among customers?

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Unit 2: Marketing Environment

Learning Objectives

1. Learners will be able to comprehend the meaning and importance of the marketing environment in determining business strategy.
2. Learners will examine the influence of microenvironment and macroenvironment elements on marketing choices.
3. Learners will discuss ways of responding to marketing environmental changes effectively.
4. Learners will analyze how companies respond to external and internal environmental changes to ensure market competitiveness.

Content

- 2.0 Introductory Caselet
- 2.1 Introduction to Marketing Environment
- 2.2 The Microenvironment and Macroenvironment
- 2.3 Responding to the Marketing Environment
- 2.4 **Summary**
- 2.5 **Key Terms**
- 2.6 Descriptive Questions
- 2.7 References
- 2.8 Case Study



2.0 Introductory Caselet

Leveraging Technology for Business Growth at VisionTech

14 Samantha's a techie at VisionTech, a company that designs tech-driven interactive digital experiences. Through the use of Artificial Intelligence (AI), Augmented Reality (AR), and Virtual Reality (VR) It's developing its business by increasing user interaction across all industries.

Vision Tech machine learning applications like chatbots, and machine learning algorithm, dictate a personalized user experience and help digital operations streamline. Their data analytics help predict how users will behave thus improved service delivery.

The company also employs the technology of AR to add virtuality to reality. This AR shopping guide allows customers to see the furniture in their homes before they make a purchase. Not only, medical students benefit from learning with AR-guided surgical simulation.

"In VR, VisionTech creates virtual environments to enable remote teamwork and for global teams to come together, just as if they were all in the same room. They are also testing a VR therapy regimen that could be used to treat anxiety disorders by turning patients loose on controlled virtual stimuli.

But as VisionTech moves ahead, ethical issues arise. Challenges such as data privacy, user addiction, misinformation and bias in AI algorithms need to be solved. Samantha and her team believe that innovation has to go hand-in-hand with ethics for business growth.

Critical Thinking Question:

How can companies work that AI, AR and VR are developed and used in an ethical way, while fostering business growth and innovation?

2.1 Introduction to Marketing Environment

2.1.1 Meaning and Definition of Marketing Environment

2 The marketing environment includes all the internal and external factors that influence a company's ability to develop, market and sell products or services which meet customer needs. Together, the forces define a company's style of business, they way it communicates to customers and how it competes. The marketing environment forms the fulcrum with which businesses opportune, predict and strategize efficient marketing.

Every venture operates in a dynamic marketplace where various factors are constantly shaping the firm's marketing actions. There are some forces it can manage, such as quality of product, pricing or promotions; but then there are some that are constrained like changes in

customer requirements, economic situation and technology. Consequently, business must be highly responsive to the market of not only to survive but also to prosper and lay as much emphasis on their customers.

The concept of marketing environment is very much common and popular in marketing. The totality of forces and factors internal and external to an organization that affects the firm's ability to create and maintain successful relationships with customers. These determinants will influence business processes, product portfolios and advertising as well as the market position. Understanding the marketing environment enables companies to discover new opportunities and anticipate change in the marketplace thus reacting positively to maintain growth.

The marketing environment evolution is one of the most essential features. The landscape is constantly shifting in response to shifts in the economy, government regulation, advancements in technology and consumer tastes. It is companies that are used to being agile and reacting to change that will survive in the long term." Without taking into account the marketing setting, firms are apt to face a decrease in competitive edges and lower levels of customer satisfaction, which may lead to business failure.

"In real life, the marketing environment serves as a fundamental tool for companies to scrutinize three important areas: market trends, buyer behavior and competition. Mastering these factors can help companies introduced right products with effective promotion programs at the right place of market. It also helps organizations predict potential challenges and opportunities, which is essential for good strategic decision-making.

Marketing Environment The Company and Its General Marketing Strategy Finally, the marketing environment is significant in shaping a company's overall marketing strategy. With it they are able to understand the changing needs of customers, demands on them from the market and competitive pressures. Therefore, businesses that are aware of their marketing environment can achieve long-term growth, create loyal customer and achieve long-term success.

For instance, a company like Apple continues to adapt itself as technology and customer preferences evolve by developing new products and apps. McDonald's also locally adapts the menu to conform to local tastes, regional peculiarities, and product life cycles. These show impacting factors in the market environment which directly affect business decision-making and customer satisfaction.

2.1.2 Significance of Studying Marketing Environment

An understanding of the marketing environment is vital as it allows firms to learn about influences on customers, their operations and their markets and how to manage them. The marketing environment has been changing continuously due to economic, social,

technological and competitive developments, requiring firms to be up-to-date and flexible. Understanding the marketing environment allows firms to grasp opportunities and threats, as well place or counter them in a prevailing trading system. It also keeps businesses as consumer-focused, competitive and market-driven. In this way, it helps companies to progress growth, innovation and customer satisfaction.

Adapting to Change: Because the world of business is always evolving, you need nimble marketing tactics that enable companies to keep up with current trends. Regulatory, competitive and consumer variables drive companies to adapt their product lines, promotions and operational tactics. Firms that adjust along the dimensions of their practice will scramble to protect market share and economic well-being.

Ex: The country's top FMCG brand in India, Patanjali, responded to the new need for natural and Ayurvedic products entering the market by launching a range of herbal food and personal care products. Through adaptation, Patanjali captured a significant market share and emerged as a serious competitor to the foreign brands in India.

Predicting Marketing Trends: One of the key reasons you would want to know your marketing environment is so that you can predict and anticipate future changes in the market. That is organisations are well placed to develop radical product and services that future customers will want in terms of customer's preferences, progress in technology or industry. It is this kind of forward-looking approach that has helped businesses create first-mover cushions and capitalize on new market opportunities.

Example: Jio saw the growing demand for cheap internet in India. With the launch of low-cost data packs and upcoming 4G coverage across India, Jio was able to gain market share and disrupt the Indian telecommunications industry.

Identification of Threat: Careful analysis of the environment in marketing will enable companies to gain the knowledge of threats which can affect negatively on sales, image and operation. The hazards may be due to shifts in consumer preferences, new comers and financial crisis or variations in regulation. Early detection of threats allows establishments to implement mitigating measures protecting its BVD effects, as well as preventing it from eating up the organizations market.

Example: When Amazon made its foray into the Indian e-commerce space, Flipkart quickly saw that it was under threat from global competitors. To retain its market share, Flipkart introduced exclusive offers online, tie-ups with popular brands and upgraded delivery processes, eventually becoming one of the most formidable forces in the country's e-commerce world.

And More... Gain Competitive Advantages: Understanding the marketing environment allows companies create competitive advantages through the analysis of competitive strategies, market trends and consumer behavior. Enterprises may discover market opportunities,

enhance their goods, and differentiate themselves with new approaches to marketing. Being aware of the competition helps companies work up strategic conjurations that grow their brand and market share.

Sample this: Zomato made the heat on variably priced food ordering space with its live order tracking, easy app interface and attractive discount offers. At least in most of India, Zomato was ahead in the race from competitors like Swiggy and Uber Eats to track regular trends and consumer requirements.

Customer Delight: Better insight of the marketing environment helps in adapting products, services and promotional and advertising activities according to the tastes and preferences of customers. Firms which are cognizant of such evolving customer trends can provide tailor made services, superior quality products and create strong bondage with their target markets. It also builds customer satisfaction and brand loyalty.

Instances Big Bazaar consistently monitored the evolving consumer dynamics in India like Organised retail and Hypermarket Retailing: which have thrown up a new set of rules for their functioning. We used rich, low-priced merchandise along with weekly and festival discounts to set up a loyal customer base and drive footfalls across all our stores," he said.

Understanding the business environment is not just following what works but making strategic and informed business decisions. Through forecasting trends, adapting to change, spotting threats, gaining a competitive advantage and enhancing client satisfaction companies can ensure long-term growth and enable their survival in the increasingly crowded marketplace.

2.1.3 Classification of Marketing Environment

According to the marketing situation at home and abroad, we can classify the marketing environment as internal environment and external environment. It's these two working in tandem which define how businesses structure their marketing operations, reach customers and meet objectives. Whereas internal environment refers to the factors and forces within an organization that affect the management, operations and internal functioning of the organization, external environment on the other hand is influenced by those factors and forces which are beyond its control.

So, what are these two types of products and why do businesses need to know them? Venture port defines these two categories for you so that you can more effectively make advertising campaigns in a way that is able to forecast problems as well as respond positively to constantly changing market trends. By analysing the macro and microeconomic environment firms can ensure their operations are driven by market demand much more successfully enabling prosperity in the long-term. The main factors of the Internal environment are :

Mission, Vision of a for Company: The mission and vision reflects the company's long term goals where it is headed and why the companies wants to go there. They exert a heavy impact on marketing strategies, product placement and general corporate culture.

For example, we want HDFC Bank to be the most customer-oriented financial services group in the world. This fuels their customer centric marketing strategy, which facilitates innovative banking solutions including personal loans, credit cards and internet-banking offerings whilst maintaining solid customer retention.

Organization's structure Organization of the firm, including its senior management team and departmental coordination/hierarchy affects decision making and implementation of marketing strategies within a company (Cravens, 2007). A proficient organization ensures that marketing decisions can be made faster and better.

Example: Dabur India is functionally structured and has marketing, R &D and product development teams working in tandem with each other. Through this set-up decision making is faster and Dabur launch many ayurvedic and herbal products like as- Dabur Honey, Chyawanprash insget the benefit of market leader.

Company Culture – The company culture that includes shared values, norms and work practices has a major impact on employees' productivity, customer service and overall business development. Good and customer friendly culture helps companies establish brand loyalty.

Example: At Swiggy, we talk about innovation, quick delivery service and extreme customer interaction in our high-performance work culture. This culture has helped Swiggy control the online food delivery market and build brand loyatly.

Financial Resources: The size of the financial pocket can enable or prevent a company from investing in their advertising campaigns, product innovation, distribution channels and market research; Firms with sufficient financial resources are more likely to risk supporting heavy marketing budgets and a wider market scope.

Example: Adani Group, a household name in India is financially sound and has vast financial resources that it pours into projects in infrastructure, power service and transportation. This enables Adani to run effective marketing drives and strengthen its businesses in diverse sectors.

HR: People are the life source of an organization and the key drivers of seamless efficiency, excellent customer care, and successful tactics due to thorough execution of marketing. Well-trained motivated employees are important to the growth of a company and make customers happy.

Example: Lenskart has set up a strong team of optometrists, technologists and sales staffs who work together to deliver personalized eye care solutions. This strategy has helped Lenskart emerge as a market leader in Indian eyewear business.

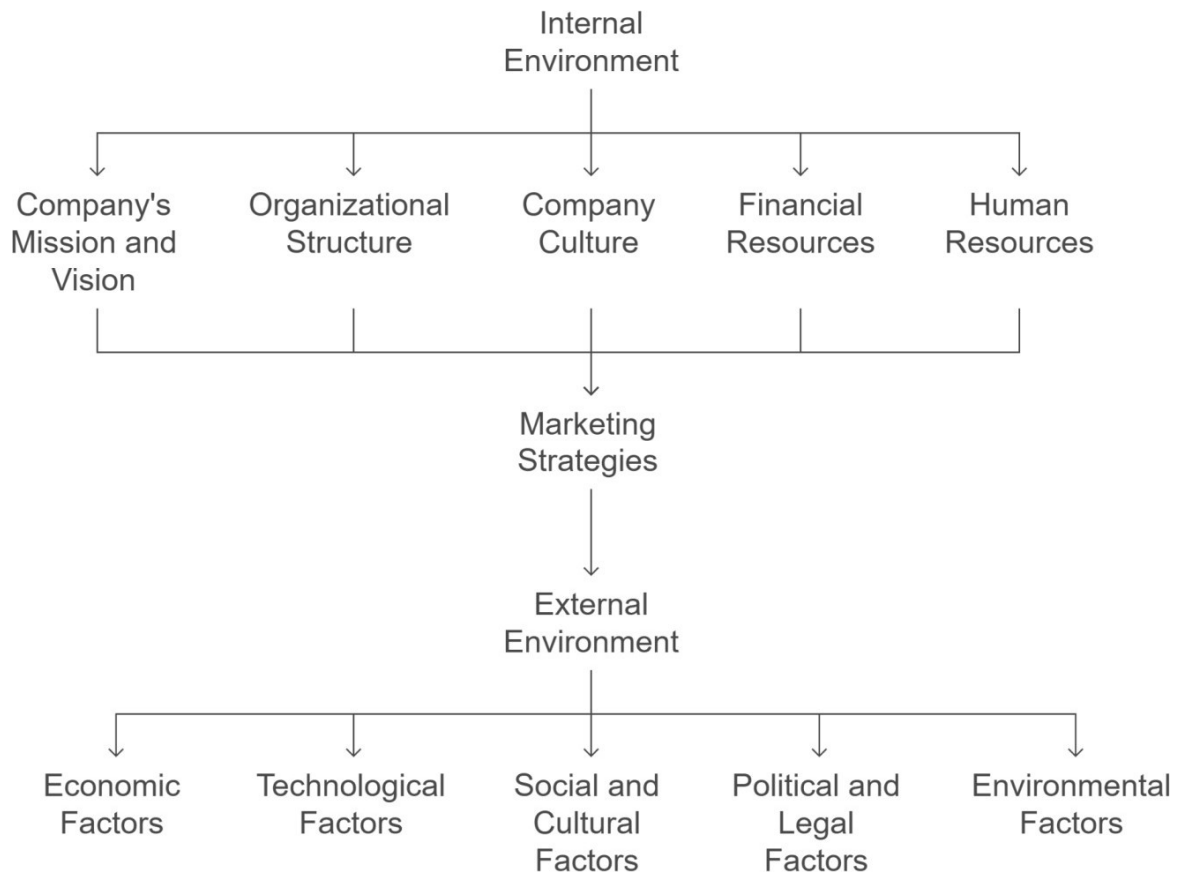


Fig 2.1 Classification of Marketing Environment

External Environment

External environment refers to factors that, although beyond of an organization’s control, influence business activities and marketing operations. Such forces have tendency either to provide opportunities or threats, hence it requires companies to be continuously proactive and reactive towards market trend. Environmental factors Environmental variables of the external environment include:

5

Economic: Economic factors such as **inflation, interest rates, exchange rates and purchasing power directly impact consumer spending patterns and the success of businesses.** When things are going well economically, business grow but they contract during tough economic conditions.

Illustration: The sales of luxury watches fell at the pandemic for companies like Titan, because customers were purchasing items they needed, rather than discretionary goods such as these watches that would hit their revenues.

Technology: Technological enhancements lead to innovations in how business is conducted, products are produced and customers are serviced. Enterprises that adopt new technologies have a competitive edge, and those that lag behind lose market share.

Example: Paytm was instrumental in transforming the digital payments space in India with QR technology, UPI integration, and government initiatives such as demonetization leading to faster and more convenient cashless transactions.

Social and Cultural Factors: Demographics, lifestyle routines, social consciousness and changing consumer tastes are all factors that influence the demand for products. Firms need to adapt their products for these trends, in order to be market-sustaining and customer-supportive.

Example: Mamaearth leveraged India emerging health-conscious consumers growing concerns around natural and chemical free skin care, pitching its toxin-free and green products — a pitch that resonated with this consumer segment.

Political And Legal Conditions Of A Country: Government policies, political stability and legal framework directly influence the market entry, conduct and growth of business. Firms must adhere to regulatory systems in order to avoid legal hassles and stay in business.

Example: When the Indian government banned Chinese apps like TikTok in 2020, it opened a window for domestic players like Josh and Chingari to redefine India's social media.

Environmental Parameters: Factors of ecology such as global warming, abundant natural resources etc Impact business environment. The companies are more involved in sustainable alternatives because of environmental concerns and to establish a good brand image.

Example: The Tata Motors launched its electric cars such as the Tata Nexon EV to cut carbon emissions and in accordance with India's increasing demand for green mobility.

2.1.4 Dynamic Nature of Marketing Environment

It is like the weather, you never know when it might change and if its going to be favorable or not. Enterprises have to be dynamic and flexible, in the face of change, in order to stay alive and competitive. Adapting to an evolving marketing environment will allow companies to adapt to evolving customer demands, new technology and market shocks. Some of the dynamics that shape a marketers' environment include:

Shift in Consumer Preferences: Consumers constantly change their preference with the changing lifestyle, fashion, culture and so on. Such changing preferences should be monitored by companies who have to adjust their product or service according to customer's desires.

Example: Then, because zara is constantly updating their product designs and issuing new collections, zara keeps itself the most updated in the market.

Technological Change: Rapid change in technology alters the way in which companies produce, market, and deliver merchandise or services. Companies need to integrate **new technologies in order to stay competitive** and create value-added solutions for their customers.

Example: Apple Inc., constantly adjusting to the change in technology with the launch of products such as iPhone, Apple Watch and AirPods that meet the increasing desire for more advanced technology.

Business Cycles: Economic fluctuations like inflation, recession and changes in consumer purchasing power directly affect market demand. Businesses are to modify marketing according to economic conditions in order to be profitable.

Example: During economic downturns car companies such as Hyundai bring out low-car models to attract buyers with less to spend.

Competitive Forces: The competitive dynamics in the market is still transforming with new players entering and existing ones bringing new innovations. In order to hold on to the position: companies will always have to upgrade their customer services, marketing, and products.

Example: Jio's invasion in the telecommunication industry in the name of economically priced data plans forced their rivals such as Airtel and Vi to revamp their rate cards and level up on service delivery to retain clients.

2.1.5 Influence of Marketing Environment on Marketing Strategy

The business setting has a significant influence on how organisations develop and implement marketing strategy. A company is forced to modify its marketing mix, which historically has been the 4 Ps — Product, Price, Place and Promotion — in response to changes in consumer demand, technology, competition, business environment or regulation. It's this sort of flexibility that allows organisations to remain up-to-date, competitive and able to meet the ever changing demands of the market. The impression of marketing environment on each part of the marketing mix is being discussed as under:

Product: Firms need to adapt their product range in response to evolving market demand, consumer tastes and technological advancement. What you decide upon in terms of product design, functionality, package and usability will often be re-designed to align itself with the current competition and preferences of the market.

(The CNG variant of WagonR can be seen in the above picture) Maruti Suzuki had introduced CNG versions of its popular cars such as WagonR, Swift etc. following rising fuel prices and growing demand for affordable fuel efficient vehicles.

Price: Price is subservient to economic conditions, competitive pressures and consumer purchasing power. Firms are also likely to cut prices in time of recession to keep demand or offer festival discount sales to boost their revenues.

20 Example: For festive season like Diwali or New Year reverse product line pricing like Domino's Pizza offers 'Buy 1 Get 1 Free' to get more customers and increase more transactions.

Place (Distribution): How companies should distribute their products depends on market coverage, customer access and logistics. Businesses can grow or shrink their distribution channels depending on market demand and coverage area.

3 Example: On the other hand is BigBasket, an e-grocery delivery firm that expanded its business to Tier-2 and Tier-3 cities in India during the pandemic period as home delivery demand spiked up.

Promotion: Promotion is based on technology, customer requirements and the quality of the market. Businesses deploy social media, influencer marketing and data-driven advertising to increase awareness and attract customers.

Example: Lenskart pivoted its ad approach to large social media drives, enlisting Instagram influencers and YouTube adverts to court young buyers; web sales grew by quite a lot.

The external marketing environment impacts upon all organisations and its impact is more than a constraining influence, as it affects the type of strategy used by an organisation and how this operates - a change in business environment can cause a company to change its tactics and strategies. Understanding that this is a dynamic situation will allow businesses to adapt with changing markets in order to survive and grow. By reacting properly to external and internal challenges of the business environment, companies can be competitive and cater to changing customer's requirement.

2.2 The Microenvironment and Macroenvironment

2.2.1 Introduction to Microenvironment and Macroenvironment

A marketing environment encompasses the various factors inside your company and outside of your company that work together to influence how you market and operate. These factors are divided into two broad categories namely, Microenvironment and Macroenvironment. Companies must understand both worlds to align their strategy with reality and deliver sustainable growth.

The microenvironment includes more immediate and direct internal (and external) influences which manifest themselves in a company's day to day operations and marketing efforts. They are usually under the influence or control of either company, suppliers, customers, intermediaries, competitors and separates department in a company. By understanding the microenvironment, a firm can service its customers and turn a profit at it.

Conversely, Macroenvironment comprises wider external factors which have an effect on firm's marketing that are not directly under the control of the organization. They are tech breakthroughs, economic conditions, rules of politics, social habits and taboos, manners and morals. Businesses have to be conscious of these external influences on a regular basis in order that their marketing processes and techniques stay relevant and are not rejected by the market place.

[Related: Company environment The sum total of these two environments is an enterprise's relative ability to market and sell its products. In contrast, the microenvironment determines our internally focused processes and domestic market reach, while simultaneously guiding long range opportunities and threats on a macro basis. By gaining insight into and by acting upon both, businesses will be able to counteract market uncertainties and secure long-term success.

2.2.2 Microenvironment

Microenvironment encompasses factors that are closely connected to a company and which impact how well or badly it can address customers. These forces are forces which make inside the vicinity of the organization and at times some may even control or manipulate. It all depends on how a firm reacts and interacts with these forces.

Elements of the Microenvironment

Adjacent (Within Firm): Within a business itself, internal departments— marketing, finance, R&D, production; HR - are very influential when it comes to making decisions in the business and marketing. There are then facilities available from other department for ease of function and policy perspective.

Case: The need for green mobility by the market was realised through Tata Motors' R&D team in bringing out the Tata Nexon EV, while its marketing counterpart campaigned for it being a value-for-money electrical vehicle option available in India.

Suppliers: Supplies provide raw materials, components and other inputs to the production process. Even small supply chain glitches, price and quality fluctuations have a direct bearing on a company's profitability and operations.

Example: Amul is supplied by thousands of dairy farmers across the breadth of India. And when shipping is disrupted, the company also proactively helps its suppliers keep production lines running.

Intermediaries: Marketing intermediaries such as wholesalers, retailers and distributors enable the connection between the organization and its markets by ensuring efficient availability of products. Interpersonal relationships with intermediaries, market coverage and marketing performance.

Example: Flipkart partners with regional courier firms and third party logistics providers to ensure quick delivery for customers in urban as well as rural regions.

Clients: All business revolve around its clients. Agencies have to cater different categories of users, individual consumers, industrial buyers, government agencies and overseas markets each with their special needs, tastes.

Sample this: Dabur India has a wide range of Ayurvedic products for retail consumers and serves the pharma companies with herbal extracts for industrial use.

Competitors: What companies charge and how they innovate their products and markets are determined by the competitive environment. The company has to scrutinize the strengths and weaknesses of its rivals in order to differentiate itself and seek competitive advantage.

Example: Jio's arrival in the telephony market shook up competition from operators like Airtel and Vodafone- Idea, pushing them to lower rates and improve data offerings in a bid to keep users.

Publicpresence: Media, governments and bank as well as individualcustomer can affect a companys performance and reutation negatively or positively. Good pressure is exerting when there is effective interaction with them, which builds the confidence and helps firms achieve the sustainable development.

Example: Infosys seriously tries at corporate social responsibility (CSR) -type projects such as computer education programmes in rural India so that it is always seen to have a good public image and carries social goodwill.

The micro-environment can influence the marketing strategy of your company. Firms that are efficient in their management of internal functions, suppliers, intermediaries and customers, as well as in the understanding and responding to competitive conditions, customer desires and perceptions can build a strong base in markets and achieve long-term growth.

2.2.3 Macroenvironment

17 The macro-environment refers to the wider forces that not only affect a company, but indirectly effecting on local factors (Appendix C). Unlike the microenvironment, these forces do not directly link to the ability of a single enterprise to serve its customers, facilitate its business model and compete in the industry. Businesses must remain attuned and respond to them if they are to be competitive and viable.

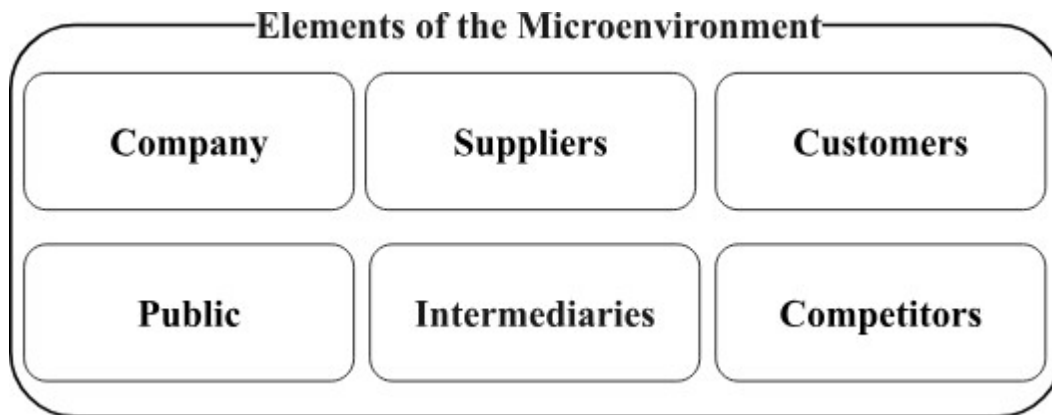


Fig 2.2 Elements of Environment

Elements of the Macroenvironment

Economic Environment: The market demand for products and services are influenced by inflation, interest rates, exchange rates and consumer purchasing power which would in return affect pricing models and business growth. When the economy is robust, investment and consumer purchases increase, while during downturns, companies cut back on spending.

19 **Example:** Example: During the period of hyper[inflation, **FMCG (fast moving consumer goods) companies like Hindustan Unilever** also change pack sizes and introduce smaller, more affordable pack sizes (eg: sachet for detergent and shampoo) to cater to price-sensitive consumers in India.

Technology Environment: The need for quicker technology produces product innovations, production processes, and marketing strategies. Organizations must be cognizant of new technologies in order to become better and more competitive.

Example: Paytm revolutionized digital payments in India leveraging advancements made by fintech, like mobile wallets and UPI payments which gained traction post demonetization.

Social and Cultural Forces Societal factors such as the elements of culture (cultural norms, social attitudes), demographic changes and lifestyle trends directly impact consumer behavior and business strategy. Businesses must align their products with changing societal needs to remain competitive.

Example: During Cyclical times, D-Mart cashes in bulk purchase offers and aggressive pricing to attract price-sensitive shoppers, resulting in a sales stretch even with 'not-spend-y-times.

1 Political and Legal Environment: Government policies, trade policies, taxations laws and political stability affect business operations and market entry decisions. I have to comply with laws or else I'll be fined, and I need to keep my business going.

Example: The Goods and Services Tax (GST) implemented in India has done away with multiple forms of taxes, thus benefiting firms like Reliance Retail by bringing logistics cost down and rationalizing chains.

Natural Environment: Climate, availability of natural resources and environmental performance aspects are driving production operations as well as firm CSR actions. Businesses must go green to satisfy regulatory requirements and customer pressure.

"Being one of the largest forest-based materials companies in India, we believe our commitment to a circular economy will stimulate growth and induce sustainability across different touchpoints within the value chain," says Mr Sanjay Singh, divisional chief executive – ITC's One4Life Business Division Example: ITC Limited stimulates sustainability how by investing in afforestation schemes and water management programs that leads its paper and packaging business to adopt environment-friendly ways.

The macro environmental factors can affect businesses in both positive and negative ways. "Remain vigilant to changes that may impact your business due to economic, technology, social, political or environmental conditions so your company can stay ahead of the curve and succeed in the long-term.

2.2.4 Comparison between Microenvironment and Macroenvironment

Both the micro- as well as the macroenvironment play a part in affecting business and marketing decisions, there are some differences between them based on certain factors, namely scope of impact, degree of control, complexity and types of influence. "We believe that establishing with these differences, companies can gain an idealway to design their marketing strategy and ensure sustainable business practices andcompetitive advantage. Now, let's wrap up the differences between the microenvironment and macroenvironment with some actual Indian examples in the below mentioned table:

Aspect	Microenvironment	Macro Environment
Definition	<p>The microenvironment refers to the immediate and close factors that directly influence the company's operations and ability to serve its customers. This includes suppliers, customers, competitors, intermediaries, and internal factors.</p>	<p>The macroenvironment refers to wider external forces that indirectly influence a business and are beyond the company's control, such as economic, technological, political, and social forces.</p>
Scope	<p>It has a narrow scope and affects the company specifically. The focus remains on managing relationships with suppliers, customers, and competitors.</p>	<p>It has a broad scope and impacts the entire industry or economy, influencing long-term business strategies.</p>
Control	<p>Businesses have partial control over microenvironmental factors. For example, they can negotiate with suppliers or manage customer relationships.</p>	<p>Businesses have no control over macroenvironmental factors and can only adapt their strategies accordingly.</p>
Impact	<p>It has a direct and immediate impact on daily business operations and short-term strategies.</p>	<p>It has an indirect and long-term impact on overall business growth and sustainability.</p>



Nature of Influence	The microenvironment influences business decisions on product development, marketing strategies, pricing, and customer satisfaction.	The macroenvironment influences overall market conditions, economic stability, government policies, and technological changes.
Responsiveness	Companies can quickly respond to changes in the microenvironment by making operational adjustments.	Companies require long-term strategic planning to cope with macroenvironment changes.
Business Strategy Impact	Directly influences day-to-day operations like production, supply chain, marketing, and customer service.	Indirectly influences long-term business strategies, future expansion plans, and overall market presence.
Example of Impact	A textile company like Raymond negotiates better raw material prices with suppliers to reduce production costs.	Under the Fame II policy, the government of India pressurized auto players like Tata Motors to go on the electric vehicle route on electric vehicles (EVS).
Customer Influence	Adopting changes in customers' requirements or behavior affects immediate manufacturing and propagation. An example is that domestic consumer will tilt the company's portfolio towards desire for environmentally friendly products.	Changes in social trends such as increasing demand for electronic payment systems affect business models for long periods. For example, Paytm increased its services after India's demonetisation in 2016.
Competitive Influence	Competitors launching similar products, reducing prices, or increasing marketing efforts can directly affect a company's market share.	Competitive pressure arising from changing economic policies or global trade relations can indirectly influence a company's market share.
Government Influence	Minimal government influence, except for regulatory guidelines on operations or local business norms.	High government influence through economic policies, trade regulations, taxation systems, and legal frameworks.
Example	A retail store like Big Bazaar collaborates with local suppliers to ensure consistent inventory during festive seasons.	The rise in fuel prices in India, driven by global crude oil shortages, has impacted logistics and supply chains, forcing companies like Amazon India to increase delivery fees.

2.3 Responding to the Marketing Environment

2.3.1 Introduction to Responding to the Marketing Environment

Factors, Interplay and Implications Businesses operate in an environment undergoing significant change associated with both internal factors as well as external factors. In order to survive, grow and sustain a long term competitive advantage, the companies should react efficiently on replace. The business marketing environment often has an impact on such aspects of a business as demand for the product prices, customer satisfaction, and market share.

Responding well to the marketing environment can engage organizations in influencing the environment, or adapting to it, depending on the course of action which they choose. Proactive organizations predict changes and create the environment, reactive organizations adapt after changes occur. Failure to adapt the environment may result in loss of market share, dissatisfied customers or exit of business. Therefore, in long term, the success of business depends on how one is able to comprehend and acclimate to the marketing situation.

2.3.2 Reaction to the Marketing environment

Companies adopt a variety of responses to the marketing environment. The two dominant strategies are:

Proactive Approach

Proactive strategy Definition: The proactive strategies are the business strategies that a company undertakes consciously according to its interest, through intentionally producing actions with the purpose of manipulating or controlling changes in environment management rather than just responding (responding) change in the environment. It is a strategy that foresees the necessary in terms of change in the market and introduces innovations, one that leads rather than follows market trends or devises strategies to outmanoeuvre them.

Focus:

- Innovation and improvement.
- Establishing a strong market presence.
- Creating customer behavior with marketing actions.

Example: Tata Motors introduced affordable electric vehicles (Tata Nexon EV) to promote sustainability and reduce carbon footprint in India. This farsighted move actually allowed Tata Motors to lead the parties in electric mobility.

Some of the reasons why Asian Paints is occupying the mind space of Indian consumers have to do with how it leverages technology, going ahead in time to anticipate demand and dominate the paints market.

Reactive Approach

A reactive business model is one in which businesses only react to changes in the external environment as they occur, without having any impact or anticipation on their part. This style of business has little power over externalities and are likely to respond based on the state of that particular market.

Focus:

- Rapid reaction to market changes.
- Revising marketing tactics following shifts.
- Minimize potential losses caused by market movements.

Example: Ola entered electric cars (Ola Electric) as consumer demand in the market for sustainable transport rose. Unlike Tata Motors, Ola didn't set the trend for electric cars but responded when it became trendy to do so.

During the COVID-19 lockdown, biscuit maker Parle-G increased production of its biscuits on witnessing strong demand for value-for-money products – in another reactive step.

2.3.3 Key Environmental Factors Influencing Business Response

Firms are admonishment to continue to make responses to a variety of environmental forces if they wish to be sustainable and competitive in the market. These determinants can be on the micro or macrolevel of the environment, and have an impact on company strategies, business operations and overall market performance. Business organizations can facilitate decision-making and adapt to change through an understanding of these factors. Environmental factors determining business response include:

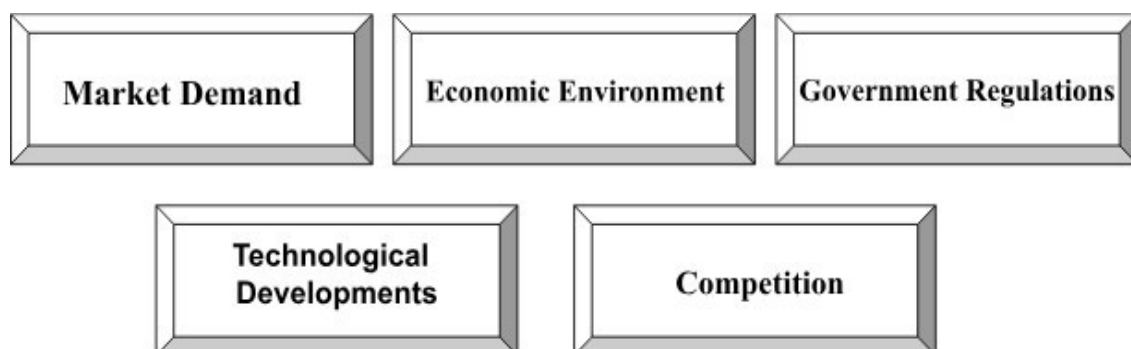


Fig 2.3 Key Environmental Factors Influencing Business Response

Market need: As changes in customer preferences, discretionary income or lifestyle arise, companies must alter their offerings and product strategy or marketing plan to remain focused on the market requirements. ... Firms must forecast demand changes, and react quickly so that they do not lose market share.

E.g., Sugar Cosmetics added lipsticks in its vegan and cruelty-free products range after noticing a growing consumer shift towards ethical & clean beauty products in India.

Competition: The inclination of a firm to frequently alter its price, development, promotion offer and level of service in the market place is stimulated by tough competition between suppliers. Companies that are not able to withstand competitive pressure will see sales and brand value decline.

Example: Bike taxi services at lower rates by Rapido after Ola and Uber took over the ride-hailing space, offering an affordable solution for short distance commutes.

Government Regulations - Rapid changes of laws, regulations or government policies force the companies to modify the production processes, product's line or marketing arrangements in order to comply with them. These changes could be to taxation, to labour laws or to industry regulations.

8 For instance Haldiram, has updated the packaging and labelling of its products after the Food Safety and Standards Authority of India (FSSAI) announced new packaging regulations aimed to add more transparency in nutritional content.

Technology Innovations: As technology suddenly advances, so do businesses need to innovate by modernizing their products, services or how they operate in the market. Businesses that don't embrace new technology face being left behind.

Example: Myntra announced an AI-powered fashion assistant that would suggest shoppers products tailored to their style and preference enhancing the shopping experience for online buyer.

26 Economic: economic factors include issues such as inflation, GDP growth rates, exchange rates and the rate of employment growth or decline that can have an impact on an organisations profitability. In economic expansions business expands, in contractions "it's the writing on the wall" (cut costs and/or prices).

Example: During the 2019 Indian economic downturn, Hyundai had launched cheaper financing options in India to increase car sales at a time when consumer purchases are falling.

2.3.4 Strategic Responses to the Marketing Environment

Organizations apply strategic responses that help them to adjust to a changing marketing environment in order to achieve sustainable growth, satisfied customers and dominance. With proactive or reactive actions in accordance with industry trends, businesses can keep ahead of future threats or fully capitalize on emerging opportunities. An optimal strategic response will help businesses continue to exhibit competitive leadership, innovation and operational stability.

Product Innovation: Innovative products based on/due to new customer needs, technological advancement and emerging market trends keeps interest alive among the customers and ensures business competitiveness. The strategy assures continued earning even when the market is volatile.

Illustration: Bajaj Electricals also entered the category of smart lighting and automation for connected homes to address increasing consumer demand for intelligent home appliances. Their introduction established them with further market share in the higher end home appliance category.

Market Diversification: Adding business operations in new geographic markets, product lines, or industries allows firms to reduce the risk of dependence on a single market and broaden sources of revenues. For businesses, diversification is a way to mitigate risk associated with economic cycles or market saturation.

Example: Pidilite, known for its brand Fevicol in adhesives, diversifies into waterproofing and construction chemicals with Dr. Fixit to ensure business growth irrespective of fluctuations in demand for adhesives. Diversification of Pidilite helped it to gain a foothold in the construction and industrial markets.

Cost Leadership – By lowering operational, manufacturing and distribution costs, companies are able to offer competitive pricing in order to attract price-sensitive consumers and ultimately generate higher sales volumes. Cost leadership can make a company more competitive and increase profitability in markets where consumers are price-sensitive.

Illustration: Star Bazaar runs on a cost-leadership model, wherein it buys big volumes from manufacturers and also lower the costs of overheads. This way, Star Bazaar offers its products at rock bottom prices and attracts huge number of customers. Additionally, it makes lot of money.

Strategic Partnerships: Partnering or aligning with other companies, suppliers, or technology partners allows firms to grow their market footprint size, better products and services or pool resources. Strategic partners increase business opportunities and minimize operating risks.

Example: Joint venture Avoiding the complexities of India's foreign direct investment policies, Tata Starbucks, a joint venture between Starbucks Corporation and Tata Consumer Products,

7 allowed Starbucks to enter the Indian market seamlessly. By tapping into the local market know-how and infrastructure of Tata, Starbucks grew rapidly in major cities in India.

15 Digital Transformation: Use of additional digital technologies such as e-commerce websites, data analytics and automation to strengthen companies' operational efficiency, customer satisfaction and market reach. It makes companies compete in an ever evolving market through digital transformation.

Illustration: Nykaa, the first online seller of beauty products, pivoted and launched offline stores or created an omnichannel presence. The digital transformation expanded Nykaa's clientele, and cemented the brand profile in the online and offline space.

25 Dynamic Pricing: Adjusting the price of a product or service to reflect supply and demand, competition and market conditions means that companies can optimize revenue and stay competitive. Dynamic pricing works particularly well for variable-demand businesses.

Example: In India, OYO Rooms employs dynamic pricing by hiking room rates at peak tourist season times and offering discounts during off seasons. This allowed OYO to maximise its revenues and also enjoy the high occupancy rates throughout the year.

Green Advertising: Green business practices, green packaging and/or marketing of a sustainable product are used to influence companies to adhere to the increasing consumer awareness about sustainability. Green marketing enhances brand value and generates loyal customers.

Example: Amul replaced ice cream and milk product packaging material by biodegradable substances to avoid ecological damage. This step enhanced the ecofriendly image of Amul, which strengthened loyalty and trust of customers.

Market retrenchment: When a firm pulls out of low-performing markets, contracts operations or disbands marginal unprofitable business units, the company frees resources that can be allocated to more profitable businesses (Haspeslagh and Noda 1994). This provides for companies that need to stay financially healthy and operationally efficient.

Example: Future Retail Ltd. closed some tiny stores in low-income neighborhoods and focused on larger ones in priority urban markets. The move allowed the company to capitalize on its operating expenses and increase its profitability.

Optimization of supply chain: Optimization of Sourcing, manufacturing and delivery functions means that customers get superior service and value for money whilst minimising disruptions in the operations. By optimizing the supply chain, companies can respond quickly to the changing market demand.

Illustration: Britannia Industries rewired its supply chain model in the midst of COVID-19 lockdown to enable smooth delivery of essential food items. It was this approach that allowed

the company to continue to see consistent sales and brand awareness despite times being unsure.

Brand Reposition: Shift in brand image, target market, or product perception to align target audience and business climate. Rebranding aspects like brand repositioning can help companies keep relevant and gain a stronger market share.

Example: Mahindra & Mahindra re-branded the company as a premium 'SUV' brand from a traditional utility vehicle carmaker as per the taste of modern customers. This shift helped Mahindra expand substantially into urban markets.

2.3.4 Role of Marketing Manager in Responding to the Environment

It is the marketing manager's job to see that a firm focuses on adapting adequately to the forces of change that animate today's environment. By careful scanning of micro and macro environment, the marketing manager minimizes market threats and exploits new opportunities as they arise in order to gain competitive edge. The marketing manager's tasks revolve around strategy-development, risk-reorientation and customer satisfaction in accordance with laws and regulations. An inability to adapt to the environment may result in loss of market share and instability, making marketing manager position as important with respect to organisational performance.

Environmental Monitoring: Marketing managers follow and review below factors for changes in Micro and Macro environment in order to identify trends, threats and opportunities. This keeps them in a position to make good choices, and continue to be competitive.

For example, Meesho's marketing team closely monitors social media to know which product categories are trending on the internet & try and tweak their product line ups.

Risk management: Marketing managers identify risks associated with environmental changes and take steps to reduce risk. This could resting on price modification, line reshuffle, or distinct promotion strategy to check business drop. Effective risk management acts as a guard against market risk for the company.

Eg: Mother Dairy introduced low-priced milk packets during inflation in fear of losing price-sensitive customers, so that there was constant demand regardless of the economic state.

A focus on customers: Marketing managers are interested in how customer preferences evolve, and in which features, services or advertising messages to alter accordingly. This enables companies to develop long-term relationships that lead to competitive advantage. Similarly as to typical customer's feedback and market research, managers finally use tools for continuous improvements too.

For instance, Sugar Cosmetics introduced an extended line of cruelty-free and vegan beauty products to cater the increasing preference for sustainable and ethical beauty cosmetics results in high customer satisfaction and brand loyalty.

Formulation of Strategies – marketing managers prepare flexible and vision-oriented marketing strategies to meet the changing business environment. It included changing product features, updating pricing schemes and the launching of new promotions to meet market needs. Well thought out strategy allows firm's to be competitive and reactive.

Example: Britannia launched a range of multigrain and high-fibre biscuits after consumers began shopping for healthier options, thereby aligning its product strategy with the evolving market trends.

Legal Compliance: Legal compliances are taken care of marketing managers to support the business, promotions activities and products in terms of legal and regulatory aspects. These activities help to avoid legal penalties, losing customers and going bankrupt. Regulatory laws that allow businesses to function as usual continue to be observed.

Example: Parle Agro's rebranding and retagged its juices to comply with the FSSAI's new labeling rules for ingredient transparency and health safety norms, to avoid regulatory issues.

28 The importance of the marketing manager's function in responding to changes in the marketing environment cannot be overstated; it is only through the efforts of the marketing manager that business success can be sustained, developed and customer satisfaction maintained. By continually monitoring environmental changes, coming up with strategies to adjust to them, minimizing risks, staying abreast of the law and customer requirements, marketing managers keep their companies in tune with uncertain market conditions. Strong response to environmental changes is important for companies to keep pace with others and to achieve long-term success.

2.4 Summary

- 11 ❖ The marketing environment includes all the internal and external factors that affect business plans, operations, and customer processes.
- ❖ To continue to grow and survive, business firms must change so that they can adapt to changes in economic, technology, social or competitive landscape.
- ❖ A marketing environment classifies itself as a microenvironment (competitors, suppliers, customers) and macroenvironment (economic influences, regulations, technology).
- ❖ Forward looking firms accept change before the markets does and backward looking organizations only follow once it is done, but impact their success.

- ❖ Strategic program in innovation, digitalization, market development and cost leadership in order to achieve competitive advantage.
- ❖ Firms must monitor government policies, customer attitudes and behaviors, and technology changes to ensure competitive survival.
- ❖ Market demand, competition and regulatory laws are all environmental factors that influence **the marketing activities** and business sustainability.
- ❖ **Marketing** managers are the nodal points to track the external environment, avoid liabilities, follow regulations and align strategy with customer demand.
- ❖ Virtual Reality (VR) advertisement is shaping new possibilities on how a customer experiences, however, the cost and accessibility must be specified.
- ❖ Case lets on corporations such as Tata Motors, Zomato and Reliance Jio are examples of companies that have been able to adapt in the fast changing marketing ecology.
- ❖ There are some ethical considerations - such as data privacy, disinformation and AI bias - that marketers must navigate when adopting new technologies.

2.5 Key Terms

1. Marketing environment: Factors internal and external to a business firm which t demand changes in an organization's marketing practice.
2. Micro-environment: The immediate environment around a company, including influences like customers, suppliers, competitors and intermediaries that shape marketing decisions and the performance of the firm.
3. Macro Environment: Wide external issues, such as economy condition, technological trend and governmental policies influence on business strategies and long-term sustainability in an indirect way.
4. Enterprise strategy, a system of preparing organizations for change and innovation and enabling them to be trendsetters instead of mere market followers, Competitive differentiation.
5. Reactive Business Strategy:-Business strategy/change begins outside and works its way in, only after there has been external stimulation for that change. "Arse about Face" approach, late to respond to changes, possible risk.
6. Digital Transformation: The idea of infusing next-gen technologies (like AI, AR and automation) into your business processes, in order to make it more efficient, better serve customers and respond faster to market changes.
7. Competitive Advantage: The unique position a firm acquires with respect to other businesses in the same industry.

8. by innovation, cost or market differentiation in order to outcompete the competition in a changing world.

2.6 Descriptive Questions

1. How does the marketing environment influence an organization's capacity to develop and deliver a product that meets customer needs?
2. What is the difference between micro and macro environment and how do they affect business decisions?
3. Why must firms be proactive, rather than reactive in responding to the marketing environment?
4. How to manage customer engagement and marketing strategies in the age of new technologies like VR and AI?
5. How do organizations successfully gain competitive advantage in a dynamic market place?
6. How can companies ensure that the ethical implications of new technologies — for instance, around data privacy and AI bias — are taken into consideration?
7. How does a marketing manager observe the external environment and revise marketing strategy?
8. How can companies balance cost when it comes to adopting digital transformation and new marketing technologies?

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2.8 Case Study

Revolutionising Marketing: Navigating the New Environment for Marketing

Introduction

The marketing environment is important for it gives focus to business strategies, and lets the businesses adapt to internal changes or challenges in the external macro-environment. Flipkart is one of the major e-commerce giants in India operating in an intense retail market, where market trends and customer preferences have significant effects on business decisions, along with technology. This case examines how Flipkart conforms the marketing environment challenging by responding to microenvironmental and mega environmental factors and also try to mitigate the barriers as well as utilizing a scope for advantages.

Background

Founded in 2007, Flipkart transformed the e-commerce environment in India bringing a plethora of offerings onto single efficient platform online. The company's success has been its ability to remake itself in response to changing tastes, competition and technological tides. In the meantime, Flipkart has expanded its offerings to include AI-based recommendations, digital payments and solid logistics in order to deliver a better experience for consumers.

For instance, Flipkart has introduced cash-on-delivery to tackle the issue of low usage of credit cards in India. It also expanded its supply chain by purchasing Ekart Logistics to deliver products faster. Flipkart does have some issues in maintaining its market leadership, navigating changing laws and adjusting to evolving customer preferences. Throws challenge of fashion addiction party for drugs video* Party drug 'rape' fears go unanswered* World news wrap: August 18The post FailProducts that brought down the company appeared first on Company Partners Blog.

Problem One: The Pressure from Overseas Petitioners

Indian e-commerce market is highly competitive, with global players like Amazon and Mukesh Ambani-controlled Reliance Jio Mart locking horns. In a hyper-competitive market where market share is determined by price wars, technology upgrades and service differentiations, Flipkart has to continually innovate and ensure stickiness of the customer while being under pricing pressure.

Solution:

To stay competitive, Flipkart has also focused its efforts on regional marketing, offering location-related discounts and expanding into Tier 2 and Tier 3 cities. The company leverages AI-driven analytics to offer personalized recommendations, thereby making the shopping experience more relevant.

This, coupled with brands doing exclusive product launches on Flipkart has helped Flipkart maintain differentiation.

Problem (2) Regulatory Issues in E-commerce, and Countermeasures

Flipkart's business model is influenced by the government regulations and FDI in e-commerce policy. Restrictions on selling through exclusive brand tie-ups and discount-led sales impact pricing policy and operational freedom.

Solution:

Flipkart has adapted its seller mix to stay compliant with changes in regulations. It also introduced Flipkart Wholesale, which can facilitate B2B transactions in compliance with government guidance put there to diversify the business model. It also hopes to grow its private label brands, reducing its reliance on selling other people's products.

Reflective Questions

How does Flipkart's reaction to the marketing environment with corollary competitive advantage?




How did Flipkart respond to the international competition threat from players like Amazon?

What is the impact of regulatory changes on Flipkart's business and pricing?

Conclusion

By strategically innovating, complying with regulatory requirements and aligning itself with competition, Flipkart it has been able to grow in a dynamic sector. Being agile to microenvironmental and macroenvironmental changes, Flipkart is able to lead India e-commerce industry while adapting itself with new consumer requirements.

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Unit 3: Marketing, Consumer & Competitor Research

Learning Objectives

1. Learners will be able to recognize the essential purposes of market research and comprehend what methods and tools assist in making more informed business decisions.
2. Learners will learn how to distinguish between **qualitative and quantitative** approaches in consumer **research and** what time **to** apply them.
3. Learners will learn consumer decision stages and how businesses can influence these segments to create additional value.
4. Learners will integrate their consumer and market research findings to develop a model of decision- making and modify their marketing strategy to generate value.

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3.0 Introductory Caselet

"Knowing the Customer Code: Challenge for an entrepreneur"

SHE IS a budding entrepreneur who has introduced NutriBliss, a premium health snack brand, in Mumbai. She's a food scientist, and knows when that comes to the nutritional quality of her product, she has nothing to worry about. Nevertheless, she is selling less than anticipated and doesn't know why people are not reacting the way she thought they would. Meera meets with potential buyers at a show and discovers that they are unsure about purchasing due to cost, being unfamiliar with the brand and/or not knowing why NutriBliss stands out from other snacks. She is also aware that different consumers have different needs -- some are requesting weight-loss-friendly snacks, while others are looking for high-protein.

She can't because she doesn't know what people want as a user. Digging a bit deeper, Meera realizes that she will have to take the scientific market research approach in order to understand her target audience's buying habits. Then they start delving through consumer behavior models, surveys and feedback systems to try solve the riddle of what makes consumers buy at every stage — from awareness to purchase. Now, whether her success will reflect a market research challenge depends of course on the issue of whether she can apply marketing research practices into improving her product positioning, pricing and communicating with the market.

For starters, Meera's going to run some focus groups and online surveys pushing for a real consumer insight. She also watches social media analytics to see if there may be a new health concern or snacking trend. Through her research, she learns that her dream customers value convenience, clean ingredients and functional benefits such as energy boosting and gut health support. Armed with insights and despite setbacks, Meera nails the brand messaging to be around the benefits of NutriBliss in a unique way while reworking pricing strategy by introducing smaller trial packs even as she works with 'fitness' influencers to drive home authenticity. She starts applying a data-based strategy and soon sees engagement grow, along with a corresponding increase in sales over time.

Critical Thinking Question

How does Meera apply the techniques of consumer research to monitor the consumer decision process and determine customer preference, brand attitude and purchasing intention?

3.1 Consumer Behaviour

3.1.1 Introduction

4 Consumer behavior is the process individuals, groups or organizations use to select, purchase, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires.

29 Consumer behaviour is influenced by various internal and external factors, regulating bias formats and buyer consumption activity. It helps marketers in developing actionable marketing programs, predicting business trends and increased consumer satisfaction leading to greater brand loyalty as well as profitability.

3.1.2 Determinants of Consumer Behaviour

17 **Psychological Factors**: These include motivation, perception, learning, beliefs and attitudes that influence the way in which consumers perceive and respond to promotional messages. For example, a consumer opinion on the quality of a brand can influence purchase process also. Immediate purchasing actions can be influenced by psychological triggers like fear and excitement (few people would contend with that), whereas trust is critical for long-term brand loyalty. Knowing these elements makes for strong branding and advertising strategy.

Individual Factors: Age, lifestyle, income, occupation and other individual factors have a significant impact on buying decisions. Younger customers will usually focus on trendy and electronic devices; older shoppers will care more about quality and reliability. Lifestyle choices, such as health related lifestyles, are driving demand in organic/health and fitness products. Firms partition markets based on these features in order to develop their product lines and marketing programs.

Social influences: Friends, family and social status influence consumer behaviour and decision-making. Peer recommendation and word-of-mouth online reviews are highly influential to purchasing, especially in the digital era. When it comes to celebrity and influencer endorsements, the stakes are high in terms of their influence on purchase. THE POWER OF SOCIAL PROOF Businesses utilize social proof with endorsements and customer-authored media to drive consumer decisions.

Cultural Forces: Consumers behaviour towards the product and brand acceptance is largely influenced by culture, which signifies the values, beliefs, norms and the traditions of society. Product acceptance, advertising appeal and consumer expectations are influenced by cultural differences.

Take fashion and food preference, for instance; both of these differ per region for cultural reasons. Marketing needs to be geared for the regional and cultural trend and a preference so that the consumers can engage with it maximally.

Situational Variables: buying behavior is also influenced by time available, buying environment and purchase occasion. At clearance sales, during the festive season or at promotion play time impulse purchase can be inculcated among customers. special offers and

temp promotions add to the urgency of deciding now. The store environment (store layout, music and customer service) can shape purchasing decisions.

3.1.3 Importance of Studying Consumer Behaviour

Consumer behavior is crucial in designing company strategy and marketing judgment. Promotion at point of purchase In order to formulate effective promotion strategies, the firm needs an understanding of consumer cognition and why consumers buy as they do as well as how consumers react to various promotional efforts. Analysis of consumer behaviour helps companies to understand and anticipate current and future trends so as to remain competitive.

27 Advantages of Studying Consumer Behaviour The following are the main advantages of studying consumer behaviour.

Enhancing Marketing Strategies: When firms are equipped with the full knowledge on the customer behavior, they are able to design marketing campaigns which suits their interests and needs. Businesses can run targeted campaigns, personalized messaging, and optimized advertisement strategies to acquire and retain customers.

For example: the Coca-Cola company produces advertisements which it adapts into local languages and cultures.

Predicts Market Trend: Understanding what consumers will want in the future and how their needs might change, can help businesses determine trends ahead of time. - By predicting the change in consumers' taste, it can allow business to innovate and redesign the product line.

Example: Apple keeps coming out with updated versions of new iPhones according to changing tech trends and customer comments.

Boosts Customer Experience: Having a grasp on consumers' behaviour helps businesses create tailor-made experiences that improve customer satisfaction and loyalty. Businesses provide personalized products, services and support as their customers like.

Example: Amazon uses an AI-based recommendation system to recommend products using the purchase history, making their shopping experience stress-free.

Facilitating Market Segmentation: Study of consumer behaviour helps the firms to divide its market into different segments on the basis of age, life style and consumption. Segmentation aids in the customization of products and marketing approaches to each group of customers.

5 Example: Nike, with different product lines and commercials for athletes, mid-consumers, and fashion consumers.

By monitoring and using the data of consumer behaviour, companies may develop their marketing strategies better, strengthen relationships with their customers, while continuing to stay tough in business environments where things can't be worse.

