Technical Articles – MGT301

Theme No.1: Understanding Marketing

It is expected that you have some knowhow about marketing. In one way or the other you are target by some marketing campaign. Let's understand what is marketing?

Marketing has emerged from the word market. So it must have the meaning of the word market. Market is used both as noun and verb. If we take market as noun then it is the name of a place, process or thing. It is any place where buying and selling takes place.

We call certain places as market e.g. if you want to buy grocery you must be aware of some market where grocery is available. In economics, market is a mechanism where buying and selling is regulated. Other than this, market is the set of potential and actual buyers. So here market as a noun means set of actual and potential buyers. Therefore, in this course whenever the word market will be used it means set of actual and potential buyers.

Market as a verb means to take something to its potential customer/ buyers. So, in nutshell, generally marketing is a process of taking something to its market/ customer. Let's have a look at the definition of marketing:

"Marketing is a process by which companies create value for customers and build strong customer relationships in order to capture value in return".

Marketing is a set of activities which is a value creating process to offer it to those who need it and it is offered in such a way to build relationship with those to whom it is offered. And it is created to get something in return as well. It is all about exchange of values. Certain terms in marketing are very important such as need, want and demand.

We know marketers focus on needs of customers. **Need** is a state of felt deprivation. Whenever you feel there is some gap or you are deprived of something, you try to fulfill it. Like hunger, thirst. What is thirst? It is the feeling of lack of fluid in your body. Whenever there is lack of fluid

in your body, you feel that you need to refill it. Needs can be physical or social or personal etc. Needs cannot be created but can be fulfilled by marketers.

Want is the form that a human need takes as shaped by culture and individual personality e.g. water and food. Whenever you are hunger you search for something to fulfill that need. The thing that you are searching is your want. All human in this world feel hunger but there wants are different as regions and cultures change. Needs are universal but wants are regional or local. When hungry some may take burger, some pizza, some rice etc.

Demands are human wants that are backed by buying power. Anyting that you want to have to fulfill your need and you have purchasing power to buy that thing is your demand. E.g if you are hungry(need) you have many options like burger, pizza, rice etc. suppose you want to buy pizza(want) and you do not have money to buy it, then it is not your demand. Needs and wants are important but demand is very crucial for marketers.

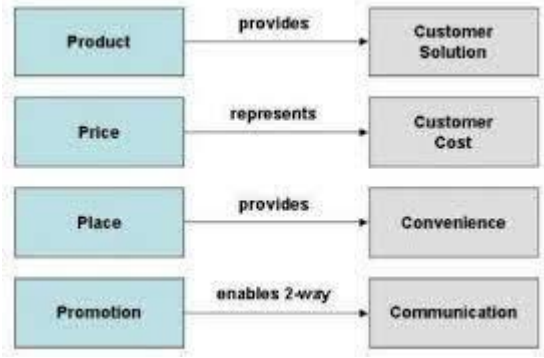
Customers\ consumers are important for marketers. Those who buy something\those who consume something are customers \consumers respectively but those who buy something and those who consume something can be same or different.

Value is something of importance or something having the ability to fulfill the gap or solve a problem. Marketers focus on values as marketing is exchange of values between buyers and seller.

Exchange is the act of obtaining a desired object. e.g. you want to have eggs in breakfast you will go to the nearby shop and ask for eggs by giving the price to the shopkeeper . In this case exchange has taken place. **Transaction** is an activity in which goods services or money is passed form account to another. Exchange when take place is called transaction. . Whenever you buy or sell something a transaction has occurred.

Marketing offering is any combination of products, services or information offered to the market to satisfy the need or want, for example banks offer services; news channels offer information and confectioners offer sweets.

Marketing mix is a combination of tools/ 4P's (product price place and promotion) used by marketers to deliver value to customers. There are four Ps from marketer's point which must match the four Cs from customers point of view. Product is all goods and services that you design and it must match with the customer solution. Price is the value on which any company offers its product. Price must be such that it matches the customer cost. Then next P is promotion. It is making your market or customer aware of the product / offering. The corresponding C is communication. Promotion must be such that message is communicated to the customer properly. Place is the distribution. Place your product such that it reaches the customer conveniently. So convenience is the corresponding C for place.



Source: https://megansbusinessblog.wordpress.com/2014/07/29/marketing-mix-the-four-ps-and-the-four-cs-category-5/

It has been discussed that demand is the essence of marketing. Marketing is used not only by businesses but also political parties, and charity organizations as well. Actual task of marketing is to manage demand. As demand of any product that is offered for selling is never ideal so marketers face different demand situations and resultantly make different strategies for different demand situations. Different demand situations are:

Negative demand is a demand situation in which your product is facing biased or negative views of potential customers. For example the society in which you are dealing with frozen food items, consider that only fresh food is good. Frozen food is unhealthy; there you are facing negative

demand. Here you will use conversion strategy to change the views of the market about frozen food.

No demand is something that every business faces in the start up phase. People are not aware of your product then you will use creative / stimulating marketing which means you create the demand.

Latent demand is dealing in a product which people may demand but right now the demand is hidden. For example insurance policy which initially was introduced and had latent demand and people did not take interest in it. Later marketers highlighted the benefits and made people aware and they started buying.

Declining demand is when due to any reason the demand of the product starts declining. In such case re- marketing is used; you may redevelop the product by adding some new features in it.

Full/ regular demand is when demand of the product is equal to the production capacity and this is also called adequate or sufficient demand. It is ideal situation so marketers maintain marketing and try to prolong the full demand situation to get maximum benefits.

Irregular demand is when demand of company product changes at different times. It increases in some season and decrease at some other time. It is called irregular demand. E.g air conditioners are sold at high prices in summers while in winters air conditioners are sold at discounted prices, by doing so companies shift the demand of products. So companies use demand shifting technique and use synchro-marketing strategy.

When demand of company product exceeds the production capacity means company is facing **overwhelming demand** and is unable to manage demand it is called overfull demand situation and company uses de marketing strategy. E.g. electricity companies use de-marketing to reduce or lower the demand since demand is high but availability is less so they charge high prices to manage the demand.

Demand of any unhealthy product is called **unwholesome demand** like narcotics and drugs etc. for such products counter marketing is used to discourage the use of such products e.g. campaigns for cigarette use.

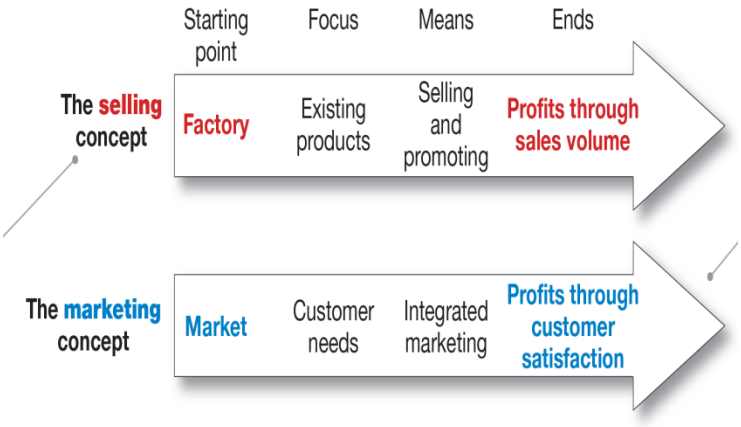
There are different underlying **marketing philosophies** that guide the actions of marketers. The marketing practices are guided by different marketing orientations / philosophies or beliefs. Let's discuss these one by one.

Production concept is the idea that consumer will favor products that are available or highly affordable. Here marketers focus on quantity as they believe that customers are quantity oriented. So organization focuses on production to achieve economies of scale to make the product available to customer at affordable prices.

Product concept is the idea that consumers will favor product that offers the most quality, performance and features. Organizations should therefore devote the energy to making continuous product improvements. Product concept misleads where you focus on product features and improvement and ignore the customer needs. This may also lead to Marketing Myopia. Let's discuss the mouse trap phenomena. In US, there was a time people wanted the get rid of mouse. So companies started making mouse traps considering that people want it. They did not consider that people actually wanted to get rid of mouse rather than a mouse trap. They must have thought of other ways to catch mouse like sprays or sticking gums etc. to get rid of the mouse. So this overemphasis on product led to marketing myopia and many mouse trap manufacturing companies failed to sell enough products.

Selling concept is the idea that consumers will not buy enough of the firm's products unless it undertakes a large scale selling and promotions efforts. This approach is asking for heavy promotional activities. Telling and selling philosophy works in such a situation. You may sell your product once or twice through heavy advertisement but if your product is not good, customers will not buy it again.

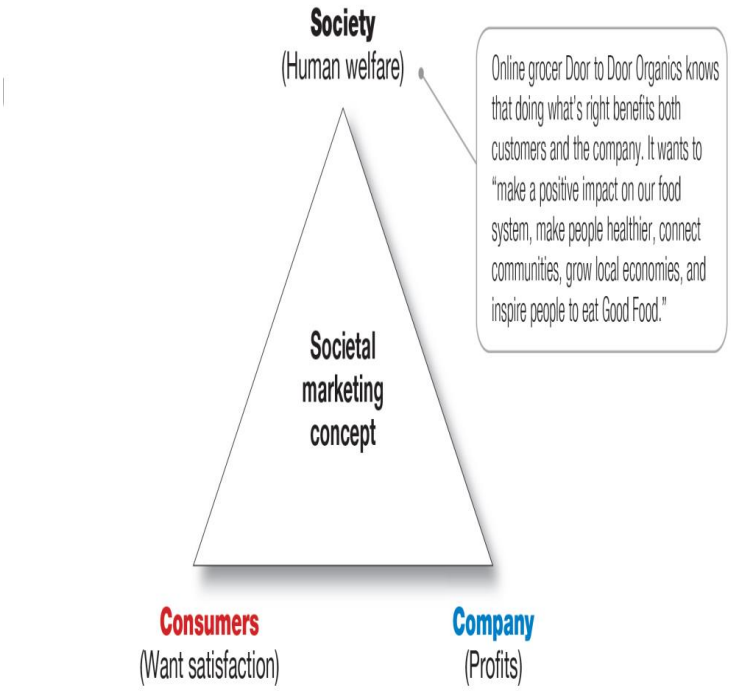
Marketing concept is the idea that achieving the organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfaction better than competitors do…. Here the focus is on customer/ market. Product must focus customer needs.



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

Selling concept takes the inside-out perspective. Its starting point is the factory, focuses on existing products, and uses heavy selling and promotional efforts to end up obtaining profitable sales
In contrast, the Marketing concept takes the outside-in perspective. It starts with the well-defined market, focusing customer need, using integrated marketing activities, affecting customer's satisfaction thus generating profits and establishing long lasting customer relation. Here the problem is that the focus is on customer and company profit but this is sometimes may be done at the cost of society. It may be that your production unit discharges such waste that is damaging the land. This issue was catered in the societal marketing concept.

Societal marketing concept is the idea that a company should make good marketing decisions by considering consumers' wants, the company's requirements, consumers' long term interests and society's long run interests.



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

Here the efforts are made to fulfill customer needs profitably by keeping the society's wellbeing in mind.

Now after reviewing few marketing definitions lets advance our knowledge of marketing. Marketing management is the art and science of choosing target markets and building profitable relationships with them. Marketing management is the skill and knowledge at the same time. What customers will we serve (Target market)? How can we best serve these customers (value proposition). **Customer relationship management** is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Peter Drucker has defined Marketing in the following way:
"The aim of marketing is to make selling superfluous, the aim of marketing is to understand customer so well that product fits and sells itself".
Marketer must understand your customer so well that you do not have to sell your product. It fits to customers' needs so perfectly that it sells itself.

Let's discuss what the building blocks are for managing customers. Managing customer relationship is important. The difference between total customer perceived benefits and customer cost is called **Customer Perceived Value (CPV)**. When you buy something you bear some kind of cost in the form of money, efforts or time or the combination of all and in return get some benefit. If the benefits and cost are justified or benefits exceed cost then you build a perception that this product is of value so marketers try that CPV is good.

The extent to which perceived performance matches a buyer's expectations is called **Customer satisfaction**. When you buy a product you have certain expectations from it that it will perform or function in a certain way. . When your expectations are fulfilled by the performance of product means you are satisfied. If performance exceeds your expectations then you are delighted. Satisfied customers bring in more customers.

Partner relationship management involves working closely with partners in other company departments and outside the company to jointly bring greater value to customers.
After discussing Managing customer relationship, Lets discuss an associated concept **managing customer value**.

In marketing we not only build relationships with customer but also have to capture value form the customer. Let's discuss the building blocks to capture customer value.

Customer lifetime value is the value of the entire stream of purchases that the customer would make over the lifetime of patronage. Take example of female who uses lipstick regularly. Suppose if she uses a particular lipstick of a company and on average she will use it for 10 years. Then suppose if one lipstick is of Rs. 500 and it lasts for one month so in one year she will use 12 listicks. So she will spend 500 *12 = 6000 in one year and in 10 years she will spend 6000*10=60000. If the company has won the customer, company is not selling one lipstick to the customer but its winning the sale of 60000 and if the customer is lost then it is losing this amount.

Share of customer is the portion of customer's purchasing that the company gets in its product categories. Example: the customer is satisfied with a particular brand and buys bread of this brand,

milk, bun and biscuits of the same brand. Actually what the customer spends on all the products of a particular brand is called share of customer.

Customer equity is the total combined customer lifetime values of all the company's customers.

New trends in marketing keep on emerging with the passing time. Few of the prominent trends are:

Customer engagement marketing fosters direct and continuous customer involvement in shaping the brand conversations, experiences and community. Companies are taking such indicatives where customers are involved in brand building due to the changing technologies.

Customer-generated marketing is the brand exchanges created by customers themselves. Customers are playing an increasing role in shaping brand experiences. Initially only companies were marketing the products now customers are also marketing. Everyone can now access everyone else so they are sharing their experience good or bad with others. We can say that Customer-generated marketing is leading now.

Digital and social media marketing involves using the digital marketing tools such as websites, social media, mobile ads and apps, online videos, emails, and blogs that engage consumers anywhere, at any time via their digital devices. Now businesses are allocating increasing budget for digital and social media marketing although conventional marketing is being used but its importance has decreased. Digital age, free flow of information, rapid globalization, rising awareness and fast changing technologies have really changed the marketing landscape.
Role of internet is phenomenal as it has connected many people. Anyone can access any other person sitting anywhere in the world. Everything is just a click away. It has facilitated everyone to reach media. Now customers can act and react about the company. It's really easy as source of information have increased and flow of information is easy. This digital age has facilitated the process of globalization which is enhanced connectivity between people living in different parts of world. You can buy and sell from anywhere in the world. Due to increased education, new generation has realized about the damage being caused to the world around by the previous

generations. They are worried and are now more socially and ethically responsible towards the environment. Another trend that has changed the marketing landscape is the growth of nonprofits. With this growth marketing in non-business ventures is also increasing like hospital, political parties and charity institutes have started using marketing to get resource.

