SHREE H.N.SHUKLA COLLEGE OF MANAGEMNENT STUDIES, RAJKOT

STUDY MATERIAL OF MBA SEM-2

SUB: MARKETING MANAGEMNET (4529203)

MODULE-1

CHAP-1 BASICS OF MARKETING MANAGEMENT

WHAT IS MARKETING?

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

WHAT IS MARKETING MANAGEMENT?

Marketing management is the "art and science of choosing target markets and **getting, keeping, and growing** customers through creating, delivering, and communicating superior customer value."

SCOPE OF MARKETING MANAGEMENT:

Marketing management, like all other areas of management comprises of the function of planning, organising, directing coordinating and controlling.

1. Marketing research:

- Marketing research involves identification of needs, wants taste and preferences of the targeted customer.
- Marketing management conducts a continuous analysis of consumer's behaviour towards firm's marketing mix strategies, business environment; competitor's marketing strategies in order to plan effectively the marketing activities of future.

2. Determination of Objectives:

- Marketing management performs the task of setting marketing objectives.
- The marketing objectives are set in accordance with the overall organisational objectives of profit maximization.
- Marketing objectives relates to attracting new customers, retention of current customer, expansion of customer base, introduction of new product, improvement of old product and so on.
- Marketing management aims at maximising the customer's value by providing high satisfaction to the customers.

3. Planning Marketing Activities:

- Planning involves determining the future course of action.
- Planning helps in accomplishment of objectives in a systematic manner.
- Planning of marketing activities relates to determining product line strategies, planning for product diversification, advertisement and promotional activities, planning related to selling and distribution process.
- Planning may be conducted on short term, medium term and long term basis depending upon the requirements. Plans should be flexible so as to adjust with the changing business environment.

4. Product Planning and Development:

- Product is the basic element of marketing. Products are goods or services that are offered to the customer for satisfying their needs and wants.
- Products are customer oriented and offered to the customer's as per their requirement and preferences.
- Product planning involves new product development, product innovation, product diversification plan.

5. Pricing of Product:

- Pricing is a complex function of marketing management. In most of the cases prices form the decision making criterion for purchase decision.
- Pricing decisions are based on cost of the manufacturing and distribution of product, competitor's pricing strategies, customer's willingness to pay for the product, customer's perception about the product.

6. Promotion:

- Promotion and advertisement are essential in order to maximise sales.
- Promotion and advertisement is essential to provide information to the customers about the product, to attract new customers, to provide reminder to customers about the product and to continue purchase, to provide information about product improvement or introduction of new brand.
- Marketing management develops new techniques and tools for promotion of their product.

7. Distribution:

- Distribution process facilitates easy availability of goods and services to the customers at **right time and at right and convenient location.**
- Selection of distribution channel depends upon the nature of the **product, price of the product, availability of intermediaries for distribution and cost** involved in the distribution process.

8. Evaluation and Controlling of Marketing Activities:

- Marketing management performs the task of **evaluation and controlling** of the marketing activities.
- Evaluation enables identification of **effectiveness of marketing plans and actions.**

MARKETING MANAGEMENT TASKS:

1. **Developing marketing strategies**
2. **Capturing marketing insights**
3. **Connecting with customers**
4. **Building strong brands**
5. **Shaping market offerings**

OR

WHAT ARE THE MARKETING MANAGEMENT TASKS:

Marketing Management Tasks
1. Developing Marketing Strategies and Plans Identifying potential long run opportunities
2. Assessing Market Opportunities and Customer Value Spot profitable market opportunities and how to best create value for chosen target markets
3. Choosing Value
4. Designing Value deciding on wholesale and retail prices, discounts, allowances, and credit terms
5. Delivering Value - How to properly deliver to the target market
6. Communicating Value - Adequate communication to the target market
7. Sustaining Growth and Value Initiate new product development, testing and launching as a part of long term view

The Marketing Mix 4 Ps:

- **Product** - The Product should fit the task consumers want it for, it should work and it should be what the consumers are expecting to get.
- **Place** – The product should be available from where your target consumer finds it easiest to shop. This may be High Street, Mail Order or the more current option via e-commerce or an online shop.
- **Price** – The Product should always be seen as representing good value for money. This does not necessarily mean it should be the cheapest available; one of the main tenets of the marketing concept is that customers are usually happy to pay a little more for something that works really well for them.

- **Promotion** – Advertising, PR, Sales Promotion, Personal Selling and, in more recent times, Social Media are all key communication tools for an organisation. These tools should be used to put across the organisation’s message to the correct audiences in the manner they would most like to hear, whether it be informative or appealing to their emotions.

In the late 70’s it was widely acknowledged by Marketers that the Marketing Mix should be updated. This led to the creation of the Extended Marketing Mix in 1981 by Booms & Bitner which added 3 new elements to the 4 Ps Principle. This now allowed the extended Marketing Mix to include products that are services and not just physical things.

The extended 7 Ps:

- **People** – All companies are reliant on the people who run them from front line Sales staff to the Managing Director. Having the right people is essential because they are as much a part of your business offering as the products/services you are offering.
- **Processes** –The delivery of your service is usually done with the customer present so how the service is delivered is once again part of what the consumer is paying for.
- **Physical Evidence** – Almost all services include some physical elements even if the bulk of what the consumer is paying for is intangible. For example a hair salon would provide their client with a completed hairdo and an insurance company would give their customers some form of printed material. Even if the material is not physically printed (in the case of PDFs) they are still receiving a “physical product” by this definition.

COMPANY ORIENTATION TOWARDS THE MARKETPLACE:

As the market has changed, so has the way the company deals with the marketplace. The company orientation towards marketplace deals with the concepts which a company may apply while targeting a market. There are basically five different orientations which a company takes towards the marketplace.

1. Production Concept:

- In this concept the company mainly tries to increase production irrespective of demands of the customer.
- The production concept is almost extinct now with companies paying more and more attention to the customer.
- The concept is mainly based on the principle that, "as the productivity levels increase, cost of production decreases, and as a result, customer will be able to purchase a product at a cheaper rate, which in turn accelerates the sales of the company."

2. Selling concept:

- The selling concept believes that customers will not buy products unless persuaded to do so.
- As we know, this is true even today in case of certain products such as insurance.
- Although the customer should use it, they rarely do.

3. Product Concept

- The product concept says that customers will always buy products which are better in terms of quality performance and features.
- The concept is especially applicable in terms of electronics and other techno gadgets nowadays.
- For a product to be successful under this concept, it should stand apart from the rest of the crowd.
- Let's take Apple and Google for example. The end products of these companies are not only of the best quality, but are also very exclusive.
- Hence, companies willing to adapt 'product concept' marketing strategy should not only keep themselves updated with the ever changing technical trends, but also the needs of their customers.