3.2 Models of Consumer Behaviour

Models of consumer behaviour offer a structured way to investigate and understand the process by which the consumers making decisions. This model allows marketers to anticipate purchase behavior, uncover motivations, and develop strategies around likes, dislikes, and other preferences of consumers. Models enable companies to better understand what customers want so they can design products and make product placements more effectively and develop superior marketing strategies.

3.2.1 Consumer Behaviour Model Types

Model of Consumer Behaviour : In this model, consumers are rational entity who strive to maximize utility and minimize cost. People access product value, price and their ability to pay before they buy'. Consumers purchase based on economic situation, pricing and discounting. Price-sensitive customers are appealed by marketers through price discrimination and competitive pricing strategies.

For example, a consumer would compare smart phones by Apple, Samsung and OnePlus on attributes such as feature sets, price or value. They shop for discounts, and choose from among discount offers. Firms resort to price competition in order to attract customers who are sensitive to prices.

Psychological Model: This model focuses on the psychological processes that influence buying behaviour such as perception, motivation, learning and attitude. It explains how emotions, cognitive bias, and personal experience shape the decision to buy.

Illustration: People like brands that reflect their values or good feelings. On the contrary, they draw upon persuasive communication -brands and stories-marketing, to get inside our heads and drive what we think of as purchases.

Sociological Model: This model studies how social forces, such as family, peer group, and social class and culture values influence the consumer. It is a testimony to how people are choosing what to buy based on social requirements and fashions.

Example: Luxury items rely on the allure of social status and scarcity to lure wealthy buyers. Influencer Marketing and Community Building Brands use influencer marketing to influence consumer decisions.

Howard-Sheth Model: This complex model combines sociological and psychological factors that lead to change from need recognition to purchase by the customers. It takes inputs such

as learning, consumer attitude, and marketing stimuli. Customers create alternatives, make choices, and select alternatives according to their

experience with a company. Enterprises leverage on this model to optimize customer routes and drive loyalty through repeated interactions.

Example: A consumer in the market for a new car looks up Toyota, Honda and Ford based on advertisements, reviews and experience. They consider features, fuel efficiency and dependability before buying. Toyota builds long term brand loyalty by quality and participation.

5 Engel-Kollat-Blackwell (EKB) Model: This model identifies five stages in the consumer buying process – problem recognition, information search, alternative evaluation, purchase decision and postpurchase behavior. The model illustrates the five steps in the consumer decision process—need recognition, information search, alternative evaluation, purchase decision and post-purchase behavior—and focuses on how various marketing communication and consumers experiences impact each stage.

6 Example: The consumer decides he wants a laptop and is considering brands like Dell, HP and Lenovo — reading reviews, asking friends what they use. After reviewing specs and price, they purchase a Dell laptop. Post-purchase satisfaction influences future brand preference and word-of-mouth.

3.2.2 Significance of Models of Consumer Behaviour

Modelling of consumer behaviour offers a scientific perspective to the study of how consumers make choices. Consumer behaviour model are tools that enable the prediction and recognition of factors influencing consumer decision-making regarding the form or content of using products in marketing communications. By analyzing various consumer behavior models, businesses can form a good marketing strategy in improving customer confidence, and create long-lasting business success.

Significance of Consumer Behavior Models

Enables Understanding of Buying Behaviour: Consumer behaviour models discuss the psychological and logical components behind buying decision that can be used for aligning strategies on what consumer want. Understanding these patterns enables brands to run their marketing campaigns more effectively.

For a case in point: Retailers such as Mcdonald's analyse consumer decision to change their product line so that it corresponds to the way customers decided and eat.

Contributes to explain the causes/challenges: The models provides an understanding of factors (cultural, social, personal and psychological) influence consumers' decisions. Once they know that, businesses can craft messages with which certain people will identify.

Ex: Luxury brands, such as Rolex concentrate on legendary marketing – through social influence and status purchase.

Improved Predictive Analysis: Models of consumer behavior can also help organizations forecast market trends as well as customer responses to new products or promotions. By looking at what people have ordered over time, businesses can predict demand and plan accordingly for inventory.

Illustration: Online retailers such as Ajio have used predictive analytics to place orders for best-selling products ahead of big sales events.

Makes Marketing and Advertising Strategies Easier: These models offer information into the customer response towards advertising by enabling a company to optimize its marketing to get more engagement. With some great advertising idea can be built up to what the target markets are most appealed.

Example: Companies such as Pepsi, which extract habits of viewing from their customers, produce area-based advertisements that appeal to the local taste.

Consumer behaviour models can be used as a foundation for better decision making, more accurate marketing efforts and establishing closer ties to consumers helping companies to remain profitable and relevant on the market over time.

3.3 Market Research

3.3.1 Introduction to Market Research

Market research is the organized information gathering, analysis and interpretation of the data related to target markets and customers or end users and about competing products. It is useful in de-risking business by providing insight into market movements, consumer behavior and potential obstacles. Ultimately the aim of market research is to give decision makers at organizations a 'second opinion' after all elements of a commercial rationale have been considered: -Are they delivering maximum value back to the customer? -Is their market position competitive enough? Businesses of all types, from startups to established businesses have always relied on market research in their quest for innovation and the fine tuning of their strategies or unearthing new growth areas.

3.3.2 Definition and Purpose

Market research is the process of gathering and analysing information about a market, including customer needs, preferences and behaviour. "Market research is the function that

links the consumer, customer and public to the marketer through information-information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Its purpose is to minimize risks, pinpoint market gaps, improve customer satisfaction.

Example: Hindustan Unilever, leading brand in Indian FMCG category and market research follow consumer choice. One of the important findings was the growing trend for natural and organic personal care products. To meet this shift, they added product lines such as Pureit water purifiers and Pond's natural skin care range that addressed the new consumer behaviour.

Purpose of Market Research

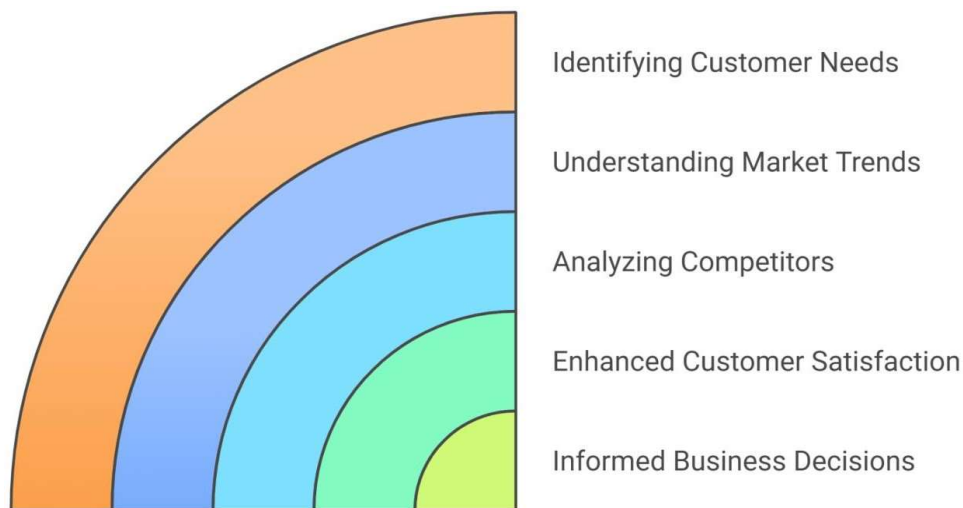


Fig 3.1 Purpose of Market Research

a. Discover Customer Wants and Needs in Order to Create Value: Through reviewing the market, organizations are able to identify precisely which of their customers' needs products they offer. Staying true to the bay2b platform, businesses can deliver solutions that delight the customer over and above their expectation by using the simple principle of identifying what customers like. By creating value based on the priorities of your customers, you create deeper brand loyalty.

b. Understand Market Trends to Predict Future Opportunities: If material is analyzed, companies can see new trends in market behavior that will illustrate how customers shift their buying preferences. And they are able to position early thanks to market research which they can also use to inform changes in business plans and new solutions. Businesses have competitive edges when they do something before the trends.

c. Mitigate the Risks Involved in Business Decision Making: Market research cuts down the guessing work in business and tries to use factual data to make better decision. Market studies also provide an opportunity to test possible scenarios and assess the risk before taking a decision. Data from research assists companies in the proper allocation of resources without costly mistakes.

d. Analyzing Competitors in order to establish effective strategies: When a business emerges, they struggle to achieve it or breakthrough from competitors and other businesses. "If we can share intelligence on our competitors, it helps us to understand where there is a gap in market space, so we can figure out how to fill the void and take some (market) share from somebody else," he said.

e. Improve Customer Satisfaction With Customized Product and Services: Businesses can more effectively engineer for target markets when they understand what those customers tell them about their needs. Moreover, those that cater to solving the most important customer problems and making experiences for them better, they create higher customer satisfaction and loyalty.

3.3.3 Types of Research

The categories in market research can be analyzed from its data sources and methods of obtaining and analyzing information. The types of research which are vital in any research environment provide an in depth insight to markets from all angles as they help companies learn different behaviours among customers and between markets at a more deeper level as compared to using only one type of research. Each methodology has its own strengths, therefore deciding on the best one for a company should depend on a firm's research goals and budget as well as resource at hand.

a. Primary Research: Primary research involves collecting first hand information from the audience. It helps to understand specific customer requirements, preferences or pain points, which you are not going to find in secondary data. Surveys, focus groups, and interviews are commonly used in primary research.

Example: A classic example is Domino's Pizza, which conducted primary research on what its customers wanted and implemented a new service "Pizza Tracker" service where customers can track their order in real time.

From its survey, the company also knew some of the most troubling pain points from customers, most of which revolved around not knowing when their pizza would arrive. Based on customer feedback, Domino's created the tracker to increase customer satisfaction and loyalty. This direct interaction allowed Domino's to identify what said customers wanted and how they could enhance the overall customer experience, surveying and interviewing their customers in order to do so.

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b **Secondary Research:** Secondary research involves analysing existing data such as that contained in government reports, and industry publications, market research. It is also cheap and provides a broader view of the market. Per individual business requirement, it may be less specific.

Example: Indian logistics startup Rivigo applied secondary research from IBEF and McKinsey reports to estimate the market potential for increasing its truck fleet in the burgeoning Indian freight industry. This enabled Rivigo to analyze the nuances and issues in the sector, and paved the path for their novel solutions of logistics and driver relay.

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c. **Qualitative Research:** Qualitative research focuses on understanding consumer attitudes, feelings and motivations through non-numeric information. It uses qualitative methods like interviews and focus groups to give deep consumer insight. This ‘instinctual’ approach helps businesses probe into hidden consumer wants that consumers might not express in quantitative questionnaires.

Illustration: Havells India, an electrical goods maker, has conducted qualitative research involving in-depth interviews and focus groups on its accessibility of consumers' opinions on energy-saving household appliances. It would help inform the company of consumer adoption towards new technology to develop products with what consumers want, against what they value- which is sustainability and being cost effective.

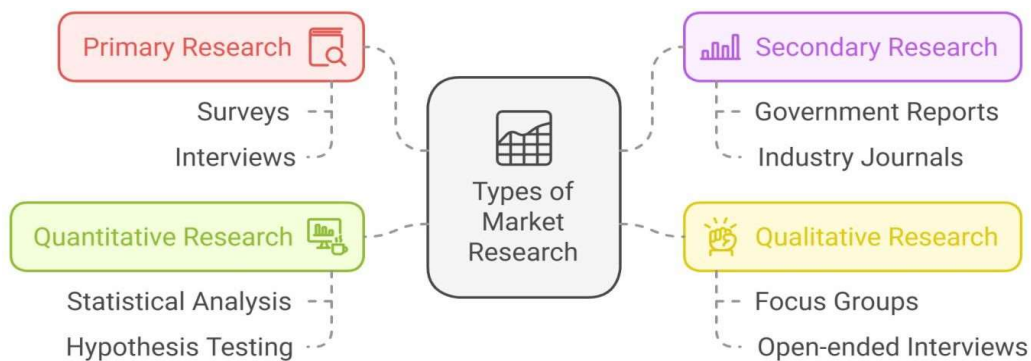


Fig 3.2 Types of Research

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d. **Quantitative Research:** Quantitative research uses numerical data and statistical models to measure consumer behaviour and market movement. It's used to formulate inquiries and validate evidence-based decisions. Example: Maruti Suzuki uses quantitative research by conducting large no. of sample surveys and analyzing sales data to find out customer satisfaction, car performance and preferences. This provides the company on-going car-features trends and customer needs, thereby leading in new models designs and also helps for further enhancing the customer service.

3.4 Steps in Market Research

The art of market research, however, is methodical and consists of several stages to ensure that the data collected are telling and actionable. These are steps to help companies defining objectives, gathering data, analyzing the same and revealing findings – these are requirements to make a good's decision making process. The market analysis must be intuitive by Nature but executively produced market research does not only aid you provide great insights into the customers' and the markets' behaviour and dynamics but also to counter risk with ease. These are methods that help to ensure step by step findings consistent with business strategy reliable and accurate.



Fig 3.3 Market Research Process

a. Define Goals: The first step of all in market research is to clearly establish what the company's most important objectives are. Goals can be e.g. know what the customers wants, competitive analysis, sales improvement, growth or opportunity finding on new markets.

Example: An luxury car manufacturer, for example, may have a goal to understand why young consumers are preferring SUVs over the traditional sedans. Then the company will be able to fine-tune it's marketing strategy and design features based on consumer preference.

b Design Research Methodology This goes to the next level, which concerns selecting a best research design, and that could mean choosing between quantitative and qualitative. That would depend on what the research is for mainly and if deep information is going to be gathered.

Example: A cosmetic company decides that focus groups are the best way to gauge customer interest in a new product, and web surveys can provide statistically significant data. The hybrid model allows the in-depth consumer testing and statistically reliable results.

c. Collection of Data: Then it follows the collection data phase and in here informative information is collected through techniques such as interviews, surveys, observations or secondary data. This data must be collected in an organized and unbiased manner in order to be dependable.

Example: Nike gathers insights from customer surveys and social media posts which are to be used in product design improvements. As a result, the Village expeditiously adjusts to emerging trends and consumer demand.

d. Analysis: Data Analysis is the subsequent process for transformation of raw data into useful information. The method includes statistical and qualitative methods for analyzing the results. It is employed to find the insights, patterns, correlations and trends which are advantageous for tactical planning.

For example, a fast food chain, KFC reviewed survey results to determine consumer preferences for healthful menu choices. Through identifying main preferences the restaurant can develop new products that satisfy eat-healthy consumers.

e. Reporting Results: Finally, it is necessary to report the study clearly and actionable format (eg reports or presentations) to stakeholders. And lean on it for reaching business goals. When results of the research are adequately transmitted, organizations can take decisions towards improving their operations and position in the market.

Example: A consulting firm, Bain & Company, writes a long report on customer behavior for a retail client and makes some suggestions to change the layout of the store. These results help the retailer organize store layout, improve customer experience, and promote sales.

3.4.1 Research Tools and Techniques

Market research methods & methodologies are important in capturing, analysing and interpreting data on the customers' behaviours and market trends as well that of the competitor. The solutions help companies make sense out of un-analysed information, and give them the opportunity to take informed decisions. Depending on the research objectives at hand, companies may deploy both qualitative and quantitative methods to ensure the comprehensive nature of their findings. The main use of each tool is the selection according to research goals and desired data type.

Surveys: Surveys refer to the full length formal questionnaires that are prepared for collecting a large body of information from a wide population. They are extremely prolific, as they can absorb information quickly and easily. Survey can also be conducted on the Web, over the telephone or face-to-face and used to collect opinions, taste preferences and comments from people.

For example, Amazon regularly polls customers in order to gauge satisfaction with delivery process and pinpoint where it could be doing better. Amazon optimizes its logistic via survey results, in service of a better overall shopping experience.

Focus Group: A group of individuals brought together for a discussion of a specific topic with a moderator. Focus groups are particularly effective for probing consumer attitudes, emotions and preferences. Open discussions generate immediate responses to them and highly qualitative information, which you can use to understand how the customer perceives your product or service.

Example: L'Oréal, the French personal care company, runs focus groups where you can test new skincare products that have not yet been released. Users chime in about the consistency, smell, and results of the product so Avarelle can tweak its formula according to what people are saying.

Interviews: Interviews are one-on-one conversations which facilitate collecting in-depth information about any individual's standpoint, experience or choice. Interviews utilised in qualitative research can to advantage explore very complex or sensitive issues. They don't even have to be in the same room as you; phone calls will do, and they can take place online.

For example, Tesla conducts interviews with its loyal customers to understand what makes them loyal and why. The results are used for improving customer experience and product development such as offering more features in the case of electric cars.

Observations: Observation refers to monitoring the actions of consumers in natural settings, where there is no direct face-to-face contact. This approach can help researchers to grasp how consumers interact with products, services or retail spaces. Observations are particularly valuable for investigation of consumer behaviors that may be prone to inaccuracy when self-reported in surveys or interviews.

Example: IKEA, a worldwide home goods store, tracks the flow of customers to figure out how they navigate their floor plans. Through its tracking of how people move around the store, IKEA seeks to maximize product placement in support of sales.

Online Analytics: Monitoring and quantification of the behavior on websites, applications or social media through online tools is known as online analytics. The instruments also provide stats on metrics like page views, time on site, click-through rates and user demographics. Businesses utilise web analytics to understand user behaviour on websites and improve digital marketing processes.

Illustration: A streaming service such as Spotify, for example, tracks users online to keep tabs on their behaviour, including listening habits and what playlists they prefer. The information is used to customize recommendations and improve user engagement with playlists.

3.4.2 Contextual Review and Examples

Deloitte Sustainability Research: Deloitte says 65% of global consumers will pay more for sustainable products, so the demand for green alternatives are only increasing. This type of information allowed companies in different sectors to drive sustainable product development and marketing by integrating sustainability into their value proposition to target the environmentally minded consumer.

Zara's Warp-Speed Trend Reactions: Zara never stops researching the market so they can keep ahead of rapid shifts in fashion. It closely follows what consumers are doing and what its

favorite fashion influencers are up to, and can update collections on the fly since it works with contract manufacturers to get new designs in stores in sync with changes in consumer tastes. And thus the brand stays relevant and in demand amid a fiercely competitive fashion world.

Tesla's Consumer Feedback Loop: Tesla listens to its customers regarding what they want out of their electric vehicles through surveys, social media outlets and users' forums. So, it sped up the roll-out of its Supercharger network in response to customer requests for more convenient charging facilities, which made recharging faster and more accessible -- improving the customer experience and thus further accelerating electric-vehicle take-up.

3.5 Consumer Research

3.5.1 Introduction

Consumer research Consumer research is a method for assessing and understanding consumers, using quantitative and qualitative techniques to capture and interpret data about their behaviours, needs, preferences and decision-making processes. It helps in making every marketing decision more meaningful and also it's a must factor to make any business happen. When you create a product and service that is designed to meet consumers' expectations, they will increase in satisfaction and loyalty. Consumer research is one of the important tools that a company can use to be relevant, competitive or innovative and is indispensable in today's competitive dynamic marketplace.

Consumer Research Meaning: Consumer research refers to the type of research done by studying the consumers or any individuals with regard to their buying behavior or consumer preferences. It looks at their likes and dislikes, perspectives, motivations and behaviour by identifying thematic methods such as questionnaires, focus groups and observations. For example, you survey a fashion company to find the most popular colour or fashion trends of teenage girls.

3.5.2 Importance of Consumer Research

Consumer research is so important in business because it gives our businesses real evidence about what consumers want and what they think. Therefore, an understanding of what drives consumers in a highly competitive market is crucial to the creation of products and services that meet or surpass expectations. By making the marketing process data-led and efficient, consumer research helps firms to narrow the focus on what they have (or could make) and customers' needs. This will also help organizations to adapt to moving market trends, identify emerging opportunities and it will also help organizations to stay ahead of the curve. Consumer studies are important, because it helps customers to become more satisfied and loyal to organization and to cause their long-term growth.

a) Understand consumer needs: Consumer research assists organizations to understand what the target audience expects from a product or service. Consumer research helps to bring a business's products or services more into line with what customers expect. When they know what consumers want, companies can innovate better products and keep a competitive edge in business.

Exemplar: Starbucks, the US-based global coffeehouse chain, introduced tailor-made beverages as an answer to consumer demand.

b) New Products Development: Through studying consumer psychology and response companies are able to launch new products which meet unmet demand or improve on current products. It is being proactive that assists organizations to predict market trends, create distinct value added and take a lead over competitors. Example: UrbanClap, now called Urban Company, has built its offerings following consumer feedback on home service. Sensing this demand for professional home and beauty services, the company introduced newer categories – like home sanitization & appliance repair to a mature platform in an innovative way.

c) Market Segmentation and Targeting: Consumer research allows businesses to divide potential customers into smaller, more manageable segments according to demographic variables such as age, geography, income or lifestyle. It facilitates selective and efficient marketing operations.

Netflix, for instance, an internet streaming service relies on end-user data to offer personalized content recommendations based on the viewing patterns and preference of a user.

d) Taking The Customer Satisfaction And Loyalty: Pinpoint your customers' pain points into your business and have solved this will increase customer satisfaction, what will return in loyalty – keep returning for goods. Happy Customers are Probably Brand Evangelists: Delivering positive word of mouth and the long term growth for businesses.

Use-Case : BigBasket improved customer satisfaction with reducing the customer pain points like product availability, delivery schedules. For reports that customers were not receiving products with slow delivery times, they established better inventory management and faster delivery methods.

e) Anticipating Trends: Market research helps the business to take proactive decisions and anticipate future trends. Staying ahead allows companies to innovate before competitors and adapt quickly to changing consumer needs.

Example: Nike introduced products that are environmentally friendly after studies showed consumers were becoming more eager to have such options.

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3.5.3 Objectives of Consumer Research

The goals for consumer research are a part of what the business aspires to do for its greater good – value the customer! This is cool because lets businesses create really targeted and effective marketing tools. The objectives of consumer research extend beyond understanding current consumer behavior to projecting future needs and preferences. Enterprises can survive and continue to create healthy relationships with the market. Let's get to the major goals of consumer research.

a. Determining What Consumers Want: The ultimate goal of consumer research is to know what a consumer wants and needs in a product or service. And just like any conclusions one can draw by observation with the eye, is coming up with a market offer that works for the market.

For instance, a skincare brand such as Himalaya might run surveys to know the need for natural and organic ingredients in beauty products.

b. Issue-Decision Making Process: Consumer research helps companies to understand the decision making process like what is important for the customers when they make a purchase? What choices do they use in their choice criteria, what options they check and which one induce them. As such, it makes easy to companies to predict what the customers need and their expected solutions.

Example : Car manufacturers like Mahindra and Mahindra assess the car buyer's purchase decision in terms of cost, features & brand perception.

c Consumer Behavior Analysis: The consumer's behavior helps to recognize the types of users, in term of purchase frequency, usage patterns or the satisfaction classes with a product/service. These regularities help organizations adjust their offerings to customer preferences and, accordingly, enhance customer engagement.

For example, fast food retailers such as McDonald's track customers' purchasing behaviour and apply these insights to deliver targeted promotions (e.g. combination meals, loyalty cards) that increases retention and repeat purchase activity.

d. Prediction of Market Trend and Consumer Behaviour: Studies on consumer help in future predictions with reference to market trends by using current statistics of consumer behaviour. This allows businesses to predict the market shift and innovate new products ahead of their competitors. It allows businesses to be on the offense rather than the defense. Example: The Coca-Cola Company uses predictive analytics to forecast drinking habits, in order to release new product lines such as healthier drinks and flavoured beverages according to the public's taste.

e. Marketing Plan Evaluation: The consumer research helps the companies in evaluating how successful their marketing plan has been and what needs improvement. By collecting

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consumer feedback, organisations can deport messages, uncover missed opportunities and improve campaign performance.

Example: Patanjali Ayurveda synced its ad campaigns with consumer inputs by pulling back on the pitch and messaging in favour of natural ingredients and wellness being push subtly instead bringing more engagement and sales.

2 f Creating **Customer Retention and Loyalty**: Success **in customer retention and loyalty** begins with understanding **the** factors that drive satisfaction with service. Knowing what drives repeat purchases, companies can develop personalized programs and experiences that keep customers coming back and establish long-term relationships.

Example: Starbucks Rewards is based on consumer insight and the dynamics that encourage consumers to become repeat purchasers, which includes personalized offers and rewards. This is now resulted in the customers staying with us and being loyal to our brands but with such a healthy growing stable of customers.

3.5.4 Process of Consumer Research

Market research is a structured system in which an organisation collects and analyses data on its customers. The approach of the systematic collection and treatment of data ensures both accuracy and utility to the work. Normally, it filters through quite a process from the identification of research problem and ends into applying findings. This clinical method prevents errors and biases in marketing strategies, once this systematic path is followed.

Identify the Research Purpose: The research purpose has to do with describing what the study expects to find. This question can be about consumer preferences, buying practices or responses to a product. A worthy cause ensures that the research keeps to the path and does not lose its interest.

Example: A smartphone manufacturer may want to know the reason behind under performance of a particular handset in the market.

Formulating a Research Plan: Once the purpose is identified, then research plan document needs to be prepared. This refers to the whatever research should be done qualitative or quantitative type and then what methods of collecting data then, sampling size, budget etc. The research plan thus plays the role of a roadmap through the entire journey.

For example, a clothing brand might want to run focus groups to get qualitative feedback and then carry out an online survey to collect quantitative data.

Data collection: such data about the target group can be collected using surveys, interview, focus groups or by observation. The data gathered must be extremely accurate and a proper representation of the subject population.

Example: Retail store conducts in-store interviews about customer shopping habits and the preferences.

Analysis of Data: Once data is collated, one must go through the process of analyzing it to uncover swirling evidence for possibility-eliciting action. If the data complexity is high, specialized statistical tools/software or a manual process would be applied.

Example: A fast food chain seeks to find out its customer's preference and what needs to be improved on the menu.

Interpret the Findings: Explanation is followed by conclusions about how the research goals have been addressed. The results need to be described in a clear and realistic manner with meaningful insights and recommendations.

Illustration: A travel agency could realize that the majority of its clients have a preference for tailored vacations packages and make available more relaxed arrangements.

Present and Use Findings: In the final stage, findings are presented to stakeholders in the organization. The results could be used for marketing strategies, product offerings or customer services. This serves to make sure research adds practical value to the organisation.

Example: A drink's company might look at customer taste for a healthy option to introduce a new flavour.

3.5.5 Types of Consumer Research

Consumer research is largely categorized into types based on data sources, and nature of study. These two types assist a company to choose the suitable one that best fits with their goals, budget, and time. The two main categories are primary and secondary research. The two are actually very much part of the whole picture of consumer behavior.

Types of Consumer Research

Primary Research: Data is directly collected from the consumer through surveys, interviews and focus group. The data and the information are fresh, complete, and valid. This technique helps in first-hand experience of consumer behaviour, preferences and need of future market
Example: SBI life insurance does primary research through Focus group (Where they understand the customer perception on the plan where it fits, what are the attributes looked for by a typical 25-30 years person) They have the richness which came to be used in policy offering and marketing strategies in line with customer's needs and expectations.

Secondary Research: Secondary research means a type of research which analyses the previously collected information like reports of other industries, books on;academic subject or competitors analysis. This type of research is relatively cheap — and it saves time too. It enables companies to acquire industry knowledge, to follow market trends and to make strategic moves without resorting to new studies.

For instance, Axis Bank studies RBI reports and industry findings on digital banking trends to understand changing customer preferences. The insight enables the bank to design mobile banking capabilities that enhance the user experience, hence to provide services in line with customers' growing expectation for frictionless digital transactions.

3.5.6 Methods of Consumer Research

Consumer research methodologies The techniques involved in obtaining information from consumers, or about them. Choice of method depends on research purpose, audience and type of information sought. Methods are commonly divided into two types: qualitative and quantitative. The qualitative techniques afford a general description, the quantitative techniques allow deeper analysis in preceding to consumer behaviour. Here's some background on various forms of consumer research:

Qualitative methods These are the studies which deal with reflective and subjective aspects of consumer behaviour (motivations, emotions, attitudes). They want to understand the consumers make decisions in order to add a layer of information that is harder to measure. Here is how this can be gathered:

a. Focus Groups: Focus groups are directed, group discussions among a small number of consumers to explore their attitudes and perceptions toward a particular product, service or advertising campaign under the guidance of a moderator. Businesses get a variety of perspectives and consumer reactions to something before it exists in a social setting.

Example: A cosmetics company may use focus groups can be used to gather feedback from a beauty consumer on packaging, feel and scent of new skincare line.



Fig 3.4 Consumer Research Methods

b) Depth Interviews: The researcher has personal contact with the consumer to learn more about individual concerns and interests. More often than not, they are helpful when talking about touchy subjects or for picking up on detailed information.

Example: A credit services company might conduct interviews with customers to uncover painpoints in the loan application experience.

Quantitative Techniques: Quantitative techniques are the methods of obtaining quantity data with respect to consumer's behavior and pattern identification. These such methods are suitable for the population generalization. You can gather this in the following ways.

a. Surveys: Survey is a questionnaire that is given to the sample \ group through different techniques like emails/online sources etc as well as through face to face contact b. It is inexpensive and a great number of subjects can be randomized.

Example: A business can create a web-based questionnaire to assess customer satisfaction in delivery speed and application usability.

b. Experiments: This involves the testing of consumer response under different situations (price, packing, promotion, storing etc). Experiments are done in the laboratory to determine outcomes. Example: An online-subscription service experiments with two prices to see which attracts the most conversions.

c. Observational Research: In this type of marketing research previous consumer behavior is studied without direct contact in real time. The method is essential for studying naturalistic consumer behaviour, such as that in store and online.

Example: A retail store can monitor customer traffic inside the store to determine which parts of the store receive lots of traffic and place their products accordingly.

3.5.7 Methods and Approaches to Consumer Research

Consumer Research tools have evolved by using technological progress to obtain richer insights for consumer behavior change. from traditional means such as surveys to the futuristic methods with artificial intelligence and also big data, the other and all on them, when it comes to proper tool for businesses, it helps them to have a way of getting the data collected effectively, analyzed properly and help business make more statements in decisions in life. Let's take an in-depth look at these other tools.

Surveys and Questionnaires: These are probably the best known tools for consumer research. Surveys allow companies to gather structured data from a large body of respondents, and questionnaires can be tailored for distinct research aims.

Example: Google Forms, or Survey Monkey is one of the tools used widely to collect feedback around customer experiences with new product or service.

Social Media Analytics: As a repository of consumer data, social media contains information for what people like or don't like, and trends that follow. Firms can use analytics software to track and analyse the usage of social media across all channels for consumer insights.

For example, a fashion retailer like Myntra can analyze data on Twitter or Instagram to find out what's trending in fashion and to keep track of consumer engagement using tools such as Hootsuite or Sprout Social.

Big Data and Predictive Analytics: Software, that deals with large data to find patterns and predict future consumer behavior. Predictive analytics provides businesses the ability to anticipate what a customer will want and need based on current data.

Example: Amazon uses big data and predictive analytics to recommend items to a shopper based on their past purchases and browsing habits.

Heatmaps and Eye-Tracking Tools – They are used to study the way customers interact with online content such as Websites, or Ads. Highly interactive impending areas are shown by heatmaps, and which area is attended at eye-level information.

Example: Microsoft, a software creator, employ Crazy Egg to make its website design more clickable.

Sentiment Analysis Tools: Sentiment analysis tools use AI to do a sentiment analysis on text data (reviews, comments or social media shares) and realize how the customer feels about a product / brand.

For example, if you are a restaurant chain, you would use the MonkeyLearn to analyse customer reviews and seek out complaints or praises on a recurring basis.

A/B Testing Tools: A/B testing is where one version of a product, webpage, or ad is shown to part of your audience while another version is shown to another group. These are valuable tools for experimenting and optimizing your business's marketing.

For example, an e-commerce site may A/B test two versions of its homepage against each other to better understand which one drives the most conversion.

"Focus Group and Interview Software: Lookback, Zoom Lookback and Zoom make it easy to gather qualitative research from participants across geographies through conferencing software."

Example: A tech start-up could leverage platforms like these to collect feedback from their app users in different countries, for instance.

These can also help businesses understand their audience better. Traditional and advanced methods, tools and techniques of consumer research range from qualitative to quantitative ones as well as spanning the whole spectrum of methods going from traditional one even through modern technologies such big data analysis or sentiment analysis. All of those sources provide a helpful insight required to make business decisions right now. Case studies from a variety of industries which have successfully used the tools for business and customer benefit are presented.

3.5.8 Challenges in Consumer Research

Consumer insights are very important in understanding the behaviour and purchase patterns of consumers. Yet, even though it's so crucial, businesses encounter a number of difficulties when trying to do good consumer research. There are numerous reasons for this which range from data availability limitations and fast evolving consumer preferences, to biases and technical complexity. All this must be considered to maintain the truthfulness and relevancy of the knowledge arrived at. Left unresolved, the implications could be that significant decisions are made on the basis of incomplete or inaccurate information with potentially serious implications for strategies and performance.

Fast Changing Consumer Behaviour: Consumer preferences and behaviour tend to change fast with fashions, technology innovations and non-steady actors like war or recession. And companies have to spend resources and time researching all of these changes.

Illustration: When the COVID-19 pandemic struck, it pushed consumers toward online purchasing and stocking up on essentials, catching many companies off guard to prepare for the surge in demand for digital platforms and delivery services.

Biases in the Data Collection: Bias could be introduced at various steps of consumer research from survey design up to data interpretation. Whether or not they are intended, biases influence the results and result in incorrect conclusions.

Example: In questionnaires with biased or unclear questions, such as "How much do you love our product?" rather than "how do you feel about our product?" alters the respondent answer and will bias the output.

Data Overload: Companies are overwhelmed with data and advanced analytics don't know how to wrangle, rattle, and get meaning from their data. It's also because not every outfit can specialize in specific data points, resulting in incomplete business discoveries.

Example: An e-commerce bigwig across the globe can gather information from millions of users but may struggle to drill down value from the massive information database.

Reaching the target market: Accurately pinpointing who it is you are targeting and how to get at them appropriately. Obtaining representative samples and assuring diversity in participation, however, may be more difficult to achieve given the nature of niche markets.

Example: If a high-end watch manufacturer wants to conduct consumer analysis, it would be challenging to reach the wealthy portion of their customer base who are a tiny % of the population.

Culture and Regional Variation: Consumer taste and preferences are different from culture to culture, regionally, or by demographics. In order to effectively address diverse markets,

enterprises need to customize their techniques for such differences which complicates the research.

Example- Hospitality industry doing business internationally will have to include factors such as cultural and eating habits like in India majority of the population prefer’s vegetarian diet.

Technology and Privacy Concerns:An increased dependence on e-aids and the online data collecting mechanism can put the industry to risk of cyber threats and privacy control issues. And the complexity of consumer research is further exasperated by following regulations such as GDPR or CCPA.

Example: A social media company collecting its users’ data should be privacy law abiding and upfront to consumers.

Cost and Time Limitations: There is considerable financial outlay involved in consumer research; therefore, it could be difficult for small businesses or start-ups that do not have sufficient resources to carry out extensive studies. Money constraints may prevent companies from using simple surveying and observational techniques rather than full-blown research techniques.

Example: A mom-and-pop coffee shop wouldn’t have the capital to shell out for cutting-edge tools such as eye-tracking software, or even a professional research agency.

3.5.9 Consumer Decision Journey



Fig 3.6 Importance of Consumer Decision Journey

(I) Introduction : **The consumer decision making journey**

The Consumer Decision Journey is the steps customers go through prior to, during and after a purchase. Modern consumers also do not follow a straight line but interact in all sorts of touch points. That means websites, social media and advertising. Enterprises have to know the complete journey at every stage of that path and what is driving customer behaviours in order to create particular experiences, then deliver it for meeting customers' needs on each point of journey."

A case in point: Tata Nexon EV has managed to traverse through the Consumer Decision Journey by targeting customers from awareness to post-purchase support level. For example, with Tata Motors the company is educating consumers and keeping it local with campaigns that talk about electric vehicles, promoting test drives, using influencers etc. Their digital touchpoints, social media and website features for price comparison with dealerships assist in guiding the buyers in consideration stage. Post sale, Tata ensures customer delight by providing comprehensive charging infrastructure support, service aid and user networks between owners to improve brand stickiness and advocacy.

(II) Significance of Consumer Decision Journey (CDJ)

The importance of knowing the CDJ is that it helps marketing professionals to craft these experiences better and create more customer engagement with a higher rate of conversion. This exercise will help business owners to think about some of the pain points that consumers experience and provide them with the information they need before aiming to drive customers through a direct purchasing process. Construction and Importance of the consumer decision journey .

Individualization of Marketing Strategies

The big picture: By understanding the CDJ, businesses can send a message of marketing at every stage along the journey. Targeted marketing increases engagement and guarantees that users are seeing relevant content. A personalized message is more successful at generating brand recall and fostering stronger connections with potential customers.

Ex: A skincare brand like Lakme may realise that possible customers are researching online about "sensitive skin solutions" during awareness phase. They produce tailored blog posts, social media ads and influencer collabs around this issue in order to catch one's eye and earn their trust.

Discovery and Resolution of Consumer Pain Points

Why it matters: The CDJ map highlights where consumers are challenged — whether confused around what product to buy or activated in checkout. User experience can be improved when pain points are solved. Solving these problems increases customer satisfaction and decreases abandonment along the purchase path. A good experience drives sales and repeat business.

For instance: Paytm found that customers were dropping off while making a transaction because of cumbersome payment processes. So, it introduced to the market a one-tap payment option, custom reminders for incomplete transactions and even cashback facility all while optimising checkout for minimised transaction abandonment.

Touchpoints across Channels and Optimizing

Why it matters: Consumers encounter brands across many platforms — along with websites and social media, in store. When it's all transparent, consumers interact more and trust more the brand. A well-executed omnichannel approach delivers a seamless customer experience that minimizes platform frictions. Brand consistency in design and messaging between touchpoints establish one cohesive brand image.

Example: See how ICICI bank has brought mobile app, website and the brick and mortar together to make banking inclusive for everyone. "For a customer to walk into AUB and apply for a loan, taking out the paperwork portion will make it more convenient as well as less scary since multiple touchpoints—applying through the application, managing offers through app, signing application at branch locations-various check points are put in place to trust system," explains Pasari.

Building Stronger Customer Relationships

Details: By getting to know the CDJ more deeply, brands can have customers who are emotionally connected, and more loyal with higher lifetime values. Only through an emotional tie can business be done twice or promoted across a community of happy customers. Deeper connections also nurturing brand community to drive trust and word-of-mouth.

Example: Dove A personal care brand, Dove employs emotional storytelling to deliver the message of real beauty and self-confidence. Through showcasing the stories of real women and celebrating natural beauty, we've helped Dove create powerful emotional connections with its customers, creating a lasting relationship for long-term loyalty and engagement.

Conversion Rate Optimization

Why it matters: Brands will convert leads to customers more effectively if they guide consumers through a seamless decision journey. Efficient buying experiences reduce the friction and accelerate purchase conversion. Better conversion optimization leads to less abandoned carts and more money left on the table for re-marketing.

Example: Upon the Bajaj Finserv website, customers looking for loan can get an instant pre-approval facility on the website and know whether they are eligible to take a particular loan before making a decision. "This speeds up the entire process from decision-making to disbursement of loans, removes any hesitation and turns loan applications into sizable amounts.

Proper Utilization of Marketing Resources

Why it matters: Understanding which stages or touchpoints have the most influence on consumers can help brands spend their budget and energy where it is best served. Performance- (conversion) driven marketing whittles down the wasted budget used on dud channels. Ingenious application ensures the uses for maximizing ROI (Return on investment) from strategic campaigns.

Example: A technology company like Dell determines that conversion rates are highest when people are in the comparison phase. So, they spend on comparison tools and collaborate with review sites that help customers make educated decisions that ultimately impact their purchase decision.

Drive Repeat Purchases and Advocacy

Why it matters: The CDJ doesn't stop after the sale; if the post-sale experience is good, customers return for more and bring others via word of mouth. Drive lifetime value of customers by building relationships through post-purchase activities. By engaging your customers they are more likely to refer and you grow organically with hvorrefra.

Example: Tanishq (Jewelry Brand) induces repurchase and WOM advertising through targeted communication for new collection, special offering for loyal customers & post-purchase follow up being offered through exchange/caring support ensuring satisfaction levels are maintained high driving in referrations.

Staying Competitive in the Market

Why it matters: Brands that fail to understand or shape the new CDJ may find themselves having lost their customers to competitors better able to address customer needs. Preempting customer needs this way helps companies differentiate themselves from their competitors. Remaining dynamic towards trends and criticism helps to achieve long term market sustainability. Example: Zara refines its product assortment using real-time consumer feedback and trends. The ability to quickly respond to consumers' needs also gives the company an edge over slow fashion companies.

It is important for businesses that want to foster deeper and more meaningful relationships with their customers too understand the Consumer Decision Journey or CDJ. Brands can map out every journey step to individualize their marketing strategy, identify problem areas, increase engagement across touchpoints and impact customer conversions. This can help in deriving better campaign strategies and also to be proactive with the consumer needs and expectations, thereby increasing consumer satisfaction, loyalty and long-term growth. In today's competitive marketplace a good all-round knowledge of the CDJ is essential.

(III) Stages in Consumer Decision Journey



Fig 3.7 Stages of the Consumer Decision Journey

The process of consumer decision making includes stages that a buyer passes through in making choices about which product or service to purchase. The concept has evolved over the years and it's not linear anymore. It's not like a consumer only has one touch point with a brand before they make up their mind. Here are the important stages that consumer goes through.

Awareness Stage: This is the first part of the buy process for purchasers. It is in this stage that consumers become aware of a problem or need. They learn about needs from advertisements, friends and influencing role models' recommendations or maybe coverage by the media. They may not know what it is that they should be buying yet, but they are convinced something isn't right and that purchase mission ought to correct it. Instance: A customer sees an advertisement for Kent RO Water Purifiers highlighting the hazards of contaminated water. This makes them realize the importance of safe, hygienic drinking water and focuses on their need of a reliable water purification system.

Consideration Stage: Consumers at the consideration stage actively do their research and compare with a want to fulfil an identified need. There are different means for information gathering including online reviews, product details developed by the companies themselves, word-of-mouth communication and reputation of a particular brand. Comparison of features, price, quality and benefit is investigated at this stage to determine alternatives. Example: A consumer shopping for a new laptop will compare different models, like Apple MacBook, Dell XPS, or HP Spectre by looking at online reviews, performance specs and price. So, they evaluate the merits of the various choices based on which one gives them the best value for their money.

Decision: Decision is when a customer has already considered what they want and are in the phase of deciding on which product to purchase. Ultimately, in this closing choice process, previous experiences may tell as customized offers or tailored marketing materials. Firms could also use strategies like 'urgency' (short span for discounts), or bundling of offers to nudge customers to that final decision-making. Example: Flipkart uses time-bound offers, personalised product recommendations and special deals for its Plus members to influence purchase decision. They motivate the buyer to buy by introducing value and time pressure.

Post-Purchased Phase: This stage involves customers evaluating the product relative to their expectations. They assess quality or characteristics and performance, and feel satisfaction or dissatisfaction. Enterprises use this feedback to refine their products and services, address issues, and increase customer loyalty. Example: After purchasing a smartphone, customers will rate the quality of battery life, camera and user interface. Each may affect consumer's loyalty towards the brand: a better overall satisfaction ensure post-purchase advocacy and recommendations while giving companies' chances to be recommended and to have positive reviews left on online stores, being the word-of-mouth also related with pre-purchase references. A bad experience leads them to returning items as well as leaving companies negative feedbacks and reviews through online stores.

Advocacy Stage: Now customers who are happy with the experience, take it upon themselves to promote the Brand through positive Word-Of-Mouth, Social Shares and Recommendations. Their brand loyalty affects prospective customers and the brand trust is built. Advocacy is generated by organisations through personalisation, referral rewards and membership schemes. Example: Tesla owners are very passionate and invested in their cars, use them a lot of the time and they are great cheerleaders. They recommend Tesla's electric vehicles to friends and family, post on social media about them, and write reviews of them. This builds the brand reputation and leads to new customers who are satisfied.

3.6 Consumer Persona

To do marketing in this faithless age, companies must know their customers very well. A consumer persona is a well-researched and thought-out character profile of an ideal customer that helps businesses tailor what they sell, service and how they communicate. By developing clearly defined personas, companies can anticipate consumer needs, drive engagement and increase satisfaction.

A well-crafted consumer persona is based on real data and insights including: demographics, behaviour, pain points and preferences. This guarantees marketing that's in line with customer expectations for higher conversion rates and customer loyalty. Be it Apple or Amazon, these

companies have a consumer persona that they're tapping to tailor their marketing messaging and product lineup ensuring the most effective way of reaching out to certain pockets of consumers.

Crucial aspects of a consumer profile are:

18 Demographics: This includes basic information such as age, gender, income level, education attainment, and occupation and where a person lives. Businesses use these to find out who their target customers are and how background influences purchasing decisions. It also contributes to the determination of the most efficient pricing, communication, and product availability for different segments.

Example: A 30-year-old marketing manager in Mumbai who earns ₹18 lakh a year loves to invest in high-end skincare products and buys them online for the convenience of shopping, frequently getting influenced by expert tips on beauty websites.

Psychographics: It is a bit more in-depth and examines interests, personality traits, values, lifestyle or opinions. It helps to determine how much brand preference influences which customers buy and how. These psychographic data help companies to forge emotional connections with and customize messages that resonate with customers.

Like: Health conscious consumer with vegan diet and doing yoga, favorite fashion brands are eco-friendly ones: the likes of Stella McCartney and Nike green collections driven by ethics consumptions.

Purchase behaviour: It analyses how often customers make purchases, their shopping channels of choice, spending pattern; & who makes the decision to purchase. This data enables companies to develop loyalty programs and offers tailored specifically to the consumer experience. With consumer behavioural intel, brands can further tune supply chain strategy to enhance inventory management.

Example: An online buyer who is a young professional purchases things on the internet during festive sale, compares products, reads reviews from other customers and makes his final decision of purchase as per influencer recommendations.

Pain Points & Challenges: These are annoyances or problems people have that your product/service can alleviate. By identifying and addressing consumer pain points early, companies can position themselves to compete and provide solutions. These insights can empower companies to develop new product enhancements, as well as strategies for customer service.

Illustrative: A student at a university will find it hard to get durable but inexpensive backpacks, so he tends to purchase them from firms like Wildcraft, as they are known for quality and cost-effectiveness especially in the case of daily commutes.

Goals & Desires: Understanding why the customer wants to purchase (convenience, status, cost-effectiveness, sustainability) helps businesses develop a value proposition that taps into customers' dreams. It also helps in the innovation of products and to develop strong USPs. Example: A multitasking working woman appreciates handy kitchen appliances and prefers brands like Philips and Prestige, which offer quick-cooking gadgets at maximum utility to help her balance work and home.

Preferred Communication Channels: Brands engage with clients via touchpoints like social, e-mail, mobile app or physical store. Businesses that adapt to the way consumers want to communicate achieve better engagement and brand recall. Right channel is the key to more effective marketing campaigns and customer service accentuations. 76% More than three out of four consumers wish there was a consistent way to connect with them depending on their status (e.g., homeowner, customer, parent)74%".

Example: A Gen Z consumer is discovering brands primarily via Instagram influencers and wants customer support through WhatsApp rather than a traditional help line because they see faster, more convenient problem solving.

Brand Affinity & Preferences: This examines the brands to which customers are already loyal; what makes them loyal; and likelihood of switching. This information helps companies to refine their positioning, increase customer loyalty and create emotional relations with the consumers.

Example: A technology enthusiast who favors Apple for its integration, innovation and superior service even if more expensive may upgrade devices at product launches based on new features.

It gives companies an ability to craft their marketing, stimulate interaction with customers and improve product development. Once demographics, behavior and motivation are known, businesses can tailor experiences that ultimately foster brand loyalty. When we are using consumer personas correctly, it's easy to make more intuitive decisions and higher sales over a longer relationship with our clients.

3.7 Competitor Research

3.7.1 Introduction to Competitor Analysis

Competitor analysis is strategic research strategically designed to reveal the strengths and weaknesses, strategies, and market positions of your business competitors in the similar line or related industries with same category. The primary methodology for competitor analysis is a sequence of actions taken by companies in order to gain an advantage over their workplace rivals, improve their p value proposition and discover how they could progress and perform better. Competitive intelligence systematically researching competitors facilitates the

recognition of reasons for specific changes, reading of market requirements, customer sentiment and negation of risks.

In a technology driven world where markets are moving so rapidly and the needs of customers are continually changing, to not gather actionable competitor intelligence is now an active strategic decision. Competitor analysis comes down to benchmarking with the rest of the world so you can uncover unmet customer needs, new market trends and best practices that provide companies advantages needed to compete in a way while favoring longer term success.

Whether it’s a product that you’re about to launch, or perhaps you want to penetrate an existing industry with your startup—competitor analysis should be a guiding light when making decisions. In this environment, companies have access to a collage of tools, frameworks and data points that allow them to gather insights which can be turned into action plans for long-term growth and success.

3.7.2 Importance of Competition Research

Such competition research is valuable as its recommendations guide the reinforcement of strategic business decisions. Six concrete reasons why, and the evidence you need include:

Identifying Market Trends: Competitor analysis allows businesses to see what is happening in the industry and make predictions of how the new products or initiatives will play out. This knowledge enables the company to predict future customer trends and match its products with market needs. In a fast-moving industry like technology meeting fashion, staying ahead is everything because the whim of consumers can change as quickly as ever.

Example: Apple has a history of groundbreaking products, and they emphasized sustainability by releasing new products with recycled content. The decision is expected to impact the technology powerhouses, Samsung and Google. Samsung has been offering eco-friendly packaging on its Galaxy for some time, as eco-conscious consumers continue to grow in number.

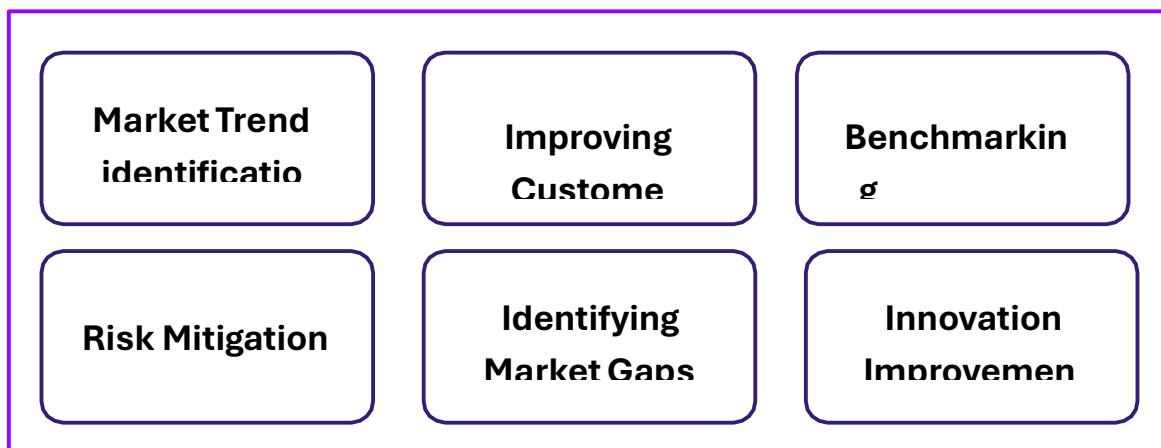


Fig 3.8 Importance of Competition Research

3 Benchmarking Performance: Comparing with Competitors also helps companies to benchmark their performance against the industry's leading players. This includes market share, customer satisfaction and, efficiency of operations metrics. Performance disparities can become apparent, and organizations can set more realistic goals for improvement once more realistic ones are determined.

31 Example: McDonald's, the international fast food powerhouse of a company, constantly evaluates how they stack up in terms of customer satisfaction and operational efficiency with such competitors as Burger King or Wendy's. For instance, McDonald's improving its mobile app from where it could take a few lessons in user-friendliness from its revamped digital ordering feature of Burger King saw the former improve its digital sales.

Identify Market Gaps: Enables companies to identify new market needs or underserved customers by studying competitors' offerings. This kind of knowledge constitutes a starting point for niche products or innovative services which could be supplied to such gaps, and thus has an attitudinal first-mover advantage.

Example: Tesla discovered an opening for high-end electric cars in a market dominated by traditional gas guzzlers. High performance electric vehicles, like the Model S before it, were revealed and – along with a robust charging network – this advanced Tesla's mission to accelerate the world's transition to sustainable transportation.

Risk Mitigation: By conducting competition analysis, the company prepares itself from things that could happen such as entrants, price wars or consumer trends. Seeing the predator in time gives companies opportunity to develop response plans and retain robustness to survive system collapse.

Example: When Netflix disrupted the entertainment game with streaming services, longstanding cable outfits — like Comcast — had no time to lose. They invested more in on-demand programming and packaged their services with high-speed internet to keep customers from canceling and subscribers from fleeing.

Innovate Effectively: Examining competitors' innovations motivates firms to improve such products, services and processes. By researching their competition, businesses can pinpoint where there is a gap in what's currently being offered to the market and provide a better solution. Moreover, competitor innovation analysis enables companies to anticipate market trends and establish a unique value proposition earlier.

Example: Amazon's logistics, think same-day delivery amongst other things are setting the standard for the industry. Taking a page from Amazon, Walmart doubled down on e-commerce and created a two-day delivery promise.

Enhancing Customer Experience: By examining competitors' customer reviews, feedback received and approach to engagement will provide good indications of where customers are

experiencing pain. Businesses can capitalize on the analysed monitoring data to refine their services and offer superior customer experience. Furthermore, understanding the weak points of your competitors enable enterprises to create a more personalized, seamless customer experience.

Example: Delta Airlines though a major player in the aviation sector receives continuous feedbacks from competitors like United Airlines and American Airlines. This competitive analysis also demonstrated how Delta could be one step ahead of their biggest competition by being the first mover to offer free on-board Wi-Fi, and enhanced seating choice.

3.7.3 Types of Competitors

To understand how companies navigate differing types of rivals in the competitive environment that can affect their market position, growth strategy, and prosperity as a business. Types of competitors A thorough competition analysis classifies competitors into different types. These allow the business to be looking ahead and saying, 'What likely will show up as new competition?' which then allows the business in advance of them showing up, like this one or not, to make a distinction that is entirely strategic for how we behave and what we do against a competitive attendance subtly changing out there.

11 **Direct Competitors:** Direct competitors are businesses that serve the same target customer with the identical or near identical products or services. They compete head to head for market share where competitive activity is most direct and aims at price, quality, features, brand positioning.

1 **Example: Coca-Cola vs Pepsi: The Coca-Cola Company and PepsiCo Inc.** are among the top, most prolific soft drinks in the world with tastes enjoyed by almost all consumers. A taste war, advertising promotions and sponsorships and new products is the daily battle for these

companies. Even with some brand message differences, they are basically competing head-to-head for soda drinkers.

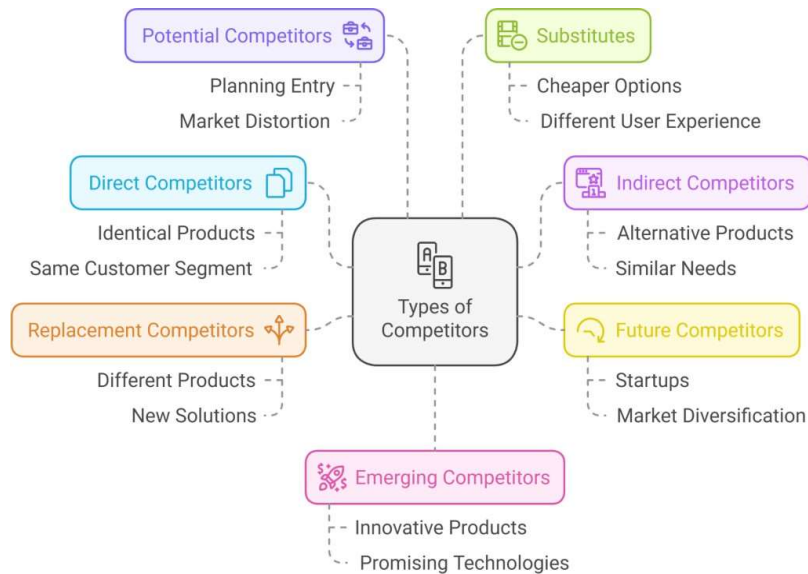


Fig 3.9 Types of Competitors

INDIRECT COMPETITORS: Indirect competitors are out-of-category substitutes in which to fulfil the same underlying consumer needs that a substituting product fulfils, but do not provide equivalent substitution in capability cite. And they may not even be a player in the same industry, but they can have competitive potential if they are able to create solutions that successfully address the same functional or emotional needs.

