MGT 301 Short Notes: by Fahad Abbas Topic 7 to 13 Final term

4 P's of Marketing
Product, Price, Place, Promotion
4 C's
Customer satisfaction, Customer Cost, Convenience, Communication

Topic 7 Customer Driven Marketing Strategy:

Four pillars of organization strategies:
Select customers to serve
1. Segmentation
2. Targeting
Decide owner value proposition
3. Differentiation
4. Positioning

Segmentation:
Geographic Segmentation: Geographic segmentation divides the market into different geographical units such as nations, regions, states, provinces, or cities.
Demographic Segmentation: Demographic segmentation is a process of dividing the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality.
Psychographic Segmentation: Psychographic segmentation is a process of dividing a market into different segments based on social class, lifestyle, or personality characteristics.
Behavioral segmentation: Behavioral segmentation is a process of dividing the market into groups based on their knowledge, attitudes, uses, or responses to a product, occasions, benefits
sought, user status, usage rate and loyalty status.

There are some types of target market strategies which are:

Undifferentiated/Mass Marketing: Target the whole market with one offer and focuses on common needs rather than what's different. You can say this strategy as "one-size-fits-all".
Differentiated/Segmented Marketing: Targeting several different market segments and designing separate offer for each and goal is to achieve higher sales and stronger position.
Concentrated/Niche Marketing: In niche marketing a firm focuses on one specialized part of a segment.
Micro Marketing: Tailoring products and marketing programs to suit the needs and wants of specific individuals and local customers, also called tailor made marketing.
Local Marketing: Design different offering for different localities such as a brand has different offering/assortment in posh area and same branch has different offering/assortment in low income level area.

The place that organization wishes to have in the mind of customers, distinct and better than the competitors is known as **product position.**
The process by which such position is attained is known as **positioning**.
Competitive advantage:
is an advantage over competitors gained by offering consumers greater value, either through lower prices or by providing more benefits that justify higher prices.

Some options for differentiation are given below;
1. Product Differentiation (Functionally different from others)
2. Service Differentiation (After sales services are different from others)
3. Channel Differentiation (Online sale/purchase of products)
4. People Differentiation (Staff/employee's style of dealing with customers is different from others)
5. Image Differentiation

Value proposition is the full mix of benefits upon which a brand is positioned. It is the answer to the customer's question "Why should I buy your brand?"

Topic 8 Product, Brand & Services:

Consumption of a product creates an experience.
Product experience is the overall value of a product or service to customers.

There are three levels of products.

1) Core customer value. (Core Benefit or Use)
2) Actual Product. (Product)
3) Augmented product. (Additional services)

Two types of products:

Consumer Products & Industrial Products

Types of Consumer Products:

The products used for personal consumption are known as **consumer products.**

Convenience products are consumer products and services that the customer usually buys frequently, immediately, and with a minimum comparison and buying effort.
Shopping products are consumer products and services that the customer compares carefully on suitability, quality, price, and style.

Specialty products are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort.

Unsought products: are consumer products that the consumer does not know about or knows about but does not normally think of buying.

Types of Industrial Products:

Products purchased for further processing or for use in conducting business are known as **industrial products.**

1 The Capital items are industrial products that aid in the buyer's production or operations.
2Materials and parts include raw materials and manufactured materials and parts usually sold directly to industrial users
3Supplies and services include operating supplies, repair and maintenance items, and business services

Organizational marketing: It consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization.

Person marketing: and it consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people.
Place marketing: which consists of activities undertaken to create, maintain, or change attitudes
and behavior of target consumers toward particular places.
Social marketing: which consists of the use of commercial marketing concepts and tools in programs designed to influence individuals' behavior to improve their well-being and that of society

There are three levels of product decisions.

1 Individual product decisions include five types of decisions which are product attributes, branding, packaging, labeling and support Services.
2 Product line decisions include product length which indicates the number of items in the product line.
Line stretching is another concept of product line decision in which an expanding strategy by a company where new products are launched in the same product line but beyond the current product range with some additional or different features.
Line filling is a business strategy in which we increase the numbers of products in an existing product line to take advantage of marketplace gaps and reduce competition.
3 Product mix decisions: consist of all the products and items that a particular seller offers for sale.
Width is the number of different product lines carries by the company.
Length is the total number of items in the product line.

Depth is the number of versions offered of each product in the line.
Consistency is closely related the various **product** lines.

The brand represents the consumer's perceptions and feelings about a product and its performance.
Brand positioning: refers to the place that a brand occupies in the minds of the customers and how it is distinguished from the products of the competitors.
Brand sponsorship means that if you want to expand your business or want to get support from another brand.
Line extension refers to extending an existing brand name and existing product category but to add new forms, sizes, colors, ingredients or flavors of an existing product category**.**
Brand extension also assumes an existing brand name, but combines it with a new product category.
Multi-brands mean marketing many different brands in a given product category.

The four characteristics of services are intangibility, variability, inseparability, and perishability.

The service–profit chain is the central concept in a theory of business management which links employee satisfaction to customer loyalty and profitability.