Conclusively let's look at how marketing works?

Consider that there is an organization and there is the market for it. Market is full of customers. Organization has many departments like HR, finance, accounting, R & D, production and operations and marketing is in the center of these all departments as it is linked to all. Now the organization tries to understand the market and for this marketing research is used. Using marketing research the organization collects information form market. Marketing department processes the information and works in coordination with other departments to design a product to be offered to market. Working on the four Ps and matching with four Cs of customer, marketing offering is made. It is then sent to the customer. If your product is rightly suitable for the customers' demand and requirement, then customer will appreciate otherwise it will be rejected. Whatever the case may be the feedback about the offering, be it good or bad, will be received by the organization's marketing department. By learning the response from the market, organization decides to continue with the same product or modify it to suit the customer requirement.

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Theme No. 2: Marketing Environment

In this theme, we will discuss the most important and essential topic i.e. Marketing environment. First of all, we have to understand what is "environment"? An environment is the surroundings of any living thing. Whatever around you is considered to be your environment. The environment is somewhat you are very used to with. It is actually everything around us. It comprises human actors, system's, physical, chemical, and other natural factors, etc. We can't change our environment abruptly. The environment is an extremely complex set of factors that define your behavior in every way and for every living thing. Our environment will influence us anyway and somehow we may also influence the environment. For example, a flower may grow when weather conditions are appropriate, or die if it is not. It couldn't survive with extreme variations in their environment.

Now, what is the marketing environment? In marketing our main objective is to deliver the value to the customer and in return earns value. Marketing is not alone; as per Phillip Kotler it has its own environment and in this environment, it has its own actors and forces that affect a firm's ability to deliver value to the customer and create profitable customer relationships ". Here we can take an example of one of the actors of the marketing environment and that is supplier. For instance, if you are making a surgical instrument and for that you use stainless steel metal, now the quality of the surgical instrument depends on the metal which a supplier provides you, what if the quality of that metal is not up to the mark it will certainly affect the ability to serve your customers and ultimately the relationship between you and the customer will suffer. In simple words, a firm is surrounded by internal and external forces which have a great effect on a firm's ability to sustain long-lasting relations with their potential customers. There are two types of the marketing environments, one is microenvironment and the other one is macro environment. Let's discuss them one by one.

What is Micro Environment?

The microenvironment is defined as the secure or safe environment, under which the firm works. The microenvironment consists of the Organization itself, Suppliers, Intermediaries, Competitors, Customers and Public. These actors are very close to the organization as they all work together and this would build your value network as well as a value delivery system. These actors are makers and breakers of the organization, because if these actors will not work properly then your ultimate goal to serve the customers will not be fulfilled. Firstly, we'll see the actors of microenvironment.

1.The Company:

In designing organization's strategies and objectives, marketing executives will make close coordination with other departments, within the organization because; if they do not develop coordination within the organization they can't achieve their goals in an appropriate way.

2.Suppliers:

They are the one who provide the resources for goods and services. For example, raw material, equipment etc. Business accomplishment depends on the suppliers as the supplier's good is the essential component of the end product of the buyer. It is famous sayings that treat your supplier as your partners to provide customer value.

3. Marketing Intermediaries:

The role of intermediaries is to promote, sell and distribute the company's products to the end users. If these intermediaries are not cooperative or supportive companies won't be able to deliver their value. Marketing intermediaries usually consist of wholesalers, distributors, and retailers that make a relationship between the organization and the customers.

4. The Competitors, Rivals or Inspirers:

Competitors are who aim at what we aim at. In business the presence of one or more competitors can cut down the prices of goods and services, just to gain the larger market share. Competitors are the inspirers as well and due to their inspiration, companies are becoming more efficient and determined in terms of goal setting.

5. Customers:

The most important and beloved actors in microenvironment are our customers. They are the ones who buy goods for their own consumption. All the marketing activities are customer-centric. Customers are the king of business. They are important as companies need them and the success of their business depends on them.

6. Publics:

Public is any group which has an actual or possible interest in the organization to achieve its goals such as financial publics, media publics, government public, local public, general public or internal publics etc. They are actually the stakeholders. They are not direct buyers or suppliers, but they have somehow direct or indirect interest in achieving the objectives. Generally, it is the responsibility of the organization to satisfy the general public. The company must take decisions while taking the point of view of the general public into consideration because they played an important role in decision making. Now we will discuss these publics one by one.

6.1Financial Publics:

Financial Publics are the organizations who work in financial sectors and influence the company's funding e.g. Banks, investment analysts, stockholders etc. These financial publics affect a company's ability to take loans. The financial experts of the companies will deal with these financial publics and very conscious to build a positive image of the company in front of the customers and other public.

6.2 Media Publics:

We are living in the information age and the custodians of the information are media houses. Media gives mass exposure to the company's activity. It includes Print Media, television, newspaper and Social Media like Facebook, Twitter etc. The role of Media is that much strong that it can make or break the companies. They are considered to be the watchdogs for the companies which protect the public interest against any mismanagement and malpractice. To deal with media houses the public relation department of the organization plays a vital role and always has good media relations. So they would highlight the strengths and hides the faults of the company.

6.3 Government Publics:

Government is the protector of the state's public interest. They provide services too. Their work is to regulate the businesses and carefully watch that while operating the business they should follow the safety standards and rules and regulations.

6.4 Citizen-Action Publics:

There are many organizations (government or non-government) in our society who work for different groups or communities to protect their rights. They mostly work voluntarily. Sometimes these communities will be affected by the marketing activities of the companies. For protecting their rights this organization becomes activated. So to avoid any issue between these organizations and the company, Public relation department of the company intervene and takes care of what these groups are saying regarding the company. The key role of this public relation department is to make efforts to create a friendly relationship with them; otherwise, they will harm the name of the company.

6.5 Local Publics:

Every organization is working in some locality or area. The neighborhood residents are the local publics. Some production plants are running in these localities. These plants sometimes directly or indirectly harm the premises. For example, air pollution or water contamination etc. To compensate for the damage of this locality, organizations offer some incentives like providing the jobs or creating some hospital facilities to the local publics.

6.7 General Publics:

A general customer's perception or opinion portrays the general public. A good brand image or perception is very important for any organization's success. Different marketing activities will be undertaken to create a positive image of the company. This opinion or perception of the general public can be judged by the feedback which they shared through social media or other media. So this opinion of general publics is very important for the image building.

6.8 Internal Publics:

The internal publics are the vital resources of the organization. They are actually the company's own employees, executives, suppliers or stakeholders. If a company wants to increase its goodwill, they should make their internal Publics happy and content. For that, they have to arrange meetings in which they educate and involve their internal publics and inform the employees about the new development of the company.

After concluding microeconomics, we will come to the next environment which is the macro environment.

What is Macro Environment?

Macro environment refers to the broader environment; it has no concern with the immediate environment. The macro environment is the external forces which are not controllable and can affect the processes of all business setups. These forces have an indirect effect on the company's operation and working situation. Macro environment consists of six external forces i.e. demographic, economic, natural, technological, political and cultural.

1. Demographic Environment:

Demographics are the study of population based on factors such as age, race gender, size, density, location, occupation etc." These demographics are very important to learn for the purpose of policy development and economic market research.

Now the question arises why the population is so important? It is important because people needs and wants are the reasons for companies to exist. In simple words, people are the motivating factor for the growth of markets. Therefore, marketers should keep a close eye on demographics. But over time there is a change in demographics in terms of world population, age structure, family sizes etc. This change in demographics both offer opportunities as well as threats for the businesses. Mostly large companies conduct demographic research to decide how to market their product and how to grab the potential customers. This information helps the company to select how much investment is needed for the specific group.

2. Economic Environment:

We have to see the factors that affect consumer purchasing power and spending patterns. We will take an example that, an organization could not start exporting their good to a country until they have examined how much people will be able to spend and what are their purchasing powers. To check the health of the economy and growth rate, we have many economic indicators, which are GDP volume and growth rate, Per capita income, Interest rate, inflation, Import Duty rate etc.

3. Natural Environment:

The natural environment in the Macro Environment is very important as far as the natural resources are concerned. You may do business in whichever place, your business will come across the local environment and you will shape your business according to the environment you are encountered in. The most important changes in the natural environment are the increasing shortage of raw materials especially in terms of non-renewable resources like water, gas, and oil. Moreover, increased pollution is also one of the factors of a natural disaster. Due to the shortage of natural resources, the governments then intervene in these issues and make some environmental sustainable strategies. So being a business person or marketer one should keep a record of the trends in the natural environment.

4. Technological Environment:

It is the most crucial force of the Macro Environment. In the last few decades, there is a drastic development in technology, and we are in favor of advanced technology because we are in favor of convenience and ease. New products and services are imaginable due to new technologies. This new technology has affected every phase of our lives. If we look back like few years before we'll see how we shop, to how we travel to how we linked ourselves. Technology also affected businesses around the world as technological transformation get both opportunities and threats for a business. Every novel technology swaps an older one, so if businesses would not adopt such technological changes these businesses will very quickly be obsoleted and outdated from the market. Thus marketers must keep an eye or watch very carefully about the dynamic changing trend of the technology and try to adapt it as soon as possible. A very relevant example here is the world-renowned Photocopy Company "Xerox" which is obsoleted, because they have not adopted the new technology and today only a few people know the name of that giant company.

5. Political and Legal Environment:

Political factor is one of the external environmental factors which affect the business both positively or negatively. Businesses are strictly influenced and affected by changes in the political environment. That's why before entering a new market in a foreign country; the company must know each and everything about the legal and political environment of the host country. Companies should know how a country's political system affects the economy. They also need to evaluate how stress-free it is for the company to enter and exit, they may also assess the political risk and stability of the country.

6. Cultural Environment:

Cultural factors play a major role in our society. Our lifestyle, values, and attitudes determine culture. "Culture is the integrated sum total of learned behavioral traits that are shared by members of society". Cultural factor is one of the most influencing factors as far as the business decisions are concerned. So for businesses it is very essential to consider cultural barriers while making their business strategies. For example, The McDonald's of Pakistan is much different from the McDonald's in India. This is because McDonald's is capable to adapt its food and business strategies according to each culture. It is also necessary for the businesses to respect the differences between cultures and obeys to the country's policy.

The sum up of all the internal and external environment study is that, all organizations plan according to their environment, the only change is in their attitude and approach. Sometimes this approach is proactive, sometimes it is reactive and sometimes it is active. The old adage that prevention is better than cure is appropriate here. So I think it is better to be proactive rather than reactive or active. In simple words, the proactive approach emphases on reducing the problems before they will appear. Our marketers and businessmen should also be smart enough to cope up and adopt the proactive approaches to survive in the environment.

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Theme No.3: Organization and Marketing Strategy

After studying environmental analysis, in the current theme we would discuss about Organization and marketing strategy.

Marketing is all about serving customers profitably. Marketing is surrounded by environment which has actors, factors and forces that affect marketing positively or negatively. Environment remains the same but organization has to deal with its environment. Marketing strategy is basically response of marketing to its environment.

Strategic planning is done at broad level in any organization .Strategic planning is the process of developing and maintaining strategic fit between organizational goals and capabilities and its changing marketing environment. Goals can be to be no.1, to grow etc, capabilities can be some resources or skills that an organizational can have.

As individual is affected by its environmental changes and get dressed according to weather, similarly organizational environment has an effect on the organization and marketing specifically.

Parts of strategic planning are:

- Environment analysis
- Internal analysis
- Vision
- Mission
- Objectives

Environment means what surrounds organization/ market. Environmental analysis is the process of studying actors, factors and forces outside marketing to map challenges and opportunities.

Actors---------e.g supplier, distributors etc
Factors____ public
Forces_____e.g economic, political forces

So all these are outside market and we need to analyze them. There are several tools for environmental analysis.

PESTEL/STEPEL
Political
Economic
Social
Technological

Ecological
Legal

As a result of environmental analysis we can come up with several opportunities and challenges.
Internal analysis is a process of studying actors, factors and forces inside organization to map strengths and weaknesses. These actors' factors and forces can be resources, technology, machinery, location, brand or any other thing that can give organization as strength vice versa for weaknesses.

There are several tools of internal analysis but for the scope of this course we would study Portfolio Analysis only.

Portfolio means basket of products and services that are offered. Portfolio analysis is a major activity in strategic planning whereby management evaluates the products and businesses that make up the organization.
Usually in marketing we follow the trend that which products are our strengths and which are weaknesses.

Result of internal analysis:

- Strengths
- Weaknesses

Once an organization has done its strategic analysis about its external environment and about its internal strengths and weaknesses then it has to be sure about its vision.

Vision gives long term direction, what it wants to be in long term. Forward sports is a Pakistan based manufacturing company that makes soccer balls for international football games, its vision is:

"Translating marketing and business goals into design strategy, novelty and to attain a new product success."

Millat tractors Vision is:

"Millat to be a global group of companies, recognized for a range of quality products with innovative design capabilities."

Through vision we get direction, after that, organizations have a mission to achieve its vision.

Mission: Organization's purpose; what is wants to accomplish in the larger environment, and the business organization is in.

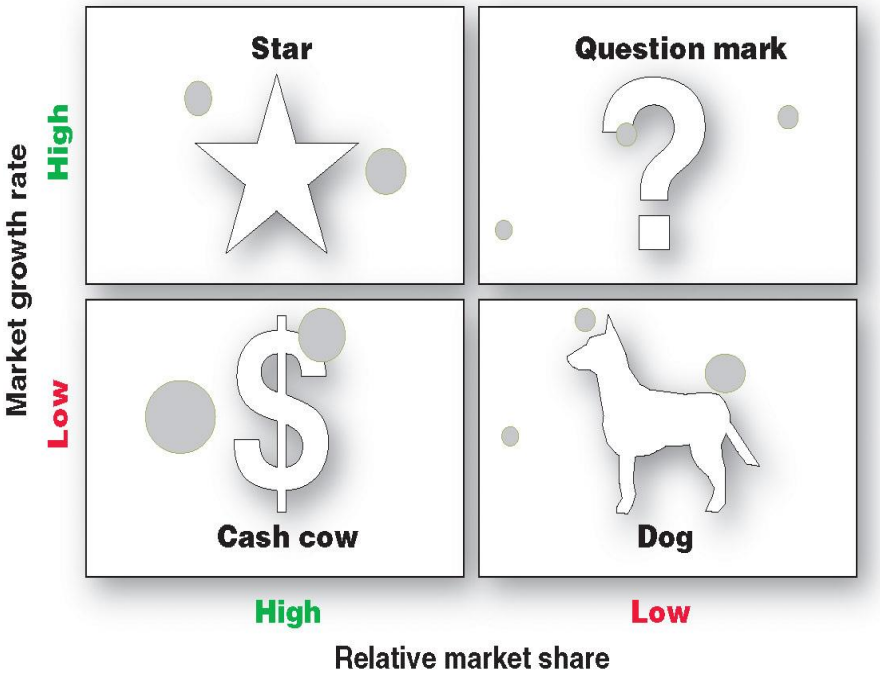
Examples: **Forward sports**: "Aiming to work with coherence of renowned global brands, organizations and entrepreneurs".
Adidas: "to be the best sports company in the world".