4. Marketing Concept

- Just like selling is a necessity, similarly branding and marketing are a necessity in some products.
- The marketing concept proposes that the success of a firm depends on the marketing efforts of the company in delivering a value proposition.
- For a company to achieve its sales target, a great marketing strategy coupled with a proper branding are absolutely important.
- Marketing concept thus indicates that for a company and its product to be successful, it needs to approach the customers with a value proposition and to deliver the same without fail.

5. Societal Marketing Concept

- The societal marketing concept leads to a company orientation which believes in giving back to the society what it had received from the society.
- This concept believes that the company is profiting because of society and hence it should also take measures to make sure the society also benefits from the company.
- If a company has benefited from the society, it should reciprocate the same by striving towards benefiting the society.
- This is one of the fastest growing marketing concepts which is quite capable of creating an indelible impression in the minds of customers, and along the way, help itself create an unparalleled brand image.
- The company orientation towards the market place thus depends on the application of the above 5 concepts. Some of these concepts are not applicable in today's market whereas others are applicable sector by sector.

MARKETING AS A VALUE DELIVERY PROCESS:

The Value Delivery Process brakes into three distinct phases:

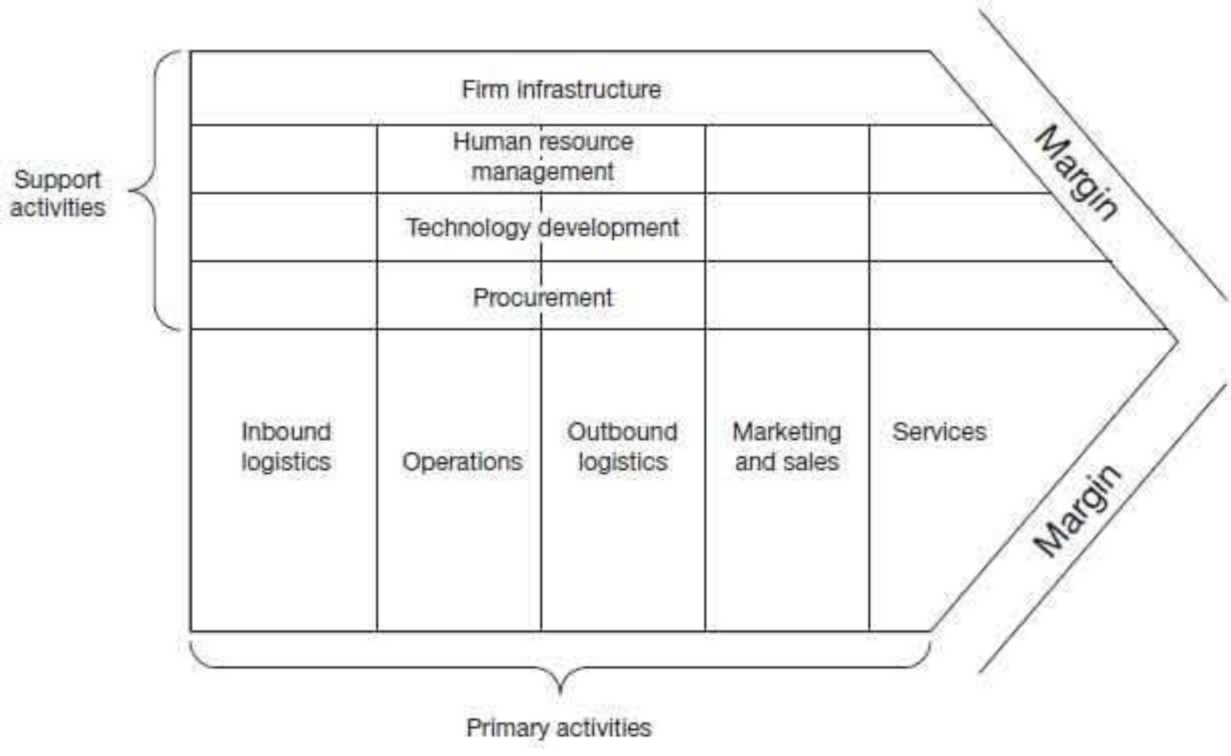
A) Choosing the value where Marketing Management does its own “homework marketing” before any product exists (e.g. market segmentation, targeting and positioning as the essence of the first phase of strategic marketing.

B) Providing the value where Marketing Management decide the marketing mix criteria (For example, Marketing tactics) that will provide a strong competitive and thus a differential advantage.

C) Communicating the value where Marketing Management decides on the actual implementation process - utilization of the Sales Force, Sales Promotion , Advertising and other integrated communication tools.

Developed by Porter, **value chain analysis** is aimed at identifying potential competitive advantages. Porter suggested that the activities of a company can be broken down into nine ‘value activities’, five being primary and four secondary. These value activities collectively comprise those activities involved in designing, manufacturing, marketing and delivering the organization’s products and services.

The value chain



Primary activities comprise activities associated with the input, throughput and output of goods and services in the organization, and include the following:

1. **Inbound logistics:** e.g. materials handling, stock control and delivery inwards;
2. **Operations:** e.g. packaging, assembly, equipment maintenance and testing;
3. **Outbound logistics:** e.g. finished goods warehousing, materials handling, order processing and delivery outwards;
4. **Marketing and sales:** e.g. advertising, promotion, sales force, pricing and channels;
5. **Service:** e.g. installations, repairs and parts supply.

Support activities comprise those activities which facilitate primary activities in the physical creation of the product and its sales and transfer to buyer and including:

6. **Procurement:** refers to the function of purchasing inputs used in the organization's value chain, and not to the purchased inputs themselves. Examples include purchasing procedures, techniques of vendor analysis and information systems. In addition, procurement activities may also include the procurement of more than simply raw materials and components. An organization also 'procures' market research or accountancy expertise; hence activities concerned with procuring these services would also be included.
7. **Technology development:** support activities that improve the product and the process. The areas of support activities here are those which are carried out in the research and development function, but they also include technology support activities, office automation, communicating with customers, measuring quality, etc.
8. **Human resource management:** includes recruitment, selection, training and development.
9. **Firm infrastructure:** support activities here include systems of quality control, financial systems and marketing planning.

1	**Marketing** is what function?	Organizational
2	How to manage customer relationship in Marketing?	Creating, communicating, and delivering value to customers
3	How to Get/Keep/Grow customer in Marketing?	Through creating, delivering, and communicating superior customer value.
4.	Marketing management comprises which function?	management comprises of the function of planning, organising, directing coordinating and controlling.
5.	Marketing research involves what?	It’s involves identification of needs, wants taste and preferences of the targeted customer.
6.	Identification of needs, wants taste and preferences of the targeted customer Comes under which domain?	Marketing Research
7.	Marketing management conducts continuous analysis on What?	Consumer’s behaviour towards firm’s marketing mix strategies, business environment; competitor’s marketing strategies
8.	How Marketing objectives relates?	Attracting new customers, retention of current customer, expansion of customer base, introduction of new product, improvement of old product and so on.
9.	Which discipline Performs the task of setting marketing objectives?	Marketing Management.
10.	What do Marketing management aims for?	It aims at maximising the customer’s value by providing high satisfaction to the customers.
11.	What does the term planning stand for?	Determining the course of action for future references.
12.	How do Planning helps an Organization?	It helps in accomplishment of objectives in a systematic manner.