Internal marketing and it is the marketing between company and employees.
Interactive marketing and it is the marketing between employees and customers.
External marketing and it is the result of interactive marketing, the external marketing occurs and it goes from your business organization out to customers and prospective customers.

There are two strategies for getting the products to sell.
Acquire a product
Develop a new product.

Topic 9 Price and Pricing

Price is the amount of money charged for a product or service.
Pricing It is a process of determining and setting price of a product.

Price Ceiling: It is the upper limit beyond which customers cannot afford the price.
Price Floor: What minimum price for a product can be charged to remain profitable is called price floor.

There are six factors that affect the pricing or pricing process i.e.,

1. Overall Marketing Strategy	(Market segment, positioning etc.)
2. Type of Demand	(Price elasticity of the demand)
3. Type of Market	(Monopoly, Duopoly, Oligopoly, Monopolistic competition, \ Perfect Competition)

4. Economic Conditions (GDP growth rate, Per capita income, Inflate rate, type of inflation, balance of trade, exchange rate)

5. Government (Political system, centrally planned economy, free market \ economy, political stability)

6. Social Concerns

There are three basic methods for pricing i.e.,

Value based pricing uses the buyers' perceptions of value, not the sellers' cost, as the key to pricing. Price is considered before the marketing program is set.
Cost Based Pricing is setting Price based on the costs for producing, distributing, and selling the product plus a fair rate of return for effort and risk.
Competition Based Pricing Setting prices based on competitors' strategies, costs, prices, and market offerings

Special Pricing Concepts:

Good-value Pricing: the price which is perceived by the customer as a value at the par with the value delivered by the product.

Everyday low Pricing: pricing approach in which organizations or stores claim that their prices are lowest in the market and they are offering you everyday low pricing.

High-low Pricing: it is the combination of high and low prices. Some products are high priced and some products are on discounted prices.

Pricing Strategies:

There are four groups of pricing strategies.

New-Product Pricing Strategies
Product Mix Pricing Strategies
Price Adjustment Strategies
Price Changes

1. New Product Pricing Strategies:
First of all we will discuss new product pricing strategy. There are further two types of pricing strategies i.e., marketing skimming and market penetration pricing. These are two opposite marketing strategies. Now we will discuss them in detail.
1.1. Market Skimming Pricing: This strategy sets high initial prices to "skim" revenue layers from the market.
✓ Product quality and image must support the price.
✓ Buyers must want the product at the price.
1.2. Market Penetration Pricing involves setting a low price for a new product in order to

attract a large number of buyers and a large market share.

2. Product Mix Pricing Strategies:

There are five strategies that come under this strategy.

2.1. Product Line Pricing takes into account the cost differences between products in the line, customer evaluation of their features, and competitors' prices.

2.2. Optional Product Pricing takes into account optional or accessory products along with the main product.

2.3. Captive Product Pricing sets prices of products that must be used along with the main product.

2.4. By-product Pricing refers to products with little or no value produced as a result of the main product. Producers will seek little or no profit other than the cost to cover storage and delivery.

2.5. Product Bundle Pricing combines several products at a reduced price.

3. Price Adjustment Strategies:

There are seven types of price adjustment strategies i.e.,

3.1. Discount and allowance pricing
3.2. Segmented Pricing
3.3. Psychological Pricing
3.4 Promotional Pricing
3.5. Geographic Pricing
3.6. Dynamic Pricing
3.7. International Pricing

4. Price Changes:

There are further two types of price changes i.e.,

4.1. Price Cuts

- ❖ Excess capacity
- ❖ Increased market share

4.2. Price Increases

- ❖ Cost inflation
- ❖ Increased demand
- ❖ Lack of supply

Topic 10 Promotion

The meaning of promotion is "activity that encourages consumers to recognize your product or service and make a purchase."

Promotion mix is defined as any form of communication that organizations use to establish a meaning for a product or service, as well as how it affects the purchasing behavior of the target customer.

Sales promotion is part of marketing communications that increases sales by providing information or persuading customers about the performance of a product or service, with the goal of encouraging customers to purchase the product or service.

Promotion is not only a marketing tool that directly generates demand, but also a communication tool used to create indirect profits by raising or optimizing the company's image.

Push strategy: A manufacturer uses a sales promotion or a personal sale to induce a middleman to have a product and sell it to customers. Brand loyalty is low, and the choice of products is mostly determined at the purchase site. Therefore, the purchase induction of the store is essential.

Pull strategy: The manufacturer encourages consumers to actively buy on their own by informing the end consumer of the brand or product using advertisements or customer promotions.

IMC stands for integrated marketing communication, which is an integrated marketing communication strategy.

One of the most known and used models in advertising and marketing communications is the **AIDA model.**
This model, proposed by Elmo Lewis, describes the process by which consumers make decisions and actions through four hierarchical steps: Attention, Interest, Desire, and Action.

Topic 11 Place/Distribution

In a marketing mix the third 'P' of Placement is an important element which ensures the effective and timely availability of the product to the customer.

Upstream partners are raw material suppliers, parts suppliers, and information and expertise providers for the effective manufacturing of the product.
Downstream partners include marketing and distribution channels that are more directed towards the customers.