We should always have mission in terms of customers/ customer needs rather than in terms of products. For example we are not selling mobile phone we are selling way of communication.
After setting missions we need to set objectives. Objectives are what an organization wishes to achieve precisely. Such as increasing market share, offering new outlets, more customer satisfaction. Objectives/targets and goals are used as same meaning over here. Sometimes in theory Goals are broader objectives and targets are more specific.

As discussed earlier **business portfolio** is the collection of businesses and products that make up the company. For example a company making all household items e.g. hand soap, detergent, tea whitener and everything else. All these items would be its portfolio.

Strategic Business Unit (SBU) is a unit of the company that has separate mission and objectives that can be planned separately from other company businesses.
Some products are so important that you have to have separate mission and objectives. **BCG matrix** is a tool for portfolio analysis. It is done on the scale of relative market share and market growth rate.

Star: high growth rate and high market share.
Question mark: high growth rate but low market share
Cash cow: Low growth rate but high market share
Dog: low growth rate and low market share.
If portfolio has a balance of all these products it can cope with changing environment.



Source: Kotler, P., & Armstrong, G. (2010). Principles of Marketing, 10th Edition.

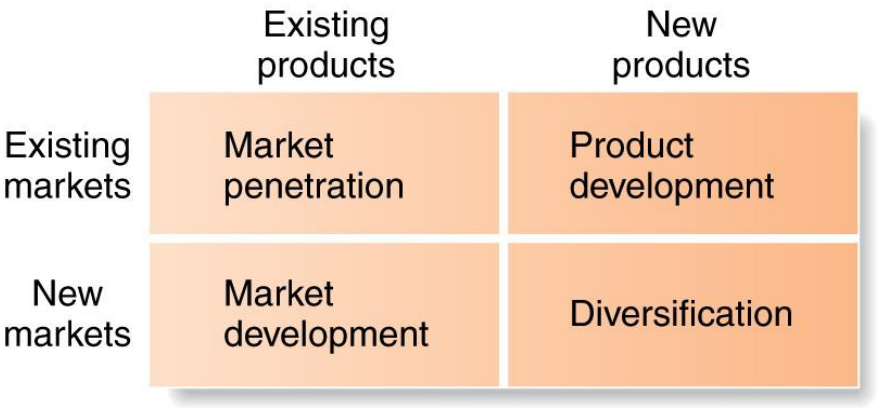
Product/ market expansion Grid is a tool for identifying company growth opportunities through market penetration, market development, product development or diversification.

Market penetration: means existing products in existing markets. These products require more promotion.

Product development: new product in existing market. You get more growth with more revenue.

Market development: Existing products in new markets. E.g same product in new geographical area.

Diversification: New product in new market.



Source: Kotler, P., & Armstrong, G. (2010). Principles of Marketing, 10th Edition.

What we deliver to customers and what we get in return both are values. Products / services that are offered to customers are the result of any need. **Value chain** is a series of departments that carry out value creating activities to design, produce, market, deliver and support a firm's products. **Value delivery network** is made up of company, suppliers, distributors and ultimately customers who partner with each other to improve performance of the entire system. Suppliers deliver value to company then they deliver to distributor who ultimately deliver to end consumers. Companies not only invest in themselves but they also invest in their suppliers and distributors. If any of these fail to deliver, company will not be able to deliver value to its customers. A single organization cannot fulfil needs of the society and cannot fulfil needs in the same manner market can be divided into different segments.

Market segmentation is the division of market into distinct group of buyers who have distinct needs, characteristics or behavior and who might require separate products or marketing mixes. Segmentation can be done on the basis of gender, location, age etc. People in a similar segment have similar needs and characteristics for which separate products and marketing mix is required. After segmentation is done targeting is done. It is not always possible for companies to target every segment that they have made. **Market targeting** is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

Market positioning is the arranging for a product to occupy a clear distinctive and desirable place relative to competing products in the minds of target consumer. For example some tooth pastes are famous for its cavity protection, and some for whitening. This is positioning.

When segmentation, targeting and positioning is done, marketing mix is developed. **Marketing mix** is the set of controllable tactical marketing tools-product, price, place and promotion-that the firm blends to produce the response it wants in the target market.

These are actually 4 Ps of marketing mix. When we talk about products we talk about its quality, design, packaging etc. Price includes listed prices, available discounts, payment methods etc. In promotion we discuss advertising, personal selling, sales promotion and public relations. Place deals with channels, locations, inventory, transportation and logistics related methods.

Customer is the core of marketing activities. In external environment there are marketing intermediaries, competitors, suppliers and publics. Market analysis, planning, implementation and control is done. 4 Ps are developed for the product. As explained earlier, Market is divided into segments and then appropriate segment is targetted and positioned

Whatever is spent on marketing is considered as marketing investment. There is always an asset generation with investment. In marketing that asset is our brand. There is always return on investment so what is return on marketing investment. It is net return from marketing investment divided by costs of marketing investment. Marketing ROI provides a measurement of the profits generated by investment in marketing activities. For example how much increase in sales?
For building marketing strategy we need to do SWOT analysis as well.

S Strengths –Strengths are internal capabilities that may help a company reach its objectives
W Weaknesses- Weaknesses are internal limitations that may interfere with a company to achieve its objectives
O Opportunities – external factors that the company may be able to exploit to its advantage
T Threats- Current and emerging external factors that may challenge company's performance

Technical Articles – MGT301

Theme No.4: Marketing Information System

Customer is the most important C among 5 C's of marketing as all activities in a marketing system are circling the customer. Thus, successful organizations develop long-lasting relationships with their customers. To build strong and long-lasting relationships with customers it is very important to understand the needs of the customers. Organizations collect information through various sources about their customers' needs and this information is called Marketing Information. As, marketing environment keeps fluctuating thus; marketers need to execute their marketing strategies based on fresh information about customer insight or dynamic marketing environment.

In today's dynamic and digital marketing environment customer has become the part of generating marketing information. For example on social media sites customers provide opportunities to companies knowing their bio-data and grasp their needs. Thus, big data is available today for marketers to know the demographics of their targeted customers in the form of Marketing Information System. The information stored in marketing information system is used time by time by managers according to their needs to make decisions about various marketing concerns. All major decisions in any organization are based on the information that marketers collect from their marketing environment and this information becomes the part of the marketing database. This internal data helps marketers to take future decisions about their products. As far as external data is concerned Marketing Intelligence helps marketers in various marketing decisions i.e. improving sales, developing customer retention capabilities, monitoring competitors' moves etc.

While talking about Marketing Research, it helps an organization maximizing profit, increasing sales, knowing the reason of declining sales, and assessing the feedback of customers before launching any product. Marketers go through the process of marketing research to make decisions based on systematic and logical conclusions. Marketing research department assesses that what kind of information about customers is required by seeking guidelines from Marketing Managers and other Information Users. Marketing research department collects this information from Marketing Environment (Target Marketing, Marketing Channels, Competitors, Publics, and

Microenvironment forces) and afterwards the information is moved towards Internal Databases, Marketing intelligence, and Marketing Research process for the sake of developing analyzing and using the information. In the first step of marketing research process problem is defined and objectives of the research are designed. The marketing problems could be of various types i.e. a) newly launched product is not obtaining positive feedback from the users, b) advertisement policy is not working according to the advertising objectives, c) customers are complaining about any product, d) how competitors are influencing the product, e) what difficulties have been assessed in the pricing policy of the product. In the second step research plan is developed for the sake of collecting information. Information could be collected through interviews, surveys, and from published material. In the third step of research process research plan is implemented for the sake of collecting and analyzing the data. In the last step the interpretation and reporting of findings is conducted. For the purpose of implementing marketing research process different types of researches could be conducted according to the nature of the study. For example exploratory research that is among the three types of Marketing Research is used to investigate a problem that is not clearly defined. The research is carried out when the problem is at initial or primary stage. For example manager of a coffee shop feels that increasing the variety of flavors in the coffee may increase the customers and he carries out an exploratory research and hypothesizes that increasing coffee flavors will enable him to get more customers. While the purpose of descriptive research in marketing scenario usually is to know the profiles of customers and competitors. This type of research describes the characteristics of the population being studied; for example, an apparel brand intending to know the fashion trends of any particular region i.e. Islamabad will conduct a demographic survey of Islamabad, gather population data and then would conduct descriptive research on this particular segment. On the other hand Causal Research is conducted to test hypotheses about cause-and-effect relationship. Causal research assesses the effect of one variable on the other, for example, to know the reasons of downfall in the distribution network a firm would go through the process of causal research and would assess the effect of political policies, low incentives, or any other variable on the downfall of distribution channel. To conduct all the mentioned types of research marketers collect the first-hand or primary information through various methods like surveys, interviews, or experiments. For example if a company wants to check the response of consumers about its newly launched soft drink; the personnel of the company may go to different shopping malls and take interviews or ask questions about the taste of new soft

drink. In this way the company collects primary data from the consumers; while the sources of secondary data could be newspaper, magazines, journals, and government databases. Although the information in the mentioned sources is published for various purposes but it could be used for research purpose taking in consideration the relevancy of the data. To collect primary data from customers various research techniques could be used i.e. in observational research technique the researcher observes the ongoing behavior of any subject in the natural setting. For example if any company offers free samples of tea whitener along with the tea; the researcher may go to any shopping mall and may record the responses of the customers by observing customer's movements i.e. excitement, and eagerness to purchase the tea. On the other hand in ethnographic research researchers submerge them in the lifestyle of consumers to know depths and details about consumers. Ethnographic research may be conducted in person or installing cameras in participants' homes or offices. Another type among research techniques the survey research is conducted through questionnaires, interviews. Surveys offer a quick way of collecting required information. Survey research is conducted in public areas or visiting targeted offices, schools, universities etc. You might have ever met any person coming to you to with a bunch of few papers to give your opinion about some problem discussed in that particular paper or questionnaire. Thus, different survey or contact methods could be used to collect the data from customers i.e. mail, telephone, personal contact and online contact. The forth type of research technique; the experimental research is about gathering primary data by selecting matched groups of subjects, giving them treatments, controlling related factors, and checking for differences in group responses. For example to test the effect of improving packing of deodorant on deodorant's sales growth the researcher might keep all other factors i.e. odor, quantity and price of the deodorant constant/controlled. Thus, marketers find logical conclusion about any marketing phenomenon following the marketing research process and may store the collected information in Marketing Information database for future use as well.

Technical Articles – MGT301

Theme: #5 Consumer Buyer Behavior

The most important component of the marketplace is consumer. Consumer buying behavior refers to the buying behavior of final consumers—individuals and households that buy goods and services for personal consumption. All these individuals and households that buy goods and services for their personal use make up the Consumer market.

Every day, consumers are making many buying decisions for which marketers are researching on why, how, when and what are they purchasing. Marketers can learn how, when, what and how much the consumers are buying by studying actual consumer purchases but it is hard to know "whys" of consumer buying behavior. The answer to "why" the consumer is buying something lies deep inside the consumer mind. Often, the consumers themselves don't know why they are buying certain product. Figure 1 represents a model of consumer buyer behavior which shows that marketing and other environmental stimuli enters consumer's "black box" which further produces certain responses. Marketers have to figure out what is in the black box of consumer.

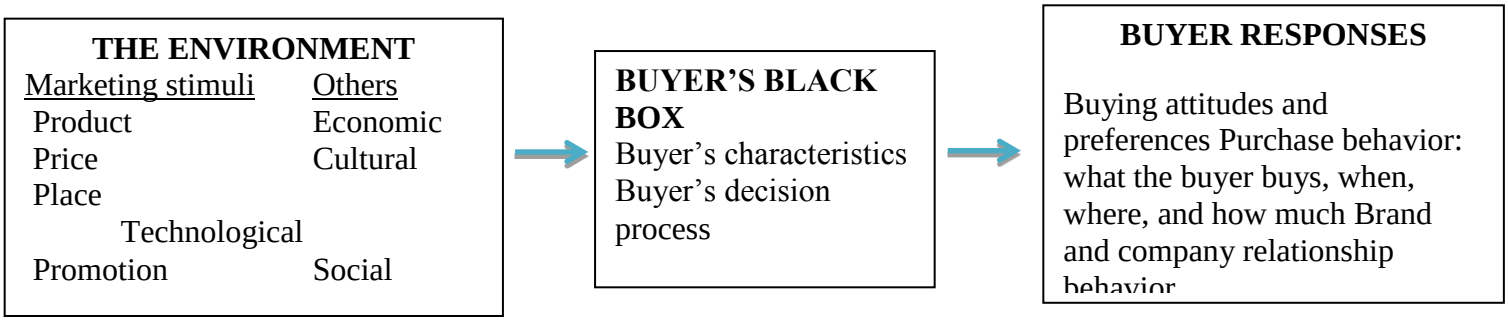


Figure 1: Model of consumer buyer behavior

Marketing stimuli consists of product, price, place and promotion. Other environmental stimuli include economic, technological, social and cultural forces. The aim of marketers is to understand what happens in buyer's black box which changes these stimuli into responses. Buyer's black box

has two parts; buyer's characteristics which deals with how consumer perceives and reacts and other is buyers decision process which affects buyer behavior.

First, we will look at **buyer characteristics which affect buyer behavior** as shown in figure 2. Consumers' buying is significantly affected by cultural, social, psychological and personal factors. These factors are not in the control of marketers.