13.	Planning of marketing activities relates to which circumstances?	It relets to determining product line strategies, planning for product diversification, advertisement and promotional activities, planning related to selling and distribution process.
14.	What are the periods of Planning Function?	Short term, Medium term and Long term.
15.	Plans should be Flexible:- True/False	True
16.	What is the basic element of marketing?	Product
17.	What is Product?	Products are goods or services that are offered to the customer for satisfying their needs and wants
18.	Products are what oriented?	Customer oriented
19.	Products offered to the customer in which Manner?	As per customer's requirement and preferences.
20.	Product planning involves which programs?	New product development, product innovation, product diversification plan.
21.	What is the complex function of marketing management?	Pricing
22.	Which Function forms decision making criterion for purchase decision?	Pricing
23.	Pricing decisions are based on what?	Based on cost of the manufacturing and distribution of product, competitor's pricing strategies, customer's willingness to pay for the product, customer's perception about the product.

24.	What are essential in order to maximise sales?	Promotion and advertisement
25.	Promotion and advertisement is essential for what?	Maximising sales, provide information to the customers about the product, To attract new customers, To provide reminder to customers about the product and to continue purchase, To provide information about product improvement or introduction of new brand.
26.	Which domain of management develops new techniques and tools for promotion of their product?	Marketing Management
27.	Distribution process facilitates what?	Easy availability of goods and services to the customers at right time and at right and convenient location.
28.	Selection of distribution channel depends on What?	It Depends upon the nature of the product, price of the product, availability of intermediaries for distribution and cost involved in the distribution process.
29.	Evaluation enables identification of what?	Effectiveness of marketing plans and action.
30.	Marketing management performs the task of evaluation and controlling of the marketing activities :- True/False	True
31.	In **Marketing Mix 4 Ps where Product stand for?**	The Product should fit the task consumers want it for, it should work and it should be what the consumers are expecting to get.
32.	In **Marketing Mix 4 Ps where Place stand for?**	The product should be available from where your target consumer finds it easiest to shop. This may be High Street, Mail Order or the more current

		option via e-commerce or an online shop.
33.	In **Marketing Mix 4 Ps where Price stand for?**	The Product should always be seen as representing good value for money
34.	In **Marketing Mix 4 Ps where Promotion stand for?**	Putting across the organisation's message to the correct audiences in the manner they would most like to hear, whether it be informative or appealing to their emotions
35.	Who added 3 new elements to the 4 Ps Principle?	In 1981 by Booms & Bitner
36.	What are the new extended 7Ps in Marketing?	People, Processes, Physical Evidence.
37.	In **Marketing Mix 7 Ps where People stand for?**	All companies are reliant on the people who run them from front line Sales staff to the Managing Director.
38.	In **Marketing Mix 7 Ps where Processes stand for?**	The delivery of your service is usually done with the customer present so how the service is delivered is once again part of what the consumer is paying for.
39.	In **Marketing Mix 7 Ps where** Physical Evidence **stand for?**	
40.	There are basically how many different orientations which a company takes towards the marketplace?	Five
41.	What are the orientations which a company takes towards the marketplace?	Production Concept; Selling concept; Product Concept; Marketing Concept; Societal Marketing **Concept.**

42.	In which concept company mainly tries to increase production irrespective of demands of the customer?	Production Concept
43.	In which concept believes that customers will not buy products unless persuaded to do so?	Selling Concept
44.	In which concept says that customers will always buy products which are better in terms of quality performance and features?	Product Concept
45.	In which concept is especially applicable in terms of electronics and other techno gadgets nowadays?	Product Concept
46.	Which concept believes that the success of a firm depends on the marketing efforts of the company in delivering a value proposition?	Marketing Concept
47.	Which concept believes in giving back to the society what it had received from the society?	Societal Marketing **Concept**
48.	**Value chain analysis** is Developed by whom?	Porter

CHAP-3 CREATING CUSTOMER VALUE

Steps of Creating Customer Value

Step 1: Understand what drives value for your customers

Talk to them, survey them, and watch their actions and reactions. In short, capture data to understand what is important to your customers and what opportunities you have to help them.

Step 2: Understand your value proposition

The value customers receive is equal to the benefits of a product or service minus its costs. What value does your product or service create for them? What does it cost them–in terms of price plus any ancillary costs of ownership or usage (e.g., how much of their time do they have to devote to buying or using your product or service?)

Step 3: Identify the customers and segments where are you can create more value relative to competitors

Different customers will have varying perceptions of your value relative to your competitors, based on geographic proximity, for example, or a product attribute that one segment may find particularly attractive.

Step 4: Create a win-win price

Set a price that makes it clear that customers are receiving value but also maximizes your "take." Satisfied customers that perceive a lot of value in your offering are usually willing to pay more, while unsatisfied customers will leave, even at a low price. Using "cost-plus" pricing (i.e., pricing at some fixed multiple of product costs) often results in giving away margin unnecessarily to some customers while losing incremental profits from others.

Step 5: Focus investments on your most valuable customers

Disproportionately allocate your sales force, marketing dollars, and R&D investments toward the customers and segments that you can best serve and will provide the greatest value in return. Also, allocate your growth capital toward new products and solutions that serve your best customers or can attract more customers that are similar to your best customers

CUSTOMER PERCEIVED VALUE DEFINED:

- When making a purchase, a customer values a product’s benefit higher than its function.
- For example, a customer doesn’t buy a drill to have a drill. He buys a drill to have the capacity to make holes.
- From most companies, people do not merely buy software, but rather solutions.
- How customers weigh a given solution may not depend entirely on how well the solution fits their needs. In fact, there are many factors at play in determining how a customer perceives a product’s value.
- Customer perceived value often has little to do with actual price. Instead, it deals with abstract costs. Customer perceived value can be determined by the relationship between perceived benefits and perceived costs:

TERMS EXPLAINED:

Perceived product benefits exist on three levels: physical, logical, emotional. For example, buying a new suit will help you stay warm (physical), land the new job for which you are interviewing (logical), and save you from the embarrassment of walking around naked (emotional). Perceived costs include money, time, and labor.

When comparing the difference between perceived benefit and perceived cost, if the difference is positive, customer perceived value is high, meaning customers will buy a product or service.

Today, customer relationship management (CRM) is an increasingly important aspect of running a business — and a successful strategy is an extremely useful tool for almost any business model.