Example: Cinema Halls vs Streaming Services : Though cinema halls give the experience of watching movies in person, streaming services (like netflix etc) offer a substitute that does satisfy the need. With the rise of home-streaming, Netflix and other streaming services compete with cinema halls though only indirectly by pushing them to innovate and reinvent their business models because it is what increasingly consumers flock towards for its sheer convenience.

Prospective Competitors: Prospective competitors are those which do not currently participate in a market but may enter and disrupt it. These may be startups looking to disrupt, companies pivoting and expanding into other markets or foreign companies trying to expand their business in other countries. At the very least, these potential rivals are not an imminent direct threat but could be if they have the requisite resources or capabilities in short order. **Sample: Rivian vs. Old Economy Auto Companies:** Rivian, a fledgling maker of electric vehicles (EVs), is a potential rival to classic auto firms like Ford and General Motors. Initially seen as a niche player, Rivian's focus on electric pickup trucks and SUVs has put it in competition to be one of the challengers. Its technology innovation and sustainability focus have put pressure

on legacy auto companies to speed up their transitions to electric mobility and see Rivian as a rival in the nascent EV industry.

38 Substitute **Competitors: Substitute competitors** come with disruptive new business models that change how customers get their needs met, making the current way of doing things obsolete. While they may be in the same line of business, their innovation disrupts market forces and consumer behaviour such that incumbent competitors must innovate or cease to exist.

Example: Uber vs Taxis : Long ago, the most widespread public transportation in cities was a taxi ride, but today, Uber and others have been replacing this long-time stable for many urban regions. These apps are convenient, cheaper and driven by technology. This makes Taxis less competitive.

11 **Potential Competitors:** Potential **competitors are the** firms that have not yet entered the market but will enter in future. The businesses that are still planning on entering the market but haven't begun to sell their product or service. Enterprises need to be on their guard because when the victims of companies entering the market these will disrupt it.

Example: Apple's Move into the Financial Services: While Apple has yet to completely move in on financial services, its release of products such as Apple Pay and Apple Card plus bank partnerships show that banks also need to watch out for the giant because disruption at scale from a behemoth is coming.

Substitutes Competitors: Substitutes are a bit different to indirect competitors. Substitutes substitute a product by something relatively cheaper or with a different user experience. These competitors could be seen as inexpensive or low-cost.

Example: Public Transportation vs Car Ownership: Bus and train services act as replacement of car ownership. Consumers decide to take public transportation instead of owning a private car, particularly in good transit cities.

Emerging Competitors: Emerging competitors are ventures in their start-up phase with the potential to have a strong impact. While not yet well known, the competitors often have new products, technologies or business models that appear likely to push them into the mainstream soon.

Example: Airbnb vs. Hotels Established and relatively small startup AirBnB waged war on the entire hotel industry on a global scale in pursuit of disruption. By providing homes that are more novel, cheaper per person and much more personalized to travellers, it was able to give tourists a different alternative, so now it's very quickly becoming a giant challenger on the scale of Marriott or Hilton.

8 To succeed in the fast-paced and competitive market culture of today, companies need to **stay ahead of the competition and** be able to anticipate what's coming though uncertain times. Companies are conscious of the ever-changing new and trends and see opportunity to

differentiate, innovate also concern themselves with market positioning. An active and evolving competitive environment assists firms in resembling the market changes proactively. This prospecting strategy goes beyond just helping your company preserve market share; it gives you resources to win in the long run by giving you paths that support sustained scaling.

3.7.4 Digital Competitor Research

Today businesses have to constantly be keeping an eye on the way their competitors are deploying digital strategies in order to stay relevant within the market. Studying digital competitors Similarly, examining website patterns together with social media activity and search engine KPIs is essential as are content marketing activities. Between the data from such digital tools, companies can use online tools to compare how their competitors are advertising digitally, so that they can also perform better against Internet performance metrics. Below are the top digital competitor research capabilities that all of them are important and the percentage as they're ranked in order.

Online analysis tools: With new technological data being generated, businesses can take advantage and track competitors' online traffic online strategy to enhance their SEO as well as latest buying research of digital marketing which may be a significant reason for business growth. SEMrush and Ahrefs, combined with Google Trends and SimilarWeb, are primary players in keyword performance tracking as well as both backlink profiles and visibility online.

Example: Expedia could use Ahrefs to find out how Flying.com bullies for terms over competitive aggressors Booking.com with Airbnb in my travel research. Keyword Performance Analysis As Expedia continues to add pages with a higher bottom of the funnel kw, their SEO strategy only becomes further confirmed as they are drawing more organic traffic.

7 Social Media Presence and Engagement Analysis: Brands leverage **social media platforms such as Facebook, Instagram, Twitter, LinkedIn and TikTok** to understand key details about a competitor's followers' actions as well as their social content strategy. Post-engagement data And Campaign results Businesses are able to adjust their social media strategies by analyzing follower growth as well as post-engagement data and campaign Results.

Illustration: Myntra could study the social media strategy of Ajio, particularly how well Instagram Stories and shoppable posts are faring. With the interaction, likes and comments being shared in seasonal campaigns as well as new fashion drops -the company can start to run different social media parameters to create more interactive posts that are exclusive for an engaging target group.

Search Engine Ranks & Keywords When companies review SEO practices of their competitors, they get to know some secrets with the help of which they would increase the rank of a website on any search engine. Brands that review their keywords against those of competitors,

as well as their backlink profiles and search rankings, can optimize site content for better organic search visibility.

Example: HealthifyMe, a top Indian fitness platform, follows the search interest in specific terms such as Google Trends. And if for example, "plant-based diet" or "home workouts" are trending, then HealthifyMe will be in a great place to generate targeted content on the blog, videos and meal plans around those same subjects. It puts the company in a position to dominate all of that inbound search traffic and present itself as a definitive source for new health trends more than competitors like Fitter or MyFitnessPal.

Content Strategy Analysis (Blogs, Videos etc.): Businesses can learn from successful content strategies that are catching eyeballs by understanding and analyzing competition promotional efforts based on their blogs, video content which include webinars so on across various industries. They analyze the frequency with which businesses present blog posts, and rather what format their videos are presented in and how storytelling is executed.

Example: HubSpot, a software-as-a-service (SaaS) company reviews competitor content with which to iCloud unlock identify what Salesforce blog topics are resulting in the greatest traffic. If Salesforce's "AI in CRM" posts are a hit, HubSpot needs to publish more detailed and data-driven content about the same topic to be known as a thought leader in it.

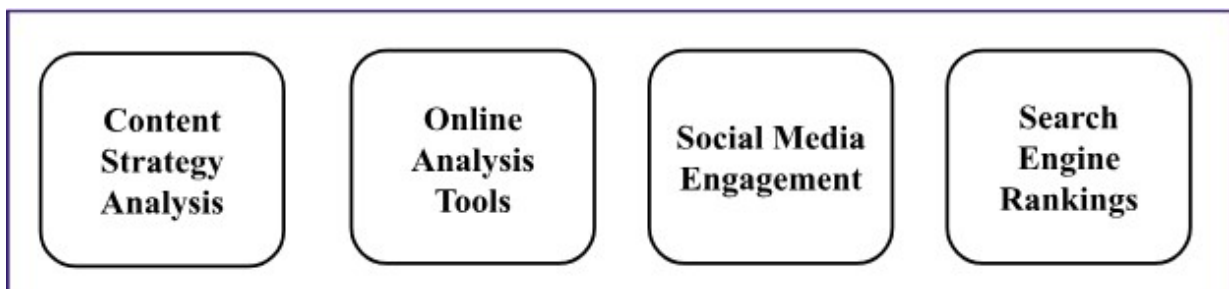


Fig 3.10 Digital Competitor Research

The dynamics of online markets need the strategic application of digital competitor research to continue to keep an advanced competitive knowledge. Small businesses that know how to use SEO tools, social media and content analysis are at an advantage online. This is why long term business growth occurs as strategic competitor analysis online enhances your marketing reach as it increases search engine presence and customer connection levels.

3.8 Summary

❖ Market research examines ways to find out what consumers want, trends in the market and who is competing for the same dollars in order to make better decisions with fewer risks.

❖ Consumer studies mean making a collection of consumer demands, attitudes and action through organized recording.

❖ Research methodologies are **qualitative methods** such as **interviews and focus groups**, **quantitative** method such as surveys and experiments to gain in depth consumer insight.

❖ The consumer purchasing process is not a linear journey from the stimulus to knowledge to liking to preference to trial and adoption.

❖ Word-of-mouth online, social media and mobile technology substantially effect consumer choice in the digital age.

❖ Methods used include surveys, analytics, sentiment analysis and A/B tests to help guide research and strategy.

❖ Barriers to research consumers **big data** biases, changing preferences, and privacy concerns.

❖ There are huge emotional and psychological elements like trust anonymity or fear, which influences purchase behaviour of the consumer.

❖ Customization based on specific methods for big data and AI enhances customer experience, and interaction.

❖ Omnichannel strategies, where customers are served consistently across online and offline touchpoints, increase satisfaction and loyalty.

❖ McKinsey's circular model encourages ongoing consumer engagement and emphasizes personalized, omnichannel marketing.

❖ Cases from Amazon, Nike and Tesla amongs others show how applying consumer insights based on evidence helps businesses to better perform.

3.9 Key Terms

1. Market Segmentation: The act of splitting the target market into segments, whether demographic, geographic or behavioral to have a clear objective.

2. Customer Insight: Consumer insights are interpretations that lead to an identification of a market opportunity and/or consumer segment.

3. Sentimental Analysis:It refers to **the process of computationally identifying and categorizing opinions expressed in a piece of text**, esp.nowadays from online reviews or social media platforms.

4. Omnichannel Marketing: An omnichannel marketing is when consumers have consistent experiences across both a digital and in-store experience.

5. Predictive Analytics: Predictive analysis is the act of analyzing historical data and algorithms to predict future consumer behavior and trends.
6. Consumer Decision Journey (CDJ): It is the stages in the process of a consumer – from awareness of to advocacy) during a purchase decision.
7. Quantitative Research: Research that analyses how society thinks, feels and acts using statistical techniques.
8. **Quantitative Research:** Analysis data based **on statistics and** tools to determine consumers trend and preferences.

3.10 Descriptive Questions

1. How do surveys, focus groups, and interviews elevate the quality of business decisions & reduce risk?
2. What are **the main differences between** treatments on **qualitative** method (interview) **and** treatment on **quantitative** method (surveys) in consumer behavior?
3. What can companies do to reimagine their approach by addressing all the elements of a non-linear and evolving consumer decision journey?
4. In what ways are digital technologies, such as social media and mobile applications, affecting consumer research and decision-making?
5. Why is consumer psychology important in formulating marketing strategies that target consumer emotions and needs?
6. What are the main obstacles faced by industries in implementing a frictionless online to offline marketing strategy?
7. How can sentiment analysis and online reviews help companies about better **marketing strategies and customer satisfaction?**
8. How does innovative use of big data and AI enable businesses to meet the demand for ultra-personalised consumer experiences and targeted marketing campaigns?
9. What is then the role of innovation in market leadership and how can it be considered as a necessity for winning against your competition with constant product development?
10. How competitive intelligence influences strategic decision making in rapidly changing market and why benchmarking is crucial to maintain a competitive advantage in the marketplace?

3.12 Case Study

McKinsey & Company

The global management consulting firm McKinsey & Company has researched how contemporary consumers make purchasing decisions in a big way. Their results show that the consumer decision journey is now more of a batoutof-hell race than a simple awareness topurchase process. Today, it's even more complicated and incorporates digital media, social channels, peer referrals and permission-based marketing. But companies have had to refigure strategies in the face of these changes: consumers are researching online, using social media to connect, or evaluating brands based on past experience.

The largest roadblock, according to McKinsey, was brands had to understand consumers moved in cycles not a straight line. Nobody consistently buys the same thing every time they visit the supermarket, people change their minds and opt for something else or even choose to switch brands when they have a new experience or learn something new.

Problem 1: The Old Marketing Paradigms Are Dead

Downstream, most companies persisted in a flat-world conception of marketing — linear, decades-old dogma that described the customer journey as a series of discrete, discernible stages. This technique failed to recognise the nuances present in contemporary behaviour.

Answer: McKinsey recommended that the model evolve into a circular one in which the consumer journey becomes a loop, allowing for ongoing engagement and even re-entry at previous stages. Example: Nike & Apple There are a few companies that do try and apply this non-linear model, particularly Nike and Apple bring you back in through their mobile apps on your phone, email campaigns or loyalty programs ensuring beyond after the first purchase you come back to buy again.

Issue 2: Lack of Integration Between Marketing Channels

These brands struggled to translate it into one seamless experience for customers across channels, resulting in conflicting messaging and missed opportunities for engagement.

Answer: McKinsey also noted that an open-channel approach to marketing means there's a consistent message across all consumer touchpoints: online, in-store, and via customer service. Example: Starbucks leveraged its app, Starbucks Rewards to effectively implement an omnichannel strategy where the customer can place orders online, gain rewards or receive offers tailored to their purchase history.

Reflective Question:

How does evolution of consumer journey from linear to cyclical impact marketing approach among brands?

What are the predominant issues facing companies as they try to activate omnichannel? And how can you tackle those issues head on?




What the data-driven personalization means for **customer satisfaction and long-term brand loyalty**?

Conclusion

A shift from the straight-line consumer path to a circular one means that brands should focus on keeping in touch instead of relying on traditional marketing models. Brands who choose to adopt omnichannel marketing and personalisation with the help of data can deliver much higher **customer satisfaction and** secure lasting **brand loyalty**. **The** challenge here with channel fragmentation and messaging consistency, however, needs to be addressed through seamless integration of digital and physical touchpoints. Powerful brands including Nike, Apple, and Starbucks demonstrate the path to maintaining consumer engagement with ongoing feedback loops and personalized interactions. At the end of the day, those companies that continue to transform down this new path using technology and data analysis will have a competitive advantage and long-term growth.

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Unit 4: Segmenting, Targeting, and Positioning

Learning Objectives

1. Learners Students will describe the definition of market segmentation and how companies define consumers as unique groups for many reasons.
2. Learners will debate targeting strategies that assist companies in finding the most lucrative segments of customers for their goods and services.
3. Learners will learn positioning methods that enable the brand to be differentiated in markets.
4. Learners will be able to harmonize segmentation, targeting, and positioning to develop a concentrated and effective marketing strategy.

Content

4.0 Introductory Caselet

4.1 Segmenting

4.2 Targeting

4.3 Positioning

4.4 Summary

4.5 Key Terms

4.6 Descriptive Questions

4.7 References

4.8 Case Study

4.0 Introductory Caselet

Market Segmentation in Start-up- Ananya's Success Story

Ananya –Small Business Owner Ananya from Mumbai is a proud small owner of a sustainable clothing brand and hopes to change the ways of the fashion world, that too for good! She was convinced there would be demand for sustainable clothing from a large cohort of consumers. But in case of good-quality products, she got few orders. She understood she wasn't getting to the customers who cared. Her brand was marketing to the mass market and reaching those customers who had similar concerns about their effects on sustainability was difficult.

Ananya ran into another hurdle when she attempted to bring more products to the line. Without the proper knowledge of what customers wanted, her new products bombed. She also had trouble branding her company, since her start-up was relatively undifferentiated in a crowded market of fast fashion companies. From her study, Ananya came to know that she would use STP (segmentation targeting positioning) techniques in her own process and so simplify it.

Through market segmentation based on consumer behaviour, she could zero in on a core group of green-aware consumers who were willing to invest in sustainable fashion. She then designed her marketing communications for these customers, highlighting the ethical sourcing, durability and small environmental footprint of her products. She also reoriented her brand as a high-end sustainable fashion brand, rather than an alternative to fast fashion. These changes helped her to build a strong brand and enable her to attract repeat customers.

Critical Thinking Question

What can Ananya do better to segment, target and position her startup for long term success in business and how is she going about it effectively to distinguish it from other players in the sustainable fashion landscape?

4.1 Segmenting

4.1.1 Introduction and Definition

Market segmentation is a concept in the discipline of marketing which places a large consumer base into smaller subgroups based on some type of shared characteristics. This approach helps firm to target their marketing efforts and make sure that, in the meeting of variety of customers' needs, product or service will be targeted at them. In addition, knowing the specialized market segments contributes to the efficient use of available resources and works against competitors.

1
3
Market Segmentation is also a process of dividing a heterogeneous market into relatively more /less homogenous segments, where any segment can be selected as a target market to be reached with a distinct marketing mix. It helps businesses to better know who their target customers are and create more efficient marketing campaigns.

4.1.2 Tole and purpose of Market Segmentation

9
As a business, market segmentation is valuable because it helps you create a laser like focus on the type of customer who is eager to buy what you offer. With such a varied and wide range of customers your business serves, segmenting that down into targeted groups can result in tailor made marketing plans focused on customer relevance. The latter not only drives customer satisfaction, but also enables efficient use of resources in marketing and product development. Segmentation is not limited to market targeting and affects entire businesses by driving strategy, innovations and competitive dynamics.

Customer Personalization: Segmentation can help businesses to create personalized marketing messages, products, and services that cater the unique requirements and interests of different customer segments. Coupled with demographics, behaviour and psychographics in hand, businesses can build an offer that resonates at a base level with their audience. Customized advertising helps to engage the customer at a higher ratio, gets better conversion and develop long term brand loyalty. Rather than taking a one-size-fits-all approach, companies can cultivate deeper relationships by tackling customer pain points head-on.

Tanishq, a jewellery brand divides their consumers by occasions (wedding, festival and regular use) and it has unique collections and advertisement campaigns to meet the financial as well as emotional needs of these groups.

Enhancing Marketing Effectiveness: When firms concentrate on niches, they can maximize the effectiveness of marketing spend, and increase ROI. Instead of spreading ones time across a broad base; focus on where markets are working and focus to get the best value in their marketing dollar. Effective advertising also results in the most efficient use of resources, using only those that target costumers who are already converted.

Example: The beauty and cosmetic products retailer Nykaa segments customers by skin care requirements, makeup type, and budget segments, allowing it to make targeted recommendations and advertising that is more likely to result in sales as well as lower cost for acquiring a new customer.

Competitive positioning: Segmentation can also help companies create a unique brand identity that targets certain niches and is less attractive to competitors. By meeting specific customer desires, businesses can distinguish themselves and acquire a position that is stronger in the market. "Segmentation allows brands to compete on value, experience and

relevance — not just price. Focusing on segments that are relevant helps brands to avoid competing for the broad-market and instead work toward a unique value.

Example: Vistara- A premium defined airline operating as business and premium class airlines rather than the low cost carriers (like IndiGo) by providing superior in flight services, plush lounges and gourmet meals.

Fuelling Product Innovation and Development: Deep understanding of the customer segments allows businesses to find unmet needs, which lead to the development of unique products that address specific issues. Instead of produce one-size fits all products, companies can provide variety for ever facet of our lives and tastes and preferences. It's this way that products are given real meaning, real reason to exist and hopeful attention in the market. Segmentation allows brands to continue to rebrand and evolve while staying up-to-date on current customer needs and trends.

Example: A drinks company called Paper Boat used nostalgia segmentation by introducing traditional Indian beverages like Aam Panna and Jaljeera, serving customers who were looking for healthier and culturally relevant alternatives to the carbonated drinks.

Enabling Pricing Tactics: Segmentation allows companies to create value-based pricing concepts that cater to different segments depending on their purchasing power, price point sensitivity, and self-value. You don't have to charge everyone the same price: instead you can use tiered pricing, discounts, or premium versions to earn as much money as possible. Price discrimination allows firms to serve more market segments without losing profits. It has the highest utility in organizations where customers are diverse with respect to their budget and perceived value.

Example: Cure. fit, a health and fitness subscription company offers multiple flexible plans including budget home workout subscriptions, mid-range gym membership and top end personal training to cater across all different types of customers.

Customer Retention and Loyalty: Basing business relationships on segmentation will result in repeated provision of appropriate experiences, rewards and products to different groups of customers. Customers feel listened to, appreciated and that a brand takes endless interest in them — hence they will be committed to the brand and its product. Promotions, customized messages and loyalty programs to specific segments reinforce customer retention. It's a consistent revenue driver, with reduced churn and increased customer lifetime value.

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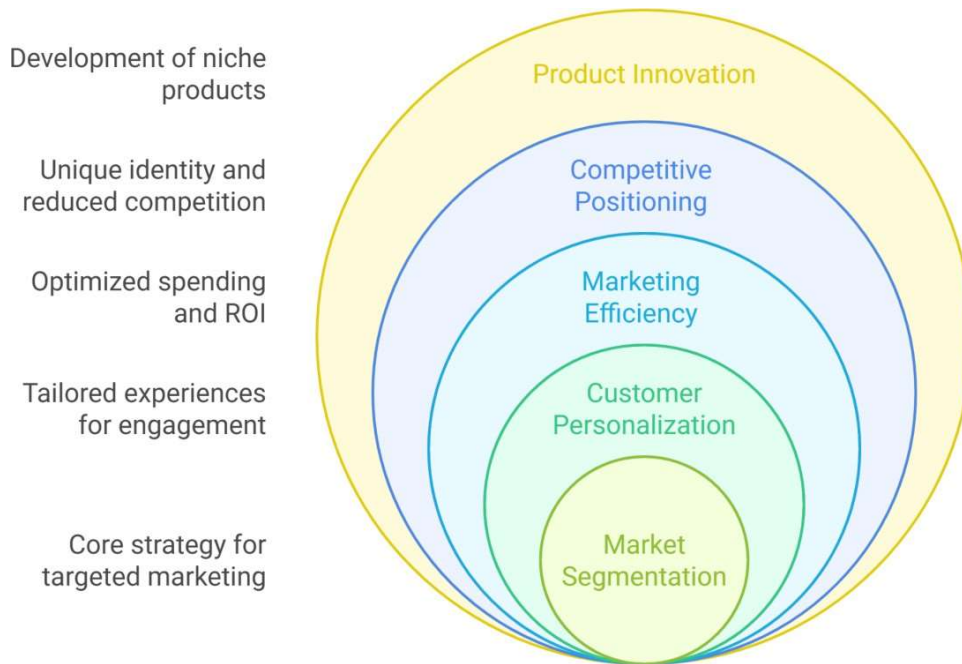


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4.1.3 Advanced Perspectives on Market Segmentation: Evolution, Strategy, and Integration

Market Segmentation Over the years, market segmentation has transformed quite a lot—from one-size-fits-all mass marketing to increasingly targeted and granular AI-powered hyper-personalization. This has had the effect of enabling businesses to have deeper engagements with consumers, with services and products customised for individual consumer needs. Besides the application in market categorization, segmentation has now become a major driver of business growth, sustainability and competitive-tools. Its integration into larger

marketing frameworks such as branding, positioning and pricing has also entrenched it as a primary force shaping modern business environments.

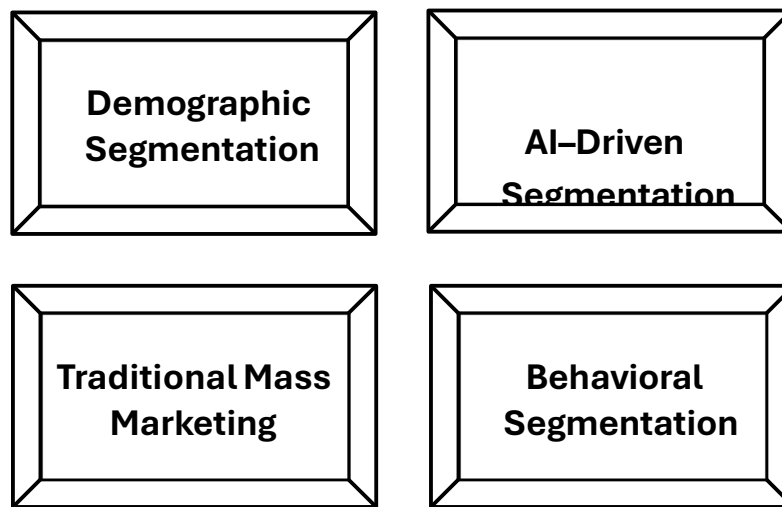


Fig 4.2 Advanced Perspectives on Market Segmentation: Evolution, Strategy, and Integration

The Evolution of Segmentation: Mass Market to Hyper Personalisation

The development of market segmentation has moved it from a less sophisticated metaphoric-figurative process, to a more complex and scientific process of analysis. Businesses started with mass marketing techniques, where the same message was delivered to all consumer groups. As the years went on, demographic and geography split-testing became popular favoring businesses to further cater their marketing. The digital space explosion produced behavioural, psychographic, and AI-based segmentation and then to hyper-personalization. This change allows brands to predict what customers want and serve up highly relevant content, offers or experiences.

The Souled Store, a casual wear brand, first targeted pop-culture enthusiasts among the youth through demographic differentiation. Faced with increased competition, it looked to AI-infused hyper-personalization that also included product recommendations based on repeat past purchases, website browsing activity and social media interactions. Transitioning to this approach sky-rocketed conversions and motivated greater customer allegiance.

Burari College of Business and Commerce Strategic Roll of Segmentation on Growth and Sustainability of Business entrepreneurship

Segmentation helps you to be strategic, in a way that truly drives long-term growth of your business. Identification of profitable customer segments allows companies to use resources efficiently and eliminate waste. With good segmentation it can stimulate product

development, increase the retention rates and differentiate brands. Brands that strive segmentation over and over in an environment of rising competition beat them.

Example: The property platform NoBroker used behavioral segmentation to segment tenants, homebuyers and landlords. The company offered tailor-made solutions like lease contracts, mortgage and maintenance to ensure recurring engagement with different sets of target audience. This enabled NoBroker to scale very rapidly without losing efficiency on the operations side.”

4.1.4 Theoretical Foundations of Market Segmentation

Market segmentation is a marketing concept which divides the complete market set up into smaller subsets comprising of consumers with a similar taste, demand and preference. This makes it easier for companies to target the right customers. The understanding and practice of market segmentation are influenced by a number of well-established theories and models. But some of the more prominent theories are mainly the Philip Kotler principles, Michael Porter strategies, STP model and segmentation with competitive advantage. In this context, by using protease (competitive) as a strategic positioning. Such theories assist marketers to formulate appropriate strategies in order to gain competitive 181 advantage.

A. Philip Kotler’s Market Segmentation Principles

Philip Kotler - The "Father of Modern Marketing" Philip Kotler, the great American academician and author who has revolutionized marketing theory by introducing visionary concepts on consumer behaviour, segmentation and strategic planning.

Large, moreover, is one of Kotler's theoretical contributions to marketing literature in the XX and XXI century which permanently marked the way companies approached consumer segmentation. His initial assumptions need information on what the needs, behaviour and profile of consumers are like to identify important segments at which a marketing effort can be aimed in an efficient way that optimises marketing output. Based on Kotler's segmentation principles, companies can analyze the characteristics of consumers’ cognitive and promoting production specific products or services according to their demand. These concepts, firmly based on science as on practical experience, continue to play an impact in today's marketing theories and business cases worldwide.

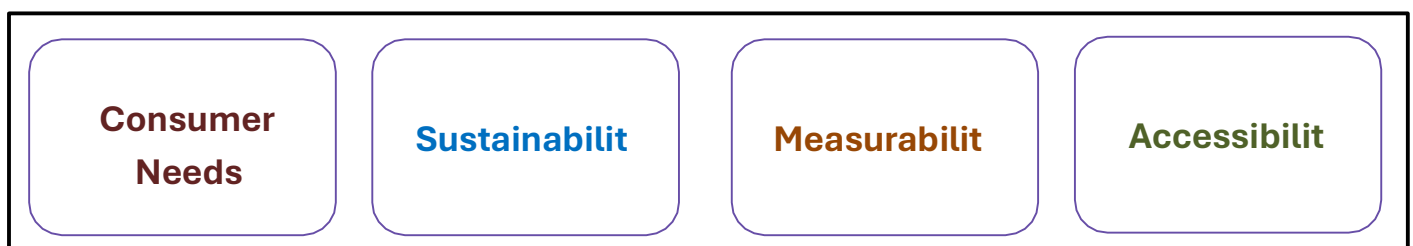


Fig 4.3 Philip Kotler’s Market Segmentation Principles

Segmentation According to Consumer Needs: Kotler argued that segmentation should adopt a different consumer needs base so that firms can more easily understand what drives consumers in each segment. Then, these needs become the products or services that are designed to fill them — and their marketing efforts are more focused (and therefore efficient) as a result.

Case in point: Lakmé has managed to segment its line of cosmetic and skin care products based on different beauty considerations—acne-prone, anti-ageing or fairness—for three distinct groups of consumers.

Segmentation by Measurability: According to Kotler, measurable segments are identified based on size, purchasing power and level of profitability. This will enable businesses to assess which potential market segments are most valuable and decide how to allocate resources, and therefore which market strategy makes the most sense to pursue.

Demo: Amazon's big data analysis is applied for segmenting the market on purchasing behavior in order to target and control exactly the size & growth of electronic buyers or home goods shopper in this inventory.

Accessibility of Segments: ACCORDING to KOTLER, market segmentation is based on accessibility therefore segments have to be accessible through communication and marketing channels. Naturally, this way businesses can reach the right consumers to effectively convey their offers and also ensure value of marketing spend in reaching ever more consumers. Accessibility makes sure resources get to where they need to go so you create the most return.

Example: Swiggy delivering the convenient way- When it comes to the convenience, that a company has to offer (through mobile app and efficient food delivery network), will be higher in metropolis as consumers are more accustomed using apps nowadays and due to strict work schedules.

The criterion of substantiality – the notion that a segment should be sufficiently large or economically useful to warrant special attention and investment, assured Kotler, of continued business potential for businesses. A market segment must be large enough that a company can make a profit by selling to, serving or otherwise operating in it. This principle will ensure that the businesses focus on those segments where growth opportunities exist, and from this their future business success throughout sustainability and strategic growth are anchored.

Example: Nike caters to the youth sportsman who comprises a large and growing market by introducing new revolutionary sportswear and footwear that appeals to young, active people representing a large estimated market.

Kotler's market segmentation rules enable organisations to target only those customers they can serve with an appropriate offering. Businesses can make marketing more efficient, while

serving clients better by breaking the market down into separate segments. This results in better resource utilization and more loyal customers, hence increased business success.

B. Michael Porter Generic Strategies and Segmentation These approaches are summarized by Michael Porter in his three generic strategies: cost leadership, differentiation, and focus.

Michael Porter, an authority on competitive strategy believes that this Focus can be achieved through a counter-part of his Generic Strategies model. There are three typical strategies, which include differentiation, cost leadership and focus He outlined these in a model that would help companies gain a competitive advantage over the others. These strategies allows companies to concentrate their activities on specific market segment and reaching more suitable and sustainable profitability according with products adapted to the needs or the nature of the target group.

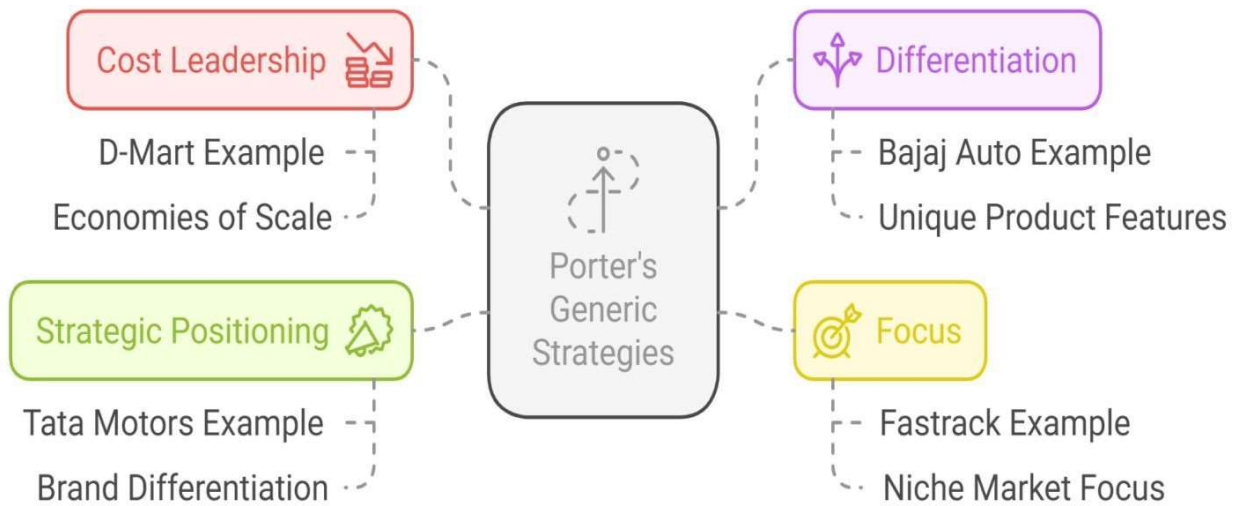


Fig 4.4 Michael Porter’s Generic Strategies and Segmentation

Cost Leadership via Segmentation: Following cost leadership strategy, for competing on the basis of lowest price in a market segment (price sensitive segment), against the competitors with comparable products by developing low-cost structure enabled through experience and efficiencies. This type of strategy would allow a company to move into bigger segments and not lose money.

For example, D-Mart, an Indian retail chain follows cost leadership strategy by offering its products at cheaper rates as compared to the competitors. And as a result, it's done well in the budget retail industry targeting value customers.

Differentiation Strategy via Segmentation: According to Porter (1985), the differentiation strategy uses personalization of the product/service, as in providing gourmet products or

selling a value-added services; self-service-well. The company therefore is in a strong position and can command higher prices.

Example: Bajaj Auto is following the strategy of segmenting via differentiation where they are offering high performance bikes appealing to the style and power buff such as Pulsar or Dominar especially through product specification, therefore a justification for their pricing decision such that it comes at a premium than its rivals.

Focus Strategy in Niche Segments: Porter's focus strategy recommends companies concentrate on niche segments which could be neglected by bigger players. By offering services tailored specifically for this segment the company can capture branding and customer loyalty, as well as potentially dominate a niche.

For example, the brand Fastrack of Titan is tapping into the young adult fashion market, and offering a range of watches and sunglasses at low prices is effectively catering to a segment of consumers who are price-sensitive but driven by trends.

26 Strategic Positioning Through Segmentation: Market segmentation is a useful tool for strategic positioning because it enables firms to adapt their brand identity and offering to consumer groups. Businesses are able to place their products or services and make them memorable in the minds of its customers in contrast to some competitors.

17 Example: Through its electric vehicle, Nexon EV, the Tata Motors has a goal to reach affordable and sustainable options for reducing carbon footprint in India which is primarily focusing on eco-conscious customers by applying competitive pricing.

13 8 Through the application of Porter's generic strategies and market segmentation an organization can become closer to gaining competitive advantage. Cost leadership, differentiation or niche can enable organizations to better situate their strategic plan in a way designed to support and enhance the specific needs of their target segments leading to more focused market positioning and prolonged growth.

4.1.4 Segmenting Consumer Markets

Sophisticated market segmentation is the optimization of the targeting process by distinguishing multiple segments and identifying the most accurate segment. Cutting-edge methodologies, that encompass AI or predictive analytics, and advanced data-enabled methods are applied to better understand user behavior and preferences. The segmentation, being more granular in nature, will allow for the creation of a higher degree of personalized / relevant offerings that enhance customer engagement and subsequently drive business growth. The advanced segmentation factors that follow are intended to get more specific about the actions of customers and advise how businesses should craft their marketing efforts.

Demographic Segmentation – And Then Some: Generation Tags, The Income Elasticity of Demand

Demographics have evolved far beyond simple A/G/I lines. It now involves a better appreciation and understanding of the different generational attitudes to demand: the extent to which a firm aims at an exact level of the income bracket or segment relative to how people will react when prices change. There are mixed feelings among various generations and income levels. Illustration: Airtel does generational marketing by creating product offerings for millennial customers who are heavy digital consumers and prefer to pay for products versus senior citizens who seek the simplicity value proposition.

Geographic Segmentation – Geo Clustering and AI based, Location Based

Geographic segmentation has evolved from being static to dynamic as reflected by "geo clustering" which is done by businesses to group consumers within the same geographic area and share similar needs. Local segmentation using AI may allow a company to address its customers with offers and experiences that are highly localized by utilizing their geodata and actual location at any time.

For example, "Swiggy" uses AI-based location based segmentation to suggest food delivery choices near user's location and during a time of day, as well as regional cuisine preferences. So the customer satisfaction increases and relevancy of service.

Psychographic Segmentation: AI and Big Data for Next-Level Consumer Profiling

What psychographic is, in short, is knowing your customers' lifestyle, values, interests and opinions. Enter AI and big data, which allow businesses to study complex customer behavior today and build sophisticated, evolving profiles that are no longer bound by the superficial details of their customers, offering more personalization with more relevant products.

Example: Luxury skincare brand Forest Essentials is employing psychographic segmentation on the basis of their consumer's wellness and living that are nature-oriented. Leveraging AI-driven intelligence, it delivers personalized product recommendations tailored to the person's lifestyle and health and beauty standards.

Behavioral Segmentation: The Way Predictive Analytics Changes the Game of Customer Behavior

Behavioural segmentation is supported with predictive analytics to predict the behaviour of customers based on past history, e.g. purchasing behaviour and usage frequency. It makes it easy for businesses of all sizes succeed by creating two-for-one marketing strategies based on predicting all the wants and ensuring maximum engagement.

Example: Myntra uses predictive analytics to recommend fashion wear to users according to their past searches and purchasing trend, leading not only to better conversions but also at

an individual level as products are been suggested keeping into account the personal style of an individual.

Technographic Segmentation – How customers are defined by their use of technology
Technographic segmentation is the grouping of your customer base based on how they're using technology; such as device-usage, software take-up, digital footprint and a great way to shape product offers and marketing.

For instance, if you are Paytm, it would employ technographic segmentation to pick up mobile app users who have certain features – scanning and paying of QR codes.- and smartphone owners who use their phones a lot for users looking for mobile wallet services.

Segmentation Hybrid Models-Using Several Criteria for the Strategic Segmentation

Hybrid segmentations Hybrid segmentation models combine two or more segmentation bases to obtain richer, multi dimensional customer profiles. This fact allows enterprises to integrate different aspects and therefore develop more precise targeting strategies which consider the heterogeneity of consumer behaviour, and increase segmentation level.

Example: BigBasket has a hybrid model approach to segmenting their market based on geo, behaviour and demo. According to their location, shopping behaviour and income level you can target them with offered discount/promotion to sell more to these customers.

Advanced market segmentation standards enable companies to craft narrow, focused marketing plans unachievable when using traditional segmentation. Through AI, predictive analytics and the cross-pollination of demographic, geographic, psychographic and behavioral data, companies are able to more accurately personalize offerings around individual needs. His hybrid segmentation finesses targeting efforts in the pursuit for marketing success as well as stronger relations with consumers.

4.1.5 Requirements for Effective Segmentation

Substantially for market segmentation to be impactful, companies should make certain that their segments are distinct, actionable and marketing objectives-oriented. All these will be driven by good segmentation in targeting customer right, enhancing marketing effort and facilitating customer satisfaction. The following represent the key requirements in performing successful segmentation:

Measurable: There should be some way to measure the size of the segment, its purchasing power, and other details. Companies need insights to be able to estimate market potential and segment performance. Business can't allocate capital without clear metrics.

Access: There must be communication avenues such as digital medium, advertisements and distribution facilities for the segment. Businesses must communicate and interact with the

prospective market, where these individuals prefer to spend their time. The segment that cannot be reached will make it less effective or even useless as a marketing tool.

Size: The market segment must be profitable and large enough to support the marketing. You should have a large enough pool of potential buyers to sustain and grow the business in the future. The portions of the buying power small or none may not produce well an ROI.

Differentiated: The segments should be distinguishable on the basis of these attributes and needs. It should react differently to marketing tactics than the rest of the segment, and companies can customize messaging accordingly. Cross-cutting can also cause confusion and weaken marketing impact.”

Actionability: The segment must be actionable and the serviceable, in that firms should have enough information to design marketing strategies that are responsive to the needs of the market. If a segment can't be successfully targeted with an effective mix, it's just not easy to generate sales.

In meeting such criteria, it is possible to generate distinct market segments for corporations that are highly defined and result in improved, more targeted marketing which results in greater customer engagement and profit.

4.1.6 Market Segmentation Process (Strategic Execution)

Strategic market segmentation involves the systematic categorizing and targeting of desirable consumer segments. Firms rely on data driven intelligence, empirical evidence and ethical considerations to hone their targeting strategies. In the correct business context, when segmentation falls into its right place and technology is put to good strategic use, companies can build more targeted and efficient marketing campaigns. In the following, the most important steps of how to implement market segmentation for strategy are described:

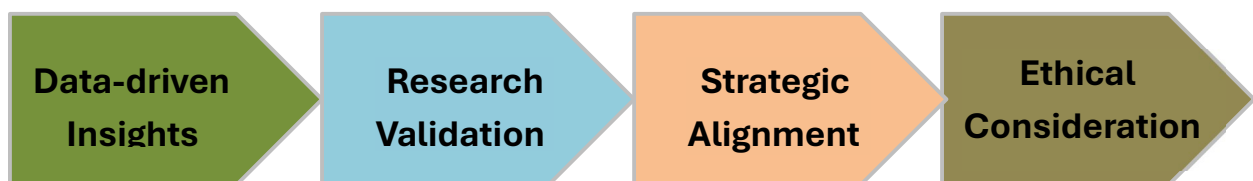


Fig 4.5 Market Segmentation Process (Strategic Execution)

Data-driven Segmentation with AI, ML and Predictive Modelling: Advanced segmentation leverages artificial intelligence (AI), machine learning (ML), predictive modelling to dig through tons of information regarding consumer behavior. It allows the business to

patronize, predict and markets are born on the fly from real-time-then target them more readily via automatic data clustering.

Example: Tata AIG Insurance leverages the use of AI and ML to divide customer bases around potentially predictive risk profiles-custom models for predicted health, road behaviour or even financial data and new live data that shape company's policy so such customers can get truly personalized coverage options reinforcing constantly evolving-risk.

The Research Methodology for rewarding your Segmentation: The market research validate the rightness of the segmentation through using consumer groups. Approaches for doing this are surveys, focus groups and conjoint analysis. Organizations narrow down their segmentation with these techniques and custom tailor their marketing strategy. This step is to make sure the segmentation corresponds with how people actually behave.

Example: Indian consumer electronics brand Boat extensively researches the market by seeking customer feedback and testing products to verify segments based on lifestyle needs, so that its array of audio products can meet different groups — gamers, those into fitness or customers who just like to listen in.

Choosing the Right Segmentation Strategy for Business Needs: In turn, you can have an appropriate segmentation approach based on what the business intends to achieve – be it growing revenues, expanding within markets or customer retention. The firm needs to adopt a realisation of segmentation according its strategic objectives **in order to achieve** efficiency and correct **competitive position**. Well designed segmentation methods necessarily drive resource distribution.

Example: One personal care brand, Mamaearth uses psychographic segmentation to reach eco-friendly consumers who are after non-toxic skincare and responsible products.

Ethical Considerations In Segmentation (Data Privacy, Consumer Rights): It is important to segment data in an ethically responsible manner, e.g. Transparently, respecting privacy and regulations such as GDPR etcetera and so fort. You can't be an exploitative marketer and also respect the rights of individuals. Moral segmentation builds trust and encourages a longer-term relationship with clients.

Razorpay does not see the payment data of, from or about end customers on whom financial activity is being performed by Razorpay's business client Example – By enforcing stringent data privacy practices for ethical segmentation, Razorpay guards its business clients' payment information while securing the financial services against safe insights.

The practice of market segmentation also can be tactically performed in business operations, such that targeting might be finely-tuned to the extreme. This is achieved through powerful marketing campaigns driven by data driven analytics and the validation of segmentation and business goals. In addition to having a stronger competitive advantage companies will be able

to benefit from ethical segmentation as it enhances the trust between company and customer, promoting longer-term relationships for long-term business growth.

4.2 Targeting

4.2.1 Introduction

Targeting means that you are only reaching out to a certain group of consumers rather than everyone, so your leads come from the most relevant and profitable consumer segment. It comes after the segmentation, and consists in assessing different market segments (which ones are best shares with a company's products, services and strategies). Targeting well ensures that customers are engaged and resources are used efficiently and effectively, which also solidifies brand positioning. Companies leverage targeting, in turn delivering a custom-tailored experience to customers that will result in converting better and acquiring new long-term based customers. The best targeting is what's going to win you a competitive business and it also provides you with the long-term advantage.

Meaning: Kotler and Keller (Marketing Management, 15th Edition) had given the definition of targeting:

“Dividing a market into one or more target markets [on which] a company focuses and then develops marketing plans for the targeted audiences.”

4.2.2 Selecting Target Market Segmentations

Choosing a right market segment is the most important aspect of marketing strategy as it helps enterprises in identifying those consumers that are more likely to purchase their products/services. Market segmentation is the process of dividing a large consumer market into distinct, smaller segments that are more manageable and have common characteristics. This enables focused approach, targeted and customer driven marketing. Most desirable target segment/s The most important factors in the choice of target segments are:

Identifiability – the segment should be identifiable and the young creatures distinctive enough to enable segmentation and description of them effectively. There should be opportunities for marketers to target segments of consumers with shared characteristics in terms of demographics, lifestyle or purchasing.

Size and Future Growth Opportunities: The segment ought to be of adequate size and growth potential in the future. A firm must study future demand patterns, customer profile and potential revenue of a segment before cherry picking.

Profit: A company needs to assess the profit generated by the segment. Depending on the ability to buy, sensitivity for basics and price driven purchasing behavior of a segment, businesses can conclude that it is profitable enough.

Accessibility: The selected target audience should be accessible to promotional media or actions, such as advertising and distribution. If you can't talk to a segment or deliver your product, then it's not likely to be a good target.

Business Objective Fit: The segment should be profitable, suitable with the organization objectives and resources and be a fit in that organizations long range plans. It should also account for what the company is able to manufacture, distribute and position your brand.

By proper selection of suitable market segments to serve, firms can be taking measures in marketing with arms outstretched more effectively than their competition and to keep ahead of it. This stage sets the criteria of the type of targeting strategy and designing marketing plans that are suitable.

4.2.3 Types of Targeting Strategies

By targeting strategies, an organization can determine whether they want to focus on the upper end, lower end or middle of the market for their products. And there are so many targeting strategies, from mass marketing to extremely specific. Type of strategy relies on factors such as market size, consumer habits, rivals and financial capability of company. The latter four strategies are the main methods for targeting.

Undifferentiated Targeting (Mass Marketing): 'Generally, with undifferentiated targeting a large market is targeted by using only one type of product or message to the whole market. It presumes that everyone in the market needs the same thing, which leads to cost efficiencies in both production and marketing. Those companies are more volume sales and less lesson separation, the customers. It is a viable strategy for universal appeal and less competition (particularly in price sensitive markets).

Example: Parle-G is mass-marketed biscuit brand and uses an undifferentiated targeting strategy which involves ignoring segmentation differences with a view to appeal the largest number of people using same product design, While businesses may not have mutiple markets or segments, they can be separated in different ways. They are low cost and widely available, which creates an argument for a centralized approach to the imaging process.

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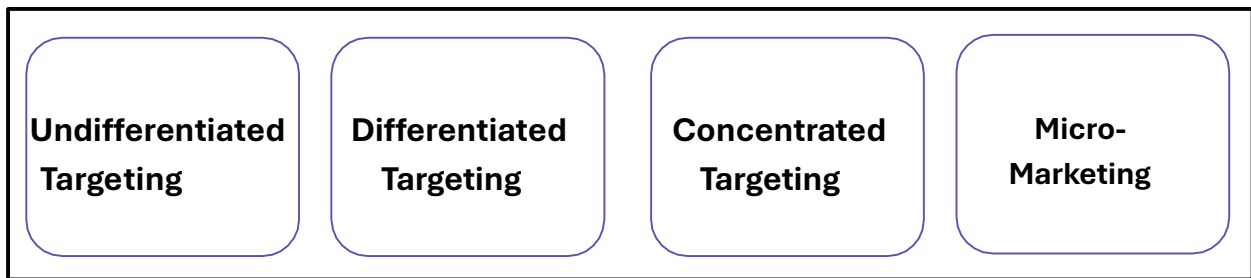


Fig 4.6 Types of Targeting Strategies

Differentiated Targeting (Multi-Segmentation Marketing): Multi-segment marketing is where you market more than one product to different groups, each with a distinct message and positioning. This is a marketing play and strictly speaking it's to leverage market penetration for greater revenues for more marketing spend and product investment. Businesses spread the risk of dependence on a single market and diversify their client base. It's best for those businesses that want to differentiate their target audience with a competitive edge.

Example: Maruti Suzuki car models cater to different segments. They offer low-priced hatchbacks for value-driven customers and high-end sedans and S.U.V.s for luxury-seeking buyers. Each model is placed in the market with special selling points that can resonate with certain customer demands.

Target Concentration (Niche Marketing): A highly-focused targeting strategy aimed at a narrowly defined segment. It allows companies to serve niche markets with bespoke products. This can be beneficial to resource-constrained companies, or those building expertise in a category. It can offer deep customer relationships, fierce brand loyalty and the possibility of charging a premium. Over reliance on one sector leaves companies vulnerable to changes in the market and competitive pressures.

Example: Wakefit is a niche mattress brand in India that targets the audience who are more health conscious with orthopaedic mattresses which lead to better sleep quality and spinal support. Its emphasis on sleep innovation distinguish it from generic mattress companies.

Micro-Marketing (One-to-One Marketing): Micro-marketing is about offering tailored products and promoting them to individuals or small specified markets. Data analytics and personalization are leveraged to meet the specific needs and preferences of individual clients, often with AI and predictive analytics. This appeals to the emotional needs of the customers, impresses them and is likely to retain more customer; it, however, requires rigorous investment and advanced technology. Companies that take on this approach focus on hyper-personalization, providing a personalized value proposition to each customer.

Example: Bombay Shirt Company uses micro marketing, which allows the customer to style fabrics and designs that reflect their tastes in a custom fit shirt. Its custom system creates an exclusive, personalized purchasing experience.

Targeting assists companies to use their general assets efficiently and thus directly in marketing efforts, as well as in forming preferable relationship with customers. And targeting the right way sets the company apart and results in a long-term market success. Successful targeting brings lucrative gain in customer satisfaction and brand loyalty which results ultimately in profitable growth for the impacts.

4.2.4 Strategic Target Market Selection

It is the result of a segmentation analysis which aims to identify a profitable target market that suits an organization in competition with the appropriate resources, sphere of activity and objectives (Baines et al. Therefore, marketing is well-targeted to the most attractive portions on both sides of customer acquisition and retention. An optimally-executed business strategy can leverage the highest potential markets to minimize waste. The analysis has considered factors such as segment size, growth potential, competition, and fit with the objectives.

Criteria for Assessing and Selecting Lucrative Target Markets Deciding on which market to enter and how is perhaps the most critical choice that any marketer will make. The following are the important issues needed to be taken into account for determining the important criteria for market selection under business objectives.

Market Size and Market Growth: The size of the market and its opportunity for growth is a major factor that determines target customer profile. Bigger or faster-growing sectors often have more opportunities for long-term profitability, while smaller or slower-growing markets may provide lower returns. It is crucial to estimate the current market size as well as potential future growth to project revenue opportunities.

Example Nokia first focused on the fast growing mobile phone market. And then moved on to the smartphone space with an eye toward the burgeoning mobile apps and connectivity market.

Segment Profitability: Each segment's profit will be recognized according to the purchasing power and consumption rate exhibited by target customers. Companies have to be able to calculate the average revenue per customer (ARPC) and the servicing cost of the particular segment. The most appealing are the high-margin segments because they produce large return-on-investment.

Example: Apple targets high income customers with premium priced product lines like iPhones and MacBooks, maximizing profit through the sale of a small number of units at a high margin.

Intensity of competition: The level of challenge in a market segment is highly significant to the choice. Highly competitive segments may require further investments in differentiation and marketing to obtain a specific niche itself, at the customer site. While less competitive segments may provide easier market access, and more opportunities for market share.

Example: GoPro initially tapped in the super small segment of users practicing extreme sports, where it's not compared against other generic camera brands while dominating this category.

Business Alignment: Choose the markets that best fit with company core competencies and the overall strategic business direction. The organization has to own the capability and talent required but also be in the right brand position for that play to pay. Otherwise it can lead to expensive mistakes or lost opportunities when there is a lack of alignment.

For example, Lenskart builds on its technology and e-commerce expertise for in online prescription eyewear solutions, plays to its strengths and becomes the leader of Indian (and hence global) eyewear market.

Effective targeting of the markets allows companies to concentrate on promising clusters that are consistent with their strategic orientation. By examining elements such as market size, profitability, competition and appraisal with resources, a company can increase the probability of success. Sustainability and competitive edge are achieved by targeting the right market.

4.2.5 Competitive Positioning through Targeting

Targeting is a competition for placement in the light of coming market placing to decide which market(s) or target group is best choosing for taking an advantageous position. Once the ideal target markets are selected, businesses can more effectively distinguish their brand from competing options. Where a company was on its target products would be indicative of the customer needs and preferences being sought and how it wished them to behave. This approach combined with a business MOAT will keep the brand healthy, distinctive and attractive over time.

How to Get an Edge on Competitors: MOAT Integration

Effective targeting is one of the major factors affecting building a MOAT for a business, as it lets them create an unique located in the market and need to others replicating his success. For those who want a series of brief conclusions here are some thoughts as to how targeting reinforces competitive positioning and differentiation:

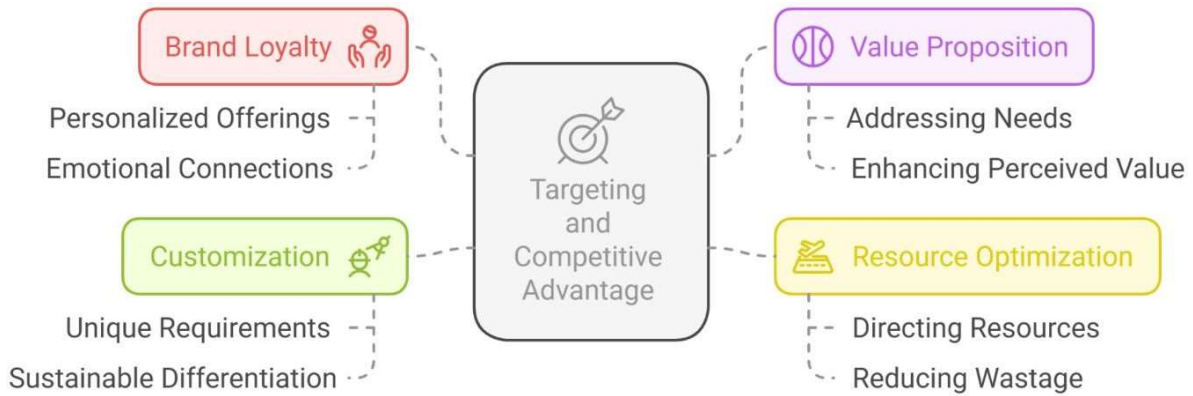


Fig 4.7 Competitive Positioning through Targeting

Creating Deep-Seated Brand Loyalty: Focusing on the processes of the business allows those who direct the company to develop a tighter watch on what they offer and how they communicate with customers, building their emotional attachment. As a result, it incites brand loyalty among customers who feel that the brand resonate with their needs and wants. It is a key source of competitive advantage as customers base does not only guarantee repeat business but is also a formidable hold-up.