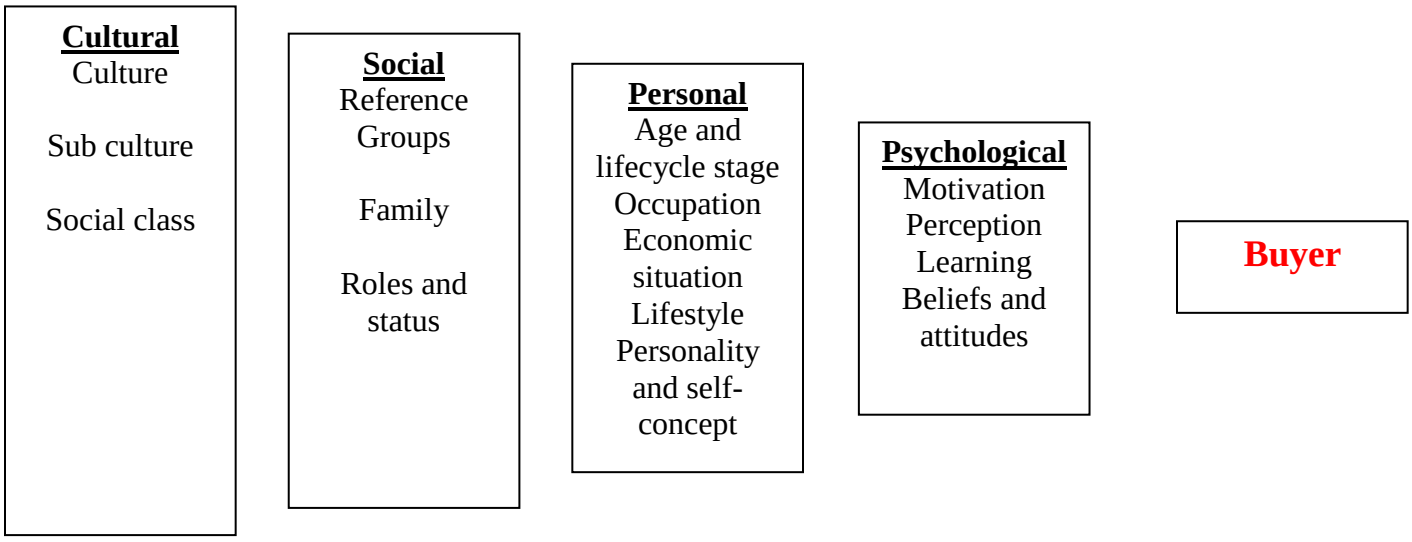


Figure 2: Buyer's characteristics Influencing Consumer Behavior

Cultural factors have a huge influence on consumer behavior. Marketers need to understand the role played by buyer's culture, subculture, and social class. Culture is the most basic cause of a person's wants and behavior. In other words, culture shapes the wants of people. *Culture* is the set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions. Every culture has its own traits and characteristics. Following are the characteristics of Pakistani culture:

- Orientation/inclination towards religion.
- Hospitality. The guests, visitor, tourists, whether local or international are always welcomed by Pakistani people and they are well taken care of.

- Passionate, expressive and emotional
- Aggressive
- Fun loving and colorful; they enjoy and celebrate each moment and event to the core. Hanging out and family or friends gathering is common in Pakistani culture.
- Hardworking and tough
- Family comes first in Pakistani culture. Pakistani culture is led by collectivism instead of individualism where family and other relationships are always there for each other's support.
- Humble, approachable, helpful and friendly
- Male dominant and conservativeness
- Diversity

Each culture has smaller cultures or groups of people with shared value systems based on common life experiences and situations called *subcultures*. Subcultures are basically cultures within a culture. They include religions, nationalities, regions and ethnic groups etc. These subcultures can make an important market segment and marketer soften design the products based on subcultures.

Example of four major subcultures in Pakistan is as following:

Punjabi culture: main characteristics of Punjabi subculture are hospitality and love for food, poetry and music.
Sindhi culture: main characteristics of Sindhi subculture are love for mystics and Sufism, Sindhi folk songs and music.
KPK Culture: main characteristics of KPK subculture are hospitality, love, care and respect for guests, bravery and protection/respect to females.
Balochi culture: main characteristics of Balochi subculture are arts and crafts, tribes, festivals and storytelling tradition.

Another factor affecting buyer behavior is social class. *Social classes* are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social scientists have identified three major social classes.

Upper Class: the social elite who live on inherited wealth. They also include people who have earned high income or wealth through exceptional ability. This class can further be divided into upper uppers and lower uppers.
Middle Class: this social class comprised of Professionals, independent businesspersons, and corporate managers who possess neither family status nor unusual wealth. They buy popular products to keep up with trends. They also include average-pay white and blue-collar workers. This class can further be divided into upper middles and lower middles.
Lower Class: this social class comprised of working poor. Their living standard is just above poverty. It also includes poorly educated unskilled laborers. This class can further be divided into upper lowers and lower lowers.

These social classes and their further divisions can become a distinct market segment for marketers as each social class share the same attitude, behavior and spending pattern.
Another major factor which Influences consumer behavior is **social factors** such as: groups, family, social networks, and social roles and status.

Different Groups influence the consumer's behavior. *Groups* which the person belongs to, have a direct impact on his/her purchasing behavior; such group is called membership group. On the other hand, people are influenced by reference groups to which they do not belong. They are inspired with that group, compare themselves with them and want to be like them. For example, for a cricket lover, the reference group will be national cricket team. Marketers identify the reference groups of their target markets and try to influence the attitudes of the consumers through creating pressure via reference groups. For example, taking a cricket star in their advertisements to target cricket lovers.

A new type of social interaction has been emerged over the last years, which is *online social networking*. Online social networks are online communities where people meet and socialize or exchange opinions on internet using social networking websites like Facebook, Instagram and Twitter. Marketers are trying to use these recent technological platforms to have one to one communication with customers and become the part of their lives and conversations.

Another important group which can influence a consumer's purchase decision is *Family*. Family structures and buying behaviors have been extensively researched in marketing. Marketers are interested in knowing the roles and influence of husband, children and wife in family decision making as well as the overall buying behavior of family.

A person belongs to different groups at one time; for example, family, organization, sports club, online community. The person's position in each group is characterized by both his *role and status.* A role is defined as the activities people of that group expect you to perform. Each role carries a status based on the general approval given to it by society. For example, a person may be the brand manager in his organization, a father and husband in family, a captain in sports team and opinion leader in online community.

A consumer's decision is also influenced by **personal factors** that are his/her personal traits or characteristics e.g. age, occupation, economic situation, personality, life style and self-concept. People's *occupation* plays a major role in what they buy. For example, business people may buy suits while a person working in factory will buy rough clothing. Marketers identify different occupational groups and see if they can target them according to their product. People change the goods and services over the period of their lifetime. At young age, they use different products and will change them as the get aged. Taste of food, clothing, recreation and furniture changes as the person gets old.

Another factor which plays a major role in consumer's buying pattern is his *economic situation*. People spend on goods and services based on the income they earn. Marketers have to see the trends in personal income, interest rates and savings and reprise or redesign their products to target the specific group accordingly, if needed. People also buy goods and services according to their *life style*. The lifestyle of the people of same subculture group or same social class might be different as it is a person's pattern of living as expressed in his/her psychographics. Lifestyle involves measuring consumers' major AIO dimensions—activities (hobbies, work, shopping, social events, sports), interests (fashion, family, food, recreation), and opinions (about themselves, business, social issues, products). Marketers have to understand that consumers don't buy products, they buy values and lifestyle.

Personality is defined as unique psychological characteristics that distinguish a person or group. It is usually described in terms of personal characteristics such as sociability, honesty, autonomy, self-confidence, aggressiveness and beauty. Personality of a person has a greater impact on his/her product choice. Marketing research suggests that brands also have personalities. Consumers buy the products which suit their personalities or the ones which have the same personality characteristics as the consumer has.

Consumers' buying choices are further influenced by **psychological factors** which include motivation, perception, learning, and beliefs and attitude.

People have many needs at one time; some of these needs are biological such as hunger thirst or comfort while others are psychological such as need for recognition, esteem and love. A need becomes motive when it reaches to a certain level of intensity. When a need is sufficiently pressing to direct the person to seek satisfaction, it is called *motive*. This *motivation* to seek water when you are thirsty or food when you are hungry is what marketers use to persuade consumers to buy their products. There are different theories of motivation; we will discuss here Abraham Maslow's theory of motivation called hierarchy of need theory.

Figure 3 shows the five needs in a pyramid, from the most pressing needs at the bottom to least pressing at the top. The needs include: physiological needs, safety needs, social needs, esteem needs and self-actualization needs. Maslow explained that these needs are sequential. One cannot move to the upper level need unless he/she has satisfied the previous need in the hierarchy. A person first tries to fulfill the basic needs. When these needs are satisfied, they will stop being a motivator and a person will try to satisfy the next important need.

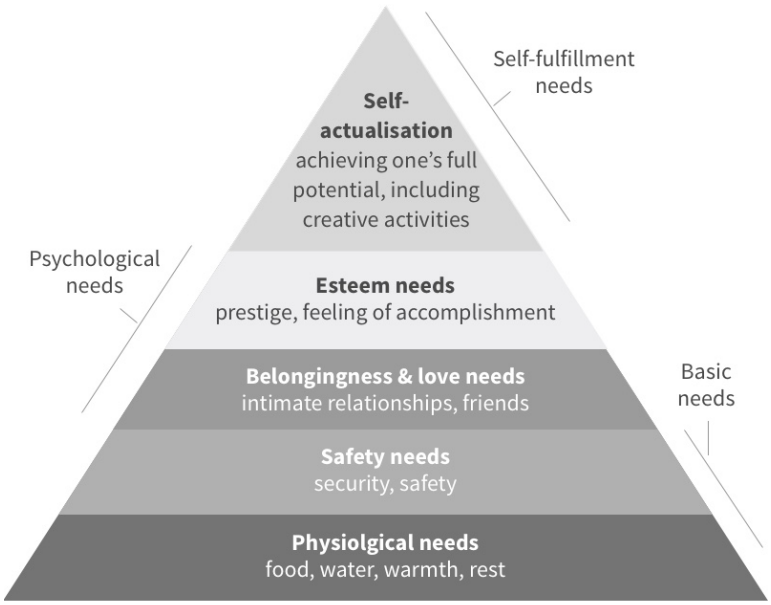


Figure 3: Maslow's hierarchy of need theory

Once a person is motivated, he/she is ready to act. How that person will act, depends upon his/her perception. *Perception* is the process by which people select, organize, and interpret information to form a meaningful picture of the world. It's a glass through which we see the world. People can form different views about the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. Consumers are bombarded with thousands of ads or stimuli every day. It is impossible for them to pay attention to each one of them. The tendency of the consumers to screen out information which they are exposed and not interested in is called *selective attention.* Marketers have to work hard on marketing campaigns to capture the attention of target consumers. Even if the consumers pay attention to a certain stimuli does not mean that the information has been transferred the way it was intended to. Every person fits the incoming information into the existing mindset. The tendency of people to interpret information in a way that will support what they already believe is called *selective distortion.* Consumers do not remember everything they pay attention to. *Selective retention* means that consumers are likely to remember good points made about a brand they favor and forget good points made about competing brands.

When people act, they learn. *Learning* describes changes in an individual's behavior arising from experience. Most of the human behavior is learned. For example, if a person buys Apple computer and his experience is good, he will buy Apple's products again, and his response will be reinforced.

Through perception and learning, consumers acquire beliefs and attitudes which, in turn, influence their purchase behavior. A *belief* is a descriptive thought that a person has about something. Beliefs may be based on opinion, faith or knowledge. These beliefs create brand image of products which is the reason marketers are interested in beliefs that consumers formulate about products. *Attitude* describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea. Attitude is what makes consumers like or dislike something.

To summarize, cultural factors, social factors, personal factors, and psychological factors collectively influence the buyer behavior and purchase decision.

The second component which influences buyer's black box is **buyer decision process**. Before discussing buyer decision process, we will see types of buying decision behavior.
Buying behavior of consumers differs for different products. Buying behavior for a toothpaste or shampoo will certainly be different from a car or mobile. Figure 4 shows different **types of buying behavior** based on the degree of differences among brands and degree of buyer's involvement.

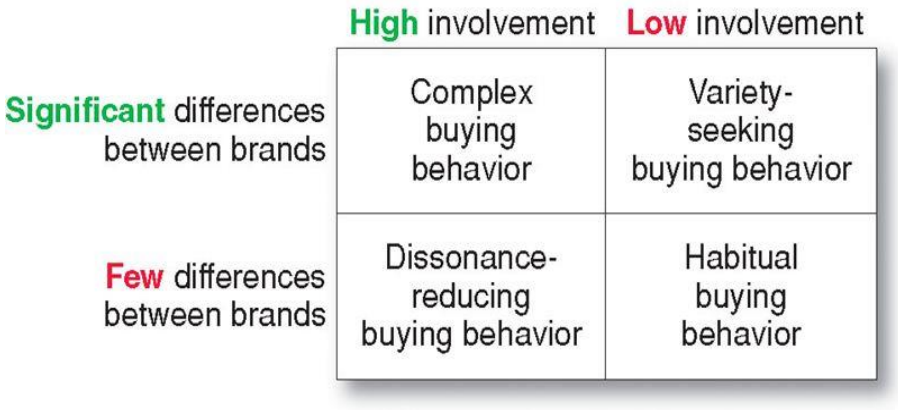


Figure 4: Types of buyer decision behavior

Buyers undertake *complex buying behavior* when they are highly involved in purchase process and there are significant perceived differences among brands. Buyers are highly involved when products are expensive, purchased infrequently and risky. Consumers undertake *dissonance reducing buying behavior* when they are highly involved with an expensive, risky and infrequent purchase but there are few perceived differences among brands. For example, if a person wants to purchase carpet, he will face few differences in carpet brands. In this type of buying, consumers may face post purchase dissonance (after-sale dissatisfaction) which marketers can reduce by after sale support so that consumer feel good about their purchase decision. *Habitual buying behavior* occurs where consumers are less involved and there are few significant brand differences. For example, low cost products like daily grocery items. Buyers undertake *variety seeking buying behavior* when there is low involvement but significant perceived differences among brands. In these cases, consumers go for brand switching. For example, if a consumer purchases biscuits, he/she would like to try different brand every time.

Now we will see how consumers make buying decisions. Figure 5 shows the five stages of buyer decision process.



Figure 5: Buyer decision process

The first stage in buying process is **need recognition** where the buyer recognizes a need/problem. This need can be triggered either by internal stimuli (hunger or thirst) or external stimuli (where consumer thinks of buying a new mobile by watching an advertisement). Second stage is **information search** where consumer's drive is so strong that he/she starts searching for more information about the product. Information can be gathered from several sources such as personal sources (family, friends and colleagues), commercial sources (media, advertisement, and sales people), public sources (mass media, internet search) and experiential sources (examining,

handling and using the product). Marketers need to know about **alternative evaluation** which is related to how consumers evaluate different products to choose the final product to purchase. Consumer uses some personal criteria of evaluating different brands which depends on individual consumer as well as specific buying situation. After evaluation among the alternatives, consumer chooses one product to purchase and make the actual **purchase decision.** The process does not end here; after purchasing the product, consumer may be satisfied or dissatisfied with the product. If the performance of the product is below expectations, consumer will be dissatisfied. On the other hand, if the product performance meets expectations, consumer will be satisfied. Moreover, if the product performance is above expectations, consumer will be delighted.

An important thing to consider here is, in case of new products/innovations, buyer's decision process would be different. A new product is a good, service, or idea that is perceived by some potential customers as new. The mental process, through which an individual passes from first learning about an innovation to final adoption, is called **adoption process.** Consumers go through the following five stages in the process of adopting a new product/innovation.