CULTIVATING CUSTOMER RELATIONSHIPS, BUILDING CUSTOMER SUPPORT AND CRM BEST PRACTICES:

1. Know That Happy Customers = Returning Customers

Making (and keeping) customers happy has benefits that stretch beyond simply having satisfied patrons (Who gives financial support). Happy customers are more likely to refer your service, product or business to their friends, family and colleagues — and this grapevine effect is invaluable.

In turn, a great CRM strategy builds brand loyalty and improves your business' reputation. Satisfied customers who feel as if their needs are being met — or ideally, exceeded — are more likely to speak positively of your business, or review and rate it highly online.

2. Set and Manage Realistic Expectations

One of the most important factors that goes into an effective CRM strategy is providing customers and clients with realistic expectations — and following through with them, says Alexandre Winter, co-founder and CEO of Place meter. "The worst you can do is disappoint your users or customers. You might think you will sound lame (weak) if you under-promise, but you will never regret it," says Winter.

When in doubt, under-promising and over-delivering is preferable to setting wildly unrealistic expectations that you — or your company — simply can't deliver.

3. Be a Connector
Company need to have continuous relationship management with their customer, Means we need to be stay connected to our users to know about their need and all

4. Keep Documentation

Downey also suggests keeping track of important customer details (names, birthdays, kids' names and other relevant information), as well as sending cards or personal notes to customers at least once every year.

5. Respond Promptly

Elliot Hirsch, founder and CEO of Ad Yapper, believes that quick responses can leave a lasting impact on customers. Prompt responses to customer inquiries, feedback or comments can be the difference between a mediocre client relationship and a great one.

6. Think Like a Salesperson

Matt Hartman, founder of Refer Boost, previously worked on the tech side of start ups. While he recruited a few Refer Boost customers through personal relationships, he struggled when it came to referrals. "As a product person and engineer, I was not used to traditional 'sales.' Simple things like setting calendar reminders to follow up made the difference between success and failure," he says. Landlords who'd said no to his start up had fallen off his radar.

The first thing you should ask yourself when meeting someone new is, 'What can I do for this person?' It sounds a little self-help, but everyone needs something: a dentist, a lunch suggestion, help fixing their Wi-Fi network. Be the person who can make those introductions, and these connections will pay dividends to you for decades," says Downey.

49.	Which analysis aimed at identifying potential competitive advantages?	Value Chain Analysis
50.	As per Porter's suggestion that the activities of a company can be broken down into how many 'value activities'?	Nine
51.	How many primary Value Activities are there?	Five
52.	How many Secondary Value Activities are there?	Four
53.	What is the 1st step of Step of Creating Customer Value ?	Understand what drives value for your customers.
54.	What is the 2nd step of Step of Creating Customer Value ?	Understand your value proposition.
55.	What is the 3rd step of Step of Creating Customer Value ?	Identify the customers and segments where are you can create more value relative to competitors.
56.	What is the 4th step of Step of Creating Customer Value ?	Create a win-win price

57.	What is the 5th step of Step of Creating Customer Value?	Focus investments on your most valuable customers.
58.	Talk to them, survey them, and watch their actions and reactions comes under which Step of Creating Customer Value?	Understand what drives value for your customers.
59.	When making a purchase, a customer values what higher than its function?	A Product's Benefit
60.	Customer perceived value can be determined by what?	Relationship between perceived benefits and perceived costs.
61.	Perceived product benefits exist on how many levels?	Three levels:- Physical, Logical& Emotional.
62.	Money, Time, and Labor comes under which Cost?	Perceived costs

CHAP-4 UNDERSTANDING CUSTOMERS' MARKETS

Key Psychological Processes

- Motivation: is the driving force within individuals that impels them to action.
- Perception: The process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent (rational) picture of the world
- Learning: The process by which individuals acquire the **purchase and consumption** knowledge and experience that they apply to future related behavior
- Memory : (LTM& STM) Long / Short Term Memory

Motivation

Freud's Theory

Behavior is guided by **unconscious & subconscious motivations**

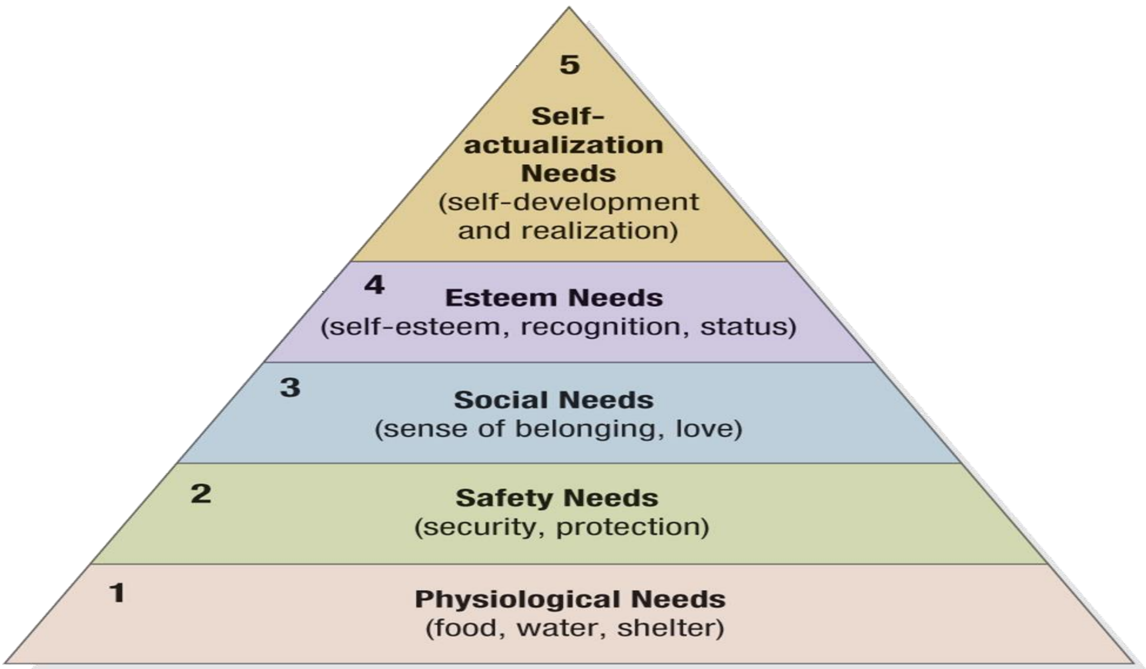
Maslow's Hierarchy of Needs

Behavior is driven by lowest, unmet need **Most important need**

Herzberg's Two-Factor Theory

Behavior is guided by motivating and hygiene Factors; **Extrinsic: Salary Intrinsic; Growing**

Maslow's Hierarchy of Needs



Buying Process Defined

A **buying process** is the series of steps that a consumer will take to make a purchasing decision. A standard model of consumer purchase decision-making includes recognition of needs and wants, information search, evaluation of choices, purchase, and post-purchase evaluation.