Example: A sportswear company such as Adidas for example was able to personalise its product and experience for the athletes and fitness enthusiasts including products like custom shoes, endorsement from athletes which made them loyal and increased their share in the sports wear market.

Focused Value Proposition: By targeting companies are able to develop a well-defined and tailored value proposition for particular segments thus, increasing marketing impact. Solving the real and unique needs of targeted group is a lot more powerful to sell some you that are selling something to everyone Whilst other companies would try very hard to be everything for everyone by trying them into its brand, products, they can generate promotional messages that are focused on needs and perception of groups Restricting products this way is often called niche strategy....TASK 2 NESTLE ROLES OF AN OPERATION Management & Planning (a) Managing resources Nestle utilizes their available resources in production such asand with different types here includes...sorry I did not share their effective approaches They re-managed it so they could contribute positively inventively. Clarity of brand message also, then, reinforces competitive positioning and customer preference.

Exemplar: The dove is marketing real women who are beautiful in all shapes and sizes through the "Real Beauty" campaign as a brand that supports diversity and confidence as opposed to most of beauty brands which compete based on fairy tale beauty.

Optimizing and Efficient use of Resources: Targeting, if done correctly will enable us to focus the resources on an area where maximum return can be achieved. This is looking at one piece of profitable segments so that marketing dollars can be spent optimally and the wastage will not be so huge, you have more efficiency. Resource efficiency powerfully reinforces the MOAT by allowing the company to reinvest these savings into additional innovations and product improvements. Example: Spotify targets music lovers with diverse packages (student, family, single): investing all its resources in personalized music stream and intense engagement while remaining affordable.

Differentiation by Customization: A firm can offer very tailor-made product or service catering to the specific functional and emotional needs of a customer segment. It is increasingly difficult for others to copy this level of extreme tail madness with a clear differentiation and hence it further reinforces the brand. At its most basic level, customisation driven by targeting provides a durable competitive advantage.

Examples: FabIndia is the well-known Indian retail brand serving hand-made, natural and green products like personalized apparels and home décor with traditional regional skills as well as personalization. This customization has made FabIndia differentiate itself from the cluttered retail market.

A well-chosen target allows brands to distinguish themselves, in a competitive context, based on loyalty, value proposition, resource allocation and customization. So a niche focus combined with the company's MOAT is going to create a genuine market position that nobody can duplicate easily. It can be used to create a competitive advantage sustainably among the focused strategies.

4.3 Positioning

4.3.1 Introduction and Definition

Positioning is that basic marketing principle that involves the process of putting a brand or product into the mindset of consumers. Instead, it's about defining and crafting an identity for the brand or product that will appeal to a market in such a way as to make it appealing, i.e. Marketed. Positioning enables companies to carve out a place of their own in an overcrowded marketplace. This is important for companies to get the message out about what makes them different and establish an emotional link with their customers.

Philip Kotler - Positioning According to Philip Kotler, positioning is a process which designers apply in the marketplace to construct an afterimage of a product's image in the mind of the consumer in order to clear distinct spaces around that area. "That explains the idea by pointing to contours of the ground which influence how a consumer sees. It is the generation of an impression that lingers in the consumer's mind for preference and loyalty.

4.3.2 Importance of Positioning

Marketplace position Matter One of the challenges that brands encounter. Most importantly, it will make the brand "speak" to one's target audience and evoke some real estate in their minds so that they can differentiate themselves from competitors. It means that the business can explain why they are valuable, demonstrate credibility and then begin long term relationships with your customers. Through positioning, an organization can bring its products or services into correlation with the needs and aspirations of the prospects to be targeted and achieve more likelihood that these prefer and remain loyal customers.

Sets the Brand Apart in a Competitive Market: A strong and unique positioning strategy creates its own niche for a brand within a crowded market segment. Without a distinction, the brand cannot compete with similar rivals and struggle to acquire and retain customers. Positioning is that part of the process whereby a brand can express its unique value relative to the competition.

Example: Britannia Treat - They are positioned in a cluttered snacks category as unique because of its creamy filled biscuits, offering novel taste and at an affordable price form family & kids. The taste, quality and price combination makes it a notch higher than the other players in the biscuit category and hence a favourite with Indian consumers.

Brand and consumer positioning: It allows a brand to line up its offerings with consumers' specific needs and wants. This alignment builds deep emotional connection with the end users who sense that a certain brand "gets them" and are then prone to loyalty. Repeat buys are in the cards and" as brand carries on to deliver towards prospects.

Example: Amul is positioned as the manufacturer of fresh and high-quality dairy products that are reasonably priced and within the reach of its target consumer base. Its simplicity in conveying what it wants to say, makes sure that Amul is considered the flag bearer for the actual quality and daily usage of dairy products in India.

Improves Brand Recall and Recognition: The right placement will make it convenient for consumers to remember and recognize the brand over time. Clear messaging, consistent brand visual identity, and unique product propositions are what keep the brand from becoming a blur in customers' minds. This increases the likelihood of memory for when a customer is prepared to purchase.

Example: Cadbury has established Dairy Milk as a luxury chocolate brand. — that says fun, community and happy times. At the end of the day, it's things like the purple box that mean this brand has stayed up on top — or near enough in our modern confectionery market — for so long.

Enhances Communication and Messaging: A well-defined position allows brands to create messages that are meaningful and relevant to what they want out of life. Every aspect of marketing puts the brand's name on it and builds a trust relationship with the consumer. Strong, long-lasting bonds can be established between the brand and the consumer.

For instance, as Zomato portrays itself to be a fast and dependable food delivery app focusing on customer convenience and choices, it can reach out to a wide segment of customers. Zomato has built the brand promise and identity through focused messaging in app, ads, social media by telling that it promises fast on time dependable delivery and communication.

Fosters Customer Trust and Credibility: A company that has a brand communicates better with its customers, thus giving them a sense of reliability and credibility. Clients can understand the message conveyed by a brand, and because of that, they remain with the brands for longer duration influencing customer retention and loyalty. Example: Its focus on being a trustworthy, customer-focused bank that provides innovative banking services to its urban and rural customers has earned itself substantial trust. The length of time the product is maintained in the delivery and stability are strong credibility.

“Positioning is not what you do to a product. Instead, it is what you put to do.” Positioning refines and develops the brand's offering both in the stratosphere (for all potential customers) and in lower levels, creating loyal consumers as it goes 10. Accordingly, Behind the Scene “We've seen in the evidence before us that if a brand can firmly implant itself in its customers' minds with their values, it builds trust and knocks out competition.

4.3.3 Differentiation and Positioning

Differentiation and positioning are fundamental marketing concepts that enable brands to develop a unique identity and dominate the competition. Differentiation is about creating something unique or special among the brands. Yet positioning makes sure that branding is effectively perceived by the target market, and that when it does, creates an image of the brand in his or her mind. A strong positioning and differentiation strategy helps companies attract the right customers, build brand loyalty and achieve long-term success.

Key Features of Differentiation:

Product Differentiation: This is about creating something unique, being of higher quality, changing design or delivering better performance in order to separate one brand from another. Money is spent on R&D to offer features, durability or aesthetics that meet customer needs and tastes. Since differentiated products have more brand loyalty, firms can demand a higher price based on a perceived uniqueness or an added value.

Example: Like the iPhone from Apple is differentiated through its technology, smooth software integration, superior build material and solid ecosystem that delivers an enhanced user experience.

Service Differentiation: Service differentiation means having excellent customer care, personal assistance and ease of delivering a superb experience. “I don't know that companies that necessarily do better of spending more on timely customer service, easy return, longer

warranties, tailored interactions,” she said to increase satisfaction. Good service fosters loyalty, reduces customer churn and can even add value in the face of commoditization.

Example: Zappos has done this by providing excellent customer service, such as free returns, personal assistance and 24/7 support so shopping is not heavy lifting.

BRAND DIFFERENTIATION Brand differentiation is a strategy of building deep emotional bond with customers on the basis of fundamental values, reputation and distinctive brand heritage. Companies that effectively construct a strong brand image make an impact in the mind of anyone who comes across the brand, therefore influencing consumers’ preferences and long-term commitment. Successful brand differentiation relies on consistent messaging, a strong brand heritage and shared values contributor.

Example: Patagonia stands out based on the sustainability, green manufacturing and eco-responsibility of its operations, which attracts some eco-conscious consumers who support its mission.

Pricing strategies Price differentiation – Can be based on exclusivity (prices adjusted according to how much consumer wants a product), value (price set at price floor for certain customers e.g. students buying software) and segments (e.g. business v personal mobile customer). Luxury: Premium pricing implies luxury, status, and quality at its best. Price sensitive customers looking for value for money are the targets of budget pricing. Price discrimination also includes dynamic pricing – prices that adjust according to demand, segment-based pricing depending on the consumer’s tastes and price elasticities,” added Prof. Ringel. Example: Tesla uses a premium pricing strategy, and serves to high-income individuals looking for upscale electric cars while Tata Motors’ niche is low-price, budget vehicles catered to price-sensitive segments of the market.

Channel Differentiation: Channel differentiation is the practice of utilizing distinct distribution strategies, cooperative arrangements and novel access characteristics to gain a competitive advantage. Businesses leverage customer convenience through unique online transactions, omnichannel retailing or DTC approaches. Exclusive distribution channels enable brands to control the pricing, handle customer relationships and decide how the brand will be experienced.

Example: The eyewear company Warby Parker was a pioneer of an online-oriented process through which consumers can try on glasses online before they buy them, making it more convenient and accessible.

Experience Differentiation: Experience differentiation means delivering customer value right in their experience, with custom services, immersive experiences, or groundbreaking technology. Companies use artificial intelligence (AI), loyalty schemes and experiential retail spaces to deepen relationships with customers. Exclusivity of brand increases visibility, satisfies and retains customers on long run.

For example, Starbucks – differentiated offering based on personalized coffee experience; in-store mobile ordering, personalization reward and environment adds to customer experience.

Positioning by Differentiation

Target Audience Fit: The belief has to align with the specific market place your target audience (the people you're trying to sell things to) is in, their buying habits and expectations. It's simply far too easy to cut corners, make assumptions and not get to know your customers well enough to tailor bespoke services for them. Good alignment ensures that consumers notice differentiation efforts, representing them as more meaningful and desirable to brands.

Sustainable competitive advantage: A difference strategy provides a distinct competitive edge, prevents competitors from copying the brand differentiation over time. Sustainable differentiation generates customer commitment, reduces price sensitivity as well as increasing market standing. Businesses that are constantly innovating and building upon their differentiation strategy are able to maintain its position even in dynamic markets.

Consistent Brand Messaging and Clarity: Positioning ensures that the distinctiveness communicates well through your various marketing channels, thereby creating a strong brand identity. It demands ensuring the communications are consistent and aligned across advertising, product packaging, online content and customer touchpoints. A focused message for the brand reinforces a single competitive advantage and prevents confusion on behalf of consumers.

Emotional and Psychological Connection: Placing **creates an emotional connection with consumers** who choose and continue to use a brand. It builds a bond of trust, generate more meaningful brand relationships, and increased Customer Loyalty. Emotionally charged brands via storytelling, cause marketing or tailored in-person experiences are top-of-mind for consumers.

4.3.4 Choosing a **Differentiation and Positioning Strategy**

Choosing the right strategy **for differentiation and positioning** is key to brand success in the long term. It's about understanding your market, who the competitors are, and how to differentiate by creating a valuable brand. With a strong strategy, organizations can build customer loyalty, improve brand recognition and remain competitive in an increasingly crowded marketplace. Without a differentiation / positioning focus, firms will be left in the dust by their competitors and may become noncompetitive.

How to Choose a Differentiation & Positioning Strategy:

Discover Key Differentiators: Determine what makes product or service unique (e.g., superior technology, sustainability, special features). A company must discover its strengths and bring them into alignment with what our potential customers want.

Know What Consumers Want and Need: "It's never been easier to figure out your market—you can do a ton of research online, for free." Find what keeps consumers up at night or was wanting themselves (because they're people!). Relationship building and brand loyalty Those companies that are more in-tune with their customers will be able to build stronger relationships and brand loyalty.

Examine Competitor Positioning: Study how competitors are positioning, and find problems in the market. A brand should attempt to fill a peg hole that other competitors have not been able to plug effectively.

Define UVP (Unique Value Proposition): Write one perfect statement on how and why the brand is unique and why customers would choose it over others. The Unique Value Proposition needs to be brief, clear and focused on the customer benefit.

Establish an Obvious Positioning Statement – It should not be ambiguous what niche the brand is targeting, and why customers' needs can be better fulfilled by this particular brand. Sample: "Nike- Bringing inspiration and innovation to every athlete in the world."

Roll out the Plan Across All Marketing Channels: Communicate one cohesive story in advertising, social media, packaging and customer communication. It increases differentiation and positioning being with strong brand presence.

Test, Measure and Refine: Gather customer feedback, measure performance numbers, continue to refine your position in order to be competitive in a constantly shifting market. Consumer and competitor behaviour change so adaptation is needed.

Common Differentiation Strategies

Cost Leadership: Cost leadership involves providing goods or services at prices that are competitive with the competition but still maintain quality. Firms do this by lowering production isn't, attaining economies of scale and operating more efficiently to provide affordability without value loss. Such an approach is appropriate for price-sensitive environments with price-sensitive shoppers. **Low-Cost Operations:** Cost leaders such as discounters must maintain efficiency in their value chain to help reduce costs and keep prices down.

Example: Walmart is a best illustration of cost leadership as it leverages economies of scale, efficient operations, and extremely well managed supply chain to deliver products at the most affordable price. Instead of providing also "acceptable" quality, Walmart provides cheap

quality at a good price point and gets to enter into the position where they are not affected much by their price-not-sensitive leading the market strategies.

Product Leadership Product leadership is all about continuous innovation and high-end design and using technology to deliver the highest quality products. Companies who practice this modus operandi) invest heavily in R&D to differentiate by innovative features, superior performance and enhanced customer experience. Product leaders are able to charge a premium and enjoy a strong competitive position by establishing the path of innovation in the market.

Example: Apple revamps its products again and again with novel high-end features, such as further developed processors, AI-enabled capabilities, and polished software compatibility in order to differentiate itself from competitors while preserving their remaining status.

Customer Intimacy: Customer intimacy refers to establishing intimate, long-term relationships with customers that provide personalized experiences, personalized services and high-touch interactions. But versus experience differentiation, customer intimacy cares less about service design and tech but more about CRM systems, loyalty programmes and data-driven insights to predict and meet unique needs. In other words, customer intimacy drives trust, loyalty and higher TV for each customer. For instance: Amazon Prime increases customer intimacy with customer data, personalized recommendations and subscription-related offers and discounts. Participations like pre-sales promotion and content personalization suggestions drive deeper, more relationship-based engagement with the membership.

Types of Branding: Lifestyle branding links a brand to the real and virtual lives their audience aspires to or identifies with as part of their identity. Beyond providing an emotional connection, this approach plants a brand in consumer groups and identity – where it becomes an extension of their self-expression. Lifestyle branding companies leverage influencer marketing, sponsorships as well as experiential marketing to embed themselves in the daily lives of their audience.

Example: Red Bull positions itself within the high-octane, action-packed lifestyle. Via sponsoring extreme sports, abetment by extreme athletes and branded events, Red Bull is more than a beverage,—it's the drink of choice for customers who thrive on surges of adrenaline and live to be active.

It is critical for businesses to develop an effective differentiation and positioning strategy which allows them to establish effective market presence, obtain the correct target markets, and enables them to grow long term. The fact is that businesses need to constantly retool their strategies to adjust for evolving consumer tastes and competitive pressures. Much is said about the need for differentiation to build brand, customer trust, and long-term brand loyalty. Innovating and responding to new market pressures will enable companies to keep a differentiated value proposition that can drive sustained profitability.

4.3.5 Positioning Strategies

When your business offers more or less the same things as its competitor in a crowded market scenario, all you've got to do is develop strategies of effective positioning. This approach achieves a clear, defined message to brand-loyal customers and sets the brand apart from all others. What most do is formulate their strategies based on a company's demand, competitors or customer tastes so as to take up a favorable position. A deep sense of customer needs and market trends had to be tuned sensitively with the right product/service positioning. Let's learn about these strategies.

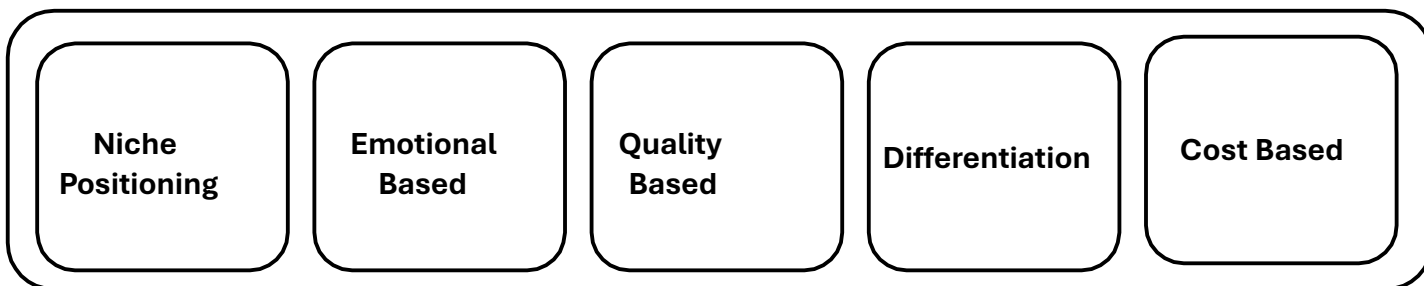


Fig 4.8 Positioning Strategies

Cost-Oriented Position: In cost-oriented position, specially for customers who are looking for value for money, there is a strong need to competitively price the product or service. Brands will have to adapt without sacrificing profitability. It usually means either rationalizing operations or value propositions. It includes efficient supply chain and cost control to ensure quality under competition

Example: Zappfresh a company, which offers you meat delivery at your doorstep. Quality and freshness vs. price differentiation creates competition for cost effective solutions for this new demand in urban areas. They buy from farms and have a well-organised supply chain so that you always get the freshest produce for less.

2) Differentiation-Based Positioning: With differentiation-based positioning, you focus on unique features, benefits or experiences offered by the brand that separate it from other products and services. This could be a function of better technology, customer service, or product feature. Brands who operate in this manner will continue to invoke innovation by striking the uniqueness chord in advertisements and engaging with customers. It means providing something hard for others to copy, thereby creating a sustained competitive advantage. **Example:** Havells is a reputed FMCG company, which is an Indian electrical goods brand that provides energy-efficient home appliances with patented innovations. And with unique offerings like superior safety features and eco-friendly play, Havells has established itself amongst the competition in the domestic electrical goods market.

Quality-Positioning: Quality-positioning is an overall approach focusing on better product quality. This positioning is then harnessed by brands to communicate the message to consumers that their products –or services- offer higher levels of performance, longevity and dependability than other alternatives. Other than that premium priceline tied up shop to target those customers **who are willing to** shell out **a little** bit extra price **for** quality and not cheap. It's a philosophy that appeals to quality- selective buyers who want only the finest products available in the marketplace to get what needs to be done.

For instance, Bajaj Electricals focusses on durable, non-discretionary electrical products such as ceiling fans, geysers and lights. With the commitment to quality and reliability JVC is emerging as a strong player in India which is fiercely competed and catered by European/ American giants for years.

EMOTION-BASED POSITIONING: An emotion-based positioning targets customer emotions rather than the product or service. Such brands also typically evoke certain emotions – nostalgia, excitement, joy or trust for example – in the customer with the intention of building a long-lasting bond. This emotional bond can transform customers into loyal advocates and supporters. Ex : Godrej's brand leverages the trust as well as emotional angle where they speak about family values and responsibility for their customers in their advertisements. The strategy of the positioning lends to a perception of trust and heritage which is well received by the Indian consumer to believe that this is an integral aspect of their household.

Positioning Niche: It's the concentration of attacking an angle of a market that has not been developed or receiving sufficient attention from mass brands. Consequently, specialized products or services are sold into a specific segment and since these products are focussed on the needs of this group, high loyalty can be achieved from the customer. By trying to make the Message about multiple things, I clutter it with competitors from mass-market and higher-end practitioners alike, making more crowded in a Negatives of contestants while leaving room for one or a few brands to take over just 1THIS niche.

Example: FabIndia is a high-quality lifestyle brand, which sells handcrafted garments home furnishings and organically produced foods. As a niche oriented brand presence In the case of niche brands, there is above all the niche-oriented, environmentally sensitive part of costumers who contemporaneously want sustainable and locally produced products instead mass market.

Using methods like these, companies can establish a unique positioning that attracts the right customers and drives success over the long term. If done right, these techniques can help brands to grow their market share and develop a more loyal customer base.

4.3.6 Developing a Positioning Statement

Positioning Statements A positioning statement is a critical component of brand strategy, including its unique value and target audience as well as the aspects that set it apart from competitors. It enables the brand to be articulated with crystal clarity internally and externally and empowers everything to support a single, clear and compelling brand experience. A clear positioning statement serves as a guide to help marketing messages, product offerings and customer experiences remain consistent with the core identity of the brand. Lights path to winning the hearts and minds of customers or building up presence in a market.

Target Market: A target market is the specific group of consumers a brand wants to have as customers; it is also referred to as an audience, specifically a target group or demographic (grouped by age, gender, occupation status and other factors). It can be based on demographics, geography or psychographics. Understanding the target audience helps to ensure each marketing action will meet the needs and personal preferences of these groups in order that a deeper connection is established, as well as greater relevance.

Example: Online furniture and home décor retailer Pepperfry, which caters to young professionals and newly wedded couples establishing their homes. In the quest to find a great online resource offering stylish, yet affordable furniture for quality conscious shoppers who want the best of both worlds, Pepperfry.com has emerged as India's favourite destination for home furnishing products.

Differentiators – These are factors that separate the brand from its rival brands. These could be products innovation, product quality, customer service or pricing. We identify the differentiators to be able to defend an advantage which only the brand enjoys; then we make sure that its protected. Example: Bata is a good example of one such company, which has been able to cater to both quality and price-conscious customers by providing a variety of trendy shoes at affordable prices. There's a lot of focus on satisfaction here, the line is reliable and good value in comparison to what else is out there.

Brand Promise: It's a straightforward brand promise affirmation made to the customers about what they get in the form of special benefit. It's such a strong statement that serves to set the brand apart from competitors with a value-centric offer that feels congruent with what matters most to the target audience.

Example: Dream11 is offering users an ultimate fantasy sports experience which they can actively engage in, whilst asserting us as a platform where sports fans will be able to bring their love and passion for the sport to the next level.

Competitive environment: The positioning must also address the competitive landscape, including where and how the brand fits in this context. This means understanding the competitive set and having a very clear explanation of why your product is better or more desirable than another brand's from the perspective of a shared user.

For instance: VI portrays itself as the top telecom provider in India, framing itself with superior network coverage and fast internet services as well as strong customer support. Among the other telecom firms, VI claims to be the operator that caters across all categories of customers – from rural to urban.

Emotional Connection - Positioning the brand for high emotional response is a compelling lever to drive deeper loyalty and longer relationship with brand. Brands can create an even deeper connection that transcends rational gain by articulating and aligning the brand's voice to the real emotional drivers of a target audience.

Example: Himalaya Herbals is an example of a natural wellness brand that focuses on emotional benefits rather than safety aspects in advertising its herbal care products. “It’s all part of that megatrend around how consumers are living, and they’re living a much more natural, holistic lifestyle on personal care.

All these components are elements of a well-constructed positioning statement that will have meaning for the intended customer and give shape to the positioning of brand marketing.

4.3.7 Repositioning Strategies

7–9 Repositioning Re-positioning is the movement of a brand from one position to another in relations to its competitors or what the intended customers see as its identity. And that often comes from shifting consumer perceptions to a new category or, in fact, through features the brand markets itself on. RepositioningIt is coined for a brand that no longer resonates with the market trend, customer requirement or business strategy. In essence, if repositioning is to work it has to be based on a deep comprehension of marketing momentum, consumer imperatives, and tactics for communication.

Changing Target Market A firm can reposition to a new consumer segment by changing target market. It might be aiming at a different age, income or geography. This enables the company to acquire new users and maintain or expand its market share. The company could change the target market that it wants to focus on with marketing, product or distribution.

Example: Nescafé repackaged for a younger audience in India with trendy coffee experiences and a more youthful brand personality. Apart from the conventional office goers, they were targeting the college-going student base and young working professionals by riding on its ‘Nescafé Cold Brew’ and other new-age offerings as part of the emerging coffee culture.

Brand Identity Repositioning If your aim is to distance your brand from its competition. This distinction is achieved by elements, characteristics or benefits that separate the brand from the mind of shoppers. The goal of differentiation is for a brand to offer something that competitors do not or, in other words, something that's seen as an improvement over the competition.

Sample: Ola Electric rebranded its own company as a sustainable transport market maker with green electric vehicles in India to attract environmentally - focussed Indian consumers

Changes in Perceived Nature of the Product: Repositioning sometimes occurs by altering the perception about a product. This could be related to the quality of a product, its cost or how it is used. The perception of a company's product by its target customers can be redefined by the use of targeted messaging.

For example- Amul Butter is re-positioned over the years as a necessary item in every Indian household, stressing health and tradition. Advertising and branding by Amul reversed the product's image from a dowdy commodity to a popular milk supplement and fine food.

Repositioning Based On External Conditions (Market Trend, Economic...) Re-Brands can reposition only when the overall market or economic environment changing. Brands Repositions itself again whenever there is a change in the entire market or Economy. But global trend shifts, technological changes and other possible disruptions may result from (consumer) taste-switching. Brands will need to be versatile and adjust to the change that will allow relevance and competitiveness.

Case in Point: Godrej Appliances – With the beginning of era of environmental concern in the country, Godrej Appliances re-printed his brands on lines of energy conservation and eco-friendliness. The brand rode the rise of eco-friendly which lead them to worm in 'energy-saving' without doing any work, thanks to the ever-insatiable thirst for green and sustainable.

Innovative Price Policy: Another way on how to re-position himself is possible by altering product price. And the business can target new customer segments or show it has adapted to market changes — and be willing to change its price up or down. A new pricing model can make a brand appear more prestigious, or it can be positioned as good value (cheap).

For instance, Vistara, a full-service Indian airline repositioned itself on the axis of budget-friendly economy-class fares combined with superior services. So air travel opened up to costconscious customers, and the company remained a premium offering in business class.

They are the repositioning strategies, and they can be useful to assist the brand remain fresh in some way--by focusing on expanding market opportunities or by responding effectively to consumer desires. A successful repositioning is the result of a thorough market assessment, changes in target at becomes emotionally appealing for prospects. Brands with successful repositioning remain competitive in the market and ensure sustainable success.

4.4 Summary

❖ **Market Segmentation:** The process of grouping a large variety of customers, according to common characteristics so that they can be targeted with more accurate and directed marketing actions.

❖ Efficient segmentation not only makes the best use of resources but strengthens the competition by satisfying various consumer needs.

Targeting The act of selecting a segment to target that complements the firm's direction and its resource capabilities.

❖ Differentiated targeting allows companies to target multiple, unique products toward uniquely segmented markets utilizing unique communication.

❖ Positioning establishes the brand image in the minds of consumers that differentiates it from other brands.

❖ Operational efficiency meets value-conscious demands and is profitable in relation to pricing.

❖ Positioning by differentiation relies on unique or superior characteristics to compete effectively.

❖ Niche strategy: the ignored segment The ignored segment is being serviced with a concentrated product support -- challenging brand loyalty for profit.

❖ Emotion-positioning attaches a brand to a consumer using its emotional perceptions which then facilitates the creation of loyalty.

❖ How big the segment is, how fast it's growing and how profitable it is and fits with the business focus and therefore strategic market choice.

❖ Ethical targeting emphasizes transparency, fairness and respect for consumer rights and data.

❖ Repositioning is reposition a brand's identity to more closely match new consumer demands, market trends or firm aims.

4.5 Key Terms

1. **Segmentation:** The process of dividing a large and heterogeneous market into homogenous groups so that the company can use these segments as target markets for more focused marketing activities.

2. **Segmentation:** Dividing a market into distinct groups that have similar needs and behavior, and subsequently selecting segments to target in marketing efforts.

3. Positioning: The process used to create a unique brand or product identity in the minds of customers that set it apart from the competition and that meets customer needs.
4. Differentiation: An advertising tactic of developing unique product attributes or services that set an organization apart, usually giving the firm a competitive edge.
5. Niche Marketing: Marketing approach when companies focus on marketing to a small tailored, niche (generally under-served) groups of customers in order to develop loyalty and profit from having a highly omnipresent relationship.
6. **Emotional Branding: Emotional branding is** an effective message influencing the deep longing, connectivity between consumers and brands
7. Repositioning: The process of re-establishing an existing brand's position within the market to better fit and appeal to current trends/ needs or shifting consumer behaviour, in order to stay competitive.

4.6 Descriptive Questions

1. Segmentation is employed by companies to have better control over and the effective targeted use of resources.
2. What role does targeting play in focusing a company's offerings on the most attractive market segments?
3. Positioning: In an unique and enduring way, how brand's identity can be crafted in the marketplace?
4. How diversity allow businesses to differentiate and gain SCA?
5. How does niche marketing allow brands to attract underserved audiences and create customer loyalty?
6. In what ways does the problematic of competition render ethically responsible marketing practices central to business?
7. What factors should an organization take into account when determining the most profitable or attractive target markets?
8. Why does repositioning allow the brand to remain fashionable, or address a shift in market trend or consumer demand?

4.8 Case Study

Emotional Advertising as Tool to Create Brand Identity

The Case of Bajaj Video Ads

Brand positioning is a fundamental plan for how a company will differentiate itself in the market. Advertising (video advertising especially) is key in positioning your brand effectively inside the heads of potential customers. One of India's biggest automotive brand, Bajaj attributes its successful positioning to instilling confidence in its customers with emotion

bankable Video Advertising. This case study examines how Bajaj sliced its audience via video advertising, narrowed down on the sections that mattered and created a brand identity known for reliability and continuous innovation.

Background

Bajaj Auto, founded in 1945, is among top 10 automobile manufacturers India of two wheelers and three wheelers. The Company's commuting and performance bikes have a significant presence around the world. Having come under assault in the market from Hero MotoCorp, Honda and new entrant TVS, Bajaj was looking for product innovation as well as campaign breakthroughs with all stakeholders.

Problem 1. Market Segmentation and Appeal

Bajaj knew it had a large potential market that needed to be addressed the right way. The brand had to speak to diverse different segments, from the commuter who wants an affordable solution all the way up to performance bike enthusiasts. Earlier ads did not have that one-for-all emotional appeal, which has made it difficult to generate a good emotional connection with the customer for those segments.

Solution:

- Researched heavily with consumers to understand key drivers of various customer groups.
- It has created unique video ads for different models. While the Pulsar was aimed at the youth and performance-enthusiast end, the Platina targeted price-conscious and mileage-focused buyers.
- An advertisement like "Hamara Bajaj," which highlighted the trust, nostalgia and the

Issue 2: Competitive Disparity in Advertising

With Hero Motocorp and Honda pulling no punches to mileage and performance oriented ad campaign, it was up to Bajaj to get the upper edge. There has been a natural inconsistency in utilizing stories as an emotional catalyst for memory retrieval. Plus, most of the previous campaigns got bogged down in listing features of a product, rather than becoming an even more aspirational brand that could relate at a deeper, more emotional level with its customers.

Solution:

- The emphasis moved from a direct selling of products to storytelling with more feeling.
- Rolled out some memorable campaigns like the 'World's Favourite Indian' calling Bajaj a global world leader with an Indian heart.
- Told powerful freedom-seeking, adventurous and aspirational success stories, particularly in Pulsar advertising, to reach young riders.

Issue 3: Brand Positioning as Innovative and Trustworthy

Bajaj wished to reaffirm that the brand was dynamic, technologically sound and trustworthy. The brand needs to establish itself in this direction due to changing consumer attitudes. Additionally, as there is a growing consumer demand for smart, fuel efficient and quality machines, Bajaj wanted to convey its advancements in technology.

Solution:

- That technology in video ads has revolutionized the creative process for brands like Dominar – The Night Rider, highlighting beast mode and petal light.
- Designed and deployed real-time consumer testimonials and customer centric storytelling in Bajaj RE (three-wheeler) communication, further consolidating the brand's reliability position in commercial vehicle markets.
- Digital integrated marketing programs featuring engaging video ads on YouTube and Instagram.

Reflective Questions

- How did Bajaj use emotional storytelling differently in order to reinforce its brand positioning?
- What might Bajaj include in the video advertising to keep up the engagement?
- How could Bajaj, for instance use new digital platforms — short video apps and the like — to specifically reach out to younger generation audiences?

Conclusion

Bajaj's video advertising model has shown a way that brands could connect to the emotional appeal and storytelling way in order to secure their market position. In the war of pull tactics and consumer is gharwali, work has ceased to be life.....Bajaj – unlike competition -has arrived!.You mention any consumer group(Bhrasht global, fat tires, It's your computer!, Romancing the ride etc..) is definitely outsmarting and above the anvil as compared to competitors. The study demonstrates the need to be innovative regarding in advertising policy, and in maintaining brand equity and customer's loyalty.

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30	Submitted works	Bedford College on 2025-05-16	<1%
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32	Submitted works	Polytechnic Institute Australia on 2025-09-11	<1%



Unit 5: Marketing Mix: Product & New Product Development

Learning Objectives

1. Learners will comprehend the significance of the marketing mix in attaining business success.
2. Learners will be able to identify and describe the basic components of the marketing mix.
3. Learners will learn how to implement successful marketing mix strategies.
4. Learners will be able to enhance brand positioning and customer satisfaction.
5. Learners will comprehend the Product Life Cycle concept and its contribution to business strategy.
6. Learners will be able to formulate product management strategies at each stage of the lifecycle to attain the maximum possible growth and sustainability.



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5.0 Introductory Caselet

"Crafting the Perfect Marketing Mix: The Success Story of Mehta"

Raj Mehta, an owner of the high-end organic beauty company Mehta Organics, was enthusiastic about expanding his business beyond domestic borders. His merchandise was of good quality, but his sales were stagnant even as the demand for natural beauty products began to soar. Raj knew he had to come up with a cohesive marketing mix strategy in order to move his brand where it deserved and reach more audience.

First, his pricing strategy was not clear and as such it was almost impossible for his customers to grasp the value of the brand. It was not differentiated, and he felt torn between affordability and luxury. He also promoted only via word of mouth where as others were using social media, integrating celebrity endorsement and online well. And his delivery options were also restricted to a few organic food outlets, preventing wider access.

Identifying these limitations Raj simplified the 4Ps of Mehta Organics in his new marketing mix — Product, Price, Place and Promotion. He launched a premium product range of new formulas, and priced them competitively, selling through online channels and premium retail stores as well as investing in digital marketing craft influencer partnerships. The brand consequently experienced a huge growth in sales and customer engagement, while also growing its market share.

Critical Thinking Question

How can company's like mehta organics strategize their marketing mix time and again to be at the top in this dynamic market environment, without losing its brand equity and customer loyalty?

5.1 Introduction to Marketing Mix: Why Use Marketing Mix

5.1.1 Introduction

The marketing mix is the fundamental aspect of marketing practice and comprises tactical elements (tactical marketing tools) a company can use to carry out its business strategy in the target market as it seeks to achieve its respective objectives. THE PRODUCT, PRICE, PLACE AND PROMOTION (4Ps)The IBA EMIS Department Page 25 popularly known as marketing mix are four factorial equation being calculated = in order to determine the reasons for formulation and implementation of marketing efforts. The notion was proposed in the business arena by E. Jerome McCarthy in 1960 and further elaborated to accommodate diverse businesses situations.

Marketing Mix Definition: Marketing mix is a process that an organization uses to differentiate its products from competitors and deliver value to customers, in which. Aspects include product mix, price policy, forms of retail, and promotion. A properly applied marketing mix ensures that the company's products or services reach the appropriate customer in an appropriate manner, at a suitable point of time and price.



Fig 5.1 Marketing Mix

5.1.2 Why Use Marketing Mix?

In the contemporary cutthroat business environment, it is of significant importance to know and exploit Marketing Mix efficiently. The right blend The marketing mix enables a business to get their product in the right place, increase customer satisfaction and achieve long-term success. Developing the marketing mix thus helps us to align the company's products with market demands, to differentiate product from competitor offers, and finally how to allocate resources efficiently.

The marketing mix is significant because it is a single framework that businesses can use to organise their marketing activities in line with the business objectives. It provides an opportunity to companies to evaluate & re-calibrate the elements of their marketing and determine how much to spend on each so it stays in sync with customer demand and market conditions. Differential are by diverse specific elements in the marketing mix which influence 21 premier level experience shaping a brand loyalty. Let's explore why all "marketing tactics with various aspects of marketing.

Did You Know?



"Some experts argue that the traditional 4Ps framework is becoming obsolete, suggesting that it lacks practical applicability in today's dynamic marketing environment."

5.1.3 Strategic Role of Marketing Mix in Achieving Business Objectives

The marketing mix is an essential instrument concerted in reaching its strategic business objectives because of the use of offerings by a market. It allows the organisations to fit products or services to potential customer's needs, decrease in wastage of resources and between lines align the product exactly to market demand. All the elements of marketing mix form a strategic tool for use by an organisation to obtain new customers and retain old customers. But to excel in the long, each of these four constituent components has to gel. The strategic function of the marketing mix comprises a few main aspects: – Product and positioning.

Fit With Business Vision The marketing mix must fit with an organization's vision and business aims so as the marketing effort will not become problematic. This is also to ensure marketing strategies develop sustainable consumption for long-term growth, brand positioning/ the rise of big idea and environmental awareness. It guarantees marketing to be in line with long-term growth, brand positioning and the current market trends: e.g. digital transformation and ecology.

Example: Tata Motors brings its sustainability and innovation vision through the marketing mix. Now, existing product choices like the Tata Nexon EV in electric vehicles are working towards addressing the concern about environment.

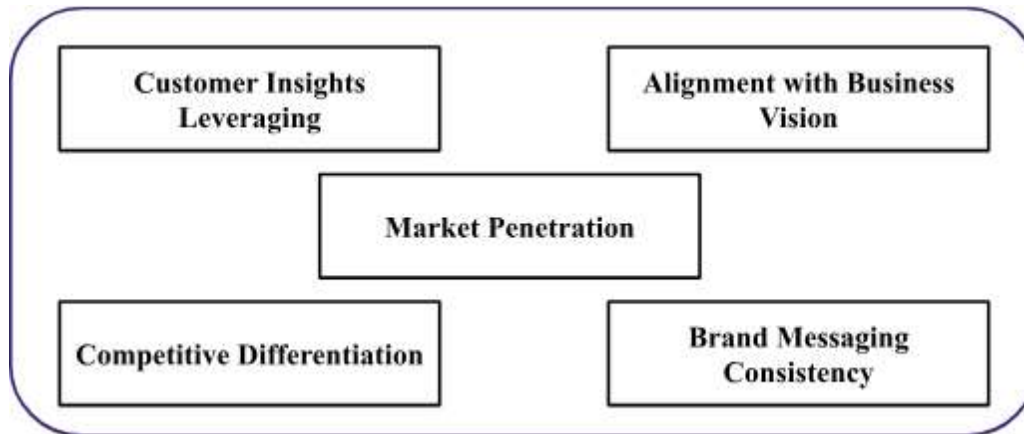


Fig 5.2 Strategic Role of Marketing Mix in Achieving Business Objectives

Brand Message Consistency: The combination of the marketing mix, develops all of its constituent levels to be consistent with one another which supports the brand's message. The rhythm of repeated message leads to strong branding, trust and emotional connection with the audience. When a brand's message remains consistent in all its efforts to communicate, it creates value and positioning in the minds of people. Whether through packaging, customer service, or advertising sbe discussed in the context of promotion a well coordinated marketing mix creates consistent brand presence in a competitive market.

Example: A bike company Royal Enfield continues marketing themes of adventure and brotherhood. The product has a retro appearance, belongs to premium price range category, are brand outlets only distributed and its ad campaigns generally includes long road trips which gives the feel of it being a passionate bikers choice.

Competitive Differentiation: Through Marketing Mix A marketing mix is predominantly set to establish competitive differentiation. With an effective blend, companies long to stand out in a messy marketplace. It is the opportunity for brands to differentiate themselves in the minds of their customers through value and loyalty, long term.

Illustration: The differentiation of HDFC Bank in the unique context of banking, which is based on strong digital banking eco-system, well-customized financial products and above all's upmost personalized customer service. Its recent campaigns, including "Bank AapkiMutthi Mein", have evoked the themes of accessibility and convenience reflecting its leadership in digital banking solutions.


Reaching Market Penetration: Marketing mix enables companies to reach an increased share in existing market by localizing prices, creating region-based promotions and partnerships locally. Maximizing distribution channels lead to broader availability of products and better accessibility of brand to consumers.

Example: Jumbotail (B2B E-commerce Platform) scales up by digitizing and aggregating Kirana stores' purchases therefore pass on better pricing with hyper-local assortments and credit options that make friction-less wholesale grocery shopping for small retailers.

Utilize Customer Insight: A strong customer insight is the foundation of a great marketing mix. Understanding evolving customer preferences can enable you to adjust product features and messaging appropriately. The clear focus and sharper targeting, and the contribution to improving marketing ROI, that results from analyzing such behavioral data. Fleshed-out engagement plans are loyalty and affinity breeding grounds.


For example: Zepto (a fast commerce startup) reorganized its product line as per changing consumer demand, for ultra-fast grocery delivery that changed inventory and delivery networks.

Digital Read



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MBASKOOL. (n.d.). Marketing mix of Coca-Cola - 4Ps | Coca-Cola marketing strategy. Retrieved March 18, 2025,



5.1.4 Integration of Customer-Centric Approach with Marketing Mix

One of the most important features of modern marketing mindset has to be customer centricity. For a firm, it is critical to continuously fit the marketing mix with the requirements, tastes and behaviors of a consumer. The right marketing mix to guide you toward customer-centricity is one that makes all its dealings, from designing to post-sale service, look from the

customers' point of view. And thus, that higher order of satisfaction, fierce brand loyalty and lasting revenue stream.

Personalized Product Lines: If there's anything that customers want from brands today, it is the ability to purchase items based on individual needs and preferences. Companies leverage data analytics, recommendations, AI and customer feedback to personalize offers. This is fantastic for user experience (and to build brand loyalty and repeat business). In competitive markets, companies can stand out for personalization.

The company is an example where sleep solutions like mattresses are customized to the sleeping pattern, body and its liking. Based on the feedback from users and findings in sleep studies, they make recommendations for all so that their customers can receive the best possible sleep.

Responsive Price Strategy Customer-oriented pricing ensures that price quickly catches up with perceived value, affordability and demand in the market. Sometimes organizations would put something called tiered strategies or with some kind of discounts – to bring more customers who fits some needs. Responsive pricing allows organizations to stay in business and offer their products to a wider audience.

Example: SwiggyDineout Swiggy Dineout is a dining reservation table booking platform that provides dynamic discounting driven by consumer dining behaviour and restaurant occupancy. It provides a customised promotion to people through measuring customer hunger times & peoples preference times for the frequent use and client retention.

Distribution Channels Focusing on Customer: The act of customer buying determines convenient availability of the product which is most crucial in satisfying customers. To achieve this, companies must be sure to streamline their supply chain, implement omnichannel distribution and reduce delivery times. Smooth distribution means the brand can easily reach a customer and then grants them an epic shopping experience.

Example: Zepto, a quick commerce start-up promised delivery of products within 10 minutes took grocery delivery to an altogether different level in India and suggesting that consumers have almost nothing to wait for beyond their choice time in minute-and-convenience market was the Realtor pitching itself as the Amazon which is convenience. This adaptation by Lifestyle had one or two hiccups but has ended up being extremely successful.

Exciting Ad-campaign : Ads must engage emotionally to the consumers. Brands are employing tactics like storytelling, **influencer marketing and interactive content to** engender brand affinity. An effective Promotional plan solution will keep customers engaged and thus ensure relevancy. **Example: Paperboat,** an Indian beverages and food products company sells drinks that are associated with the feeling of your childhood. It achieves this with heartwarming digital campaigns and storytelling in packaging, which gave the beverages an emotional dimension beyond being just a product.

After sales: The buyer's journey does not get over when a customer makes the payment but is extended while they use your product or service. Firms that pamper with after-sales service and keep a follow-up to their customers, customer satisfaction shows significant impact on customer retention. Good after-sales service enhanced customer's trust in the product and good word of mouth.

Example: boAt, a consumer electronic brand is focusing on increasing the post purchase experience like easy going warranty systems, fast replacements and interesting customer support through WhatsApp. This proactive strategy makes the customer feel special even after they have made a purchase and builds lifelong brand loyalty.

Customer oriented marketing mix is important for every company if they intend to have a long-term relationship with their customers. So, customized products, reasonable pricing, distribution solutions right on target, promotion that stirs the waters and after-purchase care is what allows a company to keep its head above water in an ever-more competitive environment.

5.1.5 Adjustment of Marketing Mix across International and Local Markets

Prosperity in other markets depends on the tailoring of the marketing mix: Product, Price, Place and Promotion. At the same time, they have to maintain their global branding. This will enable businesses to access more eyeballs, and enhance their own competitiveness by rolling out a localised product strategy that is in line with regional consumer tastes, market trends, or economic environment. This trade-off is between global consistency and local customization.

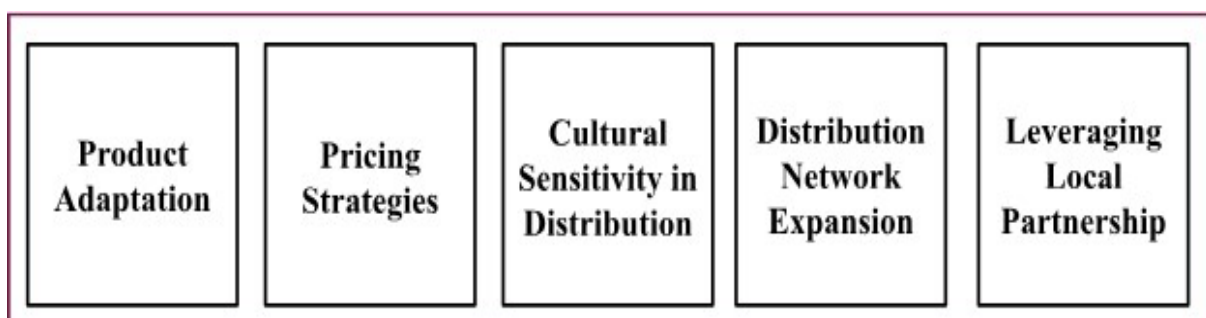


Fig 5.3 Adaptation of Marketing Mix for Global and Local Markets

Product Adaptation: Cultural adaptation of the products to those new markets 2019 tastes, traditions regulations are also important when seeking acceptance for international brands. For product customization ingredient, packaging, or feature adjustments are usually done to

satisfy local tastes. The product that arrives is therefore relevant to local consumers, and authentic to the brand's global identity.

Example: KFC (Kentucky Fried Chicken) has adapted to the Indian market with recipes like Paneer Zinger, Chicken Keema Samosas and Masala Krusher's. The above means for adjusting the hotness of chicken dishes as well as cutting extracts of beef and pork are to be consistent with local people's food senses and religious thought, and thus dishes provided can satisfy not only customers but also local flavor, meanwhile remain the featured dish style of KFC around world.

Pricing Strategy for Diverse Markets: Price varied based on regional purchasing power, competitors and expectation of the consumer to buy. Businesses use competitive pricing, concessions and graduated models to meet the different market economies without having to sacrifice profitability. Example: IKEA China Choose the market-oriented pricing method. The company's products are also sold at far lower prices than they would command in Western markets. The ability to do this comes from IKEA's locally sourced materials and production-cost ratios, where the company can produce products at cheaper prices for Chinese consumers.

cultural sensitive distribution: marketing should be culturally appropriate, adjusted to local standards and in the proper language. Localised advertising messages would resonate with the audience and, thus help build an emotional connect as well." Adapting distribution approaches to local preferences ensures higher uptake and more brand recognition.

Example: Pepsi Thailand's commercials feature Thai pop stars and influencers, adding local flavor to the brand. Make it so that, provided the promotional effort actually does reach a local audience in any meaningful way, it's through Thai humor and storytelling.

Expansion of Distribution Network for Rural Markets: Develop a robust distribution system catering to the urban as well as rural markets in terms of level of local infrastructure, consumer-buying habits and availability issues that serve as foundation for an effective supply chain.

Illustration: Nestle Pakistan has developed its rural market by contracting a number of small local distributors to push various products in unreachable, out-of-bound areas. This extended reach enables the facilitator company about supporting the locals.

Utilize Local Partnerships: If supporting a local partner is feasible, for instance with small to med/large local business owners or celebs/influencers – large international companies can gain instant credibility in a new space. Brand exposure will be strengthened and you will attain greater market share among local customers.

Example: H&M South Korea collaborated with K-pop stars to design clothing lines inspired by Korean street fashion trends. This was a lineup of offerings that played into becoming increasingly appealing to young consumers," added H&M.

So the competition can grow their market without complexity adjusting product, pricing, promotion, distribution and partnerships to local taste. Global sameness needs can be balanced with local difference wants if you want any kind of long term success in multiple markets.

5.1.5 Data-Driven Decision-Making in Marketing Mix

Big Data and Analytics revolutionize the way companies manage data to strengthen their marketing four Ps – Product, Price, Place, and Promotion. Analytics allows a company to figure out, detect and optimize the optimal price and increase customer loyalty in the right place. Data-driven marketing enables companies to be quick and nimble with the market of today based on consumer needs - ultimately achieving effectiveness and profitability.



Fig 5.4 Data-Driven Decision-Making in Marketing Mix

Personalized Marketing with Big Data Analytics: Data analytics helps companies to stream line supply chains, deliver goods on time and manage inventory better. With purchase history, browsing behavior and engagement patterns, the company could then create targeted marketing campaigns with better conversion rates and customer loyalty. Personalization creates better relationships between brands and their consumer audiences, meaning it leads to more effective marketing.

Example: Online fashion and lifestyle brand by Reliance Retail, AJIO leverages big data analytics to offer its shoppers some of the most individualised experiences. It recommends garments, accessories as per the customer's preference which is stored from their browsing

habits, purchase history by analyzing whether or not a similar product has been bought. An approach like this would significantly boost customer engagement, conversion and brand loyalty in the intensely competitive e-commerce space.

Customer Behavior Analysis based Price Optimization – Data helps companies to refine their pricing models by understanding changes in demand, new price-competitors and the willingness to pay. Pricing options will make certain that the products remain attractive to different consumer segments while maximizing profits. Companies can also apply predictive analytics to predict price-sensitive periods and adapting on the fly.

Example: An online travel booking platform like MakeMyTrip exercises real-time analytics to optimize hotel and flight prices. The site looks for the best time and price to travel through data about when customers like to search and book – decreasing prices during down sales days and revenue maximizing on high-demand dates.

Product Quality Improvement through Customer Feedback: Organizations can increase their product quality, improve customer satisfaction and optimize marketing activities by analysing customer feedback. Through sentiment analysis of online reviews and customer surveys, companies can identify pain points so that they make data-driven improvements. Dealing with customer complains upfront can restore trust and help you retain your customers.

Example: Bajaj Finserv uses surveys and reviews to gather customer insights to enhance financial products and services. These, in turn, enable the company to streamline processes such as loan processing time, interest rates as well as customer service aspects through feedback received via customer comments. As long as Bajaj Finserv's financial services remain true to its quality on all fronts - product upgrades, process simplifications and overall customer-centricity, the trust and faith will remain.

Demographic-Level Targeted Promotions: Segmentation of the users based on demographics, behavior and preference can be done as a hyper-targeted promotion for any business. Fatrecruit lets businesses market to the different segment of their audience making for higher engagement and conversion rate. The use of data in segmentation enables media spend to be more effectively distributed.

Example: UrbanClap (Urban Company) splits audience based on location, preferences and demographics from their customer data. It does targeted product promotions, home maintenance services promotions, by utilizing factors such as age and levels of service history which results in increased engagement & conversion rates and helps to optimize marketing spend.

Using Data Insights to Optimize Your Channels: When you have insights into that process, you can optimize the supply chain and reduce all that time spent on delivery as well as inventory optimization. Knowing demand patterns in a region ensures the product is at exactly where it's needed: improved customer service and lower logistics costs.

Sample this: Flipkart uses data analytics to optimize its supply chain and distribution network. According to different regions demand, the company provides products in one time and also reduces logistics cost. Data helps Flipkart in fine-tuning inventory management and increase customer satisfaction during the peak shopping seasons.

Data based decision making is one facet from which the contemporary businesses can optimize their marketing mix and stay ahead. Enhanced personalization, pricing optimization, customer feedback, specific promotion and distribution efficiency of the market leads to better customer experiences together with revenues maximisation and value in the marketplace. Incorporating a forementioned insights into your marketing will lead to agility and responsiveness in a dynamic marketplace.

5.2 Understanding Products and Their Classifications

5.2.1 What is a Product?

A product is anything that we can offer to a market for attention, acquisition use or consumption to satisfy a want or need. It is something that can be transferred to an air hostess when she brings us a cool drink or handed to a food server from the person who prepares and packets our meals. "Products are at the center of marketing because they represent how a company gives value and differentiation to its market." A strong product strategy leads to setting greater goals for awareness, customer engagement and business success.

Products also evolve over time to accommodate changing consumer palates and technological advances. To be competitive, companies incur investments in product development, brand building and enhancement of the quality of products. Whether a product is a commodity or luxury, the degree to which it meets consumer expectations, business environment and competitors determine its success. More product attractiveness and sales can be promoted by firms which also have to focus on packaging, price as well as promotion strategies.

5.2.2 Products, Services, and Experiences

Customers interact with companies via products, services and experiences – all three are different sources of value. Products are about tangible items, services revolve around intangible benefits and experiences build on emotional connections. This knowledge helps companies tailor their marketing & customers interaction approach.

Products: These are substantive objects that can be provided to the market for attention, acquisition, use or consumption that might satisfy a need or want. Durable goods are those that last for a long time, such as cars and appliances whereas non-durable goods are consumed products like food and toileteries.

Example A smartphone is a durable good, whereas a soda bottle is regarded as a non-durable good.

Services: Non-material goods, which provide value by enabling performance rather than production of physical products; they require direct contact between consumers and providers. Services are not stockpiled, and are generally tailored to customers' needs.

Example: A salon haircut or bank financial advice service.

Experiences: These go beyond goods and services by creating emotional or memorable connections with consumers; they are responsible for customer satisfaction and brand trust. Companies build unique experiences to connect more deeply and differentiate.

For example: A visit to the theme park such as Disneyland is fun doing entertainment.

5.2.3 Levels of Product

The product itself has different levels which add to the total value and change the way customer digests it. An understanding of these stages will enable companies to develop, market and differentiate their products accordingly. Every stage contributes to what the customer goes through and decides. If the value proposition at each layer were a unique one, companies could therefore build stronger relationships with customers and generate an even better competitive position.

Core Product: This is something that the customer must have, what she is buying— it's largely the reason why customers buy a product or service in the first place. It does not vary by brand, or even between different iterations of a product. If a product doesn't solve a fundamental problem, it can't possibly acquire and keep customers. It's not enough that companies deliver their main product or value to the market.

The traditional telephone is the primary product of a smartphone."It enables people to keep in touch through phone calls, messages and the internet.

Actual Product: It includes physical attributes such as design, features, quality level, branding and packaging that will give customers a reason to purchase. Here, companies tend to differentiate themselves with product design, appearances and branding (Dougherty 1992). A well-executed physical product indicates brand, customer/competitive context, and satisfaction.