Awareness: The consumer becomes aware of the new product but have a little information about it.
Interest: The consumer seeks information about the new product.
Evaluation: The consumer considers whether trying the new product makes sense to him/her. Will it benefit him?
Trial: it is very hard for consumers to buy a new product without trying. So the consumer tries the new product on a small scale to improve his or her estimate of its value.
Adoption: The consumer decides to make full and regular use of the new product.

When introducing innovations/new products, marketers have to think on how they can help consumers pass through these stages to make them try the new product.

When introducing new products in the market, marketers should know how much the product characteristics influences its rate of adoption. Some innovations are adopted too quickly like microwave while others take long time to be accepted in market. Following are the **characteristics of products which influence new product's rate of adoption.**

*Relative advantage***:** Consumers will adopt the new product more quickly if they think it is superior to the existing products. For example, when microwave was introduced, there was no such thing in market which could heat food in seconds without using stoves.

Compatibility: Compatibility is the degree to which a product fits the values and experiences of potential consumers. It belongs to the product characteristics that influence the adoption rate because consumers will only slowly start adopting a product if it is not compatible with their mindset.

Complexity: The degree to which a new product is difficult to understand or to use is also one of the product characteristics that influence the adoption rate. For example, when microwave was first introduced in the market, it was adopted very fast because of the ease to use it.

Divisibility: Divisibility refers to the degree to which a product may be tried on a limited basis. Consumer wants to try some expensive product before purchasing it. For example, consumer will not buy the new car without having to test-drive it first. In case of the products which are too expensive, the rate of adoption is slow as there is less opportunity to test it before purchase.

Communicability: Even if all other product characteristics that influence the adoption rate are favorable, communicability can still slow down adoption significantly. Communicability is the degree to which the results of using an innovation can be observed or described to others. Because microwaves lent itself to demonstration and description, its use had spread faster among consumers.

Technical Articles – MGT301

Theme # 6

Business Markets and Business Buyer Behavior

In the previous theme, we discussed about consumer buying behavior. In this theme we will discuss "Business Markets and Business Buyer Behavior". The primary objective of this theme is to build the basic vocabulary and concepts of business buying behavior that will help you to apply this knowledge in the real-life scenario.

A. Business Markets:

In business markets, we sell products and services to other organizations rather than directly to the consumer also known as business to business market (B2B). In business markets a wide range of products exist from simple products (coffee, furniture, mobiles) to more complex products (aircraft, computer systems, surgical instruments etc). Major companies in this field include manufacturers, service providing companies and government institutes.

B. Business Buyer Behavior:

It is the intent and behavior of the organizations to purchase the products for their use or resell to the other organizations. They might be the products or services that can be used in the production of other products or services. The role of wholesaler and retailers are also part of this behavior because they purchase the goods and sell to others or rent them at a profit.

C. Business Buying Process:

It is the process in which the employees of the organizations decide which products or services are required, and then purchase the product by evaluating and selecting the best alternative solutions. It is beneficial for (Business to Business) marketing managers to understand the concept of business markets and business buying behavior so that they could apply these concepts to build profitable long term relationships with business consumers.

D. Characteristics of Business Markets:

In this section, we will discuss some aspects of business markets that will help us to make a clear distinction from consumer markets.

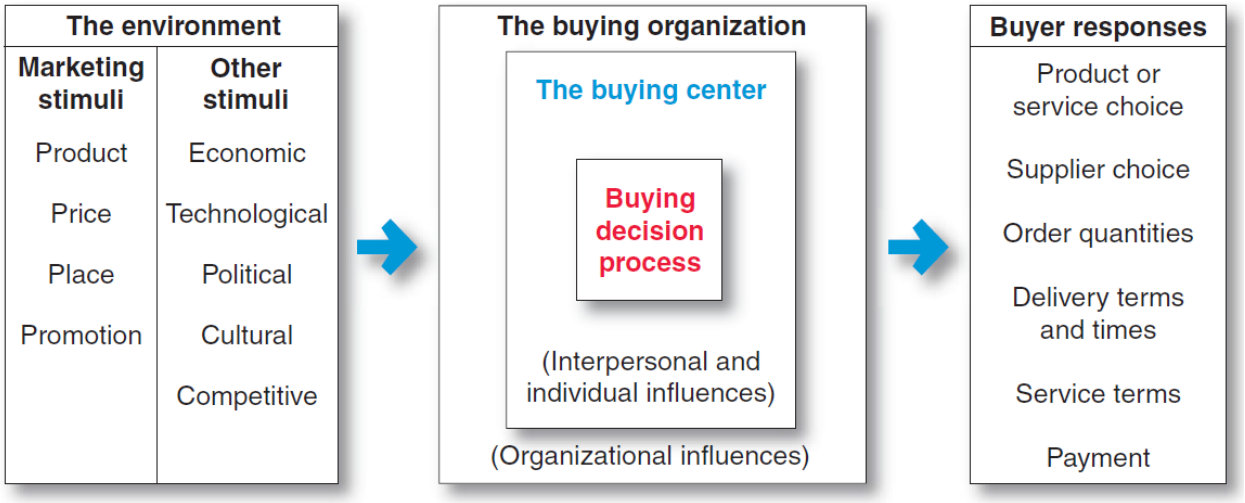
1. The business markets deal with few customers than consumer markets. But these few customers generate higher revenue as compared to consumer markets.
2. The business markets are more geographically concentrated than consumer markets. For example, Faisalabad city is more renowned as an industrial city and Daska is more famous for producing surgical instruments.
3. The demand for business markets depends on consumer goods. We can say that derived demand is business demand. For example, due to the need for personal computers, Dell buys Intel microprocessor chips. Intel spends a lot of money on the advertisement regarding personal computers which boosts the sales of Intel microprocessor chips. As a result of this, a win-win situation is created between Intel and their partners.
4. The business markets have stronger buyer and seller dependency on each other as compared to consumer markets. The marketers of B2B often closely interact with the customers to identify customer's specific needs, offer solutions to the problem and gives after sale service support.

E. Explanation of Business Buying Process:

Business purchase requires more professionalism and also involves more than one decision participants. Companies offer various training programs to the employees to learn how to purchase effectively. More involvement of participants is required in case of complex purchase decisions. Most of the companies make buying committees which are the blend of top management employees and purchase experts. Now companies are facing a new challenge on the supplier side in the shape of better well-trained supply managers. There is a need to hire professional marketers and sales force managers so that they can handle these well-trained supply managers in a better way. As it is discussed earlier that business buyer faces more complex decisions making as compared to consumer buyers because it involves more complex, technical and economic considerations with massive involvement of money. In addition to this, it also involves multiple interactions of people at a different level of organization. The business buying process is more

formalized than consumer buying process because it requires more formal documentation, product specifications, and proposal writings and requires formal approval for order placement.

F. The Model of Business Buyer Behavior:



The marketers are seeking the answer to the questions that how business buyers respond to different marketing stimuli. In the model, different types of stimuli affect the buying organization which leads to generating buyer responses. The stimuli enter in the organization and then converted into buyer responses. The keen responsibility of the marketers is to understand what is going on within the organization to translate stimuli into purchase behavior, it helps marketers to develop sound marketing strategies. Within the organization, the buying activity consists of two parts; first one is the buying center in which different employees involved in decision making and the second one is the buying decision process. The buying decision process and buying center are influenced by internal organizational, individual, interpersonal as well as external environmental factors.

G. Key Influences on Business Buying Behaviors:

Below are the factors those influence business buyers when they are going to make purchase decisions:

1. Environmental Factors:

The current and expected economic environment has a significant influence on business decision making like product demand, the current condition of the economy and facing a shortage of material supply. As a result of this, many companies save more material in the warehouse to minimize the scarcity of material. Competitive firms, technology and political environment also affect business buying decisions. Culture is also changing business buyers in the global market environment. It is essential for marketers to understand how these factors are influencing the decision making and then accept these challenges and convert them into opportunities.

2. Organizational Factors:

As we know that every organization has its vision, mission, policies, practices, procedures and structures. It is the core responsibility of marketers to understand these organizational factors. The core questions which are addressed by the marketers are:

- **i.** How many people involved in the decision?
- **ii.** What are their ranks?
- **iii.** How we do the evaluation?
- **iv.** What are the limits of the organization?

3. Interpersonal Factors:

As we know that in the business buying process many people are involved in decision making so, interpersonal factors significantly influence this process. But remember it is difficult to identify the specific group dynamics and interpersonal factors. It is not compulsory that the highest rank officer always make a critical decision. As the participants have a special relationship with others, they control the reward and punishment system and also have particular expertise, so that due to these reasons they significantly influence the

decision making process. Therefore, it the core responsibility of the marketers to understand these factors and designs the marketing strategy accordingly.

4. **Individual Factors:**

Each member has characteristics which are different from other members. Each member has its own goals, performances, and perceptions. The distinct gender, age, personality, job rank and risk-taking abilities can influence business decision making. Everyone has its unique buying style; some individuals are more technical and do an in-depth analysis of supplier products, and some are good negotiators and feel comfortable while negotiating with the supplier.

H. Significant types of Buying Situation:

Usually, a buyer can face three types of buying situations. One extreme of this situation is straight rebuy involves the routine purchase and another extreme is the new task requires in-depth research. In the middle level modified rebuy exists which requires some research. The detailed description of each buying situation is given below:

1. **Straight Rebuy:**

In this situation, the buyer goes for purchase without any modifications or amendments. This is the routine work in which a list of selected suppliers is available. Due to the historical experience and good satisfaction level the purchaser reorder the regular products.

2. **Modified Rebuy:**

In this situation, the buyer changes the product specifications, terms and conditions, price and even supplier. More participants involved in modified rebuy as compared to straight rebuy. In this situation, already working suppliers feel pressure to perform well to remain in the business while outside suppliers try to capture the market by offering better products.

3. **New Task:**

In this situation, the buyer purchases the product the first time from the supplier. In this case, more people are involved in decision making, more risk and cost involved and more research is required. In the new task, the buyer must decide product specifications, service terms, order quality, price, and delivery time and payment conditions.

I. Participants in the Business Buying Process:

Following are the participants who may be involved in the buying decision process.

1. **User:**

Users are those people in the organization who use the product or service. They are the initial users of the product therefore; they initiate the demand for the product and also help the other participants regarding product specifications.

2. **Influencers:**

Most of the time these are the technical people who influence the purchase decision. They help and guide other members regarding product specifications and also for evaluating alternative options.

3. **Buyers:**

Buyers have the formal authority to place the order and select the terms and conditions for purchase. The central role of the buyer is supplier selection and negotiation. High ranked members of the organization are involved in case of buying complex product.

4. **Deciders:**

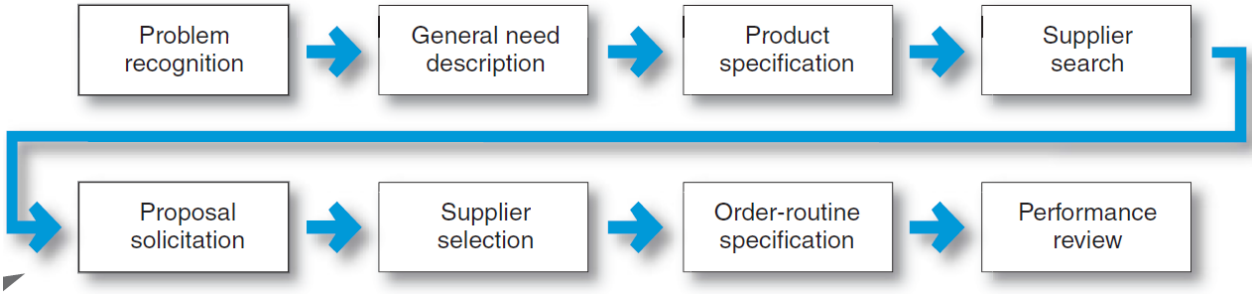
These people have the power to select or reject the vendor. Sometimes the power is formal or informal. Buyers in many organizations are also the deciders in routine buying.

5. **Gatekeepers:**

They control the flow of information within the organizations. They can be technical persons or personal sectaries.

J. The Buying Process of Business Buyer:

When the situation of buying is a new task, then the buyer usually performs these eight tasks, but in the case of straight or modified rebuy, the buyer may skip a few steps.



Flow chart of Business Buying Process

1. **Problem Recognition:**

In this step, the buyer initially identify a problem or a need and may require a product or service. This can either be a result of internal or external stimuli. If the company wants to launch a new product then the company need new machinery and raw material, this is an example of internal stimuli. In the case of external stimuli the buyer may receive a call from other suppliers who are offering a better product or service.

2. **General Need Description:**

After need identification, the next step is general need description in which the buyer describes the characteristics and requires the quantity of the product. For simple products the buyer faces few problems, and for complex products the buyer consults with other members i.e. Engineers and Users who better define the product.

3. **Product Specification:**

In this step, the buyer describes the technical product specifications with the help of the value analysis team. This team best identify the product characteristic and then write it accordingly.

4. **Supplier Search:**

In this step, the buyer searches the appropriate supplier. In the process of supplier search, the buyer uses some phone directories, do an internet search and also contact other organizations for guidance. If the product is a costly and complex item then it takes more time to search the supplier.

5. **Proposal Solicitation:**

Only eligible suppliers submit the proposals in this stage. Just in case when the product is complex, the supplier gives additional detailed written proposals or sometimes gives presentations.

6. **Supplier Selection:**

In this step, the buyer read all the proposals and then selects the best supplier. The proposal includes product quality, number of units, delivery conditions and product specifications. The buyers rate these attributes and then choose the best supplier.

7. **Order-Routine Specification:**

Now the buyer finally prepares order routine specifications which include technical specifications, order quantity, warranties, maintenance and repair, etc. In addition to this, the buyer signs the contract with the supplier to maintain the long term relationship and also agrees to resupply the items as per need.

8. **Performance Review:**

In the last stage, the buyer reviews the performance of the supplier and analyzes the satisfaction level of the users. The buyer makes the decision either to discontinue or continue with the supplier based on supplier performance.

K. Institutional Markets:

Institutional markets are based on different types of institutions like schools, railways, airline etc. Most of the institutes provide goods and services to the people in their care. These are huge markets and each institute has its own needs and requirements. Many of them have a low budget and captive patrons. For example, in hospitals limited eating options are available and you have to eat only those items which are currently available. So, the purchasing agent of hospital searches those vendors who give good quality food at nominal cost.

L. Government Markets:

In many countries, government is the primary buyer and supplier of different items. The government provides large or small opportunities to the other companies. When the government is involved in buying then it usually goes for the bidding process and gives the order to low price bidder. Government buyers are also affected by outside environmental factors, interpersonal and organizational factors as well.

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Theme No.7: Customer Driven Marketing Strategy

In customer driven marketing strategy, companies have to answer two questions;

1. Which customers will we serve?
2. How will we serve them?

There are four pillars of organization strategies to address above questions.