The Buying Process:

Let's take a closer look at the process by examining each step in some detail:

Step One: Recognition of needs and wants

You can't make a purchase decision unless you actually know what you want or need. A need is an essential product or characteristic of a product that you must obtain. For example, you need water to survive. A want, on the other hand, is some product or product characteristic that you desire but is not essential. For example, while you may want to quench your thirst with soda, you don't need it - water will suffice.

Needs often arise because of problems, such as breaking the cell phone you use for business. Wants may arise as part of your need for a product, or because you have been influenced to want a product because of some outside influence, such as advertising or observing someone enjoying it. For example, you may need a new cell phone, but after watching countless colleagues use their smartphones, you really want to upgrade to a smartphone.

Step Two: Information search

After you determine your needs and wants, you will start to search and gather information about potential product choices that may meet them. Sources of information may come from print, radio, television, and Internet advertising. You may also do independent product research on the Internet, looking at product review sites and consumer reviews on retail sites, such as Amazon. Finally, you may seek the opinions of friends, family, and colleagues.

Step Three: Evaluation of choices

If you performed your research correctly, you should have some options from which to choose. You use your needs and wants as criteria in evaluating and comparing each product against each other. You may find trade-offs, such as higher prices for products that include more of your wants. In the end, you will rank your choices and pick the product that best matches your needs and wants based upon the budget available to you for the purchase.

Step Four : Purchase

At this point, you will purchase the product. Your purchasing decision may be influenced by the manner in which you can purchase and receive the product. For example, you may purchase a product through a particular store because the product can be financed, is available immediately, or can be delivered quickly.

Step Five : Post purchase evaluation

After you have made your purchase and had some time with the product, you will evaluate your decision. The evaluation may be conscious or unconscious. Your evaluation will play a large role in your loyalty to the products and the company that produce it.

FACTORS INFLUENCING CONSUMER BEHAVIOR:

- There are many factors affecting consumer behaviour. These all factors jointly shape consumer behaviour. Due to impact of various factors, consumers react or respond to marketing programme differently.

- For the same product, price, promotion, and distribution, their responses differ significantly. The factors do not affect equally to all the buyers; they have varying effect on their behaviour.

- However, some factors are more effective, while others have negligible effect on consumer behaviour.

FIGURE SHOWS AN OUTLINE OF FACTORS AFFECTING CONSUMER BEHAVIOUR.

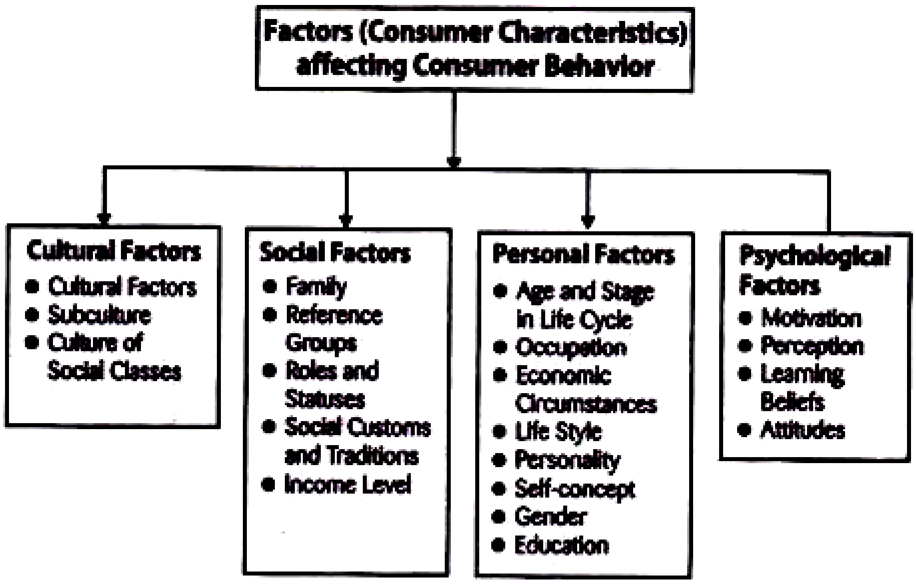


Figure 2: Factors (Consumer Characteristics) Affecting Consumer Behaviour

1. CULTURAL FACTORS:

Cultural factors have the broadest and deepest impact on consumer behaviour. This set of factors mainly includes broad culture, sub-culture, and culture of social classes.

1. Broad Culture/Cultural Factors

Culture is a powerful and dominant determinant of personal needs and wants. Culture can be broadly defined as: The way of living, way of doing, and way of worshiping. Culture determines the total patter of life. Culture has a tremendous effect on needs and preference. People react according to the culture to which they belong.

Culture is reflected in terms of followings:

i. Family life/social system

ii. Role of women

iii. Woman education

iv. Approach to work and leisure

v. Approach to life

vi. Ethics in economic dealings

vii. Residence pattern

viii. Geographic factors

ix. Impact of other cultures, and so on.

2. Subcultures:

Each culture consists of smaller subcultures. Each subculture provides more specific identification of members belong to it. Product and marketing programme should be prepared in light of subcultures to tailor their needs.

Subculture includes:

i. Nationality:

Every nation has its own unique culture that shapes and controls behaviour its citizens. For example, Indian culture, American culture, Japanese culture, Chinese culture, African culture, etc. Consumers of different nations hold different behaviour toward the company's products and strategies. The company can concentrate on one or more nations to serve.

ii. Religion:

It is a powerful determinant of consumer needs and wants. Every religion has its culture in terms of rules, values, rituals, and procedures that have impact on its followers. Commonly, consumer behaviour is directly affected by religion in terms of products that are symbolically and ritualistically associated with the celebration of various religious events and festivals/holidays.

iii. Racial Groups:
In each culture, we find various racial groups; each of them tends to be different in terms of needs, roles, professions, habits, preference, and use of products. Each group responds differently to marketing offers due to different cultural backgrounds.

For example, in our country, we find a number of racial groups like Kshatriya, Banya, Patel, Brahmin, Scheduled Caste, Scheduled Tribe, Shepherded, and so forth. These racial groups have their cultural values, norms, standards, habits, etc., that govern their overall response toward the company's products.

iv. Geographical Regions:
Each geographic region represents specific culture and differs in terms of needs, preference, habits, usage rates, and uses of products. Clothing, residence, food, vehicle, etc., are determined by regional climate and culture.

3. Culture of Social Classes:
Philip Kotler defines: "Social classes are relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interest, and behaviour." In many cases, social classes are based on caste system. Members of different castes have their cultures and, accordingly, they perform certain roles.

Social classes reflect differences in income, occupation, education, their roles in society, and so on. Every social class has its culture that affects behaviour of its members. Social classes differ in their dress, speech patterns, recreational preferences, social status, value orientation, etc.

2. SOCIAL FACTORS:
Here, we examine the effect of social factors on consumer needs and preferences (behaviour). Social factors affect consumer behaviour. Consumer response to product, brand, and company is notably influenced by a number of social factors – family, reference groups, and roles and statuses. Marketer needs to analyse these social factors of his target market to cater its needs effectively.