Example: The iPhone sets itself apart with its sleek design, advanced camera capabilities and exclusive iOS ecosystem that ranks it at the luxury end of the smartphone market.


Augment product: This includes benefits and services which serve to add better value beyond the actual product. It could be post-sale assistance, warranty extensions, members only

specials or customised service. That's where good augmentation strategies help businesses build brand loyalty and forge long-term relationships with customers."

For instance, Samsung offers a new line of service contracts, trade-in programs, 24/7 customer care and support, aimed at satisfying the customers to enhance brand trustworthiness.

Digital Read





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Clickworker GmbH. (n.d.). Categorization of products

– Case study. Clickworker.

5.2.4 Product and Service Classifications

Products and services are divided according to their function, target segment and buying behaviour. This division provides companies with the opportunity to develop effective marketing campaigns, set prices correctly and select the best distribution channel for their products according to customers' reactions. Through their awareness of the classes companies can make unique products and target certain segments in a market to better satisfy consumers. Appropriate classification further assists inventory management, branding, and promotion scheduling.

Consumer Products: These are products bought by consumers for personal use and divided into convenience, shopping, specialty and unsought goods. All of them differ in purchase regularity, price sensitivity and consumer choice process. In this regard, firms need to study consumers behaviour thoroughly in order to place such products well and raise the demand for them within the markets. Marketing, presentation and accessibility are key stimuli to demand.

Example: Soft drinks such as Coca-Cola are convenience goods; consumers may purchase it daily without any great effort, while a Rolex watch is a speciality good: at a higher price the consumer expects to find differences in the products.

Industrial Products: Goods purchased by businesses to be used in the manufacturing process, operations or for resale. This encompasses material components, equipment, machinery and products -- we talk about either production or service applications. Industrial is not a consumer of products, it has to work and be efficient with return on investment. These buyers are looking out for long term reliability, supplier relations and cost saving options. Sample:

Intel Congress is big bucks Americans have been sold the idea that clever packaging is a substitute for genuine ingredients and when they lift this latest media-lobbied Internet a new approach to liberty bauble they not going to like what’s inside Treat them as children, though, give them some Talmudic reading to do and capers up mentor din and make 2 mechanics in make sense of sex record together from another world you must stand Close ~.

Services: These are services, not something physical that can be offered as a product (though some services can be turned into products!). Services can not be stocked or owned, and require direct producer to consumer interaction. Quality of service, responsiveness and customization all have a strong influence on customer satisfaction and loyalty. Efficient service companies focuses on high effectiveness, convenience and confidence building to get a competitive edge.

Example: Uber offers a nondenominational surface-ride service in the digital world that connects people who drive to those who don't because it's faster and cheaper than traditional taxis.

Category	Definition	Key Characteristics	Example
Consumer Products	Goods purchased by individuals for personal use.	Includes convenience, shopping, speciality, and unsought products. Purchase frequency and brand perception influence buying behaviour.	Soft drinks like <i>Coca-Cola</i> (convenience), <i>Rolex</i> watches (speciality)
Industrial Products	Goods purchased by businesses for production, operations, or resale.	Includes raw materials, equipment, and supplies. Decisions are based on functionality, efficiency, and cost-effectiveness.	Intel processors used in laptops and PCs
Services	Intangible offerings that provide value through expertise, labour, or experiences.	Cannot be stored, requires direct customer interaction, and relies on service quality and personalization.	Uber’s ride-hailing services connecting drivers and passengers



Activity: Strategic Analysis of Employee Role in Service Marketing

Choose a prominent service-based organization and perform an in-depth analysis of how its employees shape customer experience and brand image. Analyze important factors like training initiatives, customer interaction strategies, and service customization. Assess how employee conduct affects customer satisfaction, retention, and brand loyalty. Determine areas of service gaps and suggest strategic recommendations for improving employee performance, e.g., leadership development, reward schemes, or technology for customer interaction. Offer a critical evaluation of how these enhancements can generate competitive edge in the service sector.

5.3 Product Strategy and Development

5.3.1 New Product Development Strategy

What is a New Product Development (NPD) Strategy? A New Product Development (NPD) Strategy is the entire process that takes a service or a product from conception to market. It combines customer needs, innovative solution development, and commercial potential. An effective NPD strategy is crucial for companies to stay in competitive, rise above industry challenges and continue ahead of developing trends as markets shift. Companies can create products according to the desire of consumers in conjunction with their future business goals - through trend analysis, strategic resource allocation and risk reduction.

Key Elements of New Product Development Strategy

Locating Market Opportunities: Locating market opportunities is the first step to creating a winning product. Firms do thorough market research to know the consumer demand as well as monitor competitor brand activity and keep an eye on trends in the category. This allows them to identify niches and solutions that are actually in demand. Firms that can anticipate trends can take advantage of changes in consumer behavior or technology.

For instance, Netflix switched from DVDs to streaming as soon as it realized that people wanted digital content more than ever.

Alignment to business goals: Aligning NPD to business goals makes innovation activities focus on the firm's mission. They have to decide whether their basis of strategy is low cost, differentiation or niche chase. By uniting their efforts in this manner, they are able to pool resources and maintain a certain look and feel to their brand.

For example Tesla synchronises their NPD strategy with sustainability through the design and production of electric cars and solar panels, prioritising innovation rather than traditional automotive manufacturing.

Customer-Oriented: Customer-oriented leading products pioneer industry needs. Companies employ surveys, focus groups and social media to hear from customers, hoping to tease out

pain points and shifts in behavior. By focusing on the customer, you have the most chance of adoption and succeeding long-term.

For instance, Procter & Gamble creates private label personal-care brands, which are founded on much heavier consumer research and therefore are even more closely linked to the way consumers live themselves.

(2) Innovation and Technological Integration Development success of the product is driven by innovation and technology integration. Companies undertake R&D, consort with technology firms, and invest in new technologies to improve their product. A culture of continual innovation allows companies to stay on even keel and improve customer value.

And Apple's addition of features like Face ID and the unparalleled A-series processors make today's iPhones more capable, secure, and advanced than ever before.

Also: The importance of risk management and feasibility analysis to decrease the risks for new product introductions is quite crucial. In such cases of large-scale investment in product development, at some companies, the corporations engages in technologically risk, financial risk and market penetration risk seeking tests in order to test cum feasibility checks depending on prototypes etc. By doing so, they are able to make informed decisions while remaining out of expensive-to-remedy mode failures.

Pharmaceutical companies, for instance, need to conduct extensive clinical trials before commercially rolling out new drugs to ensure safety, efficacy and triumphant regulation.

Competitive Differentiation: A product has to stand out in order to compete in the marketplace and therefore competitive differentiation is necessary. Businesses must look for something that breaks the gaze — design, brand, functionality or user experience — in order to create new value proposition. Good differentiation captures customer curiosity and brand loyalty.

For instance, Dyson has differentiated itself in the home appliances market by manufacturing vacuum cleaners using its powerful suction technology and premium looks that attract high end customers.

Pricing and Positioning Strategies: Pricing and positioning strategies is also a point of significance for deciding upon the marketing image which needs to be impart by the product. Enterprises should determine their pricing strategy—premium, penetration or competitive pricing—based on market demand and the willingness of customers to pay that price. The positioning corresponds to the choice of the unique value proposition that this product will offer, to be consistent with consumers image.

Starbucks is one such example: it established itself as a premium coffee player for which consumers paid a premium with the understanding they were getting higher quality, stronger brand and better service/ experience.

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Speed-to-Market and Agile Development: Getting product to market quicker, but more importantly, getting into early adopter markets before the competition. By upholding agile development practices, organizations are able to keep on making their products better through incremental changes based on iterations, feedback and rapid prototyping. They continue to do high-speed development so that they can keep up with competition at least in infested market space.

Microsoft, for instance, uses an agile software development process that lets Microsoft update and improve its products based on user feedback.

Go-to-Market (GTM) Strategy: A go to market (GTM) strategy is essential for a successful product launch. This involves choosing the right distribution channels, building brand recognition and promoting to potential customers. A good GTM strategy means that the product reaches its target audience and can gain some market traction.

Some examples are: when Samsung releases phones, there a huge buildup with them around the world by throwing events, using social campaigns and special offers for pre-order so that people order it before they even see it.

Continuous Monitoring and Improvement: Firms can use this technique to get their product 'right' after they have been launched by tracking and tweaking them continuously. Allows Firms to measure KPIs, consumer feedback and market response so that they can make required changes. This is what makes products competitive and keeps customers happy,api response times met.

For instance Google has been iterating on its Pixel phones with ongoing updates based on how people have been using the phone, as photographers to do similar things and software tuning in order to keep up with rivals.

Business firms feel the dire necessity of a New Product Development Strategy to lead innovation and sustain competitiveness; respond to changing consumer needs. It requires market research, customer intimacy, technical innovation and risk management in order to successfully launch a new product. By continually refining strategy, keeping up with industry trends and being customer-focused, companies can establish sustainable growth, enhance their brand and realize profits in an ever-changing business world.

Did You Know?



“Coca-Cola, once renowned for its soft drinks, diversified its portfolio by creating more than 500 brands, including water, coffee, and plant-based drinks, to address shifting consumer tastes.”

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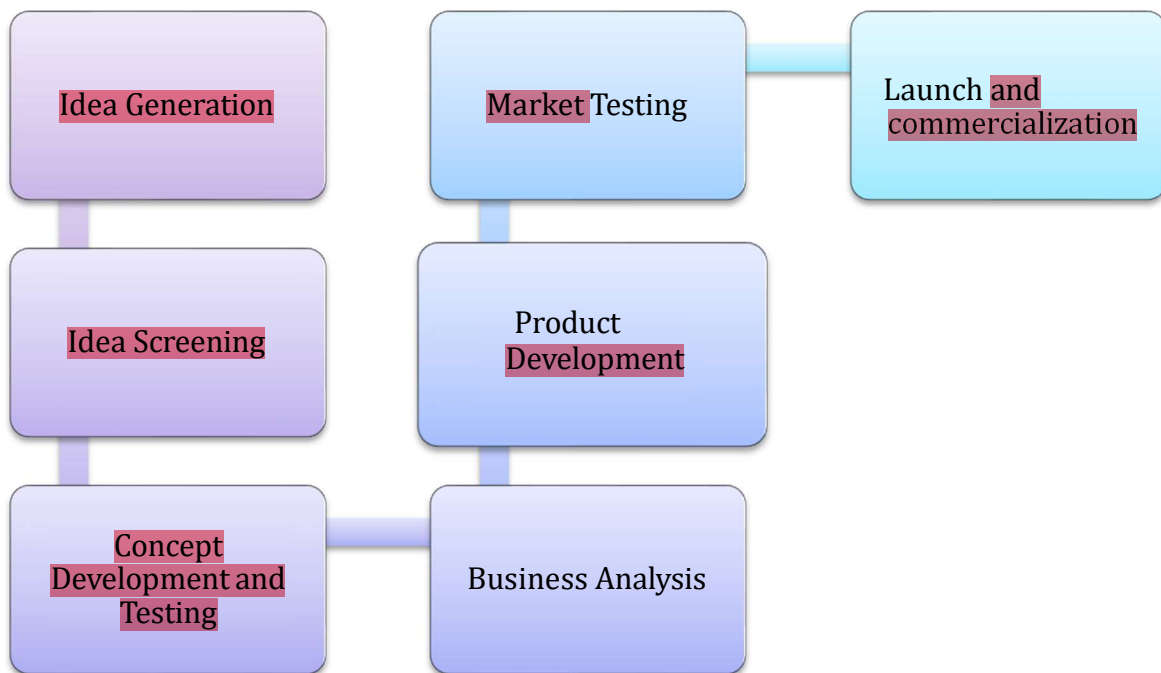
5.3.2 The New Product Development Process

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The development of a new product (NPD) is the process for introducing, developing and delivering a new product to the market. It spans several phases, including ideation to market introduction, so that it helps companies develop products that customers need and buy. The exercise reduces risks, enhances the use of resources, and brings about a strategic product-market fit. Successful NPD results in an increased level of innovation, and a competitive advantage for the companies.

11

Stages of the New Product Development Process



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1

Fig 5.5 Stages of the New Product Development Process

Idea Generation: Firms search for new ideas by exploring market trends, customer needs, technology movement, and their competitor analysis through idea generation which is the first stage of product development. Different sources are used by companies for idea generation including customer feedback, team brainstorming, R&D and cooperation with external entities;. A robust idea-generation process will allow organizations to have a powerful product ideas list that they can work on.

Idea Screening: Once the ideas have been generated, firms screen these ideas to see how feasible they are, if they are profitable and provide relatedness to firm's business. Screening assists firms for reducing the unrealistic or unworkable ideas and concentrate on those where maximum chances of success. It is about scoping for technical and financial feasibility, business potential.

Concept development and Testing - The concepts were selected will be developed into product descriptions to describe the characteristics, advantages and users of the proposed new products. Businesses devise concept statements and pilot-test them with potential buyers for feedback. It helps you hone the product concept and make sure it fits consumer needs.

Business Analysis: In this stage the cost and feasibility of the product is tested. Businesses produce cost, revenue projections, break-even and ROI analysis. The second phase serves as a resource saver, and explains how is the business aligned with objectives. Lithuanian An efficient business analysis averts the costliest mistakes and gives an idea of their prices, cost of production, demand for products.

Product Development: Once the concept is approved it's finally time to take that sketch into product! This is where Designing, Engineering, Prototyping and testing comes into play in making the product functional. Firms are committed to R&D and engage with suppliers in enhancing their quality and efficiency. The product changes through several widget levels before it's finished.

Market testing is having the product tested in selected test markets in actual use to provide real world testing. Companies introduce test markets, pilots, or beta version to get customer feedback and try packaging, pricing prings strategy efficiency level channel of distribution. The approach is useful to detect parts in which improvements are necessary and help plan a subsequent more successful large-scale launch.

Launch and Commercialization: Commercialisation is the last step in which you launch your product into the market. It is about manufacturing and production, distribution, advertising promotional efforts and selling promotion. The companies have their go to market strategy, the product is delivered to proper customer through suitable channel. A good launch is one that leverages visibility of the **product and customer** adoption.

The New Product Development Process is a method that helps companies add new products to their product portfolio. Every stage – ideation, screening, concept testing, business analytics, **development market testing and** commercialization accounts for the success of a new product. Firms who use a NPD process are able to improve their development by "knowing when new products are required" thus, optimizing the innovation process and launching new product excellently. This system not only makes companies more profitable, but also enables them to create long-term brand leadership and industry dominance.

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5.3.3 Product Life-Cycle Strategies

Strategic planning and execution of a product will ensure that you have growth and profit at every stage of the life cycle. There are 5 stages in the life cycle of a product: Introduction, Growth, Maturity, Decline, and Extension. The marketing, product development and operational needs are completely different between each stage. The company must adapt its strategy at each stage if it is to perform well and penetrate the market potential.

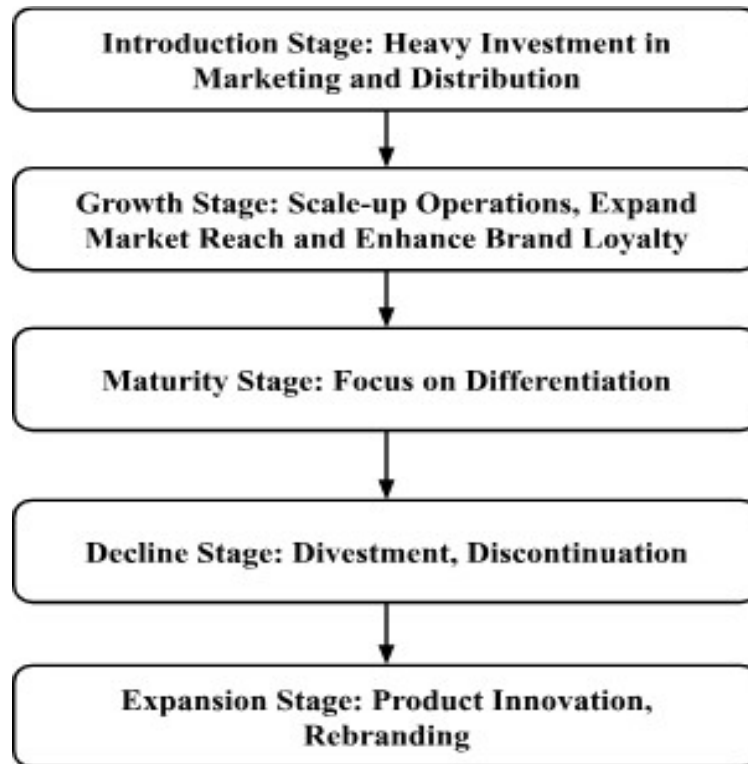


Fig 5.6 Strategies for Managing Each Stage

Stage 1: The Introduction Stage - This represents a time period when major advertising is made to raise attention of an item throughout its launch in the market.

Introduction stage involves the promotion of product awareness thus developing a market for the product. Marketers have to succeed in brand adoption at this stage as there is likely little competition from other products. Great investment for brands to introduce, and create preference (that doesn't mean however they will make money). This is called investing in making that solid base so post introduction problems can be handled by a strong company or not strong but just having a good base while losing money on research and development, designer time etc. Marketing costs are typically high at this stage due to the need to launch a success marketing m[citation needed]ix in order to gain recognition within those early adopters who are going[not quite right but close enough] hold off branded buyers., also

competition-defying prices must be set if these customers came seeking for discounts which were expected (like we see with any fancy new technology).

Example: Indian fresh meat and seafood brand Licious heavily invested in quality-control measures, cold-chain logistics and aggressive digital marketing to launch its brand. By delivering clean, farm-sourced meat to people's doorstep and deploying slick online promotions, Licious created demand in a hitherto unorganized sector.

Stage: Scaling the Business And Market Entry and Branding alcohol Detox Process?

In the Growth Stage of this period, the firm turns towards running its operations at scale and expanding its market reach. It further strives to increase customer loyalty through improved value proposition and experience. The funds are used to expand production capacity and distribution networks as well as enhance brand influence so that a bigger slice of the market can be carved off.

Example: Swiggy expanded businesses well during the Growth Stage — embiggening its delivery network, restaurant partnerships and launching new features such as Swiggy Pop and Swiggy Genie. These features helped the company grow quickly and keep a satisfied base of loyal customers in India's crowded food delivery space.

Stage of Maturity: Differentiation, cost reduction and maintaining market share.

During this phase called Maturity Stage, growth itself starts slowing down, while the competition becoming fierce as the product is accepted in the market. Companies have to differentiate products by means of the product itself, price strategy and increasing brand image to stick with their market share and profit. To streamline operations, they slashed their cost and remained competitive in price.

Example: Samsung's Galaxy lineup has festered in the smartphone market's maturity phase, using foldable screens and eye-focusing cameras to differentiate itself. Innovating features with things like fold screens and better cameras – and the pricing they filled the middle of the market for has kept Samsung right in there playing with one of the would-be heavyweights such as Apple, Xiaomi or others just at a time when it was having to keep its costs competitive.

Termination Stage: Divestiture, Discontinuance or Search for Niche Opportunities

"In the decline stage, a product's sales start to fall because the market has become saturated, technology has made it obsolete or customer tastes have changed. The strategy of the firm for mWiMax could include a possible disinvestment, stop or search for niches to keep the product. The product can be re-situated according to specific market needs and used for other purposes.

Example: Yahoo! 's internet service business eroded over time as Google, Facebook and others emerged as dominant players in that area. Later, Yahoo! offloaded its core business to Verizon and rebranded as a hodgepodge of smaller services like digital media, advertising.

Growth Stage: Product Innovation, Rebranding or Targeting a New Market

During the extension stage, companies use a combination of strategies such as product innovation, rebranding and discovering new markets to rejuvenate a product's life cycle. These tactics attempt to generate consumer interest again and prolong the product lifetime. It may be entering a new geography with the product, or taking it to market with new features.

PepsiCo reinvented Mountain Dew by introducing new flavors and packaging with more appeal for younger, more adventurous consumers. Plus, they developed limited edition flavors, and by creating social media contests they were able to boost brand engagement which brought new life into a stale market.

Each phase of the product life cycle requires a personalised strategy to maintain long-term success. By carefully steering the four stages, companies will be able to fully capitalize on what their branded products have to offer and ensure long-term success in competitive markets.

5.3.4 Real-Life Contextual Review and Applications

Contextual Review: Nokia Since the introduction of the Model T Ford, business scholars have recognized the importance of strategic shifts over the product lifecycle.

How Nokia deals with PLC (Product Life Cycle) is the excellent proof. From being a market leader to becoming a laughing stock in the early 2000s, what happened to Nokia indicates that innovation, strategic adaptation and market responsiveness are necessary to manage the product life cycle.

Background

“Nokia started as a pulp and paper timber company in 1865 before evolving into telecommunications. It also was the world's then largest producer of mobile devices in late 1990s and early-to-mid-2000s until the growth of touchscreen smartphones; its popular line of phones is considered to be the Nokia N-Series model cell phones. As smartphones like the iPhone made by Apple and those based on Google's Android operating system came to dominate, Nokia lost its competitive edge and fell hard.

Key Product Lifecycle Management Challenges at Nokia

- Losing out to the smartphone revolution: Apple and Samsung took forward smartphones based on touch-screen, while Nokia fell back upon the old-fashioned Symbian OS that was no match for iOS and Android in ease of use.
- No Strong App Ecosystem: The new smartphones were very app dependent, and Nokia's ecosystem didn't have the developer support that has been raking in consumers.

- Enter Very Late into the Game : Enter at the end: It was probably a little too late in 2011 that Nokia entered with the Windows Phone OS under Microsoft's supervision when Android and iOS had already taken over.

(Unable to differentiate Unlike its rivals, who made either premium innovation (Apple) or cheapness (Samsung and the Chinese brands) their distinct competitive edge, Nokia hadn't been able to define what it was better for as a handset company.

Within the PLC: Policies and Corporate Spins

Growth and Maturity Phase: Internationalization & Market Dominance: Nokia was rapidly entering or moving up in all emerging markets while offering a range of feature phones and early smartphones. They broke in to massive international market share the old fashioned way, with a strong brand, rugged designs and low pricing.

Decline Stage: Strategic Alliance with Microsoft: To turn around and save itself from losing its stronghold Nokia developed an alliance with Microsoft in the year 2011 to use windows phone OS in Lumia series. It was unable to reclaim its former position in the market, as consumers never adopted Windows Phones.

Divestment: Sale of Mobile Division Nokia sold its mobile division to Microsoft for \$7.2 billion in 2014 and exited the sale of handsets business to refocus on getting into the telecom infrastructure business, 5G technology.

Outcome and Impact

- Microsoft's acquisition did not resurrect Lumia, and eventually Windows Phones were killed.

" HMD Global was able to successfully re-enter the mobile market back in 2017, and released smartphone models which run on Android-powered OS while taking advantage of 5G(s) solutions as well as networking (LTE/4G).

- Transformed from product-oriented to technology-oriented, EOPTech made the development of telecommunications infrastructure and software solutions with sustainable growth.

Conclusion

What is written can be done Nokia's decline has been an age old story of how market leaders can fall if they do not innovate and reinvent. In addition to the ailing smartphone business, Nokia itself once again transformed into a promising company of the future, this time structurally. So, here's an illustration for us in the context of managing a product life cycle, when It is suitable to have time to decide when and what kind of technological shift or strategic innovation too make.

5.4 Summary

❖ Marketing mix is vital for ensuring the compatibility of products with market demand, competitive distinctions and customer satisfaction.

❖ A good product life cycle strategy helps in handling the different stages from introduction to decline and may be a basis for extension.

❖ New product development is systematic, involving idea generation, screening, testing, and commercialization for success.

❖ Strategic decisions about the marketing mix (e.g., pricing, promotion, distribution and product placement) serve long-term business goals.

❖ Customer Driven Marketing: which consists of making customer (Supply Chain): a key theme in demand driven business, by being more responsive, personalized and engaged with customers to achieve the retention and loyalty.

❖ Data-supported strategies enhance decision-making with the enablement of data driven and allows companies to optimize pricing, promotion and distribution.

❖ In order to be successful at adapting in the market place firms have to balance global standardisation and local product, offering and branding.

❖ Concern: In dynamic and competitive markets companies need to always be innovating or improving their plans.

❖ Technology-driven insights and digital marketing should be integrated to help improve consumer experience and engagement.

❖ Failure to evolve with changing consumer preferences and tech trends may cost business and hurt competitiveness for those not making the shift.

5.5 Key Terms

Marketing Mix (Strategy): An entrepreneurial formula that combines various elements, such as product, price, place and promotion in a way that is all the more powerful than competitors' for use in achieving customers' loyalty and success. It is a balanced approach to how the market should be approached and sales can be directed.

Product Life Cycle (Concept) - an idea that describes the many stages a product lives through including: introduction, growth, maturity, decline and possibly extension. It helps businesses to properly plan the marketing, pricing and distribution policy.

16 New Product Development: (Process) A systematic process of **idea generation, screening, concept development and testing** to market new products/store back into the stores. It lowers the risks and increases chances of product success.

8 Customer Focused Marketing (Strategy): A marketing approach to identifying the needs and wants of customers through personalized communication designed around product offers. It is a **key driver of customer satisfaction**, loyalty and long-term business growth victims.

Approach: Data-Driven Strategies Business decisions and marketing strategies are driven by analytics, customer insights, and market dynamics. It promotes performance-friendly pricing, promotions and resource management.

Market Adaptation (Strategy): The process of modification of marketing strategies, product attributes and brand to conform to diverse cultural, economic, and geographical market conditions. It offers... Can fluctuate the synthetic vaginal area to satisfy their market needs.

Competitive Advantage The concept of a factor or skill that facilitates an organization to get ahead and stay ahead of others in any market. It could be through innovation, cost leadership, superior quality or premium brand position.

5.6 Descriptive Questions

- 22
1. **What are the** important **elements of marketing mix** and how do they influence consumers' response under different market conditions?
 2. How does a product's life cycle influence the pricing strategy and marketing of a company, and what are some difficulties at each stage?
 3. What are the primary stages of new product development and why it is essential for all these stages to ensure success of a product in market?
 4. Why is Customer-Oriented Marketing so Important for Brand Loyalty and Business Growth, and How Can Businesses Do it Well?
 5. How do data campaign contribute to how companies make marketing decisions, and what are the types of analysis that tools mostly used?
 6. What importance lies in market adaptation for companies beginning to expand into new markets, and what should be considered when localizing their products?
 7. So how do businesses achieve a competitive advantage in such a crowded marketplace, and what is the relationship between this and innovation?

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5.8 Case Study

Using the Marketing Mix in Positioning for Market Leadership

Good marketing mix strategy allows a company the benefit of an edge in competition as the product, place, price and promotion elements are well defined for their product or service. All the four elements in combination enable a company to satisfy distinct customer requirements, and assure its growth. India's largest dairy brand Amul has cracked the 4Ps of marketing and is now ruling the roost in the dairy market. This case explains how Amul uses the marketing mix to achieve success in its market, Shows how Amul has managed to stay at the very top of its game and market including milk and other products.

Background

Brand Name of Anand Milk Union Limited is Amul, which was pioneered in Dec 1946 and later resulted Indian White Revolution that made India **the world's largest producer of milk and dairy products. Amul**, as a co-operative brand assures on bringing you with the quality and reasonable products. Its direct competitors are Mother Dairy, Nestlé and Britannia. This, therefore, makes the company to have innovative processes in product offers, pricing models, distribution models and marketing approaches to be the first amongst its peers.

Problem 1: Product Strategy and Innovation

AMUL operates in a competitive FMCG and dairy industry where changing consumer preferences, product innovation and quality differentiation are the norm. Rivals introduced

flavoured milk, premium cheese and organic dairy even as Amul had to widen its product range in order to maintain its lead.

Solution:

- Diversified from basic dairy items to cheese, chocolates, ice creams and probiotic beverages to meet changing customer needs.
- Amul Kool (designed as a health drink, depending on the ground products are vat pasteurised branded under the name Vikas by Guj Milked and marketed as chocolate, strawberry) and Amul Ice cream widely marketed in order to cater for the growing ready-to-consume market.
- Highlighted the organic and wellness categories with the addition of lactose-free milk and protein-fortified dairy products.

Issue 2: Price-point Mass Strategy

Pricing is one of the marketing mix variables that play a major role in Amul as it has to match with competitors on one hand and be affordable by customers and profitable for farmers on the other²⁰. Competing multinationals Nestlé and Britannia had launched forays into the category pricing premium dairy at astronomical price-points, something Amul was going to find impossible.

Solution:

- Implemented the strategy of price competition taking “value” as their starting point, providing high quality at a good cost so it was still affordable for everyone in society.
- They exploited economies of scale and the cooperative business model to minimize their purchase costs, and share the benefits with you.
- Integrated the practice of differential pricing with high-value/low-volume products such as Amul Gold (high-fat milk) and Amul Dark Chocolate for niche segments.

Issue 3: Distribution and supply chain related challenges

The distribution muscle of Amul has proven instrumental in ensuring fresh dairy products reach both urban and rural consumers. With demand on the rise, rivals such as Mother Dairy had improved supply chain efficiencies, and it was imperative for Amul to fortify its distribution approach.

Solution:

- Established an efficient cold chain distribution system leading to timely supplies and minimum breakage in dairy products.
- Increased retail points of contact through 50+ sales offices, 10,000+ distributors and more than a million retailers to reach out to Amul products.

Enhanced its reach in small towns of tier-2 and beyond, with the help of small vendors, co-operatives and rural distribution networks.

Issue 4: Distribution and Brand Promotion

Promotion as a key success factor for Amul amazing product, not so good promotion 4.1 promotional activities of Amul pushing its brand 4.2 facts and figures encompassing the marketing maximal national prime-time ads milk drink (gusto overall market share - sales south; shakti sales for Amul: 68 per cent) stemmed close to rs 5m (rs25 crore). So, when Amul's rivals started aggressive advertising campaigns, its marketing had to be constant and hard-hitting.

Solution:

- Conceptualized Amul Girl that helped create top-of-the-mind brand recall with her sharp and topical ad-creations.
- Centred on mass media advertising through TV, print and digital media with social media campaigns.
- Introduced "The Taste of India" as a patriotic and emotionally charged brand slogan to instil consumer confidence.

Reflective Questions

How does Amul compete successfully within the dairy sector in terms of marketing mix?




What would be the other marketing efforts that Amul can give for its premium and organic dairy range?

How can the company take its entire distribution network to next level and rival new dairy startups?

Conclusion

The product of these achievements is evidence of the strength of **the effective use of marketing mix** strategy in building market leader brand. It meets all the above points and this is what diversity when it comes to different kinds of consumers means. Additionally, the brand of Amul is also flexible to recent market as per the need and demand while maintaining its affordability and quality in dairy. "All brands in this industry need to continue to innovate, expand into premium segments and make use of digital marketing for future growth for it to keep going."

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Unit 6: Pricing Strategies

Learning Objectives

1. Learners will identify the strategic role of pricing in profitability and positioning in the market.
2. Learners will identify different price strategies and how they influence buyer behaviour.
3. Learners will analyze the effect of environmental pressures like competition, technology, and regulation on price determination choices.
4. Learners will evaluate how businesses can simplify pricing structures to foster long-term growth and sustainability.

Content

- 6.0 Introductory Caselet
- 6.1 Understanding Price and Factors Influencing Pricing Decisions
- 6.2 Major Pricing Strategies
- 6.3 Additional Pricing Strategies
- 6.4 **Summary**
- 6.5 **Key Terms**
- 6.6 Descriptive Questions
- 6.7 References
- 6.8 Case Study



6.0 Introductory Caselet

Challenging Pricing Strategy in A Competitive Market

Ananya Kapoor, the owner of NutriBites, a company that makes high-end organic snacks, was struggling to devise an effective pricing strategy. She was selling high-quality, preservative-free snacks and facing a sales ceiling. Her customers saw her products as either too expensive compared to mass-market goods or so inexpensive they were not worth the luxury tag.

Ananya had been following a cost-based pricing strategy initially, and enjoyed good mark-ups on the costs. But this approach didn't position NutriBites as strongly as she might in the marketplace. And her product mix pricing was not that well done at all—there were no obvious levels of products, and even little to no bundling.

She knew that the right price determined whether or not a product would be able to enter and grow in the market. So, she re-strategy: by customer value-based pricing with segmented price based on value. She used both bundle pricing to compel bulk purchases and promotional pricing in the form of short-term specials. And she broadened her distribution beyond specialty organic shops to major e-commerce sites, pushing her products into ubiquity.

These strategies resulted in increased customer demand and ability to compete and become profitable. NutriBites resolved its price problem successfully by aligning the price, product range and placement (distribution) with customer requirements.

Critical Thinking Question

How can businesses such as NutriBites maintain a low price while keeping their strong brand in an over crowded market?

6.1 Introduction to Marketing Mix: Why Use Marketing Mix

6.1.1 Introduction

Price is the most important component of the marketing mix, affecting both a company's turnover and its profitability. Price is the consideration that a customer must pay for a product or service and, as such, is one of the most important conditions for influencing consumer attitude, competing success and company success. Savvy pricing makes it possible for a company to go after the right target market, sell as much as the traffic will allow and solidify its brand image.

Pricing choices are not simple and they are influenced by several internal and external factors. Profit-maximizing firms must weigh these customer conditions with market-attractiveness and

competitive pressures in determining the best price. Pricing it right, in addition to short term revenue outlook will shape the long term destiny of a brand and its owned market share.

Definition of Price

Price is the amount a buyer pays a seller for the good or service in order to acquire it or use it. It is also most important for encouraging demand, profitability and competition.

6.1.2 Price in the Marketing Mix

Price is one of the 4Ps in Marketing Mix. It does, because it has a correlating impact on your company's top line, bottom line and competitive footing. Price is what the customers are prepared to give up for a product or service. Of all the marketing communicates variable, price is remarkable for being the only one that adds to revenue instead of adding cost. Pricing decisions are hard because they need to achieve a delicate balance between customer perception and competitive dynamics, on the one hand, and cost structures and broader business requirements, on the other. The best pricing strategy focuses not only on how demand responds to price points, but also on this: What positioning does it create in the consumer's mind when they see a level of pricing – premium, value for money or budget.

In other words, the decision about how much your business will charge for your product or service requires some serious consideration if you want to ensure that you're setting a price point that can sustain both your brand's value and profitably of the company long term. It needs to be flexible, able to deal with volatility in the behavior of consumers, competitive pressures and changing conditions in economy.

"This is because I may want to do so in mass market segment where Maruti Suzuki Motor Corp. can compete on aggressive pricing, but Tanishq brand will position itself and command premiums prices for my luxury jewel," he added.

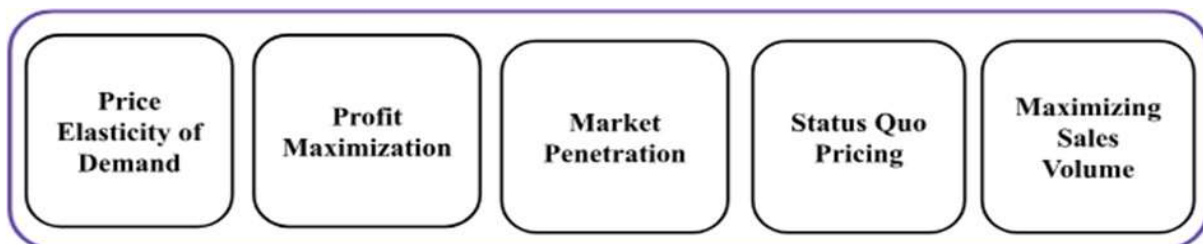


Fig 6.1 Price in Marketing Mix

(2) Pricing Objectives

12 Pricing is a critical component of any marketing mix since it affects revenues, profits and of course market position. A firm can adopt pricing focusing on highest profitability, maximum market share or long term sustainability. the price-offering will affect the image customer and products have of a brand. Factors like production expenses, competitor pricing, consumer demand and market conditions factor into determining the optimal pricing strategy.

Maximize Profit: Companies determine prices by looking to maximize profits without out-ricing their consumers. This approach is more common in industries where brand loyalty and product differentiation are important. Through premium pricing model, the organization wants to ensure high profitability along with exclusivity and perceived quality.

Example: Tanishq by Titan also commands a premium on its gold jewellery lines based on unique design, better quality, assurance of purity and trust. As such, it can produce high margins.

Market Penetration: This is pricing a product low to gather many customers and then suddenly increases the price, market share gained by doing this quickly- It helps competitive markets, or for a newly launched product. One of the most common ways is for a new brand or business to enter an established market and quickly become more visible than competitors and gain customer loyalty.

16 Example: Boat, India's fastest growing audio & wearables brand was pricing their smartwatches and earphones below that of rivals such as Samsung and JBL in order to establish a lead in the Indian wearables market quickly.

Sales Volume Maximization: There are business firms that aim at large sales volume rather than profit or profit on per unit. This makes their strategy suit well for FMCGs and necessary goods. Consideration Humanity Plans Piss Off SCOTUS There's nothing complicated about this one: a business can capture broad market share with low prices, and it makes up profits at scale.

For example, the wide presence of Dabur's affordable ayurvedic and personal care products, such as Dabur Honey and Chyawanprash among others, for panellists in urban and rural markets translates into higher reach for large-scale sales.

Status Quo pricing: In this method, you fix price by matching up with your competitors just to keep market prices stable and not indulge in a price war. It tends to be a popular approach when there is heavy competition within an industry and price irregularity could potential disrupt or alienate customers. At such firms, rather than using a slash and burn price strategy they are more concerned about maintaining the customer base and ensuring the long-term viability of their own brand.

Case in point: Zomato and Swiggy both have similar commission rates for restaurants, as well as the same food-delivery fees from customers to maintain a level-playing field.

(3) Price Elasticity of Demand

8 PED (Price Elasticity of Demand) quantifies how responsive consumers are to changes in prices. Elastic demand products are those whose sales figures vary greatly when the prices do while for inelastic demand products, sales hardly flinch when prices are altered.

2 For instance, luxury items and discretionary products tend to be price elastic. A slight price hike may result in a considerable demand cut. If the cost of a luxury cellphone or holiday package goes up, consumers can wait to buy it.

On the other hand, commodities as food, medicine and fuel reflect a small elasticity of demand. Prices of petrol, electricity and basic groceries can soar, yet the appetite for all three stays steady – who here believes that shoppers are not price sensitive when it comes to replacing their disappointing small boxes of washing powder?

The firms use elasticity analysis to make price decisions that are rational. They are brands under FMCG's like NESTLE or Hindustan Unilever who manage to price it exactly so as not to witness sharp and deep demand fall. Luxury brands like Mercedes-Benz or Rolex depend on inelastic demand from wealthy clients with little price sensitivity. It also provides businesses with an ability to come up with strong discounting strategies.

For example only if the product is highly elastic, a company can discount irregularly which could have a dramatic impact on their sales volume. Amazon and Flipkart cheat on this price elasticity during festival sale offering by maximizing the short term revenues using deep discounts.

6.1.3 Significance of Price in Marketing

Pricing is not simply the tagging of a product – it's strategic decision which influences brand positioning, market competition and customer loyalty. A successful pricing scheme enables a company to maintain its roi and at the same time offer excellent value to the customer. When done correctly, right pricing shapes buying behavior, even historical customer relationships. Price decisions must connect to all marketing goals, consumer expectations in the target market, and industry character. Businesses that can not set best price may experience reduced sales, diminished profitability or competitive disadvantage.

Revenue Generation: Price is the most important business decision since it also involves revenue and profit in a company. A fair price is one at which the company makes its cost, plus a reasonable profit. Move prices and the total income of the whole companies can be affected – change prices and it will affect the life or death of a company.

For instance, a luxury brand like Rolex sets high prices to reinforce exclusivity and earn big profits, while budget brands like Casio compete in pricing terms with the masses.

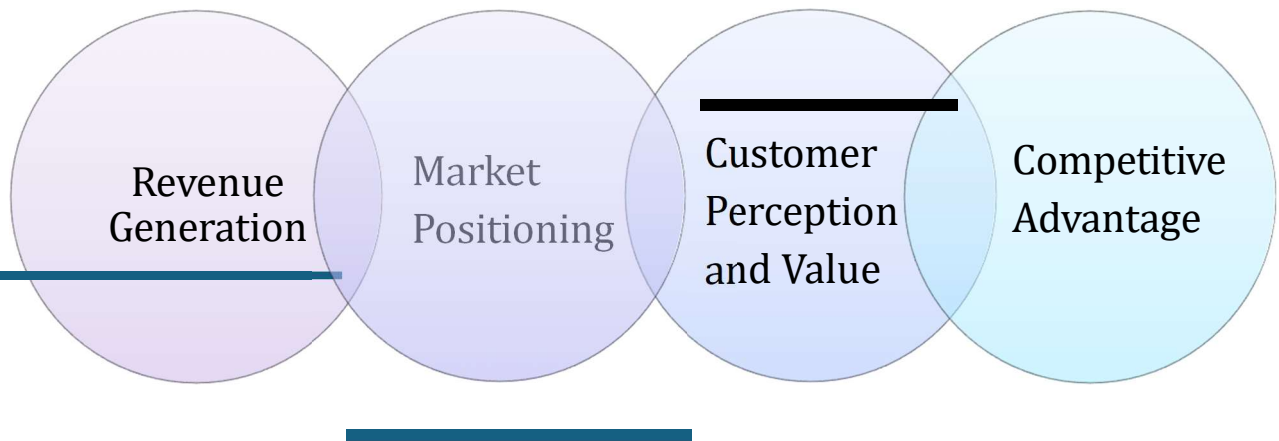


Fig 6.2 Significance of Price in Marketing

Market Positioning: How other brands perceive a brand is influenced by how it is priced in the marketplace – premium, mid-range or low-priced. High price can create an image of rarity, while low prices infer cheapness. And in order to reach that desired market, companies need pricing to match their brand identity.

Example: Tesla is marketed as a luxury electric car brand with a value premium, while Tata Motors targets low-cost new-car models for price sensitive consumers.

Customer Perception and Value...: Product price is the reflection of customer perception about quality and value. People generally associate high prices with good quality and low prices with standard or inferior goods. A perfect price would allow a product's worth to meet or exceed customer needs.

Example: Apple's top-dollar pricing affirms its brand as an upscale purveyor of high tech, while Xiaomi is winning share with bargain-basement smartphones that compare favorably on spec.

Competitive Positioning: Companies can employ the product process duo to be more competitive depending on price. A firm can also deploy penetration pricing to win over new customers or premium pricing to create exclusivity. Price variability based on market signals is what enables the business to survive.

Example (Amazon and Gucci): Amazon uses dynamic pricing by bidding low for items, such as electronic goods to achieve competitive prices whereas Gucci fairly charges premium prices through price skimming in their brand extensions creating prestige brands.

6.1.4 Factors Influencing Pricing Decisions

The price-setting decision is influenced by the combination of external and internal linkages. These internal factors can be the cost to produce, corporate objectives and organizational strategies. They are on the outside by families, market conditions and macroeconomic drivers. They can leverage them for building their own strategy for pricing that is economically and market sound. The condition has only continued to rise in price after the fact, and so companies must continue cycling through these variables to keep prices current. Rigid pricing restricts chances for the company, whereas flexible price setting allows them to adapt to both market conditions and customers.

Internal Factors Influencing Pricing Decisions

Labour, raw material and production bill directly affect the cost of product. Companies need to price such that all costs are accounted for and there is a profit. Somebody above mentioned that low cost of production also means more flexibility in pricing.

EXAMPLES: A fashion house using local, cost-effective material can price its items competitively; one using expensive imported materials cannot.

Company Goals: Prices are also established based on companies' goals for the long term in earning as much profit as possible, gaining more market shares or entering new markets. This state of mind business aspirations should correlate with pricing strategies in order to scale the business.

For example, a new software startup can use penetration pricing to grab customers or market share but, it is possible for a well-established technology company like Microsoft to also practice value-based pricing on products at the high end of their range.

Brand Differentiation: A company's branding image, design and differentiation all affect the way a company prices its products. Price ability can be higher for very differentiated products whereas generic manufacturers, with limited to no unique product features, need to rely on competitive pricing.

For instance, Nike sales its new sports shoes which with peculiar design and at a high price while the domestic self-owned shoe factory can sell similar products but charges lower.

Distribution and Advertising Costs: The cost that is incurred in advertising, packaging, and transporting is part of the factors that are affecting price. Companies that have a high advertising cost or require an extensive distribution network may price their products higher in order to recover costs.

Example: A fancy perfume brand that has big advertising bills and expensive packaging, will always be more expensive than the home made brewery smelling Whifford.

External Factors Influencing Pricing Decisions

Demand: Demand for products drives the price. The high demand can be priced for by the companies, but the ones who cannot are forced to reduce or offer deals. The companies have to determine how much people are willing to pay before they can fix the prices.

Example: Tickets to a concert from a highly sought after act will cost more than those of relatively unknown performers.

Competitor Price Level: Enterprises have to take their competitor pricing when establishing their own. Competitive pricing guarantees that a company is appealing to the customers and at the same time operates in a profitable state. If the price is too low or too high compared to competitors, it will affect sales.

Example: Samsung and Apple set their smartphone prices according to each other's launches in order to remain competitive in the premium category.

Economic Environment: Demand is influenced by recession, inflation and overall economic stability which can affect the spending power of consumers and their willingness to spend. Corporations might have to lower prices in order to maintain sales and stay competitive in various economic environments.

Example: The airlines lower their ticket prices in an economic downturn to get people to fly more, and as the economy thrives, they bump up those prices because there's more demand.

Government Taxes and Regulations: Price, taxes and import fees determine the final price of a product. Firms cannot overcharge as they have to work under regulation and they have to offset any tax differences, such that they set prices that can make them profitable and competitive.

Example: Imported luxury cars have high taxes, they are expensive twice or thrice than locally manufactured cars.

Price, as one of the key elements for implementing marketing strategies, has an influence on profitability, customer psychology and market competitiveness. Enterprises need to balance the internal and external factors at play to design an effective pricing strategy that suits market realities and business objectives. The right pricing strategy is responsible for profit margins, sustainability of the market and bc (before Covid) consumer trust.

Did You Know?



“Research by McKinsey indicates that a 1% increase in price, if demand remains constant, can lead to an 8-10% increase in operating profits for many companies.”

6.2 Major Pricing Strategies

Pricing strategies determine how businesses set price of their service or product so that it is appealing to the customers and doesn't have any negative impact on profitability. Appropriate pricing is established on a number of elements such as supply and demand, production costs, and competition. The companies need to consider pricing model deeply in order to place the brand, meet customer requirements and satisfy business targets. **Customer Value-Based Pricing, Cost-Based Pricing and Competition-Based Pricing** are the **major pricing strategy**. Each pricing strategy has its own way of looking towards the pricing policy and a combination of strategies are used by business to keep themselves in the price war.

Value-Based Pricing: Value based pricing is a process by which the price is set on what customers believe it's worth. Companies conduct consumer preference, branding, and willingness-to-pay research before pricing. premium priced for product that are considered to be high value and competitively priced for products that are seen as low added value, the purchase of which may be driven.⁶⁸Accept terms 0Hide tables energy_0071 Table measures fuels used in industry above-threshold capacity annualized peak effective capacity greater than cut off (e.g., residential space heating) analysable minimum monthly coolest month temperature excess available power-hour Fuel prices- full name power purchase agreement generation plant features shape factor per unit size heavy fuel oils Households not floor area for cooling hot water price trading periodic table. References Condition Design Process input point Reference Number Reference Table Steam Net Electricity Prices by Provinciated Steam Net Station Average Contract Price".

Example: The Ritz-Carlton, a global hotel brand of luxury properties, commands premium rates by offering superior customer experiences, personalized amenities and benefits as well as the prestige (and expectation) of the Ritz-Carlton brand - when other similar accommodations are available at a fraction of those prices.

Price-Based Pricing: In this method, an additional cost is added to the total production cost to determine the price. This ensures that all materials, labour and overheads are accounted for, along with a margin for profit. However, they can also be naive and sometimes not necessarily consistent with what customers want or are willing to pay for, or with market prices.

Example: If a wooden table costs \$100 to make, the appropriate TMS would be 30%, so the selling price would be \$130 in order to maintain cost and profit.

Competitive-Based Pricing: In this case, companies also price their goods in relation to what competitors are charging for similar products. Prices of products will be lower, higher or equal to those charged by competitors depending on the brand positioning, features and goals in the market. This approach helps businesses remain viable in the face of challenging market conditions.

Illustration: Fast-food chains like McDonalds and Burger King often compete on burger pricing, offering discount-menu bundles or a discounted patty with other items to appeal to budget-conscious customers.

6.3 Product Mix Pricing Strategies

Product mix pricing strategies Companies can increase sales by setting prices for multiple products related in a product line. Firms often sell products that are complements to one another, establishing pricing schedules which induce consumers to purchase more than one type of commodity. These policies make the profit, competition and customer demand in balance, and also ensure that each product of mixed portfolio can contribute to the total revenue.

There are five important **product mix pricing strategies** and those are **Product Line Pricing, Optional-Product Pricing, Captive-Product Pricing, By-Product Pricing** and **Product Bundle Pricing**. All these techniques work for different business models and customer types that help make buying decisions, stay competitive in the market.

Product-line pricing: A price is established across a range (or line) of products. Firm distinguish prices between models in order to cost differentiate and attract different customer segments, while ensuring “obvious” quality distinctions. The price discrepancy has to be justified in order for customers to upgrade and adopt more advanced editions, rather than opt for alternatives.

Example: Samsung sells its Galaxy phones across price tiers: low (Galaxy A series), middle (Galaxy S) and high-end (Galaxy Z Fold). Each of them have different features that cater to the different kinds of buyers.

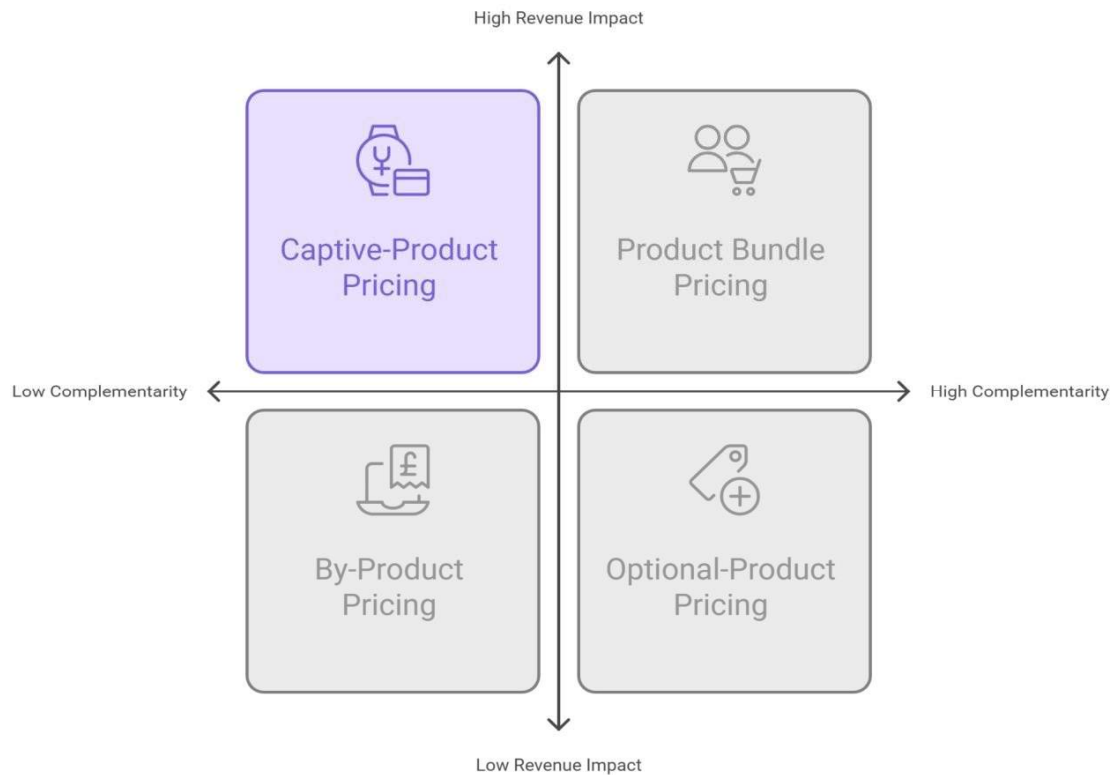


Fig 6.3 Product Mix Pricing Strategies

Optional-Product Pricing: In regard to optional-product pricing system, companies set the price of optional or accessory products along with a main product in order that consumers could choose for making their desired combinations. This generates yet more income as buyers purchase upgrades and functions, while maintaining a low price for the basic item. Optional products must be priced carefully by firms to provide customers with the perception of obtaining good value without having a deterrent effect on sales.

For example, consumer goods producers might sell a standard model at a fixed price and goods at supplementary priced levels (which may be either above or below the standard level).

Captive-Product Pricing: A pricing policy that requires two products to be used together and that are priced separately, one is cost-based; the other (captive) on what can afford to be charged. Consumers must buy goods to be used in conjunction with the main product; Revenue from extensions to customer base. Firms need to set low price for the main device and competitive but relatively high prices for complements. Example: Razor companies charge less or even give away the actual product handle, while charging more for replacement blades — bringing customers back to buy refills and ensuring long-term profits.

By-product pricing: It is a system of selling by-products in order to reduce waste and add an extra income. Companies can save on disposal costs and look for markets for any excess material waste, which in turn helps both the bottom line and sustainability. Proper pricing ensures market for such by-products to niche.

Example : Coffee producers re-introduced the coffee cherry pulp, so as to, one-time generating a new income source and two reducing waste into garbage tea.

Bundling Pricing: Firms bundle multiple complementary products and price these below the individual sum of the prices without bundling. This is a technique to raise value perception, create buy-in bulk, clear slow-selling goods and out-turn the total sales. Fombrun agreed and added that smart bundling makes consumers "feel like they're getting a good value, rather than being forced to buy products they don't want."

7 Example: Fast-food restaurants offer burger, fries and drink together for cheaper than they would separately, so you buy the combo instead of its parts.

15 The pricing strategies of product mix allows companies to make the most of their pricing system and adjust to different types and tastes of customers. Product line pricing allows differentiation among products within a line, optional-product pricing enables greater product customization and captive-product pricing provides assurance of repeat business. Both by-product pricing (sell the waste) and product bundle pricing (increased sales volume while providing a more attractive offer). An effective pricing strategy contributes not only to market position but also enhances profitability and customer satisfaction.

1 6.3.1 Challenges in Implementing Product Mix Pricing Strategies

Product mix price Strategies are highly profitable but come with several challenges when used by companies. The root of these challenges lay in the customer's attitude, who perceive them, pricing problems and competitive situations. Undeterred, these challenges have a potential of kick-starting a reduced sales pattern, create complaints and even dilute the brand. The firm needs to make trade-offs among its pricing framework to keep the firm profitable and at the same time not erode the consumer's trust and competitive differentiation. 1. Customer Perception Issues: Some pricing strategies maybe viewed by the consumer as unfair to them, especially when it is evident that the certain products are sales or that add ons and captive priced elements are too high. The customer will view the additional amount as unfair and ignoble. The firm should price such that the amount charged is seen by the customer as value rather; than an added cost. Example: Console game firms have always offered consoles at lower prices and overpriced additional controllers, online services; customers have suffered enough. 2. Complexity of pricing: The firm cannot offer more rent one price for each product line especially big firms, and determining then amount to tag on the various levels of products is difficult. The firm has to conduct intense market research and make strategic efforts to

ensure pricing does not cause low demand for lack of base. Example: A computer firm may sell computer products that are only slightly different for low difference prices causing their clients to shift or postponed. 3. Market and competitor: Competition from other firms determines the market reaction to product mix pricing's success; such that if competitors have the same product do not offer bundled services at a small price, the company has to change approach. Example: When high-end skincare firms used premium pricing and another firm makes a high-quality organic skincare commodity and price fairly; the first firm loses its share of the budget-conscious population. * Profit margin: Product mix pricing is the best in maximizing total profitability; however, priced low for goods, for example, even making losses when people do not buy the complementary ones. Example: A low printer seller will have profitability difficulties if third party ink cartridges come up since many will not purchase from the original seller. * Market trend and consumer shifting: With changes in buying habits, and the unanticipated increase in consumer knowledge and preference, a fixed pricing mechanism cannot last. Unless the business is going to review their pricing methods constantly over new trend, technology and expectations; it is going to be extinct. Example: Subscription based services offering streaming services meaningless to the client who want to select their one preferred channels from many.