Select customers to serve

1. Segmentation
2. Targeting

Decide owner value proposition

3. Differentiation
4. Positioning

Simple definition of market segmentation is that to divide the market into two or more parts. As we know that, a single organization cannot serve the whole market that is why they have to divide the market into different parts. Here are the types of the segmentation in which market can be divided into segments such as;

Geographic Segmentation: Geographic segmentation divides the market into different geographical units such as nations, regions, states, provinces, or cities. Such as a country has many regions, nations and provinces. In the same way a company segments a market on the basis of rural and urban areas.

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. For example, a company segments a market on the basis of gender such as male or female.

Psychographic Segmentation: Psychographic segmentation is a process of dividing a market into different segments based on social class, lifestyle, or personality characteristics. For example, a company segments a market on the basis of low income class, middle income class, and upper income class.

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. For example, a company divides a market on the basis of special occasions/ festivals such as on Christmas, Independence Day or in the holy month of Ramzan.

All above types are for segmenting consumer market, if company wants to segment business market then company should consider additional variables such as; customer operating characteristics, purchasing approaches, situational factors and personal characteristics. If a company wants to segment international market then company should consider geographical location, economic factors, political factors and cultural factors for better segmentation.

Here are some **requirements for effective segmentation** such as segment should be measurable (what will be expected business potential/revenue etc.), accessible, substantial (to check whether a segment has some potential to recover investment/return or not), differentiable (differentiate from other segment) and actionable (marketing mix, that are action points, will be properly designed).

After segmentation, company evaluates each segment and then select the best suited for the organization, the whole process is called market targeting. Target market is a set of buyers who share common needs or characteristics that the company decides to serve. Company has to consider segment size and growth, segment structure attractiveness, and organization objectives and resources before targeting the market.

There are some types of target market strategies which are given below;

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" and focus of this strategy is on common needs of customers.

Differentiated/Segmented Marketing: Targeting several different market segments and designing separate offer for each and goal is to achieve higher sales and stronger position. Main purpose of this strategy is to focus on differences.

Concentrated/Niche Marketing: In niche marketing a firm focuses on one specialized part of a segment. For example, a company is going to target only BMW customers.

Micro Marketing: Tailoring products and marketing programs to suit the needs and wants of specific individuals and local customers, also called tailor made marketing. For example, a tailor stitching clothes according to customer need same like that companies try to serve customers on individual level.

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.

After segmentation and target marketing now company has to choose point of differences and what will be positioning strategy. The place that organization wishes to have in the mind of customers, distinct and better than the competitors is known as **product position** and the process by which such position is attained is known as **positioning**. Positioning depends upon point of difference and that point of difference is called competitive advantage. **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

After segmentation, target market and positioning strategy now company has to decide about value proposition. **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?"

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Theme 8: Product, Brands & Services

A Product is anything that can be offered in a market for attention, acquisition, use, or consumption that might satisfy a need or want. 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.
2) Actual Product.
3) Augmented product.

The first level of product is core customer value. When a marketer designs a product, he should first think of the core problem which he is going to solve for the user. What is the core benefit a customer gets from buying the product? For example, you buy toothpaste. So the core purpose of buying toothpaste is oral cleaning. The second level of a product is **actual product.** Marketers should turn the core benefit, the core customer value they identified into an actual product by adding product features, design, a quality level, a brand name, and even packaging. The augmented product rounds of the three levels of product, being built around the core value and the actual product. It simply offers additional consumer services and benefits likewise delivery and credit, after-sale services, warranty, and customer support.

There are two types of products. One is consumer product and the second one is industrial product. The products used for personal consumption are known as consumer products like milk, bread, and toothpaste, etc. The second one is industrial products which are used by a company for business consumption for example, surgical instruments and machinery used in production, etc. Usually, mass media is used for the marketing of consumer products. Talking more about consumer products, they are classified into Convenience products, Shopping products, Specialty products, and Unsought products. Convenience products are consumer products and services that the customer usually buys frequently, immediately, and with a minimum comparison and buying

effort. For example, Newspapers, Candy, and Fast food, etc. Shopping products are consumer products and services that the customer compares carefully on suitability, quality, price, and style. For example, furniture, cars, and appliances, etc. 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. For example, Medical services, Designer clothes, and High-end electronics, etc. Unsought products are consumer products that the consumer does not know about or knows about but does not normally think of buying. For example, life insurance, funeral services, and blood donations, etc.

As we have discussed above that the Products purchased for further processing or for use in conducting business are known as industrial products. The industrial products are classified into:

1) Capital items
2) Materials and parts and
3) Supplies and services.

The Capital items are industrial products that aid in the buyer's production or operations. For example, production plant and equipment, etc. Materials and parts include raw materials and manufactured materials and parts usually sold directly to industrial users likewise stainless steel in surgical instruments, etc. Supplies and services include operating supplies, repair and maintenance items, and business services likewise oil or diesel required for plant to produce something.

There are some special concepts associated with marketing. Let's discuss them one by one. The first one is organizational marketing. It consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward an organization. The objective of organizational marketing is to build a better image of a company or organization in front of its customers. The second one is person marketing and it consists of activities undertaken to create, maintain, or change attitudes and behavior of target consumers toward particular people. Likewise, political parties use person marketing to promote their political leaders. The third one is place marketing which consists of activities undertaken to create, maintain, or change attitudes

and behavior of target consumers toward particular places. Countries use place marketing to promote tourism in their country. A country's foreign offices are the marketing offices of a country. They build a good image of their country to promote tourism and generate foreign exchange. The fourth concept is 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. Likewise Sapphire started a campaign of using eco-friendly seed bags.

As a marketer, when you develop a product you have to make certain decisions regarding that product. There are three levels of product decisions.

1) Individual product decisions
2) Product line decisions
3) Product mix decisions.

Individual product decisions include five types of decisions which are product attributes, branding, packaging, labeling and support Services. Product attributes are the benefits of a product or service likewise quality, features and style, and design. Brand is the name, term, sign, or design or a combination of these that identifies the maker or seller of a product or service. Packaging involves designing and producing the container or wrapper for a product. Labels identify the product or brand, describe attributes, and provide promotion. Support Services generally include after sale services, and warranties etc.

Usually organizations do not produce single product. They produce multiple products like Unilever produces multiple products. Some products are related to each other like all the products in the apparel category. Some have same nature of products but different in functionality likewise some organizations produce two wheelers, trucks, cars, SUV's and busses. So, a group of products that are closely related because they function in a similar manner, are sold to the same customer groups, are marketed through the same types of outlets, or fall within given price ranges known as product line. For example, Suzuki has one product line of two wheelers, second product line for cars, and third product line for SUV's and so on. Product line decisions include product length which indicates the number of items in the product line. It

indicates that how many products are in a product line. Line stretching is another concept of product line decisions 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. For example, Suzuki introduces another new bike for females with different colors and different engine power. 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. Many businesses use line filling to round out an already well-established product line and to help increase the market success of new related products.

The next decisions that a marketer has to take are product mix decisions. They consist of all the products and items that a particular seller offers for sale. There are four important concepts about product mix, and those are width, length, depth, and Consistency. **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. So you can say that it is the organization's promise to deliver a specific set of features, benefits, services, and experiences consistently to the buyers. It helps to identify and recall the brand. The process of the brand-building consists of brand positioning, brand name selection, brand sponsorship, and brand development. The process of the brand building depends on these four concepts that how you position your brand? How you select the brand name? How you utilize the concept of brand expansion? And how you implement brand development strategies?

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. Marketers can position brands at any of three levels which are attributes, benefits, beliefs, and values. The second important thing is to select the brand name. The desirable qualities in a brand name include that it must suggest benefits and qualities, easy to pronounce, recognize, and remember, distinctive, extendable, and translatable for the global economy, capable of registration and legal protection. The second

important thing is to select the brand name. The desirable qualities in a brand name include that it must suggest benefits and qualities, easy to pronounce, recognize, and remember, distinctive, extendable, translatable for the global economy, capable of registration and must hold legal protection.

Brand sponsorship means that if you want to expand your business or want to get support from another brand. It is a marketing strategy in which a brand is supporting an event, activity, person or organization. In brand sponsorship four concepts are important. The first one is manufacturer brands and the name of the manufacturer will be used in it likewise the brand of beverages like Pepsi etc. the second one is the private brand. In a private brand, the local person sells its personal brand with all other international or manufacturer brands. Like ABC store sells ABC spices with the spices of national or international brands. The third one is the license brand in which an organization or brand can take the license of another brand to sell or produce a specific product. The fourth concept is co-branding. In co-branding, two or multiple brands collaborate with each other to market a product or to fulfill a specific purpose like airlines co-brand with banks to sell tickets on discounts.

Brand development means to expand the brand or to increase the scope of a brand. For developing brands, a company has four choices: line extensions, brand extensions, multi-brand or new brands. **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. P&G (Procter & Gamble) and Unilever are the best examples for this. A new brand means entering in a business with new brand name and new product category. A new brand name is appropriate when the company enters a new product category for which none of its current brand names are appropriate.

As we have discussed, a product is an object or system made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer and it must be tangible. With tangible products, an intangible product comes and we call them services. Service

is an intangible and invisible product which results into value/benefit and has value in exchange. Such as transportation, health, education etc. 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. The service-profit chain establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. The links in the chain (which should be regarded as propositions) are as follows: Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers.

The service marketing triangle outlines all the relationships that exist between the company, the employees and the customers. There are three important types of services marketing according to the triangle. First one is internal marketing and it is the marketing between company and employees. In internal marketing, company presents its idea to the employees and convinces them. The purpose is to increase employee engagement with the company's goals and educating all employees about the company's products and services. The second one is interactive marketing and it is the marketing between employees and customers. It is a one-to-one marketing practice that centers on individual customer and prospects' actions. Interactive marketing involves reacting to customer actions and striving to meet their expectations and demands. The third one is 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. The purpose of external marketing is to fill the business pipeline with future business.

A product has central value in organization because due to products they offer their services to the customer through products. There are two strategies for getting the products to sell. One is to acquire a product and the other is to develop a new product. If you want to develop your product then the question is how to develop a product? The new product development process involves some steps. The process starts with idea generation then idea screening, concept development, and testing, marketing strategy development, business analysis, product development, test

marketing, and commercialization. When an organization follows the process of product development they will come up with a product. Some products become successful and some are not. There are some reasons why a product fails? Those reasons include the overestimation of market size, poor design, incorrect positioning, wrong timing, priced too high, ineffective promotion management, high development costs, and competition. Products develop but they also grow old. Products have their own life cycle. It starts with product development then the second phase comes which is introduction then growth, maturity, and finally the decline period. So, firms try to make their product life cycle long by focusing on the growth and maturity stage of the cycle.

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Theme No.9: Price and Pricing

In this theme, we will discuss the second "P" of marketing mix i.e. Price. After product we have to think about the price of our product.

What is Price? Price is the amount of money charged for a product or service. It is the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service. Price is the only element in the marketing mix that produces revenue; all other elements represent costs.

What is Pricing? It is a process of determining and setting price of a product. Pricing is the activity and price is the value that we have to determine for a product. Before setting price we need to see two things.

1. **Price Ceiling:** It is the upper limit beyond which customers cannot afford the price. It is the highest or maximum price limit beyond which a product does not remain affordable for the market.
2. **Price Floor:** What minimum price for a product can be charged to remain profitable is called price floor.

In practice and reality companies are not operating on price ceiling and price floor. They are operating between both of them.



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

Factors Affecting Pricing:

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

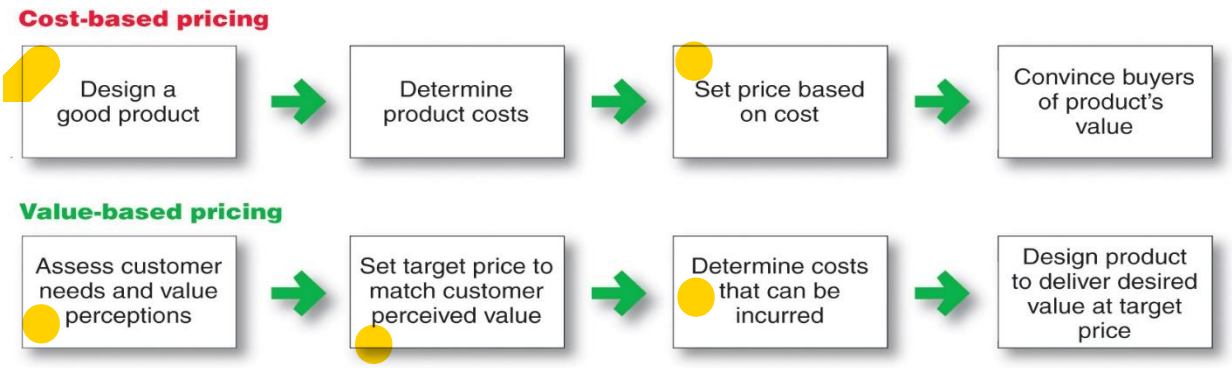
1. **Overall Marketing Strategy** (Market segment, positioning etc.)
2. **Type of Demand** (Price elasticity of the demand)
3. **Type of Market** (Monopoly, Duopoly, Oligopoly, Monopolistic competition, Perfect Competition)
4. **Economic Conditions** (GDP growth rate, Per capita income, Inflate rate, type of inflation, balance of trade, exchange rate)
5. **Government** (Political system, centrally planned economy, free market economy, political stability)
6. **Social Concerns**

Pricing Methods:

There are three basic methods for price structuring i.e.

1. Value Based Pricing
2. Cost Based Pricing
3. Competition Based Pricing

1. **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.
2. **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.



3. **Competition Based Pricing:** Setting prices based on competitors' strategies, costs, prices, and market offerings.

Special Pricing Concepts:

Before turning to pricing strategies we have to discuss three small and interesting concepts of pricing that are called Special Pricing Concepts.

1. **Good-value Pricing:** the price which is perceived by the customer as a value at the par with the value delivered by the product.
2. **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.
3. **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 different groups of pricing strategies and we will discuss it group wise. There are four groups of pricing strategies.

1. New-Product Pricing Strategies
2. Product Mix Pricing Strategies
3. Price Adjustment Strategies
4. 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.