Let's briefly comment on some dominant social factors influencing consumer behaviour:

1. Family:
Family is one of the most powerful social factors affecting consumer behaviour. This is more significant where there is joint family system, in which children use to live with family for longer time. Values, traditions, and preferences are transmitted from parents to children inherently.

2. Reference Groups:
Philip Kotler states: "A person's reference group consists of all the groups that have a direct (face-to-face) or indirect influence on the person's attitudes or behaviour." Groups having a direct influence on the person are called membership groups.

3. Roles and Statuses:
A person plays various roles in many groups throughout his life. He has to play different roles in family, club, office, or social organisation. A role consists of the activities that a person is expected to perform. For example, a person is father for his children, husband for his wife, son for his parents, friend for his friends, boss for his department, and a member of social organisation.

4. Social Customs and Traditions:
Social customs, beliefs or traditions can be associated with religion, caste, or economic aspects. Such customs determine needs and preference of products in different occasions and, hence, affect consumer behaviour.

5. Income Level:
Income affects needs and wants of consumers. Preference of the rich consumers and the poor consumers differ notably. In case of quality, brand image, novelty, and costs, there is wide difference between the rich and the poor buyers. Marketer must be aware of expectations of different income groups of his target market.

3. PERSONAL FACTORS:
Along with cultural and social factors, personal factors also affect one's buying decision. Personal factors are related to the buyer himself. These factors mainly include age and stage in life cycle, occupation, economic circumstances, life style, personality, and self-concept. Let us briefly examine the effect of personal factors on consumer behaviour.

i. Age and Stage in Life Cycle:
A man passes through various stages of his life cycle, such as infant, child, teenager, young, adult, and old. Need and preference vary as one passes through different stages of life cycle. For example, child and adult differ to a great extent in terms of needs and preference. Marketer may concentrate on one or more stages of his target consumers' life cycle. Use of different product depends on age and stage of buyers' life cycle.

ii. Occupation:
Buying and using pattern of consumer, to a large extent, is affected by a person's occupation. For example, industrialist, teacher, artist, scientist, manager, doctor, supervisor, worker, trader, etc., differ significantly in term of need, preference, and overall buying pattern. Company can specialize its products according to needs and wants of special professional groups.

iii. Economic Circumstances:
Product preference, frequency of buying, quality, and quantity are largely affected by consumers' economic circumstances. Economic circumstances consist of spendable income, income stability, level of savings, assets, debts, borrowing power, and attitudes toward saving versus spending. People buy products keeping in mind these economic circumstances.

iv. Life Style:
People with the same culture, social class, and occupation may differ in term of their life style. Knowledge of life style of the target market is essential for marketer to design more relevant marketing programme. Kotler defines: "Life style is the person's pattern of living in the world as expressed in the person's activities, interest, and opinions."

v. Personality:
Personality is a distinguished set of physical and psychotically characteristics that lead to relatively consistent and enduring response to one's environment. Personality characteristics, such as individualism, difference, self-confidence, courage, firmness, sociability, mental balance, patience, etc., have a strong influence on needs and preferences. Every person buys that product which suits his personality. In case of clothing, automobiles, shoes, perfumes, etc., products are influenced by users' personality characteristics.

vi. Self-concept:
It is also referred as self-image. It is what person believes of him. There can be actual self-concept, how he views himself; ideal self-concept, how he would like to view himself; and others-self-concept, how he thinks other see him. Person purchases such product that matches with his/her self-image. Marker must identify self-concept of his target buyers and must try to match the products with them.

vii. Gender:
Gender or sex affects buying behaviour. Some products are male-dominated while some are female-dominated. Male customers react to those products which are closely suit their needs and styles. Cosmetics products are more closely related to female customers than male. Marketer must be aware of gender-effect on buying behaviour of the market.

viii. Education:
Education makes the difference. Highly educated, moderately educated, less educated, and illiterates differ considerably in terms of their needs and preferences. In the same way, stage of education (like primary, secondary, college, etc.) affects buyers' behaviour.

Education factor seems more relevant to academic institutes, book publishers, magazines, and newspapers. Education affects one's mindset. Buyers' colour choice, quality-orientation, services, and other aspects have more or less educational significance.

4. PSYCHOLOGICAL FACTORS:

Buying behaviour is influenced by several psychological factors. The dominants among them include motivation, perception, learning, and beliefs and attitudes. It is difficult to measure the impact of psychological factors as they are internal, but are much powerful to control persons' buying choice. Manager must try to understand probable role the factors play in making buying decisions.

i. Motivation:
It has a significant impact on consumer behaviour. Motivation is closely related to human needs. One has many needs at a given time. Some needs are biogenic or physiological in nature arising from physiological states of tension, such as hunger, thirst, or discomfort.

People hold one or more of following motives to buy:

i. To satisfy basic needs like hunger, thirst, or love

ii. To protect from economic, physical or mental hazards

iii. To get social status

iv. To be recognized or appreciated

v. To be respected

vi. To be self-actualized

vii. To avoid physical or mental stress

Most popular theories include Maslow Need Hierarchy, Herzberg's Two-Factor Theory, Stacy Adam's Equity Theory, Vroom's Expectancy Theory, Porter-Lawler Theory, McClelland's Achievement Theory, etc. Knowledge of these theories assists the manager to understand deeper motives the people hold for buying different products.

ii. Perception:
Person's motivation to act depends on his perception of situation. It is one of the strongest factors affecting behaviour. The stimuli – product, advertising appeal, incentives, or anything – are perceived differently by different people due to difference in perception. Marketer should know how people perceive marketing offers.

Bernard and Gary define:
"Perception is a process by which an individual select, organize, and interpret information inputs to create a meaningful picture of the world."

Perception depends on physical stimuli and stimuli's relation to surrounding field, too. People perceive the same stimulus differently due to selective attention, selective distortion, and selective retention. So, all consumers may not see the product or message in a way the marketer wants.

Marketer should take these perceptual processes carefully while designing marketing programme. It is necessary that the product or marketing offer must be perceived in a way the market wants to be perceived. Marketer is also required to know the factors that affect people's perception. Tactful interview or questionnaire can help to measure perception of target groups.

iii. Learning:
Most human behaviour is learned. Learning is basically concerned with experience of an individual. Learning can be defined as: Relatively permanent changes arising from experience. If an individual has satisfactory experience of buying and using the products, he is more likely to talk favourably or repeat the same.

Most of purchase decisions depend on self-experience or experience of others, whose opinion carry value in buying decisions. Learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement. Learning theories help marketer to build up demand for the product by associating it with strong drives, using motivating cues, and providing positive reinforcement.