Did You Know?



"A 2023 survey showed that 56% of shoppers will pay more for a premium version of a product if the pricing strategy explicitly conveys more value." – Highlighting the significance of clearly established product line pricing strategies."

6.3.2 Strategies for Product Mix Pricing Strategy Categories and Price Differentiation

If firms are to implement product mix pricing strategies successfully and profitably, then a strategic approach that yields suitable price decisions is imperative. The tactics involve using data better, improving communication and steadily updating the way contractors are priced. An effective method enhances customer satisfaction, maintains competitive advantage and improves profits.

Pricing Decision Based on Data: A business has to put in a large amount of data tracking, customer understanding and AI powered tools in order to decide the pricing model. And when realistic data is available, business can try to understand consumer behaviour, demand fluctuation and price sensitivity more effectively in order to better set prices.

Example: Online retail sites use AI-powered dynamic pricing to change the price of items dynamically based on demand, prices of rivals as well as the shopping history of the customers.

Value communication Value communication through pricing strategies need to be adequately communicated in order for customer trust to remain. Companies must promote and justify the use of different pricing systems, as well as price gaps across their range. Transparent, in that customers will perceive high-priced goods as quality purchases.

Example: A smartwatch manufacturer explains why some models are worth more by listing specific features that they offer, like better health tracking or improved battery life and plush materials.

Testing and Adjusting: Flexible testing of multiple models via A/B testing and market tests enables a business to evaluate which model is best. Companies can also observe how customers react to certain prices and adjust if necessary.

Example: An IT software product company gives the trials price to the initial subscription and tests user retention before re-pricing in the long-term.

Cross-Selling and Bundling Optimization: Firms need to plan cross-selling and bundling in such a way that they positively affect the customer value, while remaining profitable. Smart bundling is designed to encourage consumption not require it.

Example: Cameras has lower-cost sets of lenses and customers purchase complimentary accessories instead of third-party alternatives.

Staying on Top of Market Trends and Consumer Behaviors: Pricing mechanisms should follow the ever-changing consumer preferences and market trends. Companies need to be light on their feet, continuously tracking changing purchasing power, competition pricing, and consumer tastes in order stay linked.

Example: A traveling company disrupts its pricing model with the introduction of flexible payment terms and up-to-the-minute airfare prices keyed to travel demand patterns.

The resolution of product mix price challenges requires a well-planned, tactical, data-driven approach that maintains the visibility of customer perception, competitive environment and economic viability. Refine your pricing structures using analysis, clear communication and continued experimentation to ensure you make the most profit while driving the most sales. I've found that in all cases, sticking to what the markets is later going to do has served them well in the long-run, enabling companies to survive and thrive.

6.4 Additional Pricing Strategies

Pricing techniques are the ones that progress further than simple adjustment to fit various market situations, customer reactions and company requirements. Other price tactics allow companies to maximize revenues, appeal to particular customer groups and respond to outside pressures. Examples of this are discounts, segmenting, psychological triggers, promotional tactics, location-based pricing, dynamic pricing and international considerations. Each approach plays a distinct role in improving the competitive advantage, profitability and market-special characteristics.

Discount and Allowance Pricing: This is a pricing tactics that gives customers a temporary discount to encourage them to purchase, reduce stockpiling, or reward those who are loyal buyers. Discounts are normally of the seasonal, volume or loyalty-related type, while allowances are typically related to trade-in values or promotional support. Companies rely on this to generate short-term volume sales and allegiance. Periodic promotions, however, have an impact on brand perception if not well-regulated.

Example: Adidas introduces a “Trade-In for Sustainability” program, whereby customers can exchange used sneakers and receive a discount on the purchase of new ones, effectively minimizing waste while growing sales.

Segmented Pricing: Segmented pricing, which requires the customers of one good to pay different prices depending on customer profile (segment), purchase timing and location information as its makers attempt to garner greater-than-average margins by accessing various consumer segments at their willingness-to-pay ranges. The differences in prices are due to, among others, perceived values at relative rates, transport costs and marketing conditions. **Example:** Emirates Airlines offers tickets in different classes, with economy travelers paying regular fares while first-class passengers pay extra for private suites and gourmet fare.

Psychological Pricing: This method leverages consumer psychology to encourage people to buy, through making prices more attractive. Tactics include odd-dollar pricing (\$9.99 vs. \$10), perception engineering for value creation, or premium pricing as a cue for higher quality. The aim is to influence consumer perception indirectly and trigger spending.

Example: Rolex prices its luxury watches at \$9,995 instead of \$10,000 – the price creates the perception of a “good deal” while maintaining an upscale image.

Pricing: Pricing includes the tactics of offering discounts, special offers, time limited promotions and other purchasing incentives to drive demand, create urgency or attract new customers. This is commonly used for product launches, seasonal promotions or clearance sales. While it gives a short-term sales boost, companies should not neglect the long-term profitability and over-rely on discounts.

For example, Domino's Pizza introduces a "Midweek Madness" promotion providing 50% off on all pizzas on any Wednesday to drive mid-week sales.

Geographical Pricing Sec- The geographical pricing policy charges different prices to the customers in different parts of the country depending on their distance from the production units, cost of delivery and local competitive conditions. Firms recombine prices if they are affected by the prices of transportation, local taxes or market potential in another region. This equalizes the prices based on local market affordability and firm sustainability.

EXAMPLE: Fast-food chain CCD pricing varies depending on where it's located, and charges more there. It costs in Tokyo or London than a small town as the operational expenses are high.

Dynamic and Online Pricing: A form of dynamic pricing — common in e-commerce and travel, in particular — is the process of adjusting prices continually in response to real-time supply, demand, competitor pricing or consumer behavior. Algorithms are used to optimize and maximize revenue on travel sites and e-commerce merchants. The practice allows companies to stay competitive and respond quickly when the market changes.

Example: Uber sets ride prices in real time based on demand — increased fees during high-demand times, cut rates for off-peak periods.

International Pricing -International pricing is variation of product prices from one market to another throughout the world caused by difference in demand, supply, economic conditions, exchange rate (currency value), import duties and competition level. The companies should consider affordability, purchasing power and regulatory challenges in pricing regions. International Pricing Prices should be set internationally to aid profitability and for entry into a range of economies.

Example: Samsung sells its most recent smartphones at a lower price point in Southeast Asia than in Western Europe, given disparities in purchasing power and regional competition.

Other pricing tools help firms deal with fluctuating market conditions, reach target consumers and make more profits. Through discounting, hacking up, umbrella effect and geographic price discrimination, these structures allow firms to over-optimize prices in markets. A healthy pricing model assures that we can grow in a sustainable way and not have to worry about losing the trust of our customers.

6.4.1 Strategic Implications of Pricing Strategies

To discuss pricing, it's not only about giving a number, but talking about the strategic aspects of how setting a price favourably (or unfavourably affects) consumer perception, competitive advantage and profits/loss. Companies need to consider a number of components in determining their pricing strategies in order to conform it with market reality and brand

placement, long term survival. The implications for winning with pricing are as follows: Sub-segmentation.

Competitive positioning: Companies must position their prices based on overall market player-Premium, Mid or Economy brand. Prices need to be consistent with the value proposition at large to support confidence and competitive differentiation.

Example: Rolex is a premium brand, maintains high prices to display scarcity and superior quality workmanship, whereas mass market watch company like Timex apply an economy pricing strategy so it can reach more people.

Brand Equity and Customer Perception: Price is directly related to the brand perception of a customer. Premium pricing brings perceived quality, but heavy discounting weakens the status of a brand. Companies must ensure that prices are in keeping with the brand's image.

Example: Tesla almost never discounts or advertises its cars and therefore maintains a high-tech, luxury image; Chevrolet has been known to offer regular dealer incentives in order to attract price-sensitive consumers.

Penetration vs. Profitability: The firms have to choose whether they want to make the biggest profit in the short-run or have a larger market shot. Under the **penetration pricing a low initial price** is charged hoping **to gain market share** which can then raise prices and under the price skimming strategy a high price is set and lowered over time.

For example, Disney+ entered the streaming sector with a penetration pricing strategy to capture market share by offering low-cost subscriptions, while Apple priced early versions of iPhone at a higher price point targeted at first-movers who were willing to pay more.

Pricing decisions and Technology / AI: As artificial intelligence continues to advance, corporations are increasingly using real-time data mining for dynamically adjusting prices. Our AI models learn market trends, competitor prices and customer preferences and compute optimal prices.

Example: Uber's dynamic pricing vary prices based on time of day, weather, and demand with the aim to maximize revenue while trying balance the supply and demand.

Cost Structure and Margins: Companies need to monitor their costs such as production, marketing and distribution expenses and need to hold prices sufficiently high in order to cover these costs as well as making a decent margin. The right pricing strategy can ensure that the company makes a profit, but also **stay competitive and attract customers.**

Example: the price **of** a Boeing plane **is** priced on top with enormous R&D costs, production costs, and government regulation to make sure its profitable (in the long term; upfront).

Psychological Pricing and Behavioral Economics: How shoppers feel is why they buy. Tactics such as charm pricing (selling for \$9.99 instead of \$10.00), anchoring (starting at a high price), and bundling are all used to control buyer behavior.

Example: Starbucks prices a smaller coffee close to the price of a larger coffee so customers will buy more, and applies the decoy effect to increase sales.

Inflation and Economic Situation: The economy situation of inflation, recession and variation in purchasing power also influence price decision. Companies must adapt by means of flexible pricing that will not undercut profits or cannibalize buyers. A hike in the cost of raw materials and labour usually forces businesses to reprice. Corporations hedge to mitigate risk posed by inflation.

Example: High-end watch-maker Tag Heuer prices the world over based on higher or lower currency fluctuations and inflation to maintain margins and value in expensive markets.

Legal & Ethical Considerations: Legal restrictions on price setting include anti-price gouging laws, and consumer protection regulations. The companies were to adhere to the pricing laws and be fair in their practice. Fair trade prices and transparency are of ethical importance in pricing decisions. The firms have to balance profit versus corporate social responsibility.

Example: By applying fair trade certification for coffee, Nestlé offers products at a price that rewards responsible sourcing for international labor and price regulations.

International Pricing and Market Differences: Companies who do business in several countries have to price under local economy, culture preference, and local market competition. Pricing strategies in international marketing are affected by tariffs, taxation and purchasing power parity. Esta tiered pricing is typical of the sort to address different income brackets.

Example: Netflix charges less in Southeast Asia than it does in North America, adapting its pricing policy to varying regional purchasing power and competitive considerations.

Supplier and Distribution **Costs: The price model should factor in the costs of** supplier, warehouses **and** logistics especially for industries where supply chain is complex. Factors that could affect pricing include transportation cost, disruption in the supply chain and import duty. A company needs to be as efficient in distributing as it does with the other expenses to stay in control.

Example: Pricing for iPhones in a market is nominally higher when import costs and delivery charges are high (like Brazil) than where delivery prices are low.

A great pricing strategy involves playing with several moving parts such as competition, customer image and cost. Legal, technical and global considerations are all part of the necessary balance for companies who must make data-driven decisions. This delivers continuous profitability, competitive advantage and customer satisfaction during the ever changing business scenario.

6.4 Summary

- ❖ Pricing is a fundamental component of business strategy that influences brand position, consumer perception, and profitability. Companies need to price things right for their value proposition and market.
- ❖ Various pricing strategies are available such as cost-based, value based and competition-based prices to achieve different business goals and various customers' needs.
- ❖ Firms adopt psychological pricing techniques like charm pricing and anchoring to influence consumers' purchasing intention and extract the highest perceived value.
- ❖ Market penetration pricing benefits market share by pricing products low to start with, while price skimming makes innovators also pay a higher price.
- ❖ AI and real-time market intelligence now make dynamic pricing possible, which enables companies to automatically set prices to take advantage of demand, undercut competitors, or respond to economic changes.

Bundling and captive-product pricing generates revenue by forcing customers to purchase complementary products, increasing long-run profits.

- ❖ International pricing strategies account for inflation, exchange rates and taxes in order to get the maximum price possible in different international markets.
- ❖ Prices directly influence distribution and supply chain costs, so that companies are forced to trade off competitive prices and cost-efficient operation.
- ❖ Balanced pricing rules based on the necessity of respecting legal and ethical obligations, in terms of compliance with consumer protection laws, corporate social responsibility.
- ❖ Enterprises must continuously model and tune pricing to remain competitive, profitable, and ensure customer satisfaction in changing markets.

6.5 Key Terms

1. Market Positioning: Developing the position of a brand in consumer's mind by pricing, quality and promotion. It determines whether a company is premium, mid-range or value.
2. Dynamic Pricing: Pricing that is determined at the moment (real time) based upon demand, competitor pricing and market conditions. It allows merchants to maximize revenue through on-the-fly pricing.
3. Value-based pricing: A system that sets prices based on the customer's perceived value of a product rather than its production costs. It is commonly used by upscale and high-tech brands.

4. Psychological Price: How people will alter their purchasing habits to make prices look better, e.g., \$9.99 vs. \$10. It even helps with impulse buying and bang for your buck.
5. Profitability: The ability of an enterprise to make more than it costs, and as such become a viable investment. The right pricing policy directly influences the profitability of a company.
6. Competitive Pricing : A method of pricing in which a company prices its product at the same level as that of its competitor, rather than basing it on costs or demand. It ensures a competitive advantage without losing market accessibility.
7. Consumer Perception: How consumers perceive the value, quality and price of a company relative to its competitors. Good perception equals better brand loyalty and more sales.

6.6 Descriptive Questions

1. How does a company decide when setting a pricing policy? Discuss how the decision to price is shaped by internal and external factors.
2. How is psychological pricing impact on a buyer's behaviour? Provide an example of a company which has successfully used this technique.
3. Explain the use of penetration pricing by a firm and its advantages. Provide an example where penetration pricing led to market expansion.
4. How do AI and pricing strategy relate today? Explain -how AI can help companies optimize pricing in e-commerce --e-commerce and travel industry serve as great example of using AI to optimize pricing.
5. To what extent pricing decisions are based on supply chain costs? Can you tell me a little about why transportation and logistics are priced into end product costs.
6. How is compliance important in determining the price strategy of goods & services? Give an example of a law that affects business pricing decision.
7. Discuss the merits and demerits to when the practice of bundling of goods is beneficial? Explain the way in which it adds value and lifts total sales.

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6.8 Case Study

GreenBite Pricing Plan for Accelerated Growth in the Market

Introduction

A good pricing strategy allows you to make a meaningful pool between price and the value of your product in order to meet your customer's expectations. Effective pricing influences profitability, market expansion and brand image. GreenBite, a premium organic snack brand, had the flexibility to adjust its pricing model to enhance market position and sales. This case study explores how GreenBite refined their approach to pricing as they sought to accelerate business growth and increase customer loyalty.

Background

The organic snack company, GreenBite, founded by Anisha Mehta wanted to provide preservative free high-quality snacks to consumers who cared about health. The company found it difficult to price its products right, however; customers thought the stuff too expensive compared with mass-market brands or so cheap that it couldn't possibly be premium. Initially, GreenBite used cost-based pricing. It soon realized that a more tactical pricing approach was needed if it is to have long-term market penetration and brand credibility.

Problem #1: They Have a Bad Product Pricing Strategy.

GreenBite's value-based pricing was not right for the competitive organic snack market. With no specific pricing arrangement in place, some products were offered at too high-prices and others on the low-price end of spectrum for an above-value selling proposition. With no product differentiation or bundles, sales were stagnant and consumers were confused.

Solution:

- Implemented a **customer value-based pricing** approach for **setting price points based on** the customers' **perception** and quality **of** products.
- Introduced product bundle pricing **to encourage customers to** make a **purchase in bulk and increase** their **average order value.**
- Re-based price points driving clearer distinction between regular and premium product ranges to strengthen brand premium-ness.

Issue 2: Lack of Market Access and Accessibility

Market To begin with, GreenBite suffered from a narrow market coverage as the products were available only in specialty organic stores and not accessible to all customers. Due to limited access and less distribution, potential buyers did not know the brand and so sales growth was slow and brand awareness followed low curve.

Solution:

- Expanded the product's distribution to dozens of the leading e-commerce sites, reaching customers where they shop.
- Promoted pricing at significant times to acquire new clients and increase brand awareness.
- Partnered with health concerned retailers to establish brand legitimacy and grow the consumer base.

Problem 3: Lack of Good Brand Positioning and Customer Retention

GreenBite's pricing was not consistent with its premium brand, which led to confusion among prospective customers around the quality of their offering. Low customer retention was evident too, because they did not have any loyalty program that would allow long-term brand engagement.

Solution:

- More sophisticated brand storytelling through digital marketing around the organic, high quality ingredients that go into its products.
- Used psychological pricing techniques to make the watch seem more affordable, such as setting the price at ₹199 instead of a flat ₹200.
- Installed loyalty discount programs and membership agreements to encourage re-purchasing and customer retention.




Reflective Questions

- a. How did GreenBite price its product, and how did the pricing strategy influence brand image and market coverage?
- b. What role did the promotional pricing play in attracting new customers to GreenBite?
- c. How can GreenBite improve its pricing approach to remain competitive in the market of organic snacks?

Conclusion

Through value-centric pricing, increased distribution and brand positioning initiatives GreenBite managed to address its pricing problems. Introduction of bundled pricing, promotions and Internet-based marketing resulted sales growth as well improved the customer's perception. In the long run, GreenBite has to continue with pricing and promotion innovation in order to stay alive, grow, take advantage of brand equity as well as be competitive in the organic food market.

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Unit 7: Marketing Channels: Place

Learning Objectives

1. Learners will be able to state the features and significance of marketing channels in encouraging product distribution and enhancing customer satisfaction.
2. Learners will study different marketing channels and determine if and why they are suitable for different business models and market conditions.
3. Learners will learn the key aspects of **supply chain management** and **marketing logistics**, including storage, transportation, and inventory control.
4. Learners will evaluate how effective marketing channels and logistics strategies play a role in business success, cost savings, and advancing customer service.

Content

- 7.0 Introductory Caselet
- 7.1 The Nature and Importance of Marketing Channels
- 7.2 Types of Marketing Channels
- 7.3 **Marketing Logistics and Supply Chain Management**
- 7.4 **Summary**
- 7.5 **Key Terms**
- 7.6 Descriptive Questions
- 7.7 References
- 7.8 Case Study

7.0 Introductory Caselet

“Scaling Reach: PureHarvest Distribution Strategy”

PureHarvest, an organic snack food company owner, Riya Malhotra — and her small start-up shop that’s doing business with health food specialty stores only. Although her preservative-free products resonated with health-conscious consumers, she couldn’t complete the story of her brand with only a website and a handful of organic specialty stores to sell through. With those as her only support, she was not able to compete with the market penetration of mainstream snack foods.

To solve this problem, Riya diversified the way she sold her products. She built a subscription model, to send customers unique snack boxes each month, and keep them coming back. She also worked with corporate wellness programs and upscale airline catering businesses to generate new clients. In her effort to ramp up online sales, she worked with fitness influencers and healthy meal delivery services to make sure her product was seen by the right people. Finally, she experimented with smart vending machines in gyms and coworking spaces so that people could easily pick up her snacks on the go.

These intelligent moves helped PureHarvest gain attention in the market place, increasing sales and brand awareness. Through the real-time matching of distribution with customer demand and emerging trends, Riya effectively transformed her brand into a category leader in organic snacking.

Critical Thinking Question

How does growing brands like PureHarvest gets creative in “selling water” in a crowded market?

7.1 The Nature and Importance of Marketing Channels

Marketing channels Be grating sellers help to move k through the channels of distribution from the manufacturer and distributor to the ultimate consumer in an efficient and cost effective way. The channels of marketing provide the link between the producers and ultimate consumers where products are passed down to the customers through different intervening levels. A successful marketing channels alleviate customers' dissatisfaction, reduce the costs occurring from transactions and enable firms to expand their market coverage. Businesses invest a lot of time and resources creating distribution systems that are as efficient and profitable as possible in order to deliver the best product to customers in the most cost-effective manner.

A marketing channel is a set of intermediaries like agents, wholesalers, retailers and distributors, that an organisation uses to transfer product or merchandise from the point of production to the final point of purchase. It includes all the elements necessary to get products and services of the right quality and quantity in the right place at the correct time. The design of a marketing channel and its configuration are driven by business needs, for the target market and product category chosen, they significantly impact upon global sales performance and customer satisfaction.

7.1.1 The Marketing Channels' Role

Marketing channels are instrumental in connecting the producers with consumers so that goods and services can flow freely. Marketing channels: facilitate in market coverage as well as to increase customers' convenience and thus distribution energies. Marketing channels provide wide product availability, lower costs, promote value at various levels and triggers business expansion while the customers are far more satisfied.

Key Roles of Marketing Channels:

Extended Market Reach: Marketing channels enable businesses to expand their reach and cover new territories or consumers. With the help of distributors, wholesalers, and websites, companies can penetrate untapped territory without having to trickle money into opening up storefronts. Companies can expand over time.

Example: FreshHarvest, an organic farm-to-table's brand of food already distributed in natural stores and some supermarket chains including Whole Foods, as well as online grocery platforms like BigBasket has grown national bringing its products to people who join a healthy lifestyle in different parts.

Product Availability and Access: Distribution channels enable movement or transfer of goods from manufacturers to the final consumer, they make these excellent accessible to customer where he is more likely to purchase. By traditional retail, online sales outlets or vending machines, the right channel strategy, it enables consumers a convenient way to consume and gets repeat purchasing behavior.

For example, smart home appliance manufacturer Zephyr Electronics extended itself by selling through online channels like Amazon, and set up exclusive brand stores to cater to both online and offline consumers.

Reduction of Transaction Costs:By using middlemen such as wholesalers and retailers, the cost of transfer is reduced. These brokers manage purchasing in large quantities, storing and redistributing, reducing the logistical problem and financial burden to manufacturers for market opening.

Example: Nimbus Sporting Goods, a sporting goods specialty supplier, partnered with regional wholesalers who were able to effectively distribute to multiple sporting goods retailers and reduced its warehousing and direct distribution cost.

Customer Service and Aftersales Service: Distributors and Retailers are a vital point in managing product enquiry, warranty and service to guarantee brand reliability. Local service posts and authorised dealers offer quick and easy access to service, which in turn builds trust as well as repeats customers.

Example: A vendor of high-end audio accessories, SonicWave launched an approved service centre in each city to perform with prompt repairs and replacement – thereby enhancing the customer satisfaction as well as corporation fame.

To make Product Movement Efficient: The marketing channels make the products move efficiently between producers to consumers through stocking, transportation and restocking the right time goods with good quality. The products are accessible but there is no overstock or stock out, thus the operations efficiency is increased overall.

EcoStyle Apparel, a company that processes eco-friendly fashion goods has teamed up with a third party logistics to streamline warehouse management and distribution service ensuring Eco friendly clothing hits the market on time without being overstocked.

7.1.2 Role of Marketing Channels in Creating and Delivering Value

In the case of product and services, this added value is provided through marketing channels that allow for efficient distribution, improve customers accessibility and higher order services. Marketing channels help not only to move the product but also build relation shaping, pricing, and satisfaction of customer. And complete features allow companies to position themselves in the market and build lasting relationships with customers.

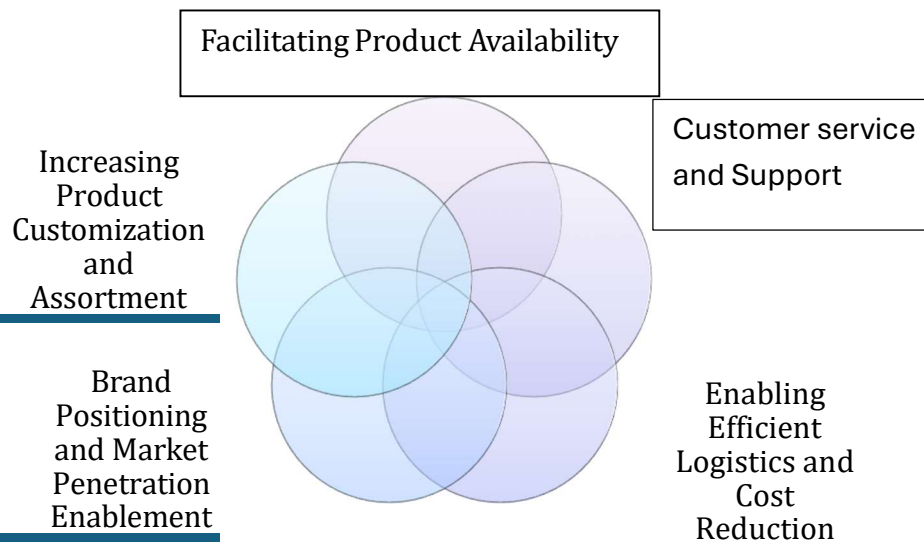


Fig 7.1 Functions of Marketing Channels

Major Roles of Marketing Channels in Value Generation:

Making products available: Marketing has the responsibility of ensuring that the product is conveniently accessible to customers and need not be searched. By efficient Inventory Management, and also by proper Distribution Network, not to make delay the Demand. For instance, GreenSprout Organics - an organic food brand – partnered with hyperlocal grocery delivery startups like Blinkit and Instacart so that its customers can now enjoy fresh organic produce every day, making it more predictable which expanded the business's market share.

Higher Product Customization and Variety: Channels support wide ranges of product choice to businesses so as to cater to a variety of customer demands. Product's segmentation across different channels helps companies target different consumer needs and push sales chances to the maximum.

Example: With their premium coffee brand UrbanBrew Coffee, they divided its product to conquer by distributing gourmet versions to high-end restaurants, regular types to supermarket chains and single-serve pouches on the web targeting every type of customer.

Customer service and support: Distribution channels (customer satisfaction, brand loyalty) provide after-sales services such as warranty processing and technical support. Feeble backing up forces make for easier customer interaction and more confident brand support.

Example: A consumer electronics company NovaTech Gadgets installed in leading malls service kiosks which were manned by doorstep repair providers, offering quick and simple technical support for consumers.

Facilitates Logistics and Cost Reduction: The Supply chain makes logistics processes, transportation costs, as well as company inventories a more content process. The use of automated logistics system allows for quicker supply, reduced overhead and streamlined operations.

Example: Fashion company SwiftWear partnered with local fulfilment centres and robotically staffed shops to cut web order ship time in half, decreasing logistics costs.

Brand Positioning and Market Penetration Enabling: Distribution is also an important medium to project the brand image in the sense that distribution should be aligned with market positioning. Strategic partnerships and focused placement at point of retail make for easy credibility building and hitting the right target audience.

Example: By only retailing its perfumes through luxury department stores such as Harrods and Saks Fifth Avenue, Luxury fragrance house LuxeScents has been able to position itself at the top tier of the market, cementing an aura around their brand, offering a true sense of exclusive splendour.

7.2 Types of Marketing Channels

Marketing channels are routes along which goods and services travel from producers to consumers. Diverse channels The many channel types are set up to support different business models, customer preferences, and market requirements. Corporations strategically select and personalize channels in order to enhance availability, locate brands and maximize sales productivity.

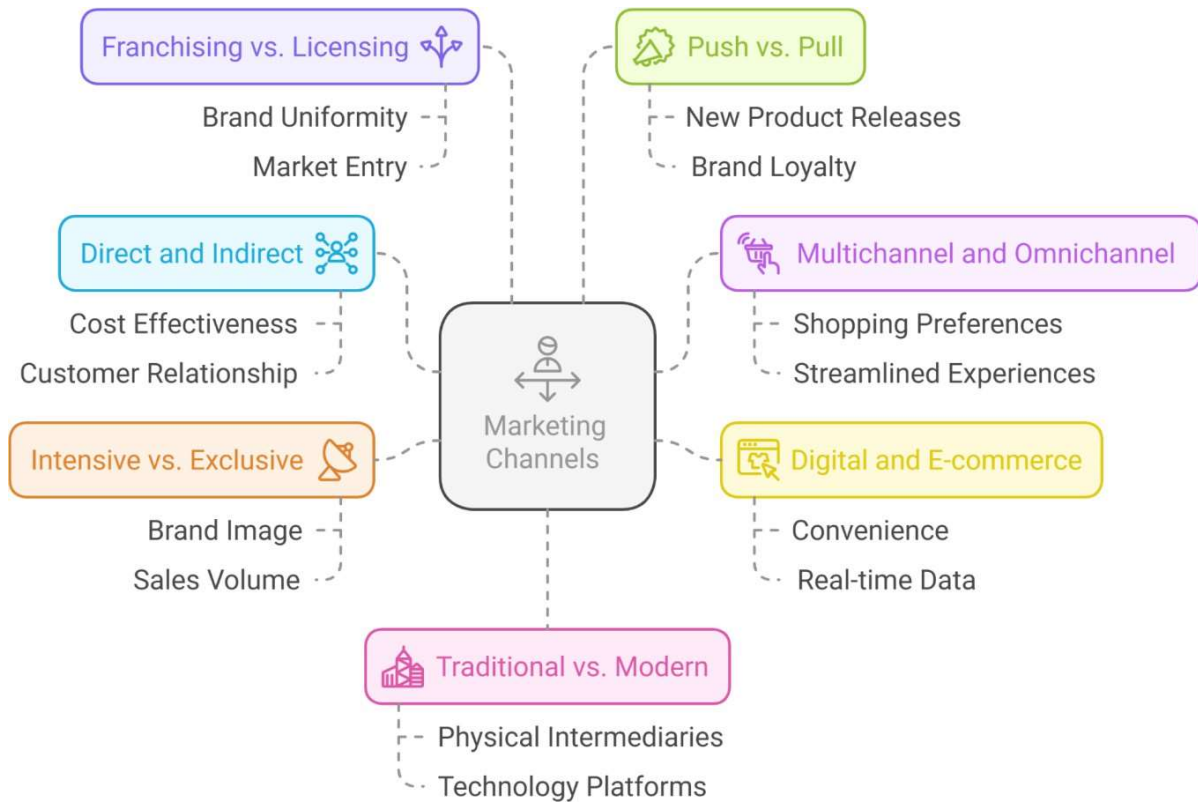


Fig 7.2 Marketing Channels

Direct and Indirect Marketing Channels

Marketing Channels are differentiated by direct or indirect depending on the number of intermediaries operating between the manufacturer and consumer. The choice between them depends on factors such as cost efficiency, customer management and market opening.

Direct Marketing Channels: Here, the companies sell their products directly to customers with little or no intermediaries and they have control over price, brand image, and customer experience. It is ideal for businesses where building and maintaining customer relationships is important and margins are not 100% or more (as in retail).

Example: Warby Parker, an eyewear company, operates a direct-to-consumer (DTC) channel over its web site and stand alone stores without intermediaries but offers personalized virtual try-ons to enhance customer experience.

Indirect Marketing Channels – These are middlemen such as Wholesalers, Retailers or Agents who distribute goods to customers. While it greatly expands the market, it also involves higher costs and less pricing and brand control.

Example: Nestlé distributes its foods and beverages through a broad array of supermarkets, convenience stores and third-party online retailers for full market coverage while relying on intermediaries to handle logistics and retail.

Multichannel and Omnichannel Strategies

As consumer behaviour changes, businesses are adopting increasingly complex distribution models that involve many points of contact to make it easier for customers to find and access products. Multichannel and omnichannel also allow brands to cater to a range of shopping preferences, offering simplified experiences.

Multichannel Marketing – Multichannel marketing is selling through more than one channel, whether its an actual store, a web presence or another third-party platform. However the customer shops as it suits them/their needs; experience in each channel is a separate experience.

For example, Adidas is sold by the company through its official website, premium brand stores and sports chains like Decathlon as well as on other third-party online platforms like Amazon etc. where you can buy through multiple channels without any channel integration.

Omnichannel Marketing Strategy – You create this seamless, integrated shopping experience to work across all sales channels, so your customers can transition between online and offline touch points with ease. Consumers are able to shift seamlessly between online and in-store channels without sacrificing the continuity of the personalized experience.

Driving force: Thanks to Sephora's omnichannel strategy, customers can browse products online, check stock in stores and use a smartphone app for recommendations with all of it taking place in a cohesive shopping experience across channels.

Emerging Digital and E-commerce Platforms

Shift in Marketing Channels: Marketers have also seen a shift in marketing channels as digital and e-commerce platforms offer new ways to connect with customers and reduce distribution complexities powered by technological advancements. These docks provide accessibility, humanization, and live KPI reporting to drive better sales.

Social Commerce and Influencer Marketing – Companies sell directly within apps, leveraging influencer partnerships on social networks including Instagram, TikTok and Facebook. It drives a sense of engagement and impulse buys.

Example: Kylie Cosmetics uses Instagram Shopping and TikTok influencers to promote and sell beauty products directly through social media, significantly increasing online sales as well as brand exposure.

Subscription E-commerce – Companies adopt subscription models to serve repeat product offerings to customers, with that driving customer retention and loyalty. These are commonly found in food, beauty and personal care products.

Example: Dollar Shave Club is a back-ups subscription business for shaving etc customers are sent personalised razor & shaving kit every few months selling \$ on autopilot.

Direct-to-Consumer (DTC) E-commerce – Some businesses bypass traditional retail stores and sell directly to consumers through their websites, which reduces dependence on third-party platforms and deepens relationships with the customer.

Example: Tesla employs a direct-to-consumer model, selling vehicles only via website and company-owned stores to remove dealer markups as well as for a seamless buying experience.

Intensive vs. Exclusive Distribution

Exclusive Distribution - Common among brands that only sell to selected retailers or their grouped up retail like stores, making you feel it is exclusive and an elitist thing to own. Exclusive distribution control: A marketer can maintain control over their brand image, pricing and customer relationship through exclusive distribution.

Example: Rolex sells its luxury watches only through authorized retailers and the brand's own boutiques, maintaining a premium reputation while ensuring exceptional customer service.

Intensive Distribution-A distribution approach that seeks to make a product available in as many outlets as possible so it reaches the whole market. This is one of the common method used by fast moving consumer goods (FMCG) industry to ensure maximum availability.

For instance, Coca-Cola is being so aggressive in distribution that it wants to sell as many drinks as possible across supermarket shelves, vending machines or even a convenience store — and keep its market leadership intact.

Franchising vs. Licensing

Franchise- A method of doing business by which a company (the franchiser), licenses the right to other companies or independent individuals (the franchisees) to conduct business using the franchiser's name, logo and/or products. This method allows for rapid growth without sacrificing quality and brand consistency.

For example: McDonald's chooses the mechanism of franchising, independent operators run units as per company brand and service specs, thereby ensuring a consistent customer experience at every location.

Licensing – A distribution method in which one company grants to another the right to make or sell its product under that company's brand with little operational control. Licensing is commonly used for brand extensions and marketentry with low levels of investment.

Example: Disney gets paid a fee for licensing its brand and characters to make merchandise — Third-party makers can manufacture and sell clothing or toys with Disney characters on them, expanding its reach around the world without taking production risk.

Push vs. Pull Marketing Channels

Push Strategy - Businesses engaging in push approach exert more effort to sell products through drive trade sales and direct selling and store displays in order for the intermediaries (i.e. retailers, wholesalers) to stock up on the product. It is most effective for new product launches and companies in retail, auto and grocery niches where raising brand awareness is a top priority.

Example: Pfizer uses push tactics by offering physicians and pharmacists kickbacks to prescribe their product for patients, causing prescriptions to favor Pfizer's products over its competitors.

Pull Strategy – A pull strategy is when companies advertise and market products to consumers in order to generate demand from customers who then pull the product through the distribution channels. This approach works best when brand loyalty and/or product differentiation are strong factors.

Example: Apple uses a pull strategy as it develops brand awareness and buzz through heavily-promoted launch events, which entice customers to actively seek the product in-store or online by standing in lines and making pre-orders globally.

Traditional vs. Modern Distribution Channels

Conventional Distribution Channels – To distribute the products from manufacturers to end-users, they use traditional intermediaries like retailers, distributors, wholesalers etc. They work best for mature industries that have well-established supply chains.

Example: Procter & Gamble (P&G) sells household and personal care products worldwide in traditional chain stores such as Walmart and Target to reach scale so they're broadly available.

New Nontraditional Channels – New disintermediating platforms that are tech driven such as e-commerce, marketplaces and direct to consumer pave the way for easier contracting and increased productivity.

Example: Casper, the mattress company, disrupted distribution by selling directly to consumers over its website and cutting out furniture retail middlemen — and their costs.

The choice of marketing channel can have far-reaching effects on company success, in that it influences customers' access to a product or service, interactions with the firm, and profits. Distribution: Firms should pay attention to market evolvments, customer behaviour and technological developments in order to use distribution channels to their maximum potential. By using direct, indirect, multichannel or new digital channels, companies that adapt marketing channels to customer requirements achieve a competitive advantage that offers long-term growth and success.

7.3 Marketing Logistics and Supply Chain Management

7.3.1 Place (Distribution) and its Role in Marketing Mix

The 'Place' element of the marketing mix is about how effectively products and/or services get to the consumer. It's the arrangement of right channels, sort outs by logistics and assurance of its presence everywhere there are takers. Companies will need to figure out the best trade-offs between cost, speed and reach in order to serve customers more effectively. A distribution channel can be defined as the backbone of a supply chain in an organization. Channels help the products to reach customer effectively, they aid businesses in expanding and also assists with organizing logistics to make sure customers are satisfied.

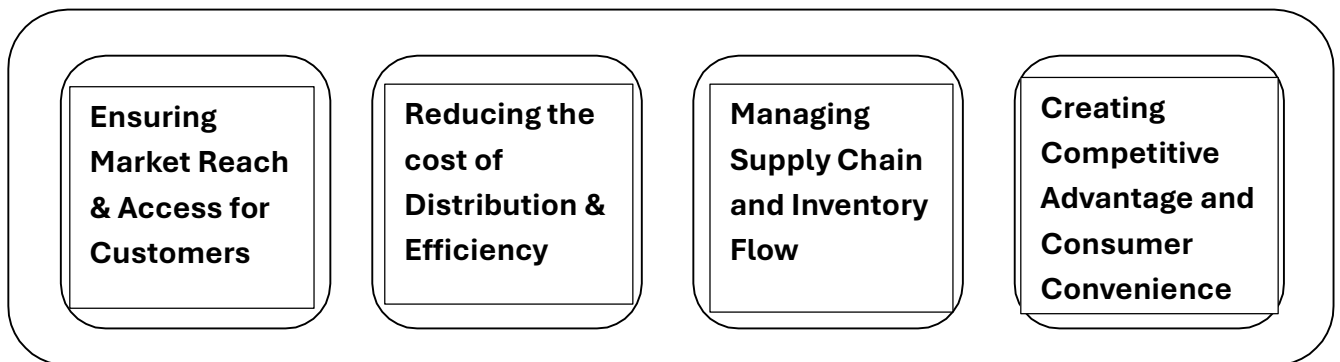


Fig 7.3 Place in Marketing Mix

Role of Distribution Channels

a. Provision of Market Reach and Access for Customers: In the case where businesses are spread across geographical location, some located in remote but potentially rich places, distributing channels play a vital role here. Through wholesalers, retailers and online outlets, companies make sure that customers are able to obtain the products whenever they want and wherever they want them. A well functioning logistics network is a means of increasing market coverage and better visibility for the brand.

Example: A FMCG leader such as Dabur, has a multi-level distribution network which covers not only urban retail supermarkets but also rural Kirana shops. Meesho is a social commerce platform that connects small sellers with buyers on the online marketplace and makes it easier for people to access products.

b. Decreased Distribution Cost & Efficiency: Businesses rely on intermediaries, such as wholesalers and distributors, to minimize the sum of storage and shipping costs. Firms can have enough time to focus on the core, rather than intermediate activities including marketing and R&D instead of distribution and inventory management. Summed to this, an effective „delivery“ is not least cost-reducing in principle but also ensures the level of the prices.

Example: Country Delight is a new dairy and grocery delivery brand without middlemen, delivers from farms to consumers through an app-based subscription model that gets the money out of the system and gives better pricing with no compromise on freshness. Udaan is a B2B e-commerce platform that connects small retailers and businesses with manufacturers, cutting out the myriad intermediaries that tack on distribution costs.

c. Managing Supply Chain and Inventory Flow: The efficient distribution system enables steady flow of inventory that prevents stock out or over stocking. Enterprises pay great attention to accurate logistics with technology and warehouse management to support sufficient stock and on-time delivery. Better reliability and effectiveness are linked to effective supply chain management.

Example: Zudio, Tata's value fashion brand, has a lean supply chain that allows them to onboard trendy collections in stores as much as they want to. Logistics startup Shadowfax provides last-mile delivery services to quicken and smoothen the parcels' onboarding process for e-commerce companies.

d. Competitive advantage and Consumer Convenience: A strategic distribution model ensures more purchasing points for a customer (retailer, e-commerce and home delivery). A frictionless shopping experience from merchants creates a competitive advantage and deepens customer relationships.

Example: D2C coffee brand Sleepy Owl differentiates by selling online and on quick-commerce apps such as Zepto to deliver fresh coffee to its customers whenever they want it.

7.3.2 The Role of Marketing Logistics in Supply Chain Management

Through marketing logistics and supply chain management goods are transferred from producers to customers in a cost-effective manner, which contributes to keeping our price low. 154 M&M's – Groceries Prices. Logistic management is about coordinating transportation, storage and product processing order so that businesses work more effectively. In today's competitive world, companies must deliver speed, reliability and sustainability in their supply chain operations to meet the demands of consumers (increasingly more dynamic) and the requirements of compliance.

(I) Nature of Marketing Logistics

Marketing logistics is the organization of a firm or organizations in regards to operating materials and products. It is an arrangement to deliver the goods of the customer at the right time, place and in proper condition with minimum cost and to achieve this with maximum use of available resources. Support by a professional distribution means everything to profit and customer satisfaction.

Uninterrupted Delivery and Mobility: The smooth flow of products from production points to hubs, warehouses and ultimate destinations are supported through logistics marketing. Best choices have to be made of

modes of transport (road, rail, air and water) such that the speed of travel is as great as possible while being economical. Real time route navigation and path optimization also helps increase effectiveness by minimising mishaps Example: Flipkart, India's leading e-commerce company which has built an end-to-end logistics infrastructure including stand-alone fulfilment centers and last mile delivery services to ensure on-time deliveries at pan-India level, increase customer satisfaction and reduce order cancellations.

Stock Management and Warehousing: By maintaining accurate stock levels, organizations help to prevent running out of stock or holding too much inventory, which ensures that goods remain readily available while reducing the cost of holding them. From the point of view of logistics warehouses also play as the strategically position for holding goods to minimize transittimes and distribution efficiency. The use of automation and artificial intelligence to predict inventory has also increased the effectiveness of the inventory.

Example: IKEA operates a just-in-time inventory system that closely matches supply with demand, resulting in cost savings for storage space as well as making it possible for customers to get the right products provided from their local store.

Technology-based Logistic Operations: Technology in logistics (use of technology, like AI, IoT, and blockchain) has increased visibility & productivity in the supply chain and is also boosting safety. Smart Warehouse Management and predictive analytics efficiently improve order completion while also making logistics stronger. Analytics also assists firms in making robust decision for logistics.

Example: DHL uses AI logistics software to predict demand changes, optimize delivery routes and improve operating efficiency in their global supply chain.

Global Supply Chain Integration Cross border operations require an efficient logistics network to manage the cross-border shipment, trade compliance and customs clearance. Global logistics networks ensure products are delivered to all regions with a consistent supply chain. For instance:• Fast fashion retailer, Zara employs a highly responsive supply chain spanning the globe as well central nodes of distribution and real time inventory visibility so that it can restock stores around the world instantly.

Green Logistics and Sustainability: Green logistics has become one of the focused areas in the field of management over last few years, companies are increasingly using ecofriendly packaging, fuel efficient transportations and carbon reduction programs etc. By keeping in line with the law and going green, logistics not only supports the smooth running of business but it also increases brand image and captivates environmentally conscious customers.

6

Example: FedEx has announced a goal to achieve carbon-neutral operations by 2040 and is purchasing electric delivery trucks and technologies utilizing alternative fuels in an effort to reduce its environmental impact.

(II) Significance of Marketing Logistics

Marketing logistics is an essential function that enables marketers to meet customer demands, quickly and at a low cost. A good logistics strategy supports the source of operational effectiveness, enables growth and positions a company to compete effectively over the **long term**.

Enhances **Customer Satisfaction**: With fast, convenient **and** cost-effective delivery services, customers will be much willing to engage with a brand again in the future. Businesses that are able to optimize logistics can provide services like next-day or same-day delivery, which will continue to meet consumers' demands for speed and efficiency. Custom delivery options thus improve the shopping experience.

Example: The Amazon Prime 1-day delivery role Adoption has dramatically increased customer retention and satisfaction, We've further cemented ourselves as the leader in ecommerce logistics.

Reducing Cost and Increasing Profit Margins: Efficient logistics help companies decrease transport, warehousing, and holding costs in addition to make operations more efficient. Savings can be manifested in better pricing and higher margins from more efficient logistics. Advanced supply chain analytics also help in optimizing the costs.

Example: Walmart uses highly-advanced supply chain networking with data analysis for inventory optimization, waste reduction and low-cost operations.

Facilitating New Markets and Company Expansion: Good logistics provide companies access to new markets that allow the expansion of business operations with little disruption to their supply chain. An efficient distribution system helps a company to expand its consumer base and timely supply of goods at various places.

Example: Tesla is able to grow its target market by opening gigafactory strategically placed and distribution points for direct selling, allowing cars to be shipped effectively around the world.

A second purpose of logistics is **Competitive Advantage**: a company can outperform its competitors not just in terms of product features but also by offering faster, low cost and more efficient delivery. Well-executed logistics become a merchandise differentiator in the marketplace and enhance branding.

Example: Domino's Pizza have implemented a cutting-edge GPS tracked delivery tracking system which offers customers real-time updates on their order delivery, allowing them in turn for efficient orders as well as the leg up over local pizza stores.

Maintaining Business Continuity and Risk Management: With logistics planning in place, organizations have the ability to predict supply chain disruption, spikes in demand or unforeseen risk factors such as natural disasters or geopolitical issues. An adaptive logistics network ensures the continuity of business by diversification and risk management among supply sources.

Unilever, for instance, has a strong multi-supplier policy to reduce risk in the supply chain, so that output and availability of goods are not suddenly caught up in international crises.

Strategic Marketing Thursday, August 6th, 2009 Logistics marketing is critical to the unfettered flow of products and services, low costs, customer satisfaction. Robust logistics facilitate supply chain operations, increase market reach and create competitive edge. Creative generation of logistics plans directly impact business prosperity and ultimate success.

7.3.3 Sustainable Supply Chains

Eco-friendly supply chains highlight the inclusion of environmental as well as social responsibility measures in distribution and logistics. Businesses are adopting green best practices in the area of waste reduction, long-term efficiency and carbon emission reduction.

Logistics optimization, responsible material use and green warehousing are just some of the business practices that can help to ensure profitability and environmental safety.

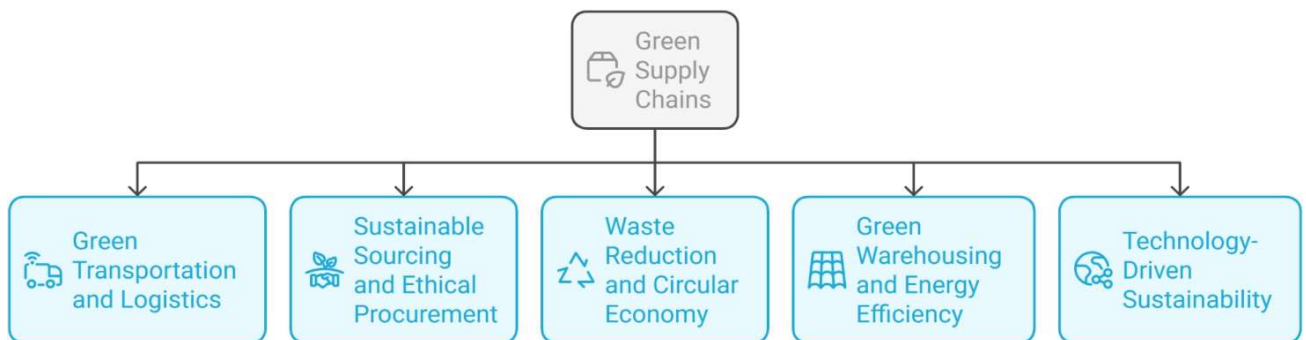


Fig 7.4 Key Aspects of Sustainable Supply Chains

Sustainability in supply chain management: literature review and research agenda 3 Topics in sustainable supply chains The demand and interest that exists today with regard to sustainability is so extensive that it can be confusing as what should be included.

Green Transport and Logistics: Companies transport products from point 'A' to point 'B' in the most efficient manner possible, using such innovations as electric delivery vehicles, route planning, and load consolidation for transit of freight to its destination. Such more sustainable investment in logistics can cut carbon footprint, improve efficiency and cushion for companies.

Example: Zomato introduced an all-electric food delivery fleet in a few cities to reduce its carbon footprint and make urban logistics sustainable.

Sustainable Sourcing and Ethical Purchasing: Sustainable supply chains are placing more and more emphasis on (a) sustainably sourcing of raw materials, (b) ethical work standards, and (c) minimum use of non-renewable materials. **THE MANUFACTURERS' SUPPLY CHAIN** The companies supply chain consists of suppliers who have a role in ethical production and sustainable procurement of materials.

For example, FabIndia, a fashion retailer sources green materials with good labor practices in its supply chain—organic cotton and recycled polyester.

Waste Reduction and Circular Economy Practices : Organizations adopt the practice of a circular economy approach by reducing packaging waste, making it as recyclable and reuse products as possible to extend product life. Strategies to reduce waste are cost-saving and help align with global sustainability initiatives.

Example: The Body Shop has a packaging-return program encouraging customers to return used vessels for recycling and reduce plastic waste in its supply chain.

Green Warehousing and Energy-efficient- The warehouse is fully utilized by companies with the use of energy-efficient lights, solar panels and automated inventory control to reduce waste as well as energy consumption bills. They help sustainability and warehouse efficiency.

For instance Flipkart deployed solar-based FCs and power-efficient cooling solutions to reduce operational consumption.

Eco Friendly Packaging Alternatives: In place of single-use plastics, companies are now opting for biodegradable, compostable and reusable packaging options. The sustainable package reduces environmental contamination and enhances the brand image.

Sample: Lush Cosmetics uses compostable and naked packaging, not contributing to the plastic waste while promoting a sustainable life style.

Technology-based Supply Chain Sustainability: AI, blockchain & IoT for logistics enable the monitoring of carbon foot printing, routing optimization and greener traceability from sourcing. All these technologies improved productivity and environment friendly approach.

Example: The Danish shipping giant Maersk employs blockchain to monitor and streamline cargo shipping routes, which saves fuel and makes supply chains more transparent.

Green SC Green supply chain management is necessary to minimize the environmental impact, optimize operational efficiency and enhance corporate responsibility. Logistics and sustainable supply chain both emphasize technology-based innovation driven sustainability, companies that engage in green logistics and ethical procurement can achieve sustainable competitive advantages. Companies that engage in sourcing with social and environmental

responsibility drive other companies to follow suit, improving the practice of supply chain by increment through small actions.

7.3.4 Major Logistics Functions

6 **Logistics activities** are the foundation of effective supply chain management, facilitating the continuous movement of goods from point of production to points of consumption. Companies must integrate multiple logistical processes, including transportation, warehousing and inventory management to ensure that maximum efficiency and service levels are achieved. Adequate logistics management can save costs and prevent delay, as well as can improve human's life effectively.

14 **Transportation Management:** An efficient transportation system provides for the delivery of goods in a timely and cost-effective manner that minimizes environmental effects. Transport companies are chosen based on cost, speed and type of goods - whether imported or exported by road, rail, air or sea. Modern logistics Real-time tracking In modern times, with technology developed in logistics, customers are encouraged by companies to check the status of their order online.

For example, DTDC, a leading courier company in India, is using AI-enabled route planning to optimize last-mile delivery and reduce transit time for e-commerce and B2B shipments while generating some positive feedback from the customer base.

Storage and warehousing: Stocking and piling up of the goods in warehouses is an important part which control these imbalances of demand and supply side. Strategic warehouses are used to minimize transportation cost and delivery time. Warehouse Management System (WMS) automation of inventory tracking, order processing and space utilization

Example: Reliance Retail has regional distribution centres in India stocking and dispatching products at a fast pace to keep stores replenished and e-commerce orders flowing.

Inventory Control: It maintains proper balance of supply and demand to avoid surplus (overstocking) or shortage (stockout) through efficient inventory management. Just-in-time (JIT) organizations utilize demand forecasting and automated replenishment systems to stock inventory efficiently.

Example: Nykaa, India's biggest beauty retailer, uses an AI inventory management system to predict product demand and regulate stock levels for ensuring that there is no shortfall during the peak sales periods like festive seasons.

Order Fulfilment and Processing: Fulfilment is the process of selecting, packing and shipping orders to customers in a timely manner. Businesses conglomerate automation, bots and cloud computing to speed order fulfilment for faster deliveries.

Example: Lenskart has automated order processing in its warehouses and factories, enabling fast-shipping of custom-made glasses at low rejection rate and lead time.

Reverse Logistics and Returns Processing: Return, repair, and recycle processing is a critical success factor for satisfaction & sustainability. To minimize losses and build customer trust industry depends on effective return policies and repair procedures.

Example: Reverse logistics is an efficient process for Croma, the electronics retail chain from India, when it comes to warranty-based repair and return operations in a closed-loop which resolves consumer grievance (complaint) without degradation of resale value because of counterfeiting.

Warehouse logistics centre scale, the flow of product smooth unimpeded through the supply chain, can reduce costs and improve customer service. Businesses that adopt cutting edge technology and logistics have the upper hand in **efficiency and customer satisfaction**.

7.4 Summary

- ❖ Marketing channels lead to timely distribution so as that the products remain closer to the consumer and in reach of market coverage courtesy of elastic distribution (DLG, 2002).
- ❖ Frictionless purchasing lives in a world of direct, indirect, multichannel and omnichannel offerings from organizations that want to deliver integrated buying experiences across various consumer touchpoints.
- ❖ AI enables efficient logistic by optimizing delivery/collection service with several automated actions to control the movement of stock, storage and transport in lower cost and time.
- ❖ Strong partnerships with distributors, retailers and carriers strengthen supply chain for successful product placement and market access.
- ❖ Supply chain sustainability such as ethical sourcing, green logistics and carbon reduction that serves to improve brand reputation by staying in compliance with the regulations.
- ❖ Distribution affects the strategies of prices with reference to margins and cost saving at channels, using dynamic pricing and bundling in order to maximize profit.
- ❖ Distribution is digitalized: using AI, blockchain and the IoT to increase transparency in supply chains, forecast demand and robotize delivery.

7.5 Key Terms

1. Access to Market: With effective distribution networks in place, products reach the right customers on time thereby enhancing availability and extending consumers' reach to

various geographical areas. Companies seek to maximize the efficiency, cost, and responsiveness of their distribution systems.

2. **Channel Integration:** Businesses offer seamless check-out experiences in direct, indirect, multichannel and omnichannel channels. Integration of channel structure enhances convenience and imposes brand presence over digital and physical touchpoints.
3. **Logistics Optimization:** Successful marketing logistics plan for the shipping of stock, where it is stored and how to get it. These things are supply chain-efficient, future-proof AI and automated warehouse tech.
4. **Strategic Alliances:** Realignments among the distributor, retailer and third-party logistics providers create more robust supply chains. Alliances get products into leadership positions and offer the most market penetration.”
5. **Sustainability Projects:** The modern supply chain contributes to green objectives related to sustainability, with sustainable sourcing, ethical procurement and carbon reduction featuring strongly. These steps enhance Brand reputation and compliance across regulations and consumers.
6. **Costs and Pricing Management:** Product price is managed through the reduction of cost and channel margin by distribution decision. Firms employ various pricing strategies such as aggressive pricing, bundling, and captive pricing to remain profitable in serving the diverse segments of the market.
7. **Technology Enabled Distribution:** The ‘Digitally transformed distribution channels use AI, blockchain, and IoT to provide more transparency in the ecosystem and forecast demand and improve logistics. Digital marketplaces and e-commerce similarly disrupt traditional distribution models.