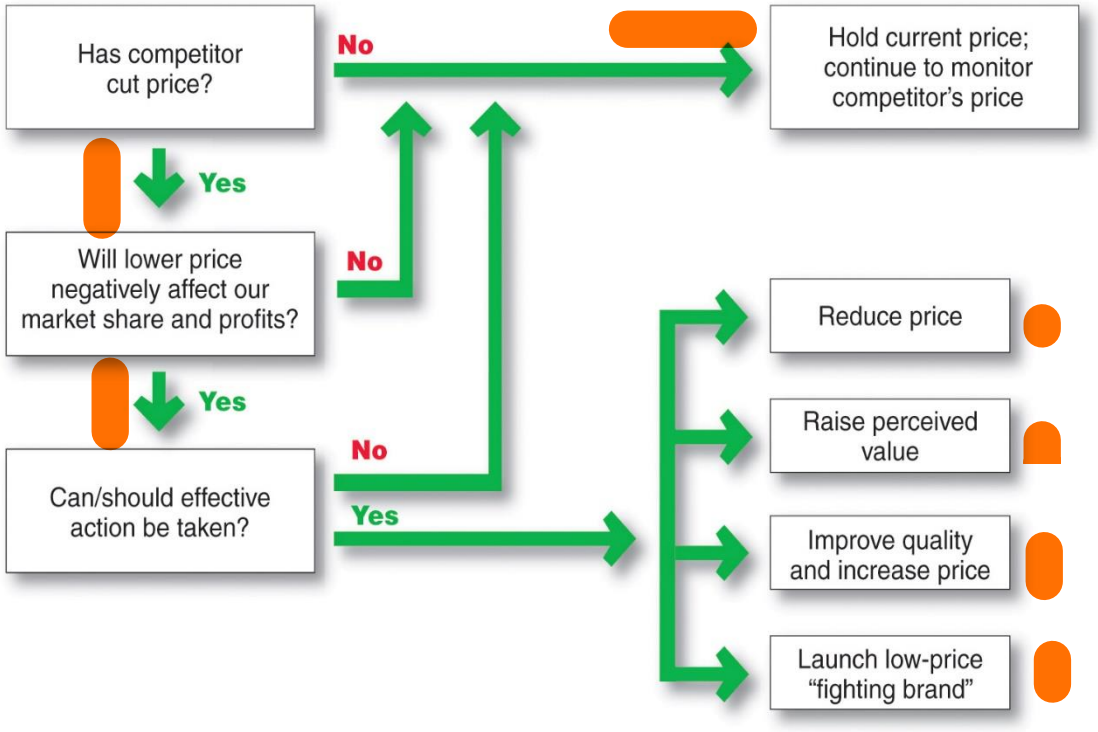
4.1. Price Cuts

- Excess capacity
- Increased market share

4.2.Price Increases

- Cost inflation
- Increased demand
- Lack of supply

We can understand price change with the help of a diagram



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

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Theme No.10: Marketing Communication

The meaning of promotion is "activity that encourages consumers to recognize your product or service and make a purchase." As one of the 4Ps that make up the marketing mix, it is a significant channel for realizing communication between consumers and companies. Specific examples include advertising and sales promotions etc. A promotion mix is a way to achieve your organization's marketing goals using a promotional mix of advertising, promotions, personal sales, and promotional sales. It consists of advertising, public relations, personal sales, and sales promotion. 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. Promotional mixes should be designed in a way that informs target market customers about the value and benefits of the products or services offered.

Advertising is a kind of persuasive communication activity that promotes sales by simultaneously advertising the presence of goods or services to a large number of consumers. In other words, advertisements can be displayed in various media such as newspapers, pictures, photographs, designs, images, sounds, or other media such as newspapers, magazines, radio or television, or mail, posters, brochures, outdoor advertisements, theaters, or the Internet. 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. Sales promotions create opportunities for consumers to reach their products, build new customers, and strengthen brand loyalty to existing customers, contributing to increased product sales.

See Slides

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.

The theoretical definition of public relations is to "form friendly relationships through interactive communication between organizations and the public." "Public" is aimed not only at consumers who purchase products or services directly, but also to the general public (outside public relations), or members of the "organization" (in-house promotion).In Digital marketing, internet-based devices are used that advertise and sell products and services to consumers through online advertising. Web browsers, smartphones, (console) games, are examples of typical Internet-based devices. Content marketing is a strategic marketing act that produces and distributes valuable, relevant, and steady content to attract and maintain a clearly defined audience. It's about providing relevant and useful content so that audiences and customers can solve their problems, rather than highlighting products or services.

IMC stands for integrated marketing communication, which is an integrated marketing communication strategy. In other words, it can be said that various marketing activities performed by the company or brand are integrated into one voice. If existing marketing activities were decentralized, IMC would be integrated into one. However, this integration does not mean the integration of channels where marketing activities such as TV, radio and newspapers take place. The integration here refers to the integration of the message to be delivered to the consumer and the image to be perceived. For example, how about a trusted company with an honest image on TV, a reasonable price in a magazine and a luxury item that everyone wants in an offline store? It's an exaggeration, but before the concept of the IMC strategy was established, everyone seemed to have passed it. This is very difficult for the 'integrated, one message delivery' mentioned earlier. It's hard for consumers to know what the company's identity is. Therefore, no matter what channel (media) marketing activities are carried out, the same image/message delivery is now essential.

Fewer steps are involved in developing an effective communication strategy. The first step is to develop an overall marketing communication strategy based on the analysis of your target audience. The second step is to establish a communication strategy for the target customers involved in the decision-making process, which should be organically linked to the marketing

strategy. The third step is to select communication goals using a variety of organized information. Explicitly link the needs of your target audience with the effects of marketing communications you want to achieve. The fourth step in the strategic planning process, at which point the customer's decision-making process needs to be organized in more detail. It also identifies the strengths and weaknesses of various communication alternatives, such as advertising and promotions, and links them with marketing communications challenges to select the best alternatives. The final stage of the planning process is the selection of specific advertising or promotional media to deliver marketing communications. In the IMC, it is more important to use effective media that meet the communication goals and is more acceptable to consumers than the efficiency of independent media.

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. In short, for an advertisement to drive consumer purchase, its ultimate goal, it is first necessary for the consumer to pay attention to the advertisement. If an advertisement succeeds in catching the consumer's attention, the consumer is more likely to be interested in the message, and the interested consumer has a desire for the product or brand that the advertisement contains and ultimately leads to the behavior of purchase. The AIDA model is a hierarchical step; it becomes difficult to move on to the next step if the preceding step is not met. This model can be useful when explaining the importance of advertising creativity in the actual advertising scene. If you don't get the consumer's attention among the flood of advertisements, the next step can't be done. See Slides

Mass media are responsible for delivering large amounts of information, current affairs, and contemporary issues to the unorganized general public. For example, Print media (newspapers, magazines, books, posters, flyers, etc.), Video media (TV, movies, computers, etc.)Voice Media (Radio, Records, etc.) and New Media-Internet, SNS, smartphones, etc. There are different ways of allocating budget to the advertisement. Competitive parity method involves setting a budget that can be compared with competitors. Competitors do not share the money they spend, so you need to find a way to get other information. For example, find a competitor's ad in a local newspaper. Check the publication's ad kit to determine the cost of the ad size, calculate the frequency of the

ad, and calculate the amount spent on that publication. Affordable budget method is a simple method in which we spend only as much money on advertising as we have (or less). The disadvantage of this method, however, is that spending too little money on advertising will not achieve due results. Objective and task method determines the advertising costs based on the short and long term goals of advertising for a brand. Objective-and-task approach as a means to achieve your goals for the future. In other words, the cost of advertising depends on the mix of Media Vehicles, which is a problem, because it does not solve the question of whether the cost of measuring the results of advertising goals and the cost of achieving those goals should be solved.

The percentage of sales method is a favorite method for chief financial officers who believe that using such a method of setting a budget will never spend too much on advertising. In essence, this method involves advertising expenses with results obtained on sale. However, it should be taken into account that advertising should cause sales growth – it should, therefore, be regarded as the cause (primary action) causing sales growth rather than as a sales effect. For this method, the exact opposite is true. Sales results determine advertising spending.

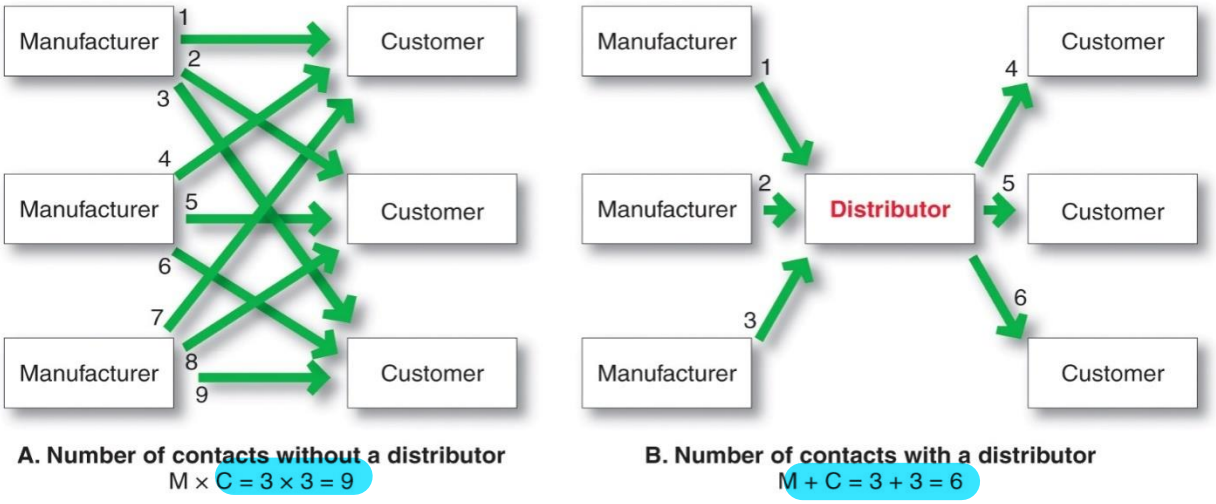
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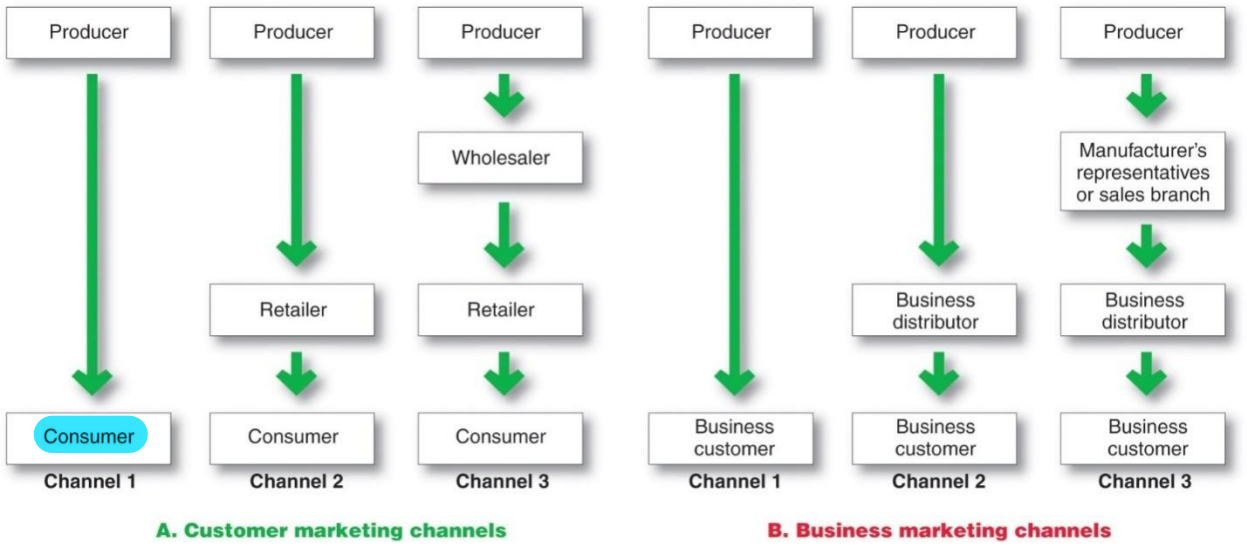
Theme No.11: Place/Distribution

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. To ensure this availability, various channels and intermediaries of distribution are involved such as retailers, wholesalers etc. all the intermediaries work for connecting the buyers to the producers physically distributing the product to various geographic locations. All such intermediaries constitute the Value Delivery Network partnering with each other in order to improve the performance of the entire system. The partners in the value system may be upstream partners or downstream partners. 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. Intermediaries provide the producers with the greater efficiency in ensuring the availability of goods and products to the market making use of their knowledge and capabilities, experience and expertise in their scale of operations which can't be achieved by the organization on its own. In a nutshell intermediaries convert the mere assortments of products to what the customer wants. Channel members are responsible to remove all the gaps between the producer and the consumers. Channel members add value to the network through information, matching, contact, matching, negotiation, physical distribution, financing, and risk taking. They are responsible for physical flow of products, flow of ownerships, flow of payments, flow of information and promotion. In a marketing channel various firms partner each other for the promotion of the common good where each member or firm plays its role individually.



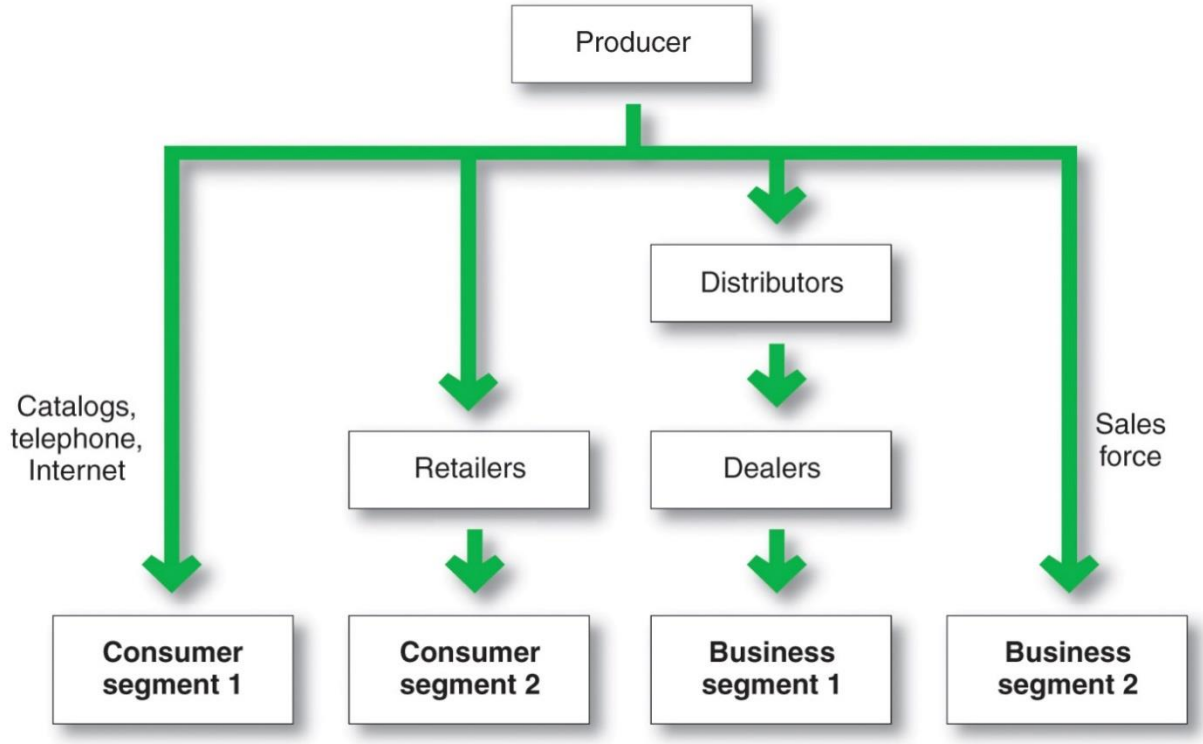
Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

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. In Vertical Marketing Systems (VMS) channel leadership consists of wholesalers, retailers and producers which act as a unified whole. VMS consists of corporate vertical marketing system which integrates various stages of production and distribution that are under single ownership. Corporate vertical marketing system integrates successive stages of production and distribution under single ownership. Includes direct marketing activities to engage the customer directly carefully targeting the customers to generate the immediate responses for building lasting customer relationships. In 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 e.g. franchise organizations links various stages in production and distribution processes. In Administered VMS some of few channel members have dominating presence. This dominance in leadership arises from their size and power. In horizontal marketing systems two or more companies unite at one level in order to create a market opportunity. In doing so they combine various resources including production, marketing and financial resources etc. creating synergic effect that can't be achieved individually.