New company can enter the market by using competitions' drives, cues and reinforcement. Sufficient knowledge of learning is an important input for the marketer to design the meaningful marketing programme.

iv. Beliefs:
People hold beliefs about company, company's goods or services, and they act accordingly. Beliefs of the buyers affect product and brand image. We can define the term as: Belief is a descriptive thought that a person holds about something. Beliefs may be based on knowledge, opinion, or faith.

Note that beliefs have nothing to do with facts or reality. People may have wrong beliefs for the superior product, or they hold positive beliefs for inferior product. Positive and negative beliefs have their impact on purchase decisions. Marketer can create positive belief by associating strong aspects related to product and brand, or can correct wrong beliefs by proper campaign.

It is clear that people buy only if they believe it is worthwhile to buy. So, beliefs play decisive role in the buying decision. Marketer must try to know what type of beliefs people hold about company, products, and brands. Such knowledge must be incorporated in preparing an effective marketing programme.

v. Attitudes:

An attitude is a person's enduring favourable or unfavourable evaluations, emotional feelings, and action tendencies toward some object or idea. These emotional feelings are usually evaluative in nature. People hold attitudes toward almost everything, such as religion, politics, clothes, music, food, product, company, and so on.

Attitudes decide liking or disliking of object. People can judge good or bad, beautiful or ugly, rich or poor, or desirable or undesirable about an object, a product, or a person. Attitudes play a vital role in accepting or rejecting, appreciating or criticizing the product or brand. People do not react to every object in a fresh way. Object is evaluated by attitudes.

CHAP-5 UNDERSTANDING BUSINESS MARKETS

Business Marketing VS Consumer Marketing

Business Marketing: Business Marketing refers to the sale of either products or services or both by one organization to other organizations that further resell the same or utilize to support their own system.

Consumer Marketing: on the other hand refers to the transaction of goods and services between organizations and potential customers.

The above definitions of business marketing and consumer marketing highlight the difference between the two commonly used terms in marketing (B2B and B2C).

Business marketers do not entertain consumers who purchase products and services for their end-use. They deal only with other businesses/firms to sell their products.

In consumer markets, products are sold to consumers either for their own use or use by their family members.

Products in consumer market are further categorized into:

1. **Fast Moving Consumer Goods (Abbreviated as FMCG)**

   Fast moving consumer goods are items that are sold quickly to the end-users generally at nominal costs. Example - Aerated drinks, grocery items and so on.

2. **Consumer Durables**

   Goods that a consumer uses for a considerable amount of time rather than consuming in one use are categorized under Consumer Durables.

   Consumer Durables are further categorized into - White Goods and Brown Goods

   i. **White Goods -** (Refrigerators, Microwaves, air conditioners and so on (Majorly all household appliances)
   ii. **Brown Goods -** (Television, CD Players, Radio, Game Consoles (Majorly used for entertainment and fun)

3. **Soft Goods**

   Soft goods are products which have a shorter lifecycle and their value decreases after every use. Eg shirts, clothes, shoes.

Examples of Business Marketing (industrial marketing)

Office furniture (Cabinets, desks, workstations, drawers) - End user will not purchase workstations for his own use at home.

Bulk SMS service (utilized by organizations)

In business marketing, marketers deal with lesser number of individuals as compared to consumer marketing where one has to deal with the mass market. Generally a single employee of one organization would be appointed to deal with the concerned employee of the other organization (client). He does not have to interact with the entire organization.

Organization A sells laptops and desktops to Organization B (A case of B2B marketing).Tom from Organization A has to deal only with either the IT professional or the administration representative.

Organizations dealing with consumers need to interact with every individual who is a potential end-user.

Industrial marketing is more focused as compared to consumer marketing.

Business marketers generally deal with sophisticated employees whereas it is not at all necessary every end user in consumer market would respond to marketers politely.

Business buyers generally are educated and well informed. In consumer market, your buyer can be anyone- educated, uneducated, labour and so on. Business marketers themselves need to be well spoken and polished. They must have a pleasing personality and good convincing power.

Business marketers need to be extremely careful about their mode of communication. Emails exchanged with clients should have appropriate subject line. Mails with irrelevant subject line are generally not read by clients. In business marketing, marketers ought to send personalized emails. Bulk SMSes or mass mailers do not work in business marketing. In consumer marketing, products can be promoted through advertising, pamphlets, brochures, hoardings or simply mass mailers.

There are less number of business buyers as compared to individuals who purchase for their own end use.

Explain Business/ Industrial Buying situations.

There are three major types of buying situations depending on the purchase and its information. (Industrial Buying and Creative Marketing; Boston: Allyn& Bacon, 1967; Ch 2)
(1) New task – The purchase is done for the first time with no purchasing experience, and extensive search is done to evaluate options. The greater the cost or risk involved, more the expertise of decision making participants is needed. For example, an organisation buying raw materials to manufacture laptops for the first time.
(2) Modified rebuy – Due to change in preferences or entry of a substitute product in the market, organisations are forced to modify an existing product to suit the target market. The modifications

can be change in product characteristics, price, quality, suppliers, etc. To meet these production requirements, marketers look for inventory or raw materials that meet the organisations objectives. The people involved in buying process have basic information and need to study the alternatives suiting the organisation's needs. This process is less risky and less time consuming as compared to "New Task" buying situation. The information in this scenario is gathered on alternatives. For example, a school buying latest model of school buses with larger capacity to add to the existing fleet of mini-buses.

(3) Straight rebuy – in this buying the organisations rebuy products and services from the same suppliers. Suppliers usually proactively visit the organisations to take the orders in advance to maintain their market share. The people involved in the buying process have relatively good experience of buying and need no additional information on products and services. There is no risk involved because of past experience of purchasing the same products and services. For example, laptop manufacturer buying raw materials from the same suppliers to meet the production demand.

New task and **Modified rebuy** situations involve risk taking and hence poses big challenges for the organisations. More effort and time is required in these situations. The organisation has to involve expert participants from different departments to discuss the requirement. **Straight rebuy** doesn't involves much discussion. The buying is mostly done by the purchase department as per the requirements from the operations/ production team.

Who are the major participants in business buying process?

The major participants in business buying process are

- Initiators-are the ones who initiate or recognize the need of a particular product requirement in the organization for enhancement.
- Users-are the ones who are going to use the product or require it for the smooth functioning of their operations.
- Influencers –Influencer's can be of different levels and the decisions that they influence might differ from person to person or post to post. These are basically the people who will influence the decision of which product to buy from where and what suitable price to buy it in.
- Deciders - they decide or have the authority to decide whether to buy a certain product or not.
- Approvers-they approve the deciders decision to by usually these people are authorized to do so.
- Buyers-They are the once who make the actually purchases from other business.

CHAP-2 CAPTURING MARKET INSIGHT

A PESTEL analysis or more recently named PESTELE is a framework or tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organisation. The result of which is used to identify threats and weaknesses which are used in a SWOT analysis.