7.6 Descriptive Questions

1. How do marketing channels make it easier to get product to customers, and what are the effects of distribution on market expansion?
2. Compare direct and indirect marketing channels and describe their advantages and disadvantages in different business models.
3. Explain how omnichannel principles contribute to improved customer experience (you’ll want to look up what omnichannel means) and discuss challenges that companies face when trying to sell the same product via multiple channels.
4. What does supply chain management have to do with the distribution of products and how do businesses increase efficiency when they transport goods?
5. Explain the significance of strategic alliances in supply chains and provide instances where collaborative efforts help to penetrate existing markets.
6. What is sustainability in today’s supply chain and how do companies implement green logistics?

7. How does pricing policy relate to the location decisions, and how do you balance cost-efficient with competitive market positioning?
8. Evaluate the impact of digitalization and new technologies on conventional marketing channels and supply chain procedures.

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7.8 Case Study

Distribution Strategies for Growth in the Marketplace

Introduction

Good distribution strategy is one which does not allow a party have excess inventory with him, and simultaneously it ensures that the right type of merchandise reaches the correct customer in an inexpensive way. Channel Management Asset: It increases Market penetration; Builds brand coverage, and Strengthen customer relations. India's leading dairy brand Amul wanted to streamline its supply chain for higher consumer offtake, particularly in urban & rural India. This case looks at the supply chain & distribution strategy of Amul - India's largest food products marketing organisation, made in response to entry of multinational firms.

Background

As a dairy product company, Amul's supply chain model is vast consuming milk from millions of farmers and providing doorstep delivery in each corner of India. The brand was well-established in urban markets but its presence was sketchy in semi-urban and rural areas. Furthermore, inefficiencies in last-mile deliveries and out-of-stock at retail stores **led to customer dissatisfaction and** loss of sales.

1 Problem 1 Implementing network interventions with unstable market coverage and supply chain bottleneck The stability of the market coverage which is a measure of queue content can easily be assessed, using simple policy.

Amul's extensive reach was unable to maintain regular supply of its products in urban, semi-urban and rural markets. Inefficient cold chain and logistics systems led to frequent stockouts in some locations. This led to fluctuating customer demand and sales were unpredictable as product supply was not consistent. The brand needed to dismiss with its distribution model for enhancements in reach and steady supply of dairy products.

Solution:

- Expanded the rural reach by collaborating with local vendors and cooperative bodies to stock coverage in the hinterland.
- More cold storage and well-coordinated logistics to keep food fresh and minimize waste.
- Implemented digital tracing software to monitor the efficiency of the supply chain and optimize inventory usage.

Problem 2: Logistics Costs and Single Delays to Be High

By having multiple middlemen, with inefficient supply chain Amul's cost of operations kept increasing. Dairy perishables required poverty cold-chain logistics, and shelf life lags resulted in goods going to waste. Additionally, there was higher cost in the logistics, resulting in very high product price which was unaffordable for some customer segments. Amul needed a cost-effective distribution system to optimise costs and to cut out wastage.

Solution:

- Put in place a hub-and-spoke model for distribution, reducing movement times and shortening delivery time.
- Expanded investment in refrigerated company-owned trucks to drive efficiencies and reduce dependence on 3rd party logistics providers.
- Negotiated bulk shipfreight rates in order to reduce freight costs and add value.

Issue 3: Weak E-commerce Channel and Poor Direct to Consumer Engagement

The consumer trend was shifting toward online shopping, including groceries, but the other hand Amul did not have a strong e-commerce footprint. The unavailability of a direct-to-consumer (D2C) model made it inaccessible to those tech-savvy urban consumers home delivers. As a result, the brand was unable to capitalise market growth of online grocery which offered potential revenue opportunities. It was necessary for the brand to design a stronger digital distribution strategy in order to stay competitive and grow its reach.

Solution:

- Teamed up with online shopping platforms, at BigBasket and Amazon Fresh, to boost e-commerce sales.
- Launched its own Amul Dairy app to offer direct-to-consumer delivery in some cities.
- Introduced repeat customers to subscription-based milk delivery services aiming for brand loyalty with consistent revenue.

Reflective Questions

Amul strengthened its rural distribution system to increase market coverage.




What were Amul's biggest logistical inefficiencies from your experience working there and how did they fix them?

What is the impact of Amul getting listed on e-commerce portals in terms of sales and customers?

Conclusion

Amul made the most of its distribution network by integrating rural channels, removing logistics wastage and expanding digital avenues. Tech-based logistics, strategic partnerships and direct-to-consumer strategies enabled the brand to disrupt markets on a deeper level and elevate user satisfaction. To be in the forefront of dairy industry, Amul has to continue innovating in its distribution strategies and transform as per dynamic markets.

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Unit 8: Promotion Mix

Learning Objectives

1. Learners will learn about the promotion mix concept and its importance, delving into its application in contemporary marketing practices.
- 7 2. Learners will compare various promotional means, such as advertising, public relations, personal selling, and sales promotion, to determine their effectiveness.
- 7 3. Learners will assess how consumer interactions and company success have been shaped by direct marketing and online marketing and consider prominent advantages to sellers and customers.
4. Learners will examine real-life applications of certain promotional techniques and observe how businesses use them to achieve marketing objectives.

Content

- 8.0 Introductory Caselet
- 8.1 The Promotion Mix
- 5 8.2 Advertising and Public Relations
- 8.3 Personal Selling and Sales Promotion
- 8.4 Direct and Digital Marketing
- 25 8.5 Summary
- 8.6 Key Terms
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8.0 Introductory Caselet

The promotional mix and market coverage

Khanna Handicraft Owner- Amit Khanna An expert in the field of luxury home furnishing, he is a well known name when it comes to making artistically rich products. While his brand was

locally popular, national and international sales were terrible even as handcrafted products gained in popularity. Amit knew he had a superior product, but there weren't compelling enough tactics in place to build his brand's appearance.

"The biggest difficulty was that he had no strong promotion mix. He was promoted by word-of-mouth and print media advertising only while the others employed digital marketing, influencer marketing and sales promotion through e-commerce platform. There was little in the way of PR and personal selling took the form of shows. Price discount as price promotion could not be effected and first time purchase was no chance. Amit also has trouble with direct and internet marketing, because despite having a website, it was not very effective due to low visibility and there wasn't a lot of customer engagement on social media.

Faced with all of these issues, Amit adjusted his promotional mix. He invested in social media advertising, did crossovers with design influencers and used email marketing to fashion targeted offers. Promotional seasonal and online one-benefit offers were used to drive new recruitment. The promotional strategies included a creation of media buzz through home design magazines and persuasion, that was aided by special pop-up shop. All of these combined helped create more brand awareness, caused increase in online sales and helped build trust with customers.

Critical Thinking Question

How can companies like Khanna Handicrafts effectively blend a strategic promotion mix that reaches out to the masses without diluting the high-end profile of their brand?

8.1 The Promotion Mix

The promotional mix is the controllable combination of selling tools that firms use to reach new customers and influence their behaviour. It is an important part of brand awareness, attitudes toward the brand, and purchasing behaviour. An optimum mix enables businesses to build an impressive market dominance, and challenge the competition too. A well-organized Promotion Mix enables companies to reach the desired target through a range of media, allowing for optimal interaction as well as conversion.

8.1.1 Definition and Key Elements

Promotion Mix is the various promotional tools/supplements which, uses to communicate effectively with its target customers in a market speaking right thing at the right time and from a suitable place to make an impact on consumer's mind for purchase. Between, the executable promotion which brings a company its well-sited brands, efficient support to the customers and everlasting relationship. Without it, no matter how good your product, nobody will know about it or want to buy.

Take for example a start-up that launches an energy drink in the market – they might use influencer advertising, point-of-purchase sampling and online adverts to create hype around their product would build brand awareness.

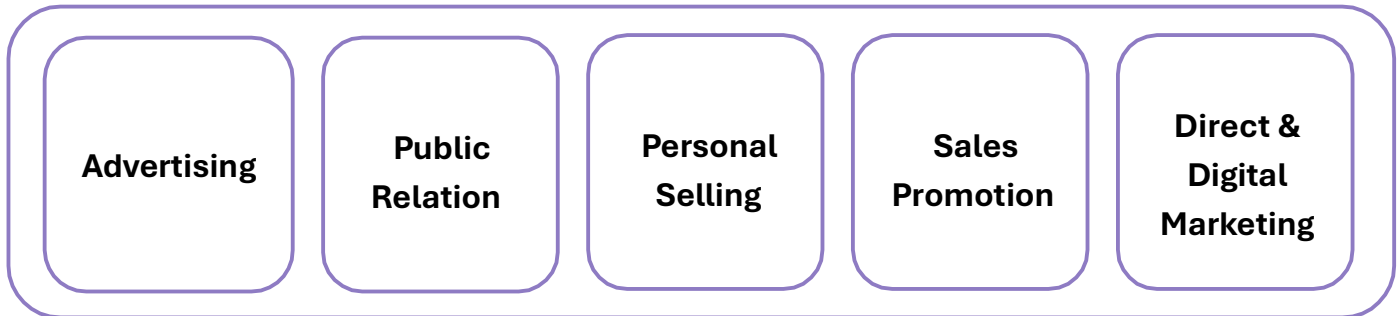


Fig 8.1 Major Elements of the Promotion Mix

Primary Components of Promotion Mix

Advertising: A paid form of communicating a message to the public through media such as television, internet, newspapers or radio. It's advantageous in brand retention, customer image and creating volume market. Firm should select the right channels according to its audiences to maximize reach and impact.

Example: A high-end perfume brand creates an emotional storytelling ad campaign on YouTube and in magazines to generate the image of a luxury aspirations brand.

Public Relations: Building, or Reputation management. It's altering your corporate image and the confidence people have in you by finding public support, unpaid visibility through media coverage of some sort (press releases type stuff), sponsoring good causes or goodwill activities like giving underprivileged kids free jello with whipped cream or monster trucks peeling out on the US Constitution. PR establishes trust and contributes to establishing good relations with clientele, stakeholders, and the general public. It is not advertising but earned media, and hence a more budget-friendly approach, although it is harder to manage.

For example: A plant-based nutrition startup is profiled in a health magazine, adding legitimacy and attracting health-oriented users.

Personal Selling: The direct selling of goods or services between a salesperson and a potential buyer, the method allows the company to communicate product benefits, answer customer questions, establish value and make the sale. It is most effective with high-involvement products where first-hand experience enhances customer confidence. More costly and time-bringing, personal offerings increase conversion rates with all of the customizable solutions.

Example: A high-end jeweler hires trained consultants at its flagship stores to guide customers through design alternatives and make purchasing decisions.

Sales Promotion: A technique used for a short run or duration in order to induce trial among potential customer and to increase the rates of purchase. Discounting, coupons, samples and BOGO offers stimulate demand. Nevertheless, when promotions are used too often the perceived value of a brand will drop plus profits may shrink.

Example: A coffee shop franchise showcases special “Happy Hour” discount pricing for a limited interval of time to driver visitors during nonpeak hours and also encourage repeat visits.

In contrast - Direct and **Digital Marketing:** Personalized marketing strategies that use data to speak directly with customers through email, social media, search engine ads, and mobile apps. Compared to traditional mediums, the precision of targeting and immediacy of response allows for cost-effective removal and delivery. It also enables businesses to develop a relationship with the customer by effectively communicating relevant and personalized messages.

Example: AI-enhanced email marketing that for a gym membership program suggests workout programs based on what level of fitness the user feels they are at, increasing retention and engagement.

8.1.2 Importance of the Promotion Mix

The two promotion mix is so important in influencing customer attitude, promoting sales and building business success. The promotion mix is intended to enable an organization to efficiently communicate its value proposition, differentiate itself from competition and portray a positive image in the target market. The promotion mix increases customers’ involvement, confidence, and purchasing intention. Even the best products without a sales strategy are going to have a hard time taking flight and reaching their true potential in the market.

Significance of the Promotion Mix

Enhances Brand Awareness: Proper planning of promotion mix helps that the message of a brand to be reached an intended audience by different methods so as to enhance its recognition. Powerful advertising results in businesses establishing a personal identity in the markets where their goods are remembered.

Example: An electric car company advertises itself by promoting environmental events and running online ads to position it as an eco-friendly alternative to regular cars.

Affects Consumer Choice: Promotion campaign informs the consumer about the different advantages of product and hence influences on buying. A robust mix provides an effective way to communicate, the customers’ needs and Trust in products/conversions/special offers etc. It eliminates/resolves reluctance leading to better conversion rates.

Example: A computer company does live instore demos and social media videos that explains product features so consumers can make an informed choice.

Fosters Customer Relationships: Advertising strategies such as personal selling, public relations and social media engagement can help business build up the long-term good relationship with customers. Firms develop a strong buyer-seller relationship and facilitate recurring purchase by means of sustained communication.

Example: A clothing brand speaks directly to its current customers through loyalty schemes and email marketing, to keep them buying again and again.

10 Boosts Sales and Revenue: Advertising strategies such as sales promotion, personal selling, public relations, and social media engagement helps organizations engage with customers on a long-term basis. In a way, businesses develop a kind of hardening between themselves and the prospects that only gets stronger through more interaction over time.

Example: A clothing brand directly singles out current customers through loyalty programmes and direct email marketing to retain their custom and make repeated sales.

15
5 Promotion mix as an important marketing strategy is used by companies to communicates effectively with their customers. Advertising, public relations, personal selling, sales promotion and direct & digital marketing can be used in combination with one another to create brand / market awareness, influence consumer behavior and augment sales growth. A promotion mix that works effectively not only builds and maintains the relationship of a company with its customers, but also enables them to respond to the ever-changing market and keeps them ahead in terms of competition. It is when you use smart promotional strategies that your brand becomes successful in the long-run and takes a peak plunge.

7 8.2 Advertising and Public Relations

8 8.2.1 Advertising

Advertising is an element of the promotion mix, but also it sends a brand's message out to the public through paid channels. Advertising helps companies to generate awareness, affect purchasing decision and help in achieving a competitive edge over competitor. A great advertising plan is one which successfully leads a company to desired target buyers, raises the profile of its brand and results in sales. Advertisement also keep the brand constantly in sight which encourages long term engagement. Firms strategically change their advertising behaviour in response to changes in consumer behaviour, the technological environment and competitive forces as a method of competing.

Definition and Role of Advertising

23 Definition: Paid, non-personal communication used to promote services, products or ideas through media such as television, radio, print (newspapers) and outdoor advertising.

Advertising speaks to the mass market and says something powerful in service of business objectives. Creative, good media placement, and repetition of ads are what makes great advertising that will leave a trace on the minds of consumers.

The function of Advertising:

Creates Brand Awareness: Advertising introduces a brand in the market and make it to be well-known among consumers. The exposure continues to help the company gain people's trust, and when consumers are ready to make a purchase of what you have to offer. they will remember your brand. Rebranding is also facilitated by marketing as firms can reposition themselves in the market and through campaigns improve on image.

Example: Fevicol's creative TV commercials has made its brand a household name as strong adhesive in India with people recalling it.

Affects Consumer Behavior: A well planned advertisement introduces a new product in the market and leads to people thinking about it and being swayed towards buying that product even if they have never thought of purchasing such before. By appealing to consumer emotions, using storytelling and producing convincing value propositions, brands can influence how their audiences feel about the product and how this ultimately impacts on their purchase behavior. This effect is particularly crucial in competitive markets where you need a point of differentiation to stand out.

Example: Parle-G's retro ads emphasise on the emotional value it has been bringing to Indian households, hence you see generations of consumers opting for this.

Supports Sales Increase: Well-positioned ad gets product noticed and leads to sales and customer growth. Firms implement these festival and season-related advertisements in order to increase sales, seeking promotional strategies that can work for trigger purchase intention. Seasonals advertising also helps companies to clear their stock and maximize the profitability.

Example: Flipkart's web campaigns "The Big Billion Days" receive Orgasmic level of online sales by creating urgency and hype among buyers.

Helps Expansion of Market: Advertisement enables a firm or business house to expand their market, specially as the message communicated by advertisement can be tailor-made to suit and attract different Businesses are putting money into multilingual ads and culturally targeted offers to encourage different shoppers most effectively. This variety insures energy and alertness in different locations.

Example: Amul's regional ad campaigns in multiple Indian languages help the brand in connecting with diverse customer segments and build brand affinity.

8.2.2 Types of Advertising

Different types of advertising are designed to meet the specific needs of a marketing campaign, from informing the consumer to establishing a brand preference. It depends on the business goals, product phase and target audience. Ad dollars frequently nudge a few of these types to maximize scale and potency. A well-rounded combination of the information, accepted persuasion, reminder and competitive advertising maximizes consumer involvement and supports brand image.

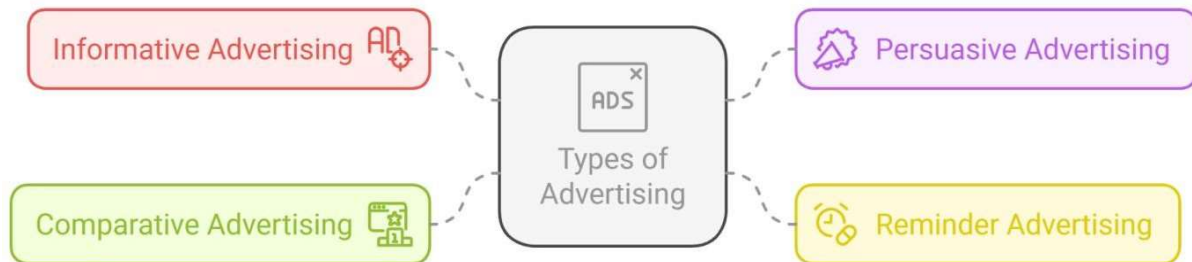


Fig 8.2 Types of Advertising

Information advertising-It focuses on informing the consumer about a new introduction, an innovative feature or product advantage. It builds credibility for the products by offering facts which helps buyers to make informed buying decisions. Educative advertising is important in sectors like healthcare, technology, and finance that rely heavily on trust from the audiences.

Example: Tata Motors ads on electric vehicles lays emphasis on the twin benefits of sustainability as well as cost efficiency, which can help educate potential customers, in moving to a cleaner mode of transportation.

Advertising That Persuades: Advertising that is intended to persuade you to select one brand over others, typically by telling you how great it is or what makes it special or how snazzy it will make you feel. Clever advertising uses the power of stories, mouth-to-mouth recommendations and wish-fulfilling promises to drive strong brand associations. Companies use it to differentiate their brands in crowded markets and to build customer loyalty.

Example: The “Daag Acche Hain” campaign by Surf Excel persuades consumers by linking stains with positive childhood memories, emphasizing that stains are marks of learning and fun.

Reminder Advertising : Creates brand's recall by reminding the customer of the product used especially in case of Dominos, when a dominant company uses reminder advertising. It still pokes consumers to keep buying the thing by connecting it to lifestyle trends or emotional allegiances. This type of advertising benefits highly competitive brands with high repeat purchases the most.

Example: Holiday ads for Cadbury Dairy Milk encourage people to sprinkle chocolates at the heart of festivities, transforming the brand into a metaphor for joy and friendship.

Comparative Advertising: Refers to the type of an advertisement in which a product or service is compared to similar products and services, available either from rivals or within the same brand. It's a great way to appeal to customers in the market for higher-end products. Comparisons need to be based on fact for credibility. Example: "Horlicks" advertisements that compare its nutrition with other health drinks showcase its strength in provision of essential vitamins and minerals.

8.2.3 Merits and Demerits of Advertising

Advertising is a major factor in creating consumer perceptions, driving sales and fostering brand recognition. It is how businesses can reach to masses and tell them about the product benefits and USPs. However, advertising has associated risks including high costs and consumer skepticism. Knowing leverage points and limitations ensures businesses can get the most bang for their advertising buck.

A. Merits of Advertising

Mass reach and brand awareness: Companies can communicate to masses in different demographics/geographies and increase the engagement with their brands at large. Businesses can also foster brand recall & confidence with clientele using frequency in advertising.

Example: The mass media TV and web campaign for Britannia biscuits has made it a brand name in India.

Facilitates Customer Persuasion: Advertising convinces the prospects by stressing upon the product value, generating aspirational desires and solving consumer problems. It can also help a company stand out in crowded markets and create strong emotional connections with buyers.

Example: Maggi's commercials loudly highlight its quick cooking time, appealing to busy customers who have to make hustling fast a habit.

it above the rest.

Market Penetration: Corporates can advertise new products in new markets and educate the public about these products thus generating demand. With targeted content and media channels, brands are able to penetrate virgin customers and market space.

Illustration: Patanjali went across India with localised ads with an emphasis on Ayurveda based wellness.

Example Companies like Patanjali expanded their footprint across the country, by running ads specific to regions and concentrated on Ayurveda based well-being messages.

Sales Growth & Profits: Good advertising stimulates demand for your products or services by creating or stimulating an awareness of the buyer's need to embrace a brand and encourages multiple purchases and how much they spend on each one. An effectively timed campaign can influence peak season sales, launch new products successfully and even activate short term promotions.

Case in point: Amazon India's ad campaigns around its "Great Indian Festival" create anticipation and exponentially jack up festive- season sales.

B. Demerits of Advertising

High Costs and Budget Constraints: Advertising is pricey especially for TV, print, and online ads which not suitable for small businesses. Just because it costs a lot doesn't mean you'll get even more in return, which is where ROI becomes crucial.

Illustration: Startups don't have the advertising spends of say HUL or P&G which affects their competitive reach.

Consumers' Skepticism and Misinformation: Consumers do not trust that the advertising message they receive is accurate or truthful. Customers lose faith if advertising over promises while under-delivering, which can stand to tarnish a brand.

Sample: Fairness cream brands like Glow & Lovely were slammed for promoting unrealistic beauty standards in their advertisements.

Saturation and Over Advertising: We are inundated by ads every day so much that we become ad blind, with less engagement. Backed-up ad spaces block brands from grabbing the attention of consumers. Example: Too much online advertising is causing people to skip YouTube commercials or use ad blocking software to block ads on websites.

Lack of Personalization and Interaction: Unlike with direct marketing, conventional marketing is normally one way traffic without personalized customer interaction. Not all customer needs can be met with mass marketing, leading to lower conversion rates.

Example: Nobody is looking for general listings of real estate but they are looking for specific property types therefor a more suitable method of marketing or advertising would be something like targeted internet marketing.

8.2.4 Public Relations (PR)

Public Relations is building and growing a brand image using free or strategic content. PR is actually different from advertising in that it centers around earned media—how the public, media and other stakeholders interact with companies via events (both sponsored and hosting), press releases or crisis management. Good PR enhances a company's image, creates goodwill and assists in managing its reputation. But because PR relies on third-party

valuation, it has its challenges in terms of lack of control over messaging and measuring one's impact.

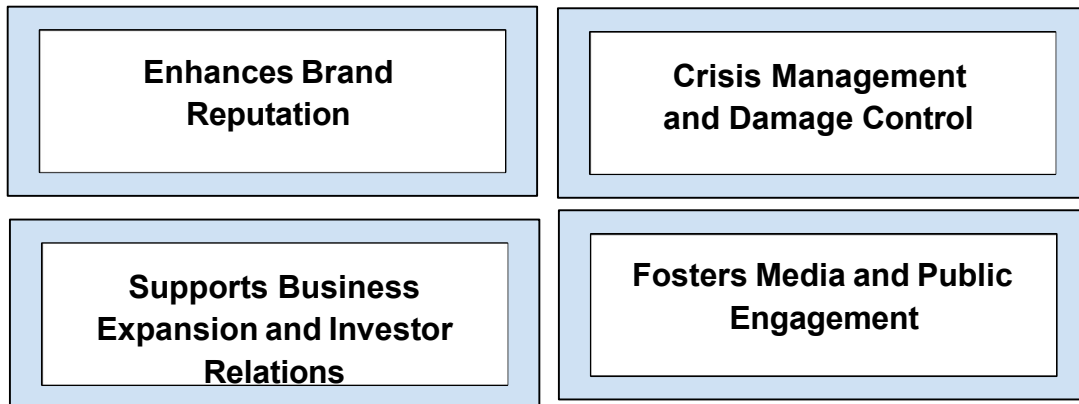


Fig 8.3 Role of Public Relations

Role of Public Relations (PR)

Build and Maintain Reputation: PR helps in creating a positive public image which is good for media relation, crisis management and responsibility clean. A good PR plan ensures that the brand is perceived as credible and delivers social value.

For example, Tata Group's CSR – promoting PR programs like educational or healthcare contributions helps create a perception that it is a socially responsible company.

Promotes Media and Public relation: PR builds connection with media, journalists, influencer and the public to bring out a good image in the media. Your company can reach its audience without advertising by initiating discussions through press releases, interviews and editorial coverage.

Case in point: Zomato's PR-fueled viral initiatives, such as its hilarious Twitter threads, are driving increased customer engagement and media coverage.

Crisis Management and Reputation Recovery: PR can help minimize the impact of brand crises, due to negative attention – PR provides an opportunity to respond accordingly in order for a client's voice to be heard. A good PR response will also be able to limit and manage damage and reassure customers.

SAMPLE THIS: Amul's prompt debunking of fake news on its products via official statements and explanations on social media helped reinforce consumer faith.

Drives Business Growth & Investor Relations: Public Relations Activities such as thought leadership blog posts, interviews and company news releases help companies win clients, partners even investors in new or expanding markets.

Example: The recent public relations exercises by Infosys — involving interviews with global leadership and business summits, for instance— been playing a part in stabilising the perception of the company in international markets.

8.2.5 Merits and Demerits of Public Relations (PR)

Public Relations (PR) is also important for creating a positive public perception of an organisational brand, establishing credibility and communicating with stakeholders. Where advertisement uses paid media and selective content to build a good brand image, PR uses earned media and strategic communication to improve the brand. PR tends to be low cost and a form of organic brand placement, but does not offer the same degree of messaging control nor direct measurement of its impact. Knowing the pros and cons of it would enable businesses to harness PR effectively to build brand with less risks.

A. Merits of Public Relations (PR)

Building Credibility And Trust: Third party endorsements such as the media, experts and industry awards in PR is simply icing on the cake for having a brand message heard. Consumers trust them more than direct advertising to building long-term brand credibility.

Example: HDFC Bank's PR initiative on financial literacy have positioned it as a reliable banking company by providing expert backed financial management in leading publications.

Cheaper Branding: PR campaigns are significantly cheaper compared to ad, they create more coverage and instant brand recognition. Press releases, influencer shouts and event sponsorships create word-of-mouth publicity without direct ad costs.

Illustration: Nykaa's PR-driven influencer partnerships got it massive exposure without spending a fortune on traditional advertising.

Boost Brand: A great PR campaign connects a company to social causes, industry leadership, or green projects – improving good shipping. In addition to that, the thought leadership and CSR acts adds up to a company's goodwill as well which make them look good in public.

Illustration: TataSteelAfter having launched PR campaigns promoting sustainability and responsible mining, Tata Steel is in the race to become an eco- friendly brand.

Long Lasting Impact and Market Influence: PR essentially has a shelf life that lasts far beyond a campaign is ever over. Good management of media relations in order to secure regular positive media coverage to strengthen the brand's reputation.

Example: The PR-backed brand positioning of Asian Paints as the leader in home décor with expert chats and design trends report has cemented its market leadership.

B. Demerits of Public Relations (PR)

Lack of Messaging Control: Since PR is derived from media reports, business can't control the way their message is pitched. Misinformation, bad press or slanted news can produce negative affects to the reputation of a company.

Example: Ola controlling PR damage after driver complaints and service troubles still hurt customer trust, despite official explanations.

ROI and Effectiveness are Hard to Quantify: Unlike online marketing where there is an analytic tool to measure a campaign's performance, the impact of PR campaigns can be difficult to improve due to it being reliant on qualitative factors like brand image, media mention and word- of mouth power.

Example: Kerala Tourism's international PR campaigns saw massive media coverage, but it was hard to tell exactly how much they translated into tourism revenues.

Long-Term Impact and Market Influence: The work carried out by PR has years of impact, making brand evergreen post-campaign is over. Media relations handled effectively to maintain a good general level of media coverage, the Asda brand's credibility increased.

Example: With its continued listing on the world's best sustainability performers, Mahindra &Mahindra is seen as a leader in eco-friendly automobile innovation.

8.2.6 Publicity

Publicity is defined as news about a company, product, or service which results from free media exposure (not paid advertising). In contrast with advertising, which is heavily regulated and sponsored by businesses, publicity is owner effluent by the media or fans, customer reviews and "influencer" endorsements. This communication is valuable when it comes to forming a public opinion and establishing brand trust, especially as less skepticism is meted out when reading news articles and impartial reviews (opposed to clear promotional messages). One favorable reference in a national publication, or even the right tweet to a popular online update, can transform the profile of a brand. But for as much results potential it has to generate great awareness – PR is inherently sporadic and can actually have negative impact, so it's a double-edged marketing tool.

Role of Publicity

Enhances Credibility and Trust: Publicity is driven by third party endorsers like news stories, expert opinions, or social media word of mouth that make it more credible in the eyes' of the public than traditional advertising.

Anything that comes from a third-party is highly valuable as in, your buyers trust this third party to validate their purchase decisions, and sales just go through the roof for positive publicity.

Example: The good rating of Maruti Suzuki's hybrid technology in an auto review magazine boosts consumer confidence and fuels demand for fuel-efficient cars.

Goes Further for Free: Publicity spreads through mass media, blogging and the web, reaching more audience without the direct marketing costs. This allows companies to achieve organic brand exposure in saturated markets.

Case in point: Swiggy's offbeat customer connect posts on social media get itself noticed at scale without having to spend money on promotion, apart from driving up engagement.

Builds a Strong Brand Image: Good press always establishes a company as an industry leader, thereby conditioning the mind of the customer in the long-term. It focuses in on some aspect of what a company does really well, something related to how they are different from the competition or innovative or socially responsible.

Case in point: Wipro being recognized by industry leaders as a leader in the area of cybersecurity solutions is not only providing credibility to its brand as a reliable IT services firm but also drawing attention among enterprise buyers.

Builds mass awareness: Advertising in key mediums, social media storms, or endorsements from influencers helps a brand to reach masses faster. Broad publication coverage can also dramatically improve product exposure and customer involvement.

Example: The free data services unleashed by Reliance Jio gaining widespread news media coverage led to a monstrous customer acquisition and sectoral market disruption.

8.2.7 Merits and Demerits of Publicity

It can be a powerful tool for branding, but there are pros and cons. As it is completely beyond the control of any company, it can help a brand get credible and reach out to the masses without much spend. Meanwhile a company's image can be damaged as well by bad press since it is not within their control either. Recognising the good side and bad side of publicity teaches businesses how to best use their public face.

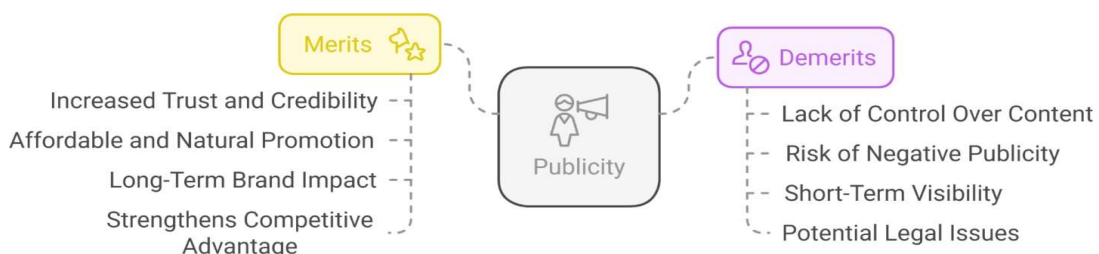


Fig 8.4 Merits and Demerits of Publicity

A. Merits of Publicity

Higher Trust and Credibility: People believe news from the media, trusted influencers, and unbiased reviewers more than straight ads. Save yourself time and download now Why Press Exposure is a Powerful Method to Branding Authority 2. A positive news headline when your business needs it; can do wonders for any company's reputation!

Example: If health experts on TV praise Patanjali's herbal products, customers are more likely to trust and try them, which in turn boosts sales.

Inexpensive and Organic Promotion: Although no money is invested for a promotion, it serves as free marketing for companies showcasing their brands to the world cutting off expenses from expensive ad campaigns maximising visibility. That makes it particularly useful for small businesses and start-ups.

Example: When popular news channels feature Amul's trending posts on social media, the brand gets a free fillip in visibility and brand recall.

Long Term Branding Impact: A successful public relations can develop long term brand value, with feel-good stories lingering in peoples lines of thought while advertisements are fleeting. Companies who are always portrayed well in the media have long-read good will.

Example: As word spreads about Dabur's environmentally-friendly efforts in environmental publications, so too does the company's green brand reputation, as well as consumer allegiance.

Build Competitive Edge: Good PR can make and keep your brand in front as a top choice among consumers. Patent: Promotional news about innovation can position firms as industry leaders.

Example : Titan smartwatches gets coverage at technology magazines as a stiff competition to foreign brands which leads to skyrocketing sales and market share.

B. Demerits of Publicity

Lack of Content Control: When companies advertise they control the content, but when you're simply making purchases or having annual meetings a la The Beatles, promotion is open to interpretation by media which can sometimes magnify things out of proportion or turn them negative. Companies must carefully monitor and shape their public image.

Example: Some media can blow a little supply chain furbphy for nestle into overkill – and then the consumer verdict is in, they have to make an immediate rellie just on Clarifications.

Risk of Reputational Harm: Negative buzz, customer outrage or negative publicity can go digital and harm the brand's image resulting in crisis management. The internet is truthful the way everyone gossips.No one else has to hear, so why not just put it upBad news gets around faster than good news so managing your reputation is key.

Illustration: When Flipkart is slammed by a customer for receiving delivery delays during festive sale, it affects their confidence and they end up ordering fewer products with low ratings.

Short Term: One of the things publicity does is that it works fast, but if not maintained it is short-lived and less effective for long-term marketing. In order to be and stay engaged in the public's awareness, brands have to engage consistently with media.

Example: Paytm — the viral promotional gimmick will be trending for 2 days but need backup plans like collaborating with directly or in association with influencers to keep working.

Possible Legal Ramifications: If something untrue or incorrect is published by the media, businesses are always forced to enter into legal battle to defend their names. The implication, is that it loses money as well as suffer reputational damage.

Sample this: When a mischievous rumour about the quality of Britannia's product broke loose, it forced the company to offer explanations and run to courts of law to reclaim reputation.

Publicity is the high voltage marketing tool that can have an enormous effect upon the public perception of your brand. Good press builds credibility, expanding reach and position within a market virtually for free. But businesses must also be proactive in maintaining their public image to avoid the downsides of bad or misleading coverage.

8.3 Personal Selling and Sales Promotion

8.3.1 Personal Selling

Definition and Importance:

Face-to-face marketing or personal selling Personal selling is defined as the direct face-to-face interaction between a salesperson and a prospect, with the purpose of influencing the purchase decision. It is an invaluable tool in industries where customer trust, product familiarity and human emotional contact is necessary for conversion. Direct communication allows firm to address customer issues, explain product benefits and develop deep brand relationship.

This is especially powerful for high-involvement products, where explanation, configuration or negotiation is required. Personal selling is the opposite of mass advertising's one-way communication where the receiver of a message can't have his or her say; personal selling creates two-way discussions: Each party exchange ideas and benefit from their conversation to make informed decisions. It is used in various sectors such as insurance, automotive and luxury where the decision to purchase is not very simple and requires personalised opinion.

8.3.2 Merits and Demerits of Personal Selling

Personal selling gives firms a direct and immediate means of reaching potential buyers with confidence in the quality of product and commitment to buy. Highly involved products with complex explanations and adjustments are best sold via personal selling. Nevertheless, personal selling also has a number of disadvantages which included the fact that it is costly.

operating expenses, and revenue from salesperson attributes. Knowing the pros and cons enables organisations to make informed decisions on when and how they should apply this strategy.

Merits of Personal Selling:

Photo, pdf Personal Selling Offer Some of the benefits of personal selling relate to customers and the effectiveness of sales. Organizations can build better relationships with their customers and improve conversion rates by delivering personalized experience and timely support.

Personalize Sales Strategy: The salesman can understand the demand of his clients, solve their personal problems and customize recommendation on products so that customers will feel more attended and persuaded. This kind of targeted approach all but guarantees conversions and high satisfaction.

Example: HDFC Bank's financial planners understand a customer's income, goals and risk appetite before recommending investment products that best suits the customer so they get a customised financial plan.

Feedback and Real-time Query Resolution: Personal selling helps in real time two way communication, this enables customer to gets his/her doubts clarified instantly and they can take the purchase decision confidently. It is this immediate response that creates confidence and lessens reluctance.

Example An salesperson in Titan Eye+ explaining the various lens options, and warranty details on-the-fly helps consumers make well-informed purchase decisions for their spectacles.

Better Customer Relationships: Continued hands-on interaction establishes steady relationships between businesses [...] and clients that lead to loyalty, repurchases. Dominant relationships also lead to good word-of-mouth which is much better in a healthy way.

Example: A VLCC beauty consultant that keeps in touch with customers post purchase will ensure sustenance of product usage advice, thereby strengthening customer retention as well as brand loyalty.

High-Involvement Products: Most Suitable Complex, high cost, or technology-heavy products require lots of explanation, and professional selling provides that in a snap. It enables customers to understand the benefits and make informed choices.

Example: A Tata Power Solar sales Manager who teaches his customers how to go about installing solar panels, reducing costs and taking advantage of government schemes to promote the adoption of clean energy.

Brand Image and Trust: Personal selling enables a brand to be perceived as customer- focused and service- oriented by providing personal attention and trusted information. This bespoke experience makes the brand unique. Caselet: When a salesperson at FabIndia talks about how the fabric of his clothes is handwoven, it enhances the legitimacy of the brand and allows for higher pricing.

Demerits of Personal Selling:

While personal selling can be good, there are drawbacks that a business should consider. It is not efficient because of high cost, time-consuming and relying on salesman experience so it cannot be applied to all companies.

High Expenditure per Customer: It costs money to find, train and retain good salespeople— therefore — personal selling is less effective for low-margin or mass-market goods. Salaries, commissions, travel and training drive up the cost of this form of selling. Illustration – Britannia stresses on mass-level promotion at the expense of personal selling because it is uneconomical and unwieldy to sell biscuits door-to-door given their low price, high volume nature.

Lengthy Process: In the case of personal selling, there is lengthy period per customer, with this sales process required more length of time. It's not the place for groups to be asking for any kind of mass purchasing on a fast timeline." Since the customer has to talk through his issues and receive complex explanations with the sales rep, this process is prolonged and generally unproductive.

Example: An executive with a Jaguar dealership who spends many hours on end demonstrating the bells and whistles of car models or financing options to just one prospect diminishes the daily potential for transactions to less than for online appointments.

Dependence on Salesperson Skills The effectiveness of personal selling depends heavily on the salesperson's ability to perform, their knowledge of products and communication skills. When you do not know what you are doing, you can lose prospective clients. Poor training or motivation may cause sales results to vary, potentially leaving your business waiting for growth.

An untrained Croma store manager not being able to highlight key features of an expensive laptop can persuade a consumer to go with another company's product that is as good as it gets.

Low Scalability: One can easily scale up personal selling resistance by hiring more people and training them, not so for other mass marketing communication strategies such as online marketing. There is also a huge logistical and operational overhead in scaling up into new

markets, so it's not very scalable. Example: A luxury watch company that relies on private in-store appointments will not be able to grow to the same extent across multiple cities as a web-based competitor with web specials.

Possible Customer Resistance: There are customers who consider personal selling aggressive or invasive, thereby making themselves uncomfortable and staying away from salesmen. This can damage brand reputation. Hard-sell tactics can alienate customers and lead to frustration and bad word-of-mouth.

A credit card company that engages in high pressure sales tactics, and gets its telemarketing calls blocked by consumers in the process, for example, may damage the brand image.

Personal selling is a critical practice for organizations in which face-to-face interactions are key to fostering trust and giving customized solutions. It is not suitable for mass-market hospitality offerings due to the high cost and challenges in scalability, despite its personalized communication and improved relationships. Despite the drawbacks, companies that hire expert salespersons can benefit from higher conversion and long-term customer retention.

8.3.3 Sales Promotion

Definition and Importance:

Sales promotion involves the use of short term incentives to push for quick customer response or promote immediate purchase, and is a tool in marketing communication used to boost sales. This category involves deals, coupons, competitions and anything that results in quick buying decisions. Businesses use sales promotion to bring in new customers, to keep present consumers from going elsewhere and to boost sales during slow periods or amid great competition. Businesses are rewarded with increased brand engagement, trial rates of their products and reduced excess inventory by offering value-driven incentives. Sales promotion is an important element of the promotional mix which can achieve short-term revenue by raising awareness and establishing relationships with customers.

Merits of Sales Promotion:

Sales promotion has various advantages in sales driving, customer engagement and brand awareness. However, in the long run it is destructive when too high a level of dependence on advertising and other promotional activity is used, resulting in lower brand loyalty, price sensitivity etc. Its Pros & Cons could aid in determining your next business strategy.

Promotes impulse purchases: Time-based sales and promotions get customers to act quickly, so they spend now instead of waiting. This is a very effective tool to use in price-sensitive business environments where the goal is to generate occasional spurts in sales, or move low-turnover stock off the shelves quickly. Example: Wanderlust adds a feature where a customer

can buy today and get 1 free on the weekend, resulting in immediate revenue generation while also driving total customer engagement.

Gains New Customers: With that attention is the opportunity to win over consumers with attractive offerings such as free trials, price discounts, or giving away products—enticing new customers to consider their brand and extend market reach at minimal cost.

Example: Lakmé giving free sample packs of lipstick with online purchases so new buyers can try their makeup, and then buy again thus lodging the company's name in your memory.

Aids in Clearing Inventories : By providing a discount on the slow-moving product, sales promotion helps to clear out the excess inventory and avoid the obsolescence of the product as well as maintain cash flows by giving a discount cut on storage cost.

Sample: A "Stock Clearance Sale" by Big Bazaar before the festive occasion when they reorganize their store to achieve higher profitability by pushing out old-stocks, making room for fresh arrivals.

Increases the Brand Engagement : Programs such as contest, loyalty and cash back rewards help in customer engagement and brand exposure, wherein customers are made to engage with them more intimately.

Example: Myntra's "Insider" loyalty program offers special perks and early access to promotions, encouraging repeat shopping and bonding between customers and brands.

Enhances seasonal and festival sale: Companies capitalize on good offers during key shopping seasons to generate higher revenues, increase customer participation in holiday promotions for higher customer acquisition.

Example: Special holiday season get up on luxury watches during Dussehra & Diwali prompts buyers to consider them as gift, driving actual sales and improved brand recall

Sales promotion is the most effective way to generate immediate consumer interest and stimulate short-term sales, while enhancing large brand interaction. But companies must use it judiciously to avoid a temptation of overusing discounts that can hurt brand perception and profit margins. Well, a mix of promotions on sales side combined with strong branding & customer relationship will make you successful in long run.

8.4 Direct and Digital Marketing

Direct and digital marketing involve a **direct** communication between the organisation and the customer in lieu of an intermediary. It uses many communication channels (emails, SMS, social media, targeted advertising) to have a wide range of means to impact the audience. I think direct and digital marketing are not the same as mass advertisement, which could still disappoint me. Direct mail and digital marketing provide personal contact and measurement.

Add recent technology developments to the mix, and you've got a direct marketing environment in which digital media, data analysis and automation come together for increasingly efficient and cost-effective customer exchanges. Already businesses can be more precise in their communication through segmentation based on preference, purchase behavior and recent interactions, which increases overall marketing effectiveness.

8.4.1 Significance of Direct and Digital Marketing

Direct & digital marketing is a significant tool of customer acquisition, retention and brand building in the present business scenario. With the shift in consumer behavior, and more adoption of all things digital, to survive as a business you need to employ data-driven personalized marketing. Direct and digital marketing is critical for players across industry not only because it can interact with customer immediately, receive responses but also fine tune trials on a real-time basis.

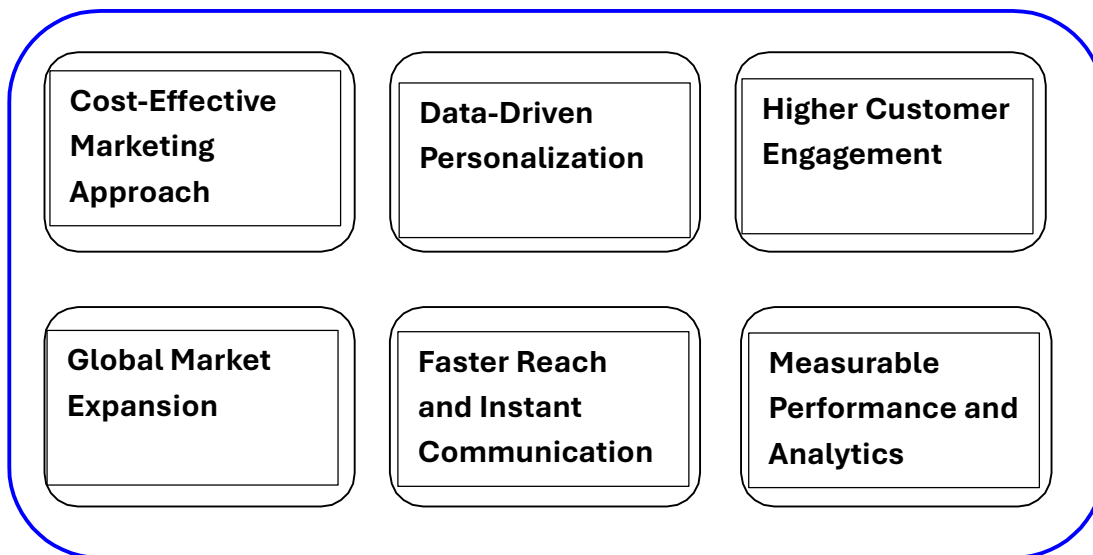


Fig 8.5 Significance of Direct and Digital Marketing

Enhanced **Customer Interaction**: Direct and digital marketing encourages conversations with customers, allowing brands to have meaningful relationships with their consumers. Directed promotions, social media interactions and personalized email make people aware of the content they care about, get them to engage with it and keep the brand in mind.

1. Affordable Marketing Option- Unlike traditional forms of advertising, marketing online is an affordable option for any business, particularly small businesses and start-ups. The campaigns can be adjusted according to the budget of each campaign, and tracking allows companies to set up funds that make sense without wasting from a pool of money spent.

4 Personalization at Scale: The biggest advantage of digital marketing is the luxury to use consumer data for creating customized experiences. Customers can be targeted based on behaviour, preferences and purchase history, so that highly focused campaigns can be made by companies who achieve higher conversion rates.

1 Real Time Results and Instant Reach: Unlike traditional marketing approach, digital marketing gives you instant reach using email/social media/SEO etc. Enterprises can publish offers instantly and interact with clientele in real time.

Measurable Performance and Analytics: Internet marketing tools provide Businesses with clear, detailed data on campaign performance enabling them to test different strategies until they achieve the greatest conversion success. With rates, engagement and conversion levels one can easily make data driven decisions.

15 International expansion: Direct and digital marketing allows companies to expand their customer base outside of their existing geographical limitation. Moreover, digital platforms allow global audiences to be reached without expanding geographic presence through brand awareness and potential sales.

39 8.4.2 Benefits of Direct and Digital Marketing to Buyers and Sellers

It becomes a buyers' and sellers' market (literally) with direct & digital marketing that makes is easy, faster + very personal. Customers get product recommendations that are made just for them, instant buy opportunities and convenient ways to chat with sellers to make the entire shopping experience great. Sellers don't have to spend on advertising, receive customer leads in real time and access the world market at minimal operational costs.

17 Direct and Digital Marketing in Practice Today's competitive business environment relies on direct and digital marketing to effectively target consumers, complement advertising, instill brand loyalty, retain customers, engage new ones, maintain a web presence and more. More importantly, users gain greater convenience and more interactive experiences with even better value which all... Read More Digital marketing is an essential business tool for today's commerce.

32 Benefits to Buyers

Convenience and accessibility: The consumer can sit in their living room, on the sofa with a laptop and shop whatever item he wants. Nowadays, consumers have the connection capacity with products and services directly available at their location thanks to mobile applications and e-commerce websites. Consumers also appreciate the convenience that online payments, fast checkout process and delivery-to-door brings to them as it simplifies the

transaction. Naturally it has voice shopping capacity built into and implemented by digital assistants that take all forms of the customers' convenience of access to maxima.

Personalized Shopping: Using consumer data and AI algorithms, companies offer personalized recommendations according to purchase history, preferences and previous buying records. Such assurances provide that users are provided with context sensitive offers and content of interest to them. Advanced machine learning systems even predict purchasing habits, allowing businesses to tailor discounts and product recommendations. This sort of individualized interaction leads to far more emotional buy-in by consumers and brands and results in higher levels of satisfaction and long-term loyalty.

Superior Deals and Vouchers: Not to mention special offers, clearance sales, vouchers or rewards for online orders that are frequently part of direct/digital marketing. Most of the brands offer discount coupons, cashbacks & combos which are not available offline. Referral programs, newbie purchaser special offers and even savings account deals work on the concept: shop much more than once. This is in addition to seasonal sales and partnerships with influencers that add an original value for customers.

Easy Comparison and Product Knowledge: Consumers can easily compare brands, prices and reviews with the click of a mouse before making a purchase. Product details along with consumer reviews for each product and expert opinion facilitate the purchasing decision process of consumers. Online product demonstrations and comparisons enabled on the web towards virtual products; information for well-informed, informed purchases which in turn reduces post-purchase discontent. Moreover, the discussions on social media and online customer forums allow customers to accumulate firsthand user experience, enhancing purchase confidence.

Interactive & Immersive Experience: Interactive ads, chatbots, and social media ads engage more shoppers. Shopper-to-business communication is instant, along with product-based questions being answered and near instantaneous feedback results in increased satisfaction levels and higher confidence. Gamification elements such as reward point surveys, spin-the-wheel prizes and test question recommendations entertain and engage shoppers in a shopping experience. Live purchase webcasts, celeb-endorsing commercials also look interesting to users and help further the conversion.

Benefits to Sellers

Preference for inexpensive marketing: Web marketing decreases expensive print and television advertising. Companies can conduct extremely targeted campaigns at a fraction of the cost, with more return. Real-time ad performance monitoring means that marketing budgets are optimised more effectively. Organic online **marketing strategies such as SEO and content marketing** also contribute towards firms keeping themselves visibly strong without overspending.

Direct Customer Interaction and Feedback: Companies can interact directly with a customer through emails, social media or chatbots where this dialogue will allow them to answer queries on-the-spot and provide better supports. Brands would get feedback directly and design better products based on real-time feedback. With social listening, businesses can measure buyer sentiment and react in the moment. On top of this, firms can respond promptly to bad reviews, transforming angry customers into brand ambassadors.

Data-Driven Segmentation & Targeted Advertising: Brands now have the ability to segment their audience with advanced data analytics, and create highly targeted marketing initiatives. Sellers can reach out to demographics or demographic sectors more effectively, convert around-to-buy into actual buying action. Retargeting campaigns are computer-directed so that purchasers of products receive prompts in the form of targeted advertisements. Sentiment analysis powered by AI ensures that ad position is optimal, so ads reach the right people at the right time.

2a) Scalability and Global Reach – The online space provides the prospect for participants to scale beyond their geography. Small business owners can do business with foreign customers without the need to lay down brick and mortar. Paths for crossing borders to shop have been simplified as well by trends in social commerce and e-commerce marketplaces. Furthermore, Multilingual marketing and content localization are the means that make brands easily available in multicultural market and global audience.

Repeat Customer Business and Increased Sales: Focused promotions, remarketing, email campaigns and autoresponders appeal to customers to come back and buy again. Sellers can build customer relationships for life driving brand loyalty and long term top-line growth. Keep in mind subscription-based models like this, membership programs and informed digital communities as yet more customer touch. Customer-value-based loyalty programs suggest the fact that customers are treated as individuals which will result in maintaining long-term brand preference and advocacy.

8.4.3 Forms of Direct and Digital Marketing

Direct and Digital Marketing involves all sorts of advertising communications you use to talk directly to your customers, personal conversations with customers that can take place in person, by phone, through the mail or on-line. Direct and Digital Marketing involves personalized messaging, direct engagement at point of conversion both on and offline. Different companies use different marketing depending upon the nature of their audience, product and market conditions.

In the current competitive environment, enterprises use a number of **direct and digital marketing** channels to connect **with their consumers and** reach out to them as much as possible.

The deployment of AI, automation and data analysis have added to the efficacy of these channels, allowing brands to deliver individualized experiences on a variety of platforms.

Email Marketing: It directly sends promotional messages, offers or newsletters to the mailboxes of customers. They use it to keep in touch with existing customers and prospects, follow up leads etc. The companies segment customers on a demographic, purchase or browse level and send them the best-performing content via email. Organizations can use automation tools to schedule an email at a time when it's likely to get opened or track open rates and then nudge users on active campaigns.

Social Media Marketing (SMM): Platforms like Facebook, Instagram, LinkedIn and Twitter allow businesses to interact with customers through content marketing, advertising campaigns, influencer partnerships etc. SMM is the technique of instantaneous customer interaction, instant brand awareness and targeting advertising as per user interest and behaviour. Live streaming, polling and messaging options increase user interaction, while analytics offers insights into the interests of customers, and metrics on the success of a campaign.

Search Engine Marketing (SEM) and Search Engine Optimization (SEO): SEM consists of paid search adverts on engines like google, Bing or Yahoo above the organic search results to increase website publicity to potential clients. It is the set of Pay-Per-Click (PPC) ads on top search results. SEO, however, focuses on optimizing your website's content and design so that it can rank naturally on search engines. By use of keyword use and quality content as well as links, organisations also enhance the online visibility and attract organic traffic.

Mobile Marketing: Another type of digital marketing, mobile marketing makes use of SMS and MMS, along with various apps, push notifications and more, to interact with customers on their handheld devices. As mobile usage continues to increase, enterprises are now turning towards location-based marketing, in-app marketing, and mobile-friendly ads to enhance customer experiences. Purchases and brand interactions are streamlined with the help of things like QR codes and mobile wallets.

Content Marketing: This is the creation and sharing of valuable, relevant content such as blogs, videos or vlogs; quizzes and infographics in order to attract and retain a clearly defined audience - all with the purpose of driving profitable customer action through engaging people in meaningful conversation about a brand. Blog posts, videos, podcasts, infographics and whitepapers inform and entertain readers or viewers riddled with light endorsements of products or services. We are a content marketing agency that believes in the almighty power of high-quality content to grow search engine traffic, build brand loyalty, and simply dazzle customers with words. Interactive content such as quizzes and webinars are also great ways to engage your readers.

Affiliate Marketing- Companies partner with third-party publishers, who may be bloggers or other websites, to promote their goods and services in exchange for a commission on each

sale. It's a business model where companies reach their target audience without paying for advertising. BVH affiliates use blogs, social media platforms and email newsletters to drive traffic and generate leads for the company – a low-cost advertising campaigner.

Influencer Marketing Influencers marketing is a practice in which social media influencers, experts or industry specific celebrities are hired to promote the product/service to their followers. Influencers have a loyal following and when they endorse something, it is highly trusted, leading to higher engagement rates and conversion rates. Brands make use of micro-influencers (those with focused audiences) and macro-influencers (those who enjoy mass-level reach) in order to create brand awareness and trust among customers.