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

In Multichannel Distribution systems (Hybrid marketing channels) firm individually form two or more marketing channels in order to target particular customer segments. Channel design decisions are the important decisions in order to analyze customer needs, setting channel objectives, identifying major channel alternatives and evaluation of different channel performances.



Source: Kotler, P., & Armstrong, G. (2018). Principles of Marketing, 17h Edition.

There are three types of distributions vis. Intensive distribution, exclusive and selective distribution. In intensive distribution wide availability of product is ensured in order to expand the product to every outlet so that customers encounter the product everywhere e.g. soft drinks have presence everywhere like gas stations, retail stores etc. 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. The other strategy which lies between intensive and exclusive distribution is known as 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. It is important for the company to make effective channel management decisions for selecting, managing, motivating and evaluating the channel members.

When the seller allows only some specific outlets for placing its products it is called exclusive distribution. In exclusive dealing sellers bound resellers to deal with the competitor's products. In exclusive territorial agreements, sellers define certain territories for their operations and limit themselves to these territories. When the sellers make tying agreements it means they deal with the dealers for the most or sometimes the whole product lines.

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Theme 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. Sustainable marketing is one such example of those business functions. Sustainable marketing means efficiently meeting the needs of the consumers while persevering the ability of future generations to meet their consumer needs. Societal marketing concept has more of a current orientation for a business. However, sustainable marketing concept is future oriented with respect to business need. Business managers often feel that marketing concept along with strategic planning concept is more present oriented with respect to business need as it is relatively lesser cost oriented with immediate results, e.g. profit. But it is the sustainable marketing which will ensure the long-term survival for a business in this fast-changing world.

Of late, 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; and 3) Impact on other businesses. It is argued that individuals get impacted from marketing activity due to high prices of different products. For example, peak season high prices of commodities and price cartel in different sectors is one example of it. 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. In fact, brands never lose their money. Mostly naming it as mega sale, many brands also sell their unsold stuff of poor quality with deceptive strategies which impacts the individuals. High pressure selling also occurs in such a scenario and that also effects the individuals. Sometimes, shoddy, harmful or unsafe products are also sold to the customers. 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. A layman who has the money to spend, at times would keep spending every year for getting new models of branded products and hence

such customers keep providing billions of revenues to the brands. This happens exactly as per the strategic planning of brands in a marketplace. Sometime, poor service is provided to the disadvantaged customers. Secondly, this is also another criticism on the marketing activity that it badly impacts the society. 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. Often the goods we purchase are the result of marketing activity which is mostly commercial marketing activity and not for the social cause. Third criticism on marketing is that it impacts other businesses. For example, with aggressive marketing strategy, companies may opt for acquisition of competitors. Unfair competitive marketing practices by a business affect other businesses and this often generates price wars and useful spending on marketing and advertising for winning that strategic bar war. Such expenses are then adjusted in the product price by those brands and ultimately the customer pays for that extra spending on marketing by those brands.

Such criticism on marketing activity sparked the movements of consumers for their rights. One example of such consumer movements is consumerism. Consumerism is the organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers. Activists of consumerism speak for the rights of consumers at different forums and try to convince the regulatory authorities to play their role to safeguard consumer laws. There are different rights of consumer for which he / she should be aware of. For example, right not to buy and to expect safe products. It is also a consumer's right to expect well performing products as was claimed to them at the time of product purchase. Similarly, right to be well informed about the product which were not promoted due to questionable marketing activity. It is also the right of consumers of the society to positively influence the product and marketing activity of a company. For example, local public is a stakeholder for knowing about the high prices' justification of a company / industry's products even if it is using the natural resources of that area and hence polluting the environment as well. Therefore, as an educated consumer, one must ask a company to act positively not only with respect to pricing and use of natural resource but also with reference to societal marketing and sustainable marketing activity. Hence, such actions through consumers' pressure and positive intervention should generate sustainable consumption as well.

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. Some of the actions that come under environmentalism include pollution prevention, product stewardship, design for environment, new clean technologies and sustainability vision. Pollution prevention involves not just cleaning up waste but also eliminating or minimizing waste before it is created. Hence, it may involve measure like recycling, waste management and green production etc. 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. Hence, production of those cans, bottles, jars and paper etc. that can be recycled would be a good step. New clean technologies involve looking ahead and planning new technologies for competitive advantage. For example, solar lights and electric vehicles etc. 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. Sustainability vision is the need of the hour in an age of pollution and severe climate change etc.

There are also some principles of sustainable marketing. First principle is consumer-oriented marketing according to which a company should view and organize its marketing activities from the consumer's point of view. For example, products and services should be cost effective and useful for the consumer and for the environment. Customer value marketing is another principle according to which a company should put most of its resources into customer value–building marketing investments. Innovative marketing suggested that a company should seek real product and marketing improvements. Sense-of-mission marketing emphasizes that a company should define its mission in broad social terms rather than narrow product terms. 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. For example, taking care of the residential community living near an industrial plant.

It is ideal that the desirable products should be produced by the businesses for customers. A desirable product is the one that has immediate satisfaction and long run benefit for the customers. Similarly, there are some other product categories that can be discussed on such a yardstick. 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.

Crux of the whole debate is that businesses should take care of marketing ethics. Marketing ethics are broad guidelines that everyone in the organization must follow which cover distributor relations, advertising standards, customer service, pricing, product development, and general ethical standards. One of the marketing ethics is 1) not to harm. This implies intentionally keeping away from hurtful activities or oversights by typifying high moral regard and sticking to every single pertinent law and guidelines in the decisions we make. 2) Foster trust in the marketing system is another marketing ethic. This implies taking a stab at great confidence and reasonably managing in order to contribute towards the viability of the marketing procedure just as maintaining a strategic distance from misleading in product configuration, valuing, correspondence, and conveyance or dispersion. 3) Embracing ethical values is another marketing ethic. This means building relationships and enhancing consumer confidence in the integrity of marketing by affirming these core values: honesty, responsibility, fairness, respect, transparency, and citizenship.

Finally, the conclusion is that those organizations that satisfy the necessities and needs of clients ethically by keeping sustainable marketing principles in view will flourish. Organizations that neglect to address client issues, or that deliberately or inadvertently hurt clients and others in the society will decay in future. A good organization goes past thinking about the requirements of the present clients and has worry for tomorrow's clients who would exist in a more knowledgeable world.

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Theme 13 Digital Marketing

In conventional marketing, companies use different tools like billboards, television, newspapers, brochures and pamphlets for marketing their products. Companies use these tools to create awareness about their products among masses. Digital marketing is somewhat different than the conventional marketing. In digital marketing we use internet/digital media for marketing the products. Digital media includes; digital display advertising, mobile phones, social media and other digital technologies using internet. The fact behind the popularity of digital media is its ever growing source of entertainment in the form of social interaction with friends and company representatives.

Benefits of Digital Marketing

Conventional marketing is costly than the digital marketing because it is too expensive to advertise on billboard and television than to advertise on webpages in the form of banner ads or videos. Secondly, conventional media has limited reach as only local audiences know about you if you advertise on billboards or purchase a spot on radio channel while over the internet entire globe becomes familiar about your offerings. Thirdly, conventional media has limited interaction with the end users because you don't interact with your audience. However, in digital media the interaction with the customers is possible at the time of advertisement. Fourthly, you are unable to find the exact effect of your advertising in conventional media while in digital media the marketer is pretty sure to claim the exact impact of digital advertising.

History of Digital Marketing

Digital marketing is coinciding with the term of internet. We can say that with the advent of internet, digital marketing is started. The term 'internet' was first used in 1974 by US computer scientist Vinton Cerf. After the birth of internet, the term digital marketing was first used in 1990 and first search engine with the name of Archie was launched. First clickable ads run on internet in 1993. Launch of Yahoo and the first e-commerce transaction over netmarket in 1994 took place. In 1996, small search engines like looksmart and Alexe started operations. In 1997, first media site sixdegree.com launched. 1998 seen tremendous breakthrough with the birth of

Google, launch of MSN by Microsoft, and Yahoo web searches. 2002 seen the launch of LinkedIn and in 2003 MySpace was launched. In 2004 world's biggest social contact site Facebook went live and 2005 seen the launch of YouTube. In 2006 MS live search started its working, twitter launched and Amazon sales crossed 10 billion dollar. In 2007 Tumbler and IPhone were launched. In 2008, Spotify was launched. With the exploration of digital world social media budgets increased to 64% in 2012. In 2013 Yahoo acquired Tumbler and in 2014 Facebook acquired whatsapp. Due to this proliferation Internet of Things (IoT) term emerged. This means that internet has gone into each and every thing and soon the day will come when machine to machine communication start surpassing the human to human interaction and human to machine interaction.

Tools and technique of Digital Marketing

Different tools and techniques are used in digital marketing. These are as following:

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.'

In this technique, online ads are created on those webpages which have good traffic of users. These ads may be in the form of videos, images and popups. Formally, DDA follows four key stages like; define, format, configure and analyze. By following a good DDA strategy you will make a positive influence on your target segments.

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.

Gone are the days when your advertised message disappeared after it was aired on television or on radio. Social media has given the life line to advertising as your message will remain on screen until you want. This type of marketing has an edge over the traditional marketing as it creates interaction with your customers enabling you to measure the result of your advertisement in an effective way. If we look into the statistics of online traffic then efficacy of SMM will be

proved as, there are about 350 million people who are active on Facebook. More than 346 million people read blogs, and 184 million people are bloggers themselves. Twitter has more than 14 million registered users, and YouTube claims more than 100 million viewers per month. More consumers are connected with every passing minutes and it builds a huge platform for the marketer to advertise themselves over the social media.

Location Based Marketing/ Mobile Marketing

With the increase of mobile phones, new horizon in the form of mobile marketing has emerged. Everyone is carrying his mobile phone everywhere and used to gossip with friends by using different social media sites. Smart phones have enabled marketers to use innovative ways to send their promotional messages to end users. 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) for the device or may be accessed through a server-side application that interfaces with the carrier's location platform.

Content Marketing

Content is a king. That is the modern phrase and it proves to be correct as far as very nature of internet is concerned. 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. Contents on the webpage are arranged in ascending orders; top of the funnel, middle of the funnel and bottom of the funnel. A good content should have the following properties;

- it should be innovative and unique
- it should be written in such a manner that people want to share it
- it should be trustworthy and people can relate it to their lives
- it should be adapted by people on different platforms

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. Being a good marketer, if you become successful in controlling the entry point on internet, you will get huge success. Search engines are the entry points on the internet through which a user get entered by typing a keyword over search bar. If we type something on the search bar, the program searches from the index of Google list and take you at desired page. Search engine optimization basically involves in being in that index list so that your webpage appears in front of the user and he will move to your web page. This is done by purchasing a keyword from auction that run by Google administration. Suppose you are dealing in camping equipment and you purchase the keywords 'camping' thus whenever a user types keyword 'camping', Google index will take the user to your webpage.

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. Here, advertisers are charged only when user clicks on their ads. Appearing of ads link with the keywords that are used on search bar, therefore, ads are subject to ad auction that is actually a bidding system.

4ps in Digital World

Digital Product

Digital products are those products which are digital in nature versus the pure physical product. The products that are sold on internet like computers or homes are not termed as digital products. So, digital products are predominately digital in nature. Example of digital products include the digital content, like, movies, books, songs, articles and data as well as digital services, like communications, subscriptions and software etc. A third category is the hybrid product such as airfare which contains digital (ticket) and a physical (flight) component. However, for both online and offline products there exist still some similarity in decisions like differentiating it from the competitors and how to brand it.

Digital Price

With the advent of internet and digital marketing, digital price faces new challenges due to the very nature of digital product because it is easy for the customers to compare the digital products online so it poses a great challenge for the marketer to price their digital products. Another challenge with the digital pricing is to maximize value by considering the implications for both the competitors and customers. Different strategies are used for pricing the digital product; value base pricing, freemium pricing and reframing pricing strategies are most important than the rest.

Digital Place

"Virtual, online environment (a website, for example) that allows individuals or firms to conduct business electronically is called digital place." There are two types of digital places exist on internet. One is the retail store of a firm existing on the webpage and other is the digital product using the space of other organization on webpage.

Digital Promotion

It is simply defined as 'Promotion on internet by using different tools'. Digital promotion opens new avenues for marketer as they have now plenty of ways to communicate with their target customers. Digital promotion is a bi-directional process in which not only marketers communicate with the customers but customers also communicate with the marketers. But, this trend poses challenge to marketer because customers have different other ways to check organization's credibility and views. People not only get your viewpoints in the form of ads on some product/service but also get the experiences from their peers and relatives.

Consumers in Digital World

Digital era has empowered consumers in multiple ways. Consumers now have multiple options to access information and record their behaviors. So, we can say that consumer 2.0 is more empowered and informative than consumer 1.0. Digital Consumers can be divided into six categories based on the usage of internet; basic digital consumers, retail scouts, brand scouts, digitally driven consumers, calculated shoppers and external shoppers. With the rapid advancement in technology, consumer's access has grown further along with their

expectations. Today we have different type of smartphones with 4G connections. We can access anything and we can share anything. So it becomes difficult for the marketer to compete in this situation and there is need to understand the contributing factors that have led to such behavior.

Now, marketers need to set high standards of their products, make responsive websites, have multiple channel communication with the consumers, make fruitful dialogues with the customers and mitigate the tolerance level. In this way a marketer can tackle the modern consumers in an efficient manner.