Conventional distribution systems include one or several independent producers, wholesalers and retailers with the common motive of seeking profits and to take control on other members.

Corporate vertical marketing system integrates successive stages of production and distribution under single ownership.

Contractual VMS various firms unite at different levels of production and distribution contracting each other through achieving economies of scales that otherwise can't be achieved individually.

Administered VMS some of few channel members have dominating presence. This dominance in leadership arises from their size and power.

Horizontal marketing systems two or more companies unite at one level in order to create a market opportunity.

Multichannel Distribution systems (Hybrid marketing channels) firm individually form two or more marketing channels in order to target particular customer segments

There are three types of distributions:

Intensive distribution wide availability of product is ensured in order to expand the product to every outlet so that customers encounter the product everywhere.

Exclusive distribution refers to an agreement between supplier and the retailer in which retailer is granted with more power and privileges within the specific geographic location for carrying supplier's products.
Other Definition:
When the seller allows only some specific outlets for placing its products it is called exclusive distribution.

Selective distribution which involves usage of more than one, but lesser than all the intermediaries and distributors who carry the company's products on the basis of a company specific set of rules. lies between intensive and exclusive distribution.

Topic 12 Sustainable Marketing, Social Responsibility and Ethics

Sustainability in general means the efficient use of natural resources in a way that those are not wasted and would be available for future generations as well.

Sustainability is a broader term that has been adopted by different business / organizational functions. Ensure the long-term survival for a business in this fast-changing world.

There has been **some criticism on the marketing activity**. This criticism can be categorized under three points.
1) Impact on individuals;
2) Impact on society;
3) Impact on other businesses.

Deceptive price which is often called psychological pricing strategy also negatively impacts the individuals.
For example, sale of different brands with price tags of Rs. 999 etc. is one such example of psychological pricing strategy.

Planned Obsolescence is another strategy that badly effects individuals.
For example, technology products such as computers, smart phone companies, and motor vehicle companies bring their new models almost every year with different design of one or more added features just to get more sales and revenues.

False wants and materialism have been promoted in the society as a lifestyle. There is also cultural pollution and too few social goods in the society.

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

Environmentalism is an organized movement of concerned citizens, businesses, and government agencies to protect and improve people's living environment.
This is also the part of efforts for promotion of sustainable marketing.

Pollution prevention involves not just cleaning up waste but also eliminating or minimizing waste before it is created

Product stewardship involves minimizing the pollution from production and all environmental impact throughout the full product life cycle.

Design for environment (DFE) involves thinking ahead to design products that are easier to recover, reuse or recycle.

New clean technologies involve looking ahead and planning new technologies for competitive advantage.

Sustainability vision is a guide to the future that shows the company that the company's products, process, and policies must evolve and what is needed to get there.

Some principles of sustainable marketing.

consumer-oriented marketing according to which a company should view and organize its marketing activities from the consumer's point of view.

Customer value marketing according to which a company should put most of its resources into customer value–building marketing investments.

Sense-of-mission marketing emphasizes that a company should define its mission in broad social terms rather than narrow product terms.

Innovative marketing suggested that a company should seek real product and marketing improvements.

Societal marketing emphasizes that a company should make marketing decisions by considering consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests.

Product categories:

desirable product is the one that has immediate satisfaction and long run benefit for the customers

Deficient products are those that have neither immediate appeal nor long-run benefits.

Salutary products are those that have low immediate appeal but may benefit consumers in the long run.

Pleasing products are those that give high immediate satisfaction but may hurt consumers in the long run

Marketing Ethics:

1) not to harm
2) Foster trust in the marketing system is another marketing ethic
3) Embracing ethical values is another marketing ethic

Topic 13 Digital Marketing:

In digital marketing we use internet/digital media for marketing the products.

Tools and technique of Digital Marketing

Digital Display Advertising (DDA)
It is defined as:
'A form of digital marketing that uses display ads appearing on web pages as a means of communicating relevant commercial messages to a specific audience based on their profiles.'

Social Media Marketing (SMM)
Social media marketing is the marketing of product or services over the social media in the form of Tweets, YouTube video, blogging and micro blogging etc.

Location Based Marketing/ Mobile Marketing
In location-based marketing, GPS of end user is used to find the location and then send promotional messages regarding his locality. Customer's mobile devise is tracked by using appropriate location application programming interface (API).

Content Marketing

Content is a king. Content marketing is a type of marketing in which contents in the form of images, phrases, blogs or videos are used to implicitly market the product with the intention to stimulate interest of consumers.

Search Marketing

“The process of refining your website using both on-page and off-page practices so that it will be indexed and ranked successfully by search engines. SEO stands for “search engine optimization.” It is the process of getting traffic from the “free,” “organic,” “editorial” or “natural” search results on search engines.

Pay per click advertising

In PPC, an online advertiser displays his ads on the search page when users entered a keyword. Due to its very nature it is also called as keyword advertising.

4ps in Digital World

- **Digital Product**
- **Digital Place**
- **Digital Promotion**
- **Digital Price**