PESTELE stands for:

- **P – Political**
- **E – Economic**
- **S – Social**
- **T – Technological**
- **E – Environmental**
- **L – Legal**
- **E - Ethical (NEW)**

Lets look at each of these macro-environmental factors in turn.

- All the external environmental factors (PESTEL factors)

1. **Political Factors**

- These are all about how and to what degree a government intervenes in the economy. This can include – government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restrictions and so on.
- It is clear from the list above that political factors often have an impact on organisations and how they do business. Organisations need to be able to respond to the current and anticipated future legislation, and adjust their marketing policy accordingly.

2. **Economic Factors**

- Economic factors have a significant impact on how an organisation does business and also how profitable they are. Factors include – economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses and so on.
- These factors can be further broken down into macro-economical and micro-economical factors. Macro-economical factors deal with the management of demand in any given economy. Governments use interest rate control, taxation policy and government expenditure as their main mechanisms they use for this.
- Micro-economic factors are all about the way people spend their incomes. This has a large impact on B2C organisations in particular.

3. Social Factors

- Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.

4. **Technological Factors**

- We all know how fast the technological landscape changes and how this impacts the way we market our products. Technological factors affect marketing and the management thereof in three distinct ways:
- New ways of producing goods and services
- New ways of distributing goods and services
- New ways of communicating with target markets

5. **Environmental Factors**

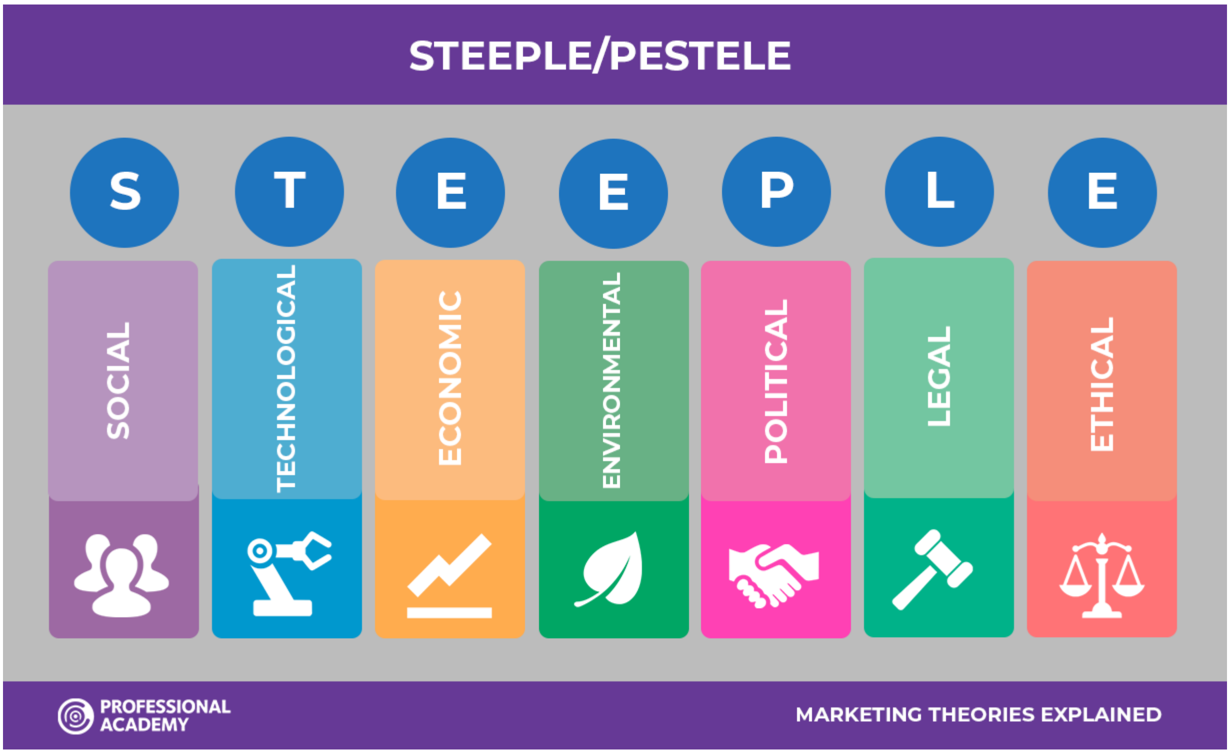
- These factors have only really come to the forefront in the last fifteen years or so. They have become important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, carbon footprint targets set by governments (this is a good example where one factor could be classed as political and environmental at the same time). These are just some of the issues marketers are facing within this factor. More and more consumers are demanding that the products they buy are sourced ethically, and if possible from a sustainable source.

6. Legal Factors

- Legal factors include - health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety. It is clear that companies need to know what is and what is not legal in order to trade successfully. If an organisation trades globally this becomes a very tricky area to get right as each country has its own set of rules and regulations.

7. Ethical Factors

- The most recent addition to PESTEL is the extra E - making it PESTELE or STEEPLE. This stands for ethical, and includes ethical principles and moral or ethical problems that can arise in a business. It considers things such as fair trade, slavery acts and child labour, as well as corporate social responsibility (CSR), where a business contributes to local or societal goals such as volunteering or taking part in philanthropic, activist, or charitable activities.
- Big brands often take part in CSR - examples include:
- Innocent's 'big knit' campaign creating hats for their drinks to raise money for Age UK
- McDonalds' youth programme to provide pre-employment training and development
- Barclay's Digital Eagles programme which provides training on coding and information on digital skills for staying safe online & improving confidence



63.	What is Motivation?	Motivation is the driving force within individuals that impels them to action.
64.	What is Perception?	Perception is The process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent (rational) picture of the world
65.	What is Learning?	Learning is The process by which individuals acquire the purchase and consumption knowledge and experience that they apply to future related behavior
66.	Steps of Consumer Buying Process:-	• Problem recognition • Information search • Evaluation • Purchase decision • Post purchase behavior
67.	Common Factors Influencing Consumer Behaviour:-	1. Cultural Factors; 2.Social Factors; 3. Personal Factors; 4. Psychological Factors;
68.	What comes under Cultural Factors?	Broad Culture, Subcultures, Culture of Social Classes.
69.	Where do Social Factors stand for?	Family,Refference Group,Roles and Statues, Social Customs and Tradition, Income Level.

70.	Where do Personal Factors stand for?	Age and stages of Life Cycle, Occupation, Economic Circumstances, Life Style, Personality, Self-Concept, Gender, Education.
71.	Where do Psychological Factors stand for?	Motivation, Perception, Learning Beliefs, Attitudes
72.	What is Business Marketing?	Business Marketing refers to the sale of either products or services or both by one organization to other organizations that further resell the same or utilize to support their own system.
73.	What is the commonly used term in Business marketing?	B2B marketing
74.	What is the commonly used term in Consumer marketing?	B2C Marketing
75.	What is the Full Form of FMCG?	Fast