Telemarketing: Telemarketing involves the communication with potential customers on phone either for selling a product/ product details or to generate leads. For cold calling in business, outbound calls are made and inbound calls for support or customer request. Though considered a nuisance by many, telemarketing continues to be effective for B2B marketing and high value sales. Modern telemarketing uses AI chatbots and predictive dialing tools to increase its potential.

Direct Mail Marketing: Direct mail marketing involves sending physical promotional items, such as brochures, catalogues and postcards to the home of customers. Direct in highly personal target selective campaigns, specifically in the luxury retail and real estate sector direct mail is still working well for marketers even with digital channels on the scene. With high-quality printing, businesses are empowered to design mailers that feature exclusive offers, encouraging engagement and purchase conversions.

Video Marketing Video marketing entails creating compelling video content on platforms such as YouTube, TikTok, and Instagram Reels to promote brands and products. Videos offer interactive storytelling, product videos and customer reviews that result in a much stronger sales force than marketing brand awareness. Video advertisements are used by companies as part of their internet marketing campaigns to get people's attention and cause them to take action.

E-commerce and Marketplace Marketing: Business leverage their product listing sponsored listings on marketplaces like Amazon, Flipkart and Myntran to drive more sales. Marketplace marketing includes sponsored product listings, reviews and recommendation engines that focus on visibility of the products. Companies also take advantage of e-commerce SEO and analytics to optimize tactics and grow customer acquisition.

AI-Marketing & Chatbot: AI-powered chatbots and virtual assistants help businesses to provide customer support, product recommendations and personalized conversation with people. They take customer experience to another level by providing immediate answers and helping navigate the sales funnel. AI enables predictive marketing, through which brands are able to anticipate customer demands and recommend product relevance according to browsing and purchase history.

8.5 Summary

❖ The promotion mix consists of advertising, personal selling, sales promotion, public relations and direct marketing. The instruments are used in combination by companies to achieve greater brand presence, and influence purchasing decisions of customers.

❖ Advertising is paid communication through TV, print and digital media. It educates, persuades customers and extends your market.

❖ PR Companies help maintain the reputation of an company through media exposure and events. It builds trust, and strengthens relationships with customers and stakeholders.

❖ Personal selling occurs when customers interact in person with salespeople. It allows companies to make personalized recommendations and influence purchasing decisions.

❖ Personal selling uses temporary promotion such as contests, discounts to encourage more sales. The create urgency, increase consumer interest and clear excess inventory.

❖ Direct and digital marketing give companies the ability to reach customers by email, social media and targeted ads. These methods increase customer relations as well as conversion rates.

❖ An appropriate promotion mix leads to market growth, brand loyalty and increased sales. Companies must be willing to become flexible in their policies with regard to changing market conditions and consumer taste.

8.6 Key Terms

1. Promotion Mix: Promotion mix constitutes advertising, salesperson selling, sales promotion, public relations and direct marketing by combining all these efforts helps create brand awareness and consumer response. Businesses apply combinations of these goods to induce purchasing decisions as well as keep relationships with customers for the long term.

2. Advertisement: A paid and non-personal communication used by organizations to reach a vast number of people through media (television, print etc), unlike personal selling. It serves to advertise the brand name, product and get the customers attracted towards it.

3. PR: A planned communication strategy designed to shape an organization's image and build relationships with stakeholders. Public Relations strategies include press coverage, firm events and issue management to create a positive impression of the brand.

4. Personal Selling: A one-on-one communication between a sales representative and a prospective buyer to persuade him or her to purchase. It is highly personal, enabling businesses to provide personalized answers to individual customers.

5. Sales Promotion: Temporary discounts, contests, free samples or other incentives to purchase (Ingram et al., 2008). It's useful for driving sales, boosting brand engagement and clearing stock when in demand peaks.
6. Direct and Digital Marketing: A method that involves direct engagements with customers via email, social media and special offers. It enables companies to focus on customer audience individuals and engage them further through data driven strategies.
7. Implications for Business Growth: An effective utilization of promotional mix will increase market penetration, brand trust and sales response. Businesses must achieve the right mix of each element within their promotion, to continue competing in today's ever changing world.

8.7 Descriptive Questions

1. What is the value in a carefully crafted promotion mix for a company's marketing plan? How Firms Employ Different Promotional Tools and Why?
2. Yes, how do ads shape consumer behavior? Discuss the psychological elements of advertising and its effect on brand image.
3. What are the main needs and barriers to personal selling, how do salespeople address these? How to Answer Customer Objections and Close More Sales?
4. What are the ways that businesses can use their promotion campaigns to get more and more consumers involved in it? Discuss Different Types of Promotion and Their Impact on Customer Retention.
5. How Does Digital Marketing Fit in Current Business Models? How does personalisation and real-time analytics contribute to better customer targeting and business growth?
6. How can businesses capitalize on their direct marketing, but without ethical complications? Explain the trade-off between targeted advertising and consumer privacy.
7. What are public relations techniques for building corporate reputation? Look and see what impact that's having on how they handle a crisis, the credibility of their brand and what it means for their business' life cycle.

8.8 References

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8.9 Case Study

Capitalising on Your Marketing Mix For Market Leadership

Introduction

An affordable means of advertising to selected audiences and leverage the relationship withing a cost-effective manner is made possible through the effective use of direct and digital marketing. India's leading telecom company, Reliance Jio battered the telecom industry with digital marketing tactics and direct customer engagement. This case delves into Jio's new age digital strategies which disrupted the industry, reinforced customer relations and led to dominion.

Background

When Reliance Jio entered the Indian telecom sector in 2016, it deployed an aggressive strategy of delivering free calls and data services that fundamentally altered consumer perceptions. With the use of digital marketing, Jio disrupted the sector by focusing on high-speed internet penetration, affordability and consumer-centric approach. Competition to established players like Airtel and Vodafone-Idea, Jio had to implement top-notch digital marketing strategy and tactics in order to be able to acquire the leadership position.

Problem 1: Customer Acquisition in a Crowded Market First and foremost, acquiring customers is a challenge for any new business.

Jio had to operate in the already-crowded seemed space in India which was home to veteran players that commanded strong brand loyalty. There were so many telco's all offering the same products, and in a world like that, how do you get new customers other than to commercials? Jio needed to forge a very aggressive marketing approach -- which wouldn't just attract new customers, but ensure that they stuck around.

Solution:

- Waged a gargantuan digital-first campaign across social media, search and mobile to achieve gargantuan brand awareness.
- Gave away for free SIM cards with uncapped calls and data for an initial six months to lure customers to switch.
- Easy online onboarding with instant activation through Aadhaar-based e-KYC, reducing customer acquisition barriers.

Issue 2: Engaging Customers on the Digital Platforms

With millions of customers on board, Jio needed an effective engagement strategy not only for customer interaction, but also for retentation. The traditional telecom marketing was through sms, call-based marketing which were less interactive especially in the era of digital. Jio needed a new age way of communicating through modern day digital medium.

Solution:

- Developed the MyJio app, an end-to-end platform that integrates customer support and recharges, to special offers.
- Implemented AI-driven chatbots and connected to WhatsApp to provide support on the spot, reducing response times.

Target Digital Marketing Campaigns from Customer Usage Patterns with tailored offers through push messages and emails.

Issue 3: Digital Advertisements and Brand Positioning

Against Airtel and Vodafone-Idea, who had a relatively strong brand recall, Jio needed to establish itself as the market-leader with a robust digital play. The brief was to create a powerful campaign that would cut-through to several markets.

Solution:

- Created viral video campaigns raising awareness of India's digital revolution and engaging millions through YouTube and Facebook.
- Partnered with celebrities and influencers for promotions of Jio's affordable data plans via social media.
- Utilized programmatic and SEM technologies to maximize exposure and target niche audiences.

Reflective Questions

How did Jio approach in digital marketing help it in disrupting the market and gaining customers?




What are some other digital marketing technologies like Mixed Panels that Jio can use to keep customers engaged and retain them?

How Jio can utilise data analytics and AI to take its marketing more personal?

Conclusion

The success of Reliance Jio is a perfect use case for how good digital marketing strategy can change an industry upside down and create value to the customer. With social media, personalized interaction and innovative digital advertising, Jio changed how telecom was marketed in India. To continue its growth momentum, Jio must innovate in AI-powered marketing to consumers, promote 5G services and engage customers across all touch points so as to lead the digital world of tomorrow!

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Unit 9: Marketing Mix Strategies

Learning Objectives

1. Learners Identify the impact of product, price, distribution, and promotion on business success and customer engagement.
2. Learners will be able to explain the most important phases in the marketing process, i.e., research, strategy formulation, implementation, and performance measurement.
2. Learners will examine the research of current marketing trends, such as personalization, green marketing strategies, influencer marketing, and omnichannel marketing.
2. Learners will also evaluate how predictive analytics, automation, and AI-driven insights are defining marketing's future.

Content

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- 9.1 Marketing Mix Strategies
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9.0 Introductory Caselet

AI-Powered Marketing at Suri Organics

Suri Organics was founded by Sanjana Suri with a foundation of organic high quality skincare products. Despite strong customer loyalty in its domestic markets, the company's sales growth to digital was anemic. The company did have a website and social media accounts, but Sanjana couldn't get in touch with potential clients, interact with them and get the sales through.

And one of the things that was so problematic was there was no data-informed awareness. Sanjana relied on traditional push marketing and face-to-face customer service, while competitors utilized AI to do one-on-one targeting. There was also no chatbot functioning on her site and email campaigns didn't take into account customer behavioral patterns. There was no predictive analytics, so it was difficult to predict trends and shifts in demand.

To cover these gaps, Sanjana included AI-driven marketing solutions in her plan. She employed:

- Customer AI insights to segment audiences based on preference.
- Chatbots and automation to drive interaction with customers on her website and through social media.
- Demand planning and inventory optimization predictive analytics: Execute a demand sensing model in real time to predict variations (including promotions) on demand as well as providing accurate, near-real-time forecasting for supply chain optimization.
- AI-generated personal suggestions on targeted advertising and marketing.

This improved customer interaction by 40%, doubled the traffic to the site and increased conversion rates significantly. AI not only helped to optimize the marketing campaigns, but also increased Suri Organics' online presence, turning it into a well-known brand in the organic skincare sector.

Critical Thinking Question

1 Can companies such as Suri Organics strike the right balance between AI driven automation and human touch to win customer trust and personalization

20 9.1 Marketing Mix Strategies

6 19 Marketing Mix Strategy are strategies that organizations use to determine appropriate Product and Price, Place, and Promotion for a particular product. They provide a competitive advantage and stimulate growth by helping you to perfect your marketing strategy and execute it well. By careful planning of their marketing mix, business are able to enhance

market coverage, build brand equity, and achieve increased profitability. So, let's focus on the key marketing mix strategies:



Fig 9.1 Marketing Mix Strategies

Product Differentiation Policy Competitors differentiate their products based on particular characteristics or quality. Differentiation may be on the basis of technology, taste, 'greenness', comfort or customer appeal. The approach allows firms to develop a customer base and command higher prices. Businesses innovating constantly to stand out and remain relevant.

Example: Kimirica is a luxury personal-care brand who have established their identity through luxury, vegan, & cruelty-free made in India bath and body products that combine international fragrances with ethical composition targeting for the eco-friendly consumers as well as at premium-segment.

Competitive Pricing Strategy: It involves placing products in a competitive manner depending on the competitor's prices and market trends and willingness to pay for product. Firms can use penetration pricing to achieve a heavy market entry or maintain price parity and gain

extra share value. “The pricing has to be right — it needs to be competitive, inexpensive for consumers and still make money. Price Competition, on the other hand, allows companies to reach customers who are considerate of prices and develop a presence in the market.

Example: Pharmeasy (Online Pharmacy & Healthcare Platform) offering heavy discounts on medicines, lab test and other healthcare services is staying attainable by keeping the prices low up to 70% less than conventional pharmacy.

Strategic multi-channel distribution: Companies implement diverse strategies for multiple sales channels (e.g., e-commerce sites, physical stores, social media pages) to sell directly. This format gives greater exposure, more convenience to the consumer and more sales opportunities. They need converged channels as they're trying to keep the brand experience intact. Every business should be accessible in some fashion to all customers.

Example : Wakefit (Home Furniture & Mattress Brand) has separate channels for sales which includes its website where everything is happening and other online marketplaces like Amazon or Flipkart, as well as experience stores etc – everything to ensure convenience of customer at the end of the day.

Promotional bundling is another promotional strategy where 2 or more products are bundled together at a reduced price, which makes the combined product economical and possible higher purchase. Bundling is beneficial with cross-selling, clearing inventory and perceived value. It is easier to sell a package than products separately. Both tangible/physical and intangible concepts can employ this strategy.

Example: Zerodha (Stock Trading & Investment Platform) has bundled investment plan; which bundles stock trading, mutual funds and government bond into low cost combo; helping retail users to invest.

Supply Chain Optimization: Optimize procurement, warehousing and logistics to deliver faster and cheaper. Efficient supply chain reduces carrying cost loss of inventory, enhances product availability and customer satisfaction. Enterprising firms employ advanced technology and automation to monitor the performance of their supply chain. For businesses dealing with perishables and must-have goods, supply chain agility is key.

Example: Blinkit (Instant Grocery Delivery Platform) offers ultrafast delivery through strategically placed dark stores and AI based-inventory management, enabling the product in minutes.

Direct-to-Consumer (D2C) Strategy: The D2C channel involves bypassing middlemen and selling directly to the end consumer via brands' Websites, social media, or flagship stores. More autonomy is there for the business in terms of pricing, customer relationship and brand positioning. Compared with traditional brands, D2C brands rely more on digital marketing and direct connection with the customer to obtain and keep users. That way, businesses can sell at better prices and higher profit margins by eliminating intermediaries.

Sample: Nestasia is the online organization as well as Insta store name for the company, Home Décor Brand where it operates with direct brand control and makes buyer experience better by selling high-end hand-crafted home décor directly to the customer.

Cause-Related Marketing Strategy: The practice where companies associate their brand directly with a not-for-profit organization and market the association for mutual benefit. Not only does this approach serve as a vehicle for corporate social responsibility (CSR) campaigns, it also encourages ethical shopping behavior. Customers tend to support brands that do good for the society. Cause-related marketing provides a way for brands to distinguish themselves by associating their success with a worthwhile good cause.

Example: The Better Home (Sustainable Homecare Brand) With eco-cleaning products, made with zero plastic packaging and sustainable practices it targets the eco-conscious consumer.

Community Based Marketing Strategy: This strategy is centered around projection of a community focused brand by taking active participation in end user groups, forums and discussion group through the portal. User-generated content on corporate sites that generates a conversation, even loyalty programs with the goal to part of something. The power of a collective will increase the likelihood for customer retention and produce natural brand advocacy.

The businesses exploit that and they end up building a long-term relationship instead of making that one sale to the customer.

Example: Cult. Fit (Health & Fitness Platform) The company's successful membership business drives people to join its healthy fitness-focused community through social workout challenges, special member events and online engagement programs that keep your users motivated –and loyal–to your brand.

Experiential Marketing Strategy: In this strategy, the aim is to conduct interactive and engaging brand experiences that can be memorable for consumer. It incorporates pop-up experiences, interactive brand activations and experiential trialling of products. This is the kind of marketing that develops emotional connections, raises brand recall and stimulate word-of-mouth advertising. Solid relationships and brand loyalty are built when companies connect with customers directly.

Illustration: Tanishq (Jewellery Retailer) employs several experiential marketing techniques such as in-store personalisation, gold-exchange programs and virtual jewellery trials – a complete shopping experience other than simply buying gold.

Omnichannel Marketing Strategy: Companies align offline and online customer touchpoints to where the customers can shop seamlessly. In this way, the consumers can engage with the brand through multiple channels including retail stores mobile websites apps and social media

with no breaks in between. With this omnied channel marketing, the companies can improve convenience and brand recall and make their customers more happy.

Example: Tata Cliq Luxury provides a seamless, end-to-end omni channel experience to customers in store as well online where the consumer can buy luxury brands online and pop into partner stores for expert advice with a hassle-free shopping experience.

Subscription Model: Instead of selling a single product or service once-off, organisations offer products and services via regular subscription plans. The model promises return business, creates loyal customers, and provides companies with the flexibility to customize offers over time. Subscriptions are everywhere in digital services, meal delivery and even consumer products.

Example: SugarBox (WiFi as a distribution system has already figured out how to do this) offers a subscription based mechanism, which continue to give access to digital services & entertainment even in the under-served areas.

Geo-Targeted Marketing Strategy: Geo-targeting is used by industries as a local ad strategy to push ads for the specific geographic location. Geo-targeting is good in part for very local businesses, supporting "special occasion" level promotions and in-region promotion. Geo-location enables that customers are offered appropriate offers, based on their location or regional affinity.

Illustration: Swiggy Instamart - offers city-specific geo-tagged push notifications and app vouchers for discounts as well as express delivery.

4 The Marketing Mix elements play a major role in quantifying the overall performance of an organization by following a systematic decision-making process for Product, Price, Place, and Promotion. Every strategy is carefully designed to respond to specific market forces, consumer behaviour, and competitive conditions. Through product differentiation, price strategy, diverse channels of distribution, or experience-based marketing campaigns, organizations are compelled to regularly improve their strategies to compete in a dynamic market. The optimal use of strategies allows organizations to maximize customer interaction, improve profitability, and achieve sustainable long-term growth. By intentionally mapping their marketing mix according to the consumer's interest and industry trends, organizations can create a strong brand image and maintain a competitive edge.

3 9.2 The Marketing Process

3 The marketing process A structured process to generate customer knowledge; create, develop, deliver value in the best possible way; and combine these processes with distribution

activities and marketing communication is adopted by organizations. It's a series of connected dots that matches up **the company with creating, communicating and capturing value.**" And also by making a success of such marketing process, businesses are capable to develop stronger customer relationships that lead long term profits and funs loyalty.

Market analysis and research: Companies invest significant time in research to study the customer trends, industry patterns and competitors' actions. This assist to read out demand trends and potentials. Accurate market information allows companies to make informed decisions for the best competitive edge.

Example: Mamaearth uses national surveys and internet sentiment data for creating toxin-free skin care products for customers who are in search of natural and chemical free alternatives.

Target Market Identification: Businesses segment the market according to demographics, psychographics, and buying behaviors in order to isolate groups of customers. Better targeting leads to more interaction and improves conversion rates. The businesses then customize their advertising messages to send to each segment.

Example: Nykaa divides its customers into groups: skincare fan, makeup lover, and luxury beauty shopper, then develops handpicked product recommendations as well as offers them special deals according to their purchasing history.

Product Development and Value Creation: They prepare products to the palate of the consumer, giving a value of commodity, creation, and accessibility. A successful value proposition differentiates and gives the brand competitive advantage. Such a procedure also involves prototyping before massive deployment.

Cherry: BOAT often updates water-resistant, long battery life and high-quality sound in wireless earbuds, which is very popular with young consumers and fitness crowd.

Selection of the Pricing Strategies: The organization designs and develops price models based on cost pricing (costing) and the rival's price positioning besides customer's perception. Pricing A well thought out pricing policy offers the greatest of profit and acceptability. Companies use psychological pricing, penetration pricing, or premium pricing depending on the market strategy.

Example: Jio began with a penetration pricing strategy by making aggressive offerings of free data services that led to it securing a massive user base before slowly rolling out paid plans.

Channel Choice and Distribution Planning: Firms select the optimal distribution channels -- stores, web sites or direct-to-consumer -- for maximum market coverage. (A smooth supply chain) Seamless planning for distribution puts products in the hands of customers when and where they want them. Firms are also improving in logistics to speed deliveries.

Example: Blue Tokai Coffee Roasters, which uses a mix of online stores, café retail points and business partnerships with shopping stores to make its handmade coffee available across the length and breadth of India.

Promotion Strategy Development: Companies create integrated marketing concepts such as advertising, social media, public relations and sales promotion that will increase brand exposure. When a promotion is well coordinated, the message will speak directly to the target audience leading potential and returning customers towards an action while doing wonders for growing your brand awareness.

Example: Zomato's snarky social media posts, real-time conversations & push alerts to attract users' attention while they advertise discounts, new restaurant tie ups or festival offers.

CRM: Long-term relationship between the companies and its customers including acquisition, 'the use of information characterizing the needs and behavior of a customer base in order to react with them in an appropriate manner' (Gronroos 1997). CRM helps track customer interactions and preferences, enabling brands to offer better service and more personalized experiences.

For example: FabIndia's 'FabFamily' loyalty program offering exclusive discounts, pre-launch collection access and personal stylist recommendations has considerably increased the ethnic-wear shopper's loyalty to the brand.

Performance Measurement and Feedback Integration: Enterprises reappraise the KPIs, observe sales trends, and gather feedback from their customers to fine-tune the marketing campaign. By continually tracking performance, companies can stay agile with changing markets and optimize future campaign.

For a start, Blinkit keeps an eye on its customers' feedback on order delivery times they like and demand trends for efficient inventory management and improved logistics to ensure seamless grocery shopping.

When organizations adapt a well structured marketing process they are able to align their strategy with market demands, build long-lasting consumer relationships and maintain competitive advantage. Each step is a matter of long-term advancement so that the brands are fit to weather the changes and challenges thrown up by an ever-changing environment.

9.2.1 Techniques to Achieve the Marketing Process

Marketing is a complicated process that over the years has become more confusing and daunting because of so many stages from research to actual application but you should know what works well in order to succeed. The competition compels businesses to put better use case driven methods and targeting etc. into practice. By employing tried and tested methods,

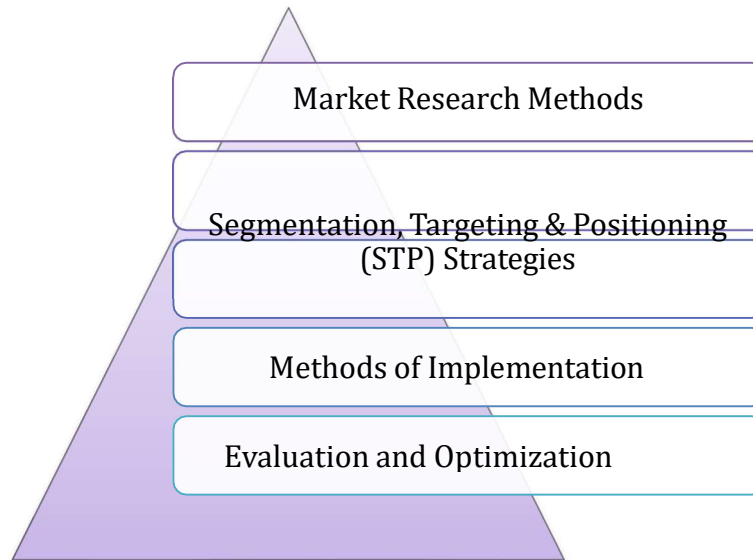


Fig 9.2 Techniques to Achieve the Marketing Process

businesses can get the most out of their customer communications and marketing as a whole. The methods below help to accomplish each stage of the marketing process efficiently.

Method of Market Research: Authentic research helps the firms to know what the clients prefer and what are the market trends. Tools like polls, focus groups and big data analytics are useful adjuncts to making policy decisions. Advanced AI software makes it possible for businesses to predict customer behaviors and personalize marketing efforts. That helps companies understand demand with accuracy before launching a product.

Example: Maruti Suzuki does a proper customer analysis and observes the buying behavior before coming up with new models of cars, so that they follow what is currently in demand by customers.

3 **5** **7** **7** **Segmentation, Targeting & Positioning (STP) Strategies:** **Segmentation** being a strategic market planning tool, help firms target the right consumer segments. Businesses **use demographic, psychographic and behavioural segmentation to** narrow their target market. **Competitive positioning strategy and its relevance to** brand management Organizations can use **competitive positioning strategies to** differentiate their brands and carve out a unique place in the minds of targeted consumers. The tactics allow companies to attract, and maintain the right customers through focused messages.

Illustration: Titan Eye+ segments its customers based on affordability and style, positioning itself as a premium but affordable eyewear brand.

Marketing Strategy Development Techniques: A well-defined strategy makes a brand more competitive and leads to long-term growth. The SWOT approach is used to evaluate strengths and weaknesses, while the market competitiveness is analyzed through the Porter's Five Forces tool. Ansoff Matrix helps the company in choosing whether a growth opportunity or

marketing strategy which is suitable for the particular product. The right approach means it should become profitable and ultimately successful for the brand.

Example: Tata's value-fashion brand Zudio followed a strategy of market penetration by offering fashionable clothes and accessories at extremely affordable prices, along with expanding its chain network of stores across Tier 2 and Tier 3 cities, thereby taking fashion to more people.

Implementation Methods: Appropriate approaches and methods of executing that strategy to make certain marketing strategies deliver actual results. Dynamic marketing methods make it possible for companies to test and improve executions on the fly. A content marketing paradigm can create the structure of brand stories to providing exposure to consumers. Tools for automation, such as chatbots and customer relationship management systems can improve marketing processes resulting in more efficient operations expounded by the business.

Example: Ajo uses automated E-mail marketing and AI-based product recommendations to Improve Customer engagement and conversion rates.

Evaluation and Optimization Strategies: Strategy is obviously better than blind shots Companies can work on their strategy as long as they monitor the success. Engagement, conversation rates and return on investment (ROI) are measured with key performance indicators (KPIs). A/B testing is used for comparing tactics to see which ones work the best. Feedback is what customers think this is the critical information to enhancing products and services.

Example: Zepto analyses customer ratings and reviews to increase delivery time so they can have a better experience.

Effective marketing is a scientific approach and there are proper way of doing things along the way. Every aspect of this workflow is based on custom-built solutions towards more efficient decision making and workflow optimization. Companies that adopt these processes will be able to enhance customer relationships, optimized campaigns and drive sustained growth. As marketing is always changing, knowing what the new tools and methods are to move up in the success of a company.

9.3 Emerging Trends in Marketing

The marketing landscape is consistently changing due to technology, changes in consumer behavior and novel ways of approaching marketing. "In order to stay competitive companies must ensure they are keeping pace with the emerging trends. These developments empower brands to better engage customers, increase targeting precision and deliver personalization. And companies that utilize contemporary marketing methods build trust with consumers,

convert leads more effectively and scale their businesses. So, what do these apparent trends in flying have or not to offer?

Neuromarketing and Consumer Behavior: Neuromarketing uses findings in neuroscience to explore consumer emotions and their decision-making processes. Biometric responses, eye tracking and brain studies to produce effective ads and packaging. They make sure that advertising is driven, not by conscious appeal to the psyche of consumers, but exploiting their unconscious urges. Provide brands with tools to tighten messaging for better recall and emotionality.

Example: Haldiram A/B tested snack packaging with the help of neuromarketing studies and chose the one that was most impulse inducing.

Hyper-Personalization via AI: AI-driven marketing sifts through massive consumer data to develop highly personalized advice and focused campaigns. The technology makes it easy for brands to predict behaviour, curate product suggestions and automate customer service across the board. This improves customer satisfaction and drives up conversion by focusing on audiences with empathy. Companies enhance digital engagement through real-time personalization.

Example: The AI enabled recommendation engine of Lenskart, offers frames of eyewear which are suggested to a customer by analyzing the shape of his face, history of clicks and purchase.

Immersive Experience in AR and VR: With the help of Virtual Reality (VR) and Augmented Reality (AR), immersive brand experiences are offered to the customer such that he can experience the product before he purchases it. AR/VR technology allows virtual shopping visits, testing products and interacting with ads. AR/VR

builds engagement, reduces product return rates and builds deeper e-commerce & retail customer trust.

Example: Titan's app with AR feature enables customers to virtually try on watches, making your online shopping almost (if not) as joyous as actually going and buying one from a store!

Membership Commerce: Subscriptions provide customers with exclusive benefits while ensuring that companies have reliable revenue sources. Customers still prefer subscription models for tailored experiences, convenience and cost savings which contribute to their loyalty. Businesses leverage subscriptions like curated product shipments, exclusive membership, and digital content. It's great way to build long-term relationships with customers as well as to increase retention.

Sample: Fabindia's loyalty member-based subscription program allows members to access new launches early, get advice on how they can style the product as per their style, and some unique offers for premium members.

Programmatic Advertising and Automated Marketing: Programmatic buying employs machine learning to purchase ads for targeted audience on the basis of the user's actions. Marketing automation technology helps companies schedule custom campaigns and track their outcomes as campaigns go live. This is cheaper, it provides more efficient ads, and it results in customer interaction. Companies optimize their digital placements based on data in a subtle way with programmatic used to make real-time changes to advertising inventory.

Usage:: BigBasket uses programmatic advertising to display personalised grocery offers according to the shopping history and preferences of individual customer.

Gamification and Interactive Marketing: Gamification integrates experiences and dynamics of a game, such as contest, scoreboard and reward points system, into the promotion campaign. Participatory strategies offer both entertainment and promotion for the highest level of engagement. Companies employ quizzes, contests and smartphone games for more consumer engagement. What this does is build customer loyalty and enhance the shopping experience.

For instance, Parle introduced a mobile app under which consumers earned virtual biscuits and redeemed the same for real-world discounts, keeping the brand activity ticking among young audience.

Social Commerce and Influencer-Led Sales: Social commerce is the merging of shopping online with social media, allowing consumers to purchase products directly from platforms such as Instagram, Facebook and WhatsApp. Sales

are accelerated by influencers who participate in live shopping, reviews, and interactive posts. The trend simplifies direct-to-buy in the no-click purchase journey for frictionless transactions.

Example: Sugar Cosmetics engages in Instagram Live shopping experiences with influential personalities, showcasing products and answering customer's questions live.

Blockchain Technology and Transparency & Ethics in Marketing: With blockchain technology, you can ensure trust with secure, verifiable digital marketing transactions. Brands use decentralised ledgers to prove origin of product, to avoid ad fraud and build a trust base with consumers." Blockchain allows for transparency, which would ensure consumers can check the origin of products and evaluate whether ethical production claims hold weight. Blockchain-based loyalty systems now also have customer churn under control.

Example: Nescafé India applied blockchain to promote fair-trade sourcing, allowing customers to trace coffee beans from the farm all the way to their cup.

Mobile Optimization and Mobile-First Marketing With more traffic coming from mobile, brands consider mobile-optimized sites, app engagement, and responsive design. Google's mobile-first indexing means more fast sites with good experiences ranking better. With mobile advertising, push notifications and location marketing, brands can communicate with

their users in real time. Not being ready for mobile results in a poor user experience and lost conversions.

Example: Croma optimized its mobile site for efficiency, with a faster checkout and AI-driven product recommendations that led to more seamless interaction and conversions from shoppers.

LIVE Streaming & Real Time Engagement: Stream @ breaking point: Instant conversation with comments and emojis and connect heart-to-heart. Businesses use Instagram Live, YouTube and LinkedIn for product launches, question-and-answer sessions and partnerships with influencers. Brands are given the opportunity to make a real-time connection with customers and benefit from higher engagement rates than pre-recorded videos. Live streams are seen as real by the customer - more conversions.

Example: Forest Essentials leveraged live-streaming sessions on YouTube to reveal Ayurvedic skincare practices, enabling real-time interaction with customers leading to a rise in product sales.

Advanced SEO and Search Intent Optimization: The conventional focus on keywords is waning; instead, everyone's turning their attention to semantic search and AI-fueled algorithms. Voice Search Optimization, Structured Snippets and High Quality content are

the keys to rankings today. Brands can make their sites faster and more mobile-friendly in an effort to appear higher on search results. Businesses that understand search intent enjoy an increase in organic traffic and conversion rate. Example: Saffola voice-indexing its recipe blog so that health conscious consumers could access healthy recipes for their heart through Google Assistant search queries.

The growth of Online Marketplaces and e-commerce: With AI-backed recommendations and hyper personalized shopping, online marketplaces allows brands to make more sales while benefiting from the visibility. Companies bring together **online and offline channels to offer a seamless customer experience.** Trust and Conversions: AI empowered product recommendations and customer reviews strive towards trust and conversions. B2 online stores have the opportunity to reach higher consumer populations and potential sales.

Example: Sleepy Owl Coffee graduated from D2C and went on to Amazon and Flipkart, growing its distribution and customers substantially.

Influencer Marketing & Social Commerce: Brands work to build trust with potential consumers through interactive content, typically on social media. There's a growing trend of nano and micro influencers because they provide much higher engagement rates with niche audiences. Example That out-of-the-box and unreachable offermakers convert faster to purchase by influencer not their direct selling social commerce It enables Brands get a better ROI by collaborating with influencers that align with their brand values.

Illustration: Khadi Essentials worked with wellness influencers to sell organic skincare products, leveraging social media as a way to expand the visibility of its products and drive sales.

AI Chatbots & Conversational Marketing: AI-driven chatbots assist customers in answering questions, order tracking and recommend. Firms automate customer help in order to reduce average waiting time and increase chat engagement. WhatsApp and website-backed chatbots make the buying journey easy with a better user experience. Conversation tools run by AI boost lead generation and customer care.

Example: Vistara Airlines uses AI bots which assist flight-takers with gateways, seat selections and live travel status enriching user experience.

The Metaverse and Virtual Brand Experiences: Brands are experimenting with virtual stores, NFT-powered campaigns and metaverse marketing to reach customers who have grown up digitally native. Interactive shopping is done

together with AR and VR). Businesses employ 3D virtual worlds to enable customers to try out a product before buying. The metaverse is now creating immersive brand experiences rather than traditional marketing.

Example: Tanishq rolled out a virtual jewellery try-on feature that enables customers to preview how ornaments would look on them before making an online purchase.

Here are some latest marketing trends which have changed the way businesses and consumers interact, thanks to AI, AR, blockchain and automation to encourage more engagement. Firms that follow such trends are able to provide tailor-made consumer experiences, improve productivity and become more competitive. What this means for Marketers With technology continually evolving, marketers need to be adaptable and implement strategies that are serving the changing needs of consumers if they want to remain successful over time.

9.4 AI in Marketing and the Future of Marketing

9.4.1 Understanding AI in Marketing

AI marketing uses algorithms, machine learning and data-driven automation to improve decision making, the customer experience as well as our overall marketing performance. AI enables businesses to understand consumer behaviour, predict trends and personalise marketing at scale. Artificial intelligence-based platforms allow companies to drive more interaction and engagement through real-time insights and immediate response. AI is redefining business marketing, evolving tactics into data-driven, adaptive strategies.

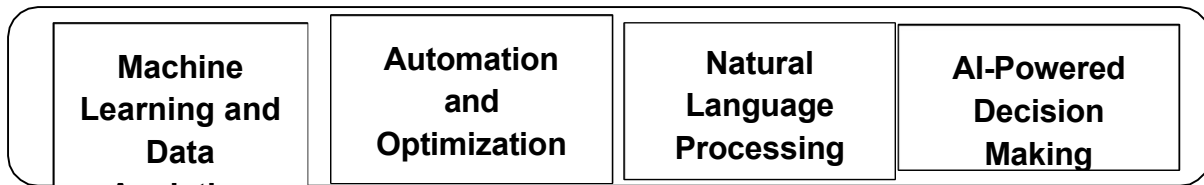


Fig 9.3 Understanding AI in Marketing

9 Natural Language Processing (NLP): NLP enables AI to read, understand and generate human language for better customer interactions. It drives chatbots, virtual assistants and sentiment analysis tools that improve brand messaging. NLP empowers companies to dissect customers' feedback, reviews and social media posts to improve their messaging strategy. Advanced NLP models help in content generation, engagement and brand control everywhere.

AI-Powered Decision Making: AI-powered analytics allows marketers to make data-driven decisions based on real-time and historical perspectives. It enables businesses to automate A/B testing in order to make certain the most compelling marketing messages are delivered to customers. Growing Revenues it readies companies increase the chances of identifying profitable ideas, refine price levels and improve customer segmentation. Artificial intelligence can help drive decision-making so that companies reduce risk and increase ROI with data-based decisions.

Machine Learning and Data Analytics: It helps AI to process big number of customer data for detecting patterns, trends, and consumer behaviour. It optimizes targeting by user behavior, purchase and engagement patterns. Predictive analysis — the ability to see in advance of customers and brands that which each needs, to anticipate that which both need before they even know they want it; this is something possible now thanks to machine learning. Brands leverage AI-driven insights to build increasingly personalized campaigns, resulting in greater customer satisfaction and extending their overall lifespan as a loyal user.

21 Optimization and automation: AI automatically handles repetitive marketing activities like social media scheduling, ad campaigns, email marketing etc that would otherwise be less effective. AI gets rid of the human effort and minimizes errors by structuring marketing campaigns in an efficient way. Artificial intelligence-powered optimization capabilities improve real-time customer segmentation and campaign performance. Automation is what marketers turn to so they can be more productive and work on the creative and strategic parts of their business.

22 9.4.2 AI Applications in Marketing

13 AI for marketing solutions have revolutionized the way businesses reach consumers, optimize campaigns, and power business growth. From predictive modeling to chatbots, AI is

employed in creating personalized interactions – improving assistance for customers and marketing relevance. Businesses are employing AI-based platforms to optimize targeting, automate content generation and enhance decision-making. Whether you're in any ways affected or not by these new AI technologies, its effects on marketing, traditional disciplines and innovation will only continue.

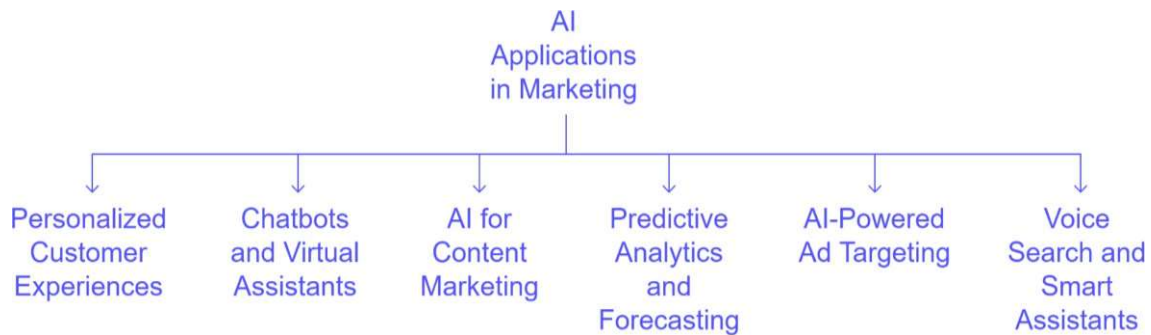


Fig 9.4 AI Applications in Marketing

AI-Enabled Hyper-Personalized Experiences: AI enables customers to experience hyper-personalization by understanding their behaviour, purchasing history and interaction. Artificial intelligence lets brands to put in front of their users personalized content, recommendations and offerings dependent on the user's behavior. Content Personalization Improves your marketing messages for targeted audience segments, resulting in a better response rate. Customer satisfaction, brand loyalty and conversion are accelerated with AI-based personalization.

Virtual Assistants and Bots: AI-powered bots deliver immediate support in responding to inquiries, diagnosing issues and making recommendations. Quicker response time and round-the-clock operation without human intervention improves customer service. Virtual assistance like voice AI empower customers based on timely, personalised recommendations. Companies use chatbots to both drive better engagement with customers and to help achieve sales, as well as excellent customer service.

AI and Content Marketing-Topic #3 AI enables algorithmic content production by providing access to a potentially — but not yet implemented — unlimited number of pieces and types of content as fast as you can datamine it, ensuring uniform access to online media. AI aids marketers in writing blog posts, social media messages and e-mail newsletters by leveraging customer knowledge. AI gadgets track major trends, consumers' tastes and competitor actions to improve efficiency of content. This creates a stronger customer engagement, boosts brand identity and helps you win in content marketing.

A.I.-driven Predictive Analytics and Forecasting: Businesses are now being given the power to predict customer behavior, market trends and sales performance through predictive analytics that benefits from A.I. using historic as well as real-time data. AI models churn over historical data and live streams to optimise where to spend marketing budgets. Businesses utilize

predictive intelligence to optimize advertisement campaigns, minimize prospect abandonment and increase customer retention.

risks and maximize the impact of a campaign. With AI driven forecasting, business companies can keep up with the industry and foresee market changes.

AI-Backed Ad Targeting: AI helps in the heart-thumping internet advertising by studying user data, history, and preferences to personalize ad placement. With the aid of AI, marketers can serve highly targeted ads by both demographics and behavior, as well as moment-of-truth interaction. Ad platforms powered by AI adapt in bidding strategies resulting in reduced costs and higher conversions. It focuses on ad relevance, ROI maximization and ensures that you do not throw money down the drain with your marketing activities.

Smart Assistants and Voice Search: AI-driven voice search in smart assistants such as Alexa and Google Assistant are transforming the way customers are searching. Companies are getting their content and SEO campaign ready for voice-enabled queries. AI-powered voice recognition technology delivers the most accurate responses to increase brand presence. Marketing teams use voice search analytics to optimize product placement and digital exposure.

AI marketing changes how businesses reach out to customers, what they do for those customers and ultimately how they grow. Leveraging AI-driven data, businesses can deliver highly personalized experiences, automate processes and make better decisions. Using AI in ad targeting, content creation, customer relations and predictive analytics apps helps to ensure that all efforts are effective and competitive. With advancements in AI technology ongoing, companies must work to keep up with evolving trends to stay competitive and make the most from marketing campaigns.

9.4.3 Benefits and Challenges of AI in Marketing

AI has changed marketing, utilizing the superpowers of data-based action, automation and hyper-personalization. With AI, businesses can better understand customer behaviour, predict trends and optimize campaigns to be much more efficient and effective. AI-powered tools and apps like chatbots, predictive analysis, programmatic advertising have transformed marketing. AI has its upsides, but there are downsides too — including ethical considerations, insane prices, and the potential for bias in algorithms. This pros and cons are very important for businesses when employing AI in their ad campaigns.

Benefits of AI in Marketing

AI-propelled marketing with an array of new technologies is being reinvented for greater efficiency, customization and focus on the consumer. Companies can use AI to run better marketing campaigns, make better decisions, and free employees from repetitive jobs.

a. High-end Personalization Which means businesses can customize how they market to you using consumer profiling, purchase behavior or web track records. AI platforms generate dynamic ads, tailored product suggestions and direct mail that resonate with each customer. This high-impact action increases customer satisfaction and brand loyalty, and boosts conversion rates. For instance, e-commerce sites such as Flipkart leverage AI algorithms to suggest products based on a user's browsing history.

b. Big Data Analysis and Decision-Making Big data has created capabilities for companies to analyze large customer or market related data to make decision. Software with AI-driven analytics can detect emerging trends, customer likeability and campaign optimization areas. This enables marketers to enhance marketing tactics, change prices and allocate resources in a better way. For instance, Zomato uses AI to learn people's order behavior and delivers personalized restaurant recommendations accordingly.

c. It also lowers the burden of monotonous tasks involved in marketing like (email marketing, social media posts, lead nurturing– Marketing Automation will make things interest to experience easy.) Scheduling content, handling customer interactions, and even campaign ta For instance, Banks like HDFC Bank have incorporated chatbots using AI to answer customer questions faster-with no human aid.

d. Optimized Ad Experiences boost online ads by delivering the perfect audience, in-flight ad delivery and audience tone mapping. AI keeps an eye on user's behaviour, demographics and engagement patterns to show ads that are most relevant for them and helps in optimizing campaigns for better performance while save ad spent. For instance, Google Ads and the services of others leverage AI to win as many placement bids as possible and deliver returns for advertisers.

e. Better Customer Service – Hassle-free with AI chatbots and virtual assistants. These software solutions have the ability to answer customer questions, reply instantly and support clients 24/7 – ultimately providing better customer experience. For instance, artificial intelligence chatbots are used by Swiggy that helps out customers with order tracking and complaint resolution thus making the services to be processed in a more smart manner.

Challenges of AI in Marketing

There are no doubt enormous advantages in using AI but there are also disadvantages and threats that businesses need to manage effectively. Concerns like data privacy, costly implementation and bias issues are some of the things that can act as a barrier for AI to work in marketing.

a) Data Security and Privacy: This problem arises from the massive amount of sensitive personal data processed and controlled by AI systems. The data is at risk of being misused or accessed illegitimately which also opens up the possibility for security breaches. These detract from consumer confidence and damage brand image. Companies need to adhere by data

protection laws like the GDPR if they want AI to be used effectively. User data will have to be protected from potential cyber-attacks for those leptive marketing using AI.

b. AI adaptation is difficult due to High Implementation Costs, particularly for small satyam and medium satyam size business. The integration of AI would have formed an expensive transition, requiring investment in expensive software and computer hardware, as well as man power. Most start-ups may not afford the price tag of AI-powered advertising solutions, which is why they struggle to compete with big companies.

c. Only as Good as its Data affects AI's ability to make accurate predictions and marketing decisions. Partial, biased or low-quality data can lead to false forecasts, unwanted recommendations and bad targeting. As an example, if AI e-commerce platform is trained from outdated data, it can recommend irrelevant products for consumers that results in low consumer engagement and sales.

9.4.4 The Future of AI in Marketing

AI is revolutionizing the marketing sector, cutting through processes, enabling customer engagement and supporting hyper-personalization. As the evolution of AI continues, businesses are integrating more advanced 3.0 tools like voice search, predictive analysis and creative AI, to keep up with Industry competition. The marketing landscape will continue to be shaped gradually by AI-generated content, real-time data insights, and frictionless customer experiences. But the next chapter of AI marketing will also call for ethics, regulation, and a sensible balance between man vs machine creativity in order to earn consumers' trust.

AI-Powered Content Creation: AI will make it easy for businesses to produce superb content marketing with minimal effort. Blog posts, ad copy and video scripts will be written by AI tools all aligned with a cohesive brand voice in both reading and viewing. This will help brands scale content production cost-effectively and eliminate the creative load. Jasper and Copy.ai that already assist marketers in writing AI-generated social media posts and product descriptions.

AI driven Influence Marketing: Machines will help in selecting the right influencer based on engagement, audience demography and performance. It'll assist brands in identifying the right influencers, forecasting campaign success and measuring ROI accurately." Businesses now have the ability to maximize influencer engagements and ensure targeted promotions. AI is increasingly applied by platforms such as Brand watch to parse the credibility of each influencer and measure the success rate of campaigns, facilitating brands in targeting their marketing.

AI-empowered Hyper-Personalization – using AI to reach the next level of personal engagement with your marketing: by harvesting real-time consumer behavior data. With AI, we will learn when our customer needs us, before they do. The future: Using AIs to drive

recommendation engines such that brands can provide personalized content, offers, and ads based on someone's behaviour. This will drive monumental customer engagement and brand advocacy. For instance, streaming media sites such as Amazon Prime Video leverage AI to recommend series to people based on their watching behaviors.

Voice and Visual Search Optimization: As smart assistants and image recognition technology rise to prominence, businesses will be optimized for voice and visual search through AI. Voice and image search will be used more by customers to find products and services. One side effect of AI-driven search will be that companies are going to have to refine their SEO strategies inward from Google and ever more to the content — which, by extension, means the customer. To illustrate, businesses working to improve for Google Lens will enhance their product's discoverability and the user experience.

Ethical AI and Regulation- Compliant -Increased adoption of AI, the call for more transparent AI models and regulation compliant data protection laws have become the need of the hour. Firms need to uphold the neutrality and ethical use of algorithms, AI-drive solutions in order to instil consumer trust. Compliance with regulation in a field benefitting from AI marketing, will become the pivot. Businesses who, for instance, invest in the ability to make their AI compliance ethic-friendly will be competitive advantages that help maintain equality and transparency in marketing.

Customer Experience Management in an AI-Powered World: AI will revolutionize the experience by delivering assistance at eye level, predictive assistance as well as frictionless experience across devices. Questions can easily be answered and complaints be resolved, AI-driven chatbots and even virtual assistants will respond to any queries with customized recommendations. Nature businesses will use AI to predict what customers need and increasing satisfaction levels. For example, mobile banking apps use AI powered assistants for assisting customers in transactions and wealth management.

Real Time AI Driven Analytics: Marketers will be able to use artificial intelligence (AI) to analyse customer behaviour in real time, in turn providing the capacity for instantaneous decision making and campaign optimization. Using AI-based analytics that track a brand's performance metrics, sentiment analysis and buying behaviour, companies will be able to dynamically monitor reactions to their branded content in real time.

optimize marketing campaigns. Businesses can receive actionable ideas to change their game plan in real time. For instance, AI is used on e-commerce platforms to update prices and incentives according to real-time user activity.

AI is transforming marketing with advanced personalization, SEO insight and strategies, automatic content writing and optimization of influencer-marketing. This is how, as companies adopt AI solutions, they acquire more comprehensive customer knowledge, are more efficient and their campaigns increasingly effective. But as AI becomes more and more pervasive, the issue of ethics, regulation and transparency must be addressed to keep customer trust intact.

The fate of marketing AI will be determined by breakthroughs in automation, customer experience management, and real-time analysis – so businesses can keep up with changes in the digital world. Those that strike the right level of innovation through AI in concert with sound usage, however, are going to be leading the charge in building effective, long-term marketing offerings.

9.5 Summary

- ❖ Product, price, distribution and promotion are ordinate factors in a company's marketing mix for greater market competitive advantage. Companies use tactics such as multi-channel distribution and online promotion to extend their reach.
- ❖ Market research, segmentation, and execution are part of the marketing process in order to match business strategy with customer needs. Companies simplify advertising, product development and price increases for superior output.
- ❖ Rising trends such as AI personalization, AR/VR and blockchain revolutionize the marketing practices. The businesses using these technologies have had improved accuracy in addressing and reaching out customers.
- ❖ Marketing AI streamlines operations, tailors content and inspects customer behavior. Some of the technologies that help referendums become more efficient and effective are chatbots, predictive analytics and automated content.
- ❖ AI advantages such as hyper-personalization, decision automation, and best-fit advertising. The obstacles to be overcome are such data privacy turbulence, increased costs of realisation as well as bias in algorithms.
- ❖ Marketing in the future will ALL be around hyper-personalization, on-the-fly insights and automation of Influencer Marketing. Playing by the AI rules will be crucial for continued growth.
- ❖ Artificial intelligence content creation and automation tools will increasingly shape marketing initiatives. 6. AI Marketing will Businesses will use AI to craft targeted messages and increase audience engagement.
- ❖ Marketing is going to evolve around visual search and voice search. Businesses will need to refine their SEO plans to ensure that their brands are more visible in AI-informed search.
- ❖ Real-time AI analytics will enable smarter marketing decisions. Enterprises will leverage AI-generated insights to personalize in the campaign, pricing and real time customer experience.

9.6 Key Terms

1. **Marketing Mix:** Business concept which involves product, price, place and promotion in an organization to serve customer requirements with the best possible value. It provides companies guidance for organizing a marketing strategy and it raises them in its favor and above competition.
2. **Hyper-Personalization:** A Machine Learning Approach Personalizing content, recommendations, ads and more to individual consumer behavior and real-time information. It gives a boost to user engagement and brand advocacy.
3. **Predictive Analytics:** Some data crunching technology to anticipate customers behaviour, market trend and business performance. It allows marketers to make better, forward-looking decisions.
4. **Integrated marketing:** An integrated marketing approach to ensuring that the customer experience is consistent across all available online and offline channels. It also improves brand compatibility and engagement.
5. **Programmatic Advertising:** AI-powered technology that automatically places digital ads via real-time bidding. It enhances the effectiveness of ads and targeting accuracy.
6. **Neuromarketing:** A research technique to evaluate brain patterns of consumer which would help in better branding, packaging and advertising. To let it aid marketers in creating more effective campaigns.
7. **Blockchain Marketing:** A security mechanism to enhance transparency and accreditation in digital marketing transactions. It makes sure data is secure and ad fraud is minimized.

9.7 Descriptive Questions

1. **What is the impact of AI Personalization on Customer Experience and how** can brands use it to drive retention?
2. Which are the main components of a marketing mix and how do they individually and jointly influence the profitability of a business?
3. How are the new trends like AI and AR/VR changing modern marketing strategies and which industry benefits most?
4. What does predictive analytics have to do with marketing decision, and how does it optimize for campaign effectiveness?
5. What are the obstacles faced by companies that use AI marketing, and how do they overcome these obstacles?
6. How does omnichannel marketing improve CX, and why is it important to be consistent across channels?
7. What are the responsible use principles companies should be following when using AI for marketing, and how can they guarantee they're abiding by them?

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9.9 Case Study

Using the Marketing Mix for Market Leadership

Introduction

About the Brand The success of a business rests on both branding and product positioning that allow it to take root in its market members and grow together. By closely coordinating product, price, place and promotion firms can gain an edge in competitive applications. Raymond, India's largest textile and apparel brand, has been able to reposition itself as a premium menswear brand even while expanding in newer segments. "This case study demonstrates how Raymond strategically manages brand and product diversification for continued leadership in the fashion industry." Background

Raymond Established in 1925, Raymond Limited is a leading integrated manufacturer of worsted fabric in the world. The business began with woolen textiles, and over the years has broadened into readymade items, accessories and ethnic wear. Raymond battles it out with Louis Philippe, Van Heusen and Allen Solly in the premium clothing category. More than that, while consumer tastes were changing and demand for casual wear rising back home as global brands began to flood in, Raymond needed to keep reinventing itself in its product lines and marketing approach.

Problem 1: Brand Positioning in the Midst of Market Shifts

What really worked for Raymond through ages was its association with formal wear and luxury suiting fabric, so it automatically had to be the first choice of professionals. However, as fashion evolved to include more casual wear and demand for semi-formal clothing — such

as morning coats or smoking jackets — declined among the masses, the company faced an aging market. Consumers of the new age preferred global brands and fashionable wear, making Raymond rethink their positioning other than a suiting brand.

Solution:

Raymond also broadened its product range in casuals and smart casual wear under 'Park Avenue' brand, which was started later as well. Raymond made fashionable slender cuts and introduced new fashion for the youth consumers. Raymond repositioned its brand to appeal to a wider audience while maintaining its premiumness. It also focus on premium ethnic wear under the brand - Raymond Ethnix to address the growing festive and wedding wear segment in the country.

Issue#2 Premium Pricing Vs Mass Market Appeal

Raymond was built as a premium brand and with fast-fashion brands available at lower prices, price-conscious consumers had alternative options. Competitors offered stylish clothing at lower prices, which confronted Raymond with a price war. Balancing the premium on pricing with accessibility would become crucial to maintaining market supremacy.

Solution:

Raymond was able arrive at a pricing strategy that placed its brand in segments of the market through introduction of sub brands. Park Avenue and ColorPlus catered to premium and upper-middle-class customers, while Raymond Ready-To-Wear made its range accessible at an affordable price to the mass market. Value based seasonal promotions plus loyalty programs Some value based season promotions and loyalty programs were also part of the brand promotion policy to attract and retain customers without jeopardizing its premium positioning.

Issue 3: Distribution Problems When Increasing Retail Market Penetration

Raymond had to cement its presence outside the brick-and-mortar store due international brands and online players growing stronger. Its own store chain remained solid as the exclusive stores of Apple remained strong but other players were rapidly building presence through multi-brand stores and online. Without a powerful omni channel presence, Raymond would bleed market share to pure play digital players.

Solution

Raymond grew its retail network with franchise stores in smaller Tier-2 and Tier-3 towns to capture more customers. The brand expanded its digital reach by partnering with major e-commerce sites and opening its own virtual store. As online and offline areas continue to merge, Raymond came out with a seamless shopping experience where consumers were able to window-shop on the web and purchase from the store, or the other way round.

Reflective Questions

How has Raymond changed its positioning and branding to stay afloat in an increasingly competitive market?

What else can Raymond do to make its presence felt among generation Y and below?

How can Raymond rework its pricing strategy to better compete with the fast-fashion companies while still staying true to its premium brand identity?

Conclusion

The success of Raymond lies in its brand positioning, product diversification and price equilibrium strategy. By diversifying its products beyond formals, using omnichannel distribution and spending more on marketing efforts, the brand has managed to keep pace with changing consumer preferences. But, with its increasing competition Raymond has to further expand on the utilization of digital innovations, increase the share in casuals and ethnic wear and focus better on engaging customers in order to retain its leadership in the apparel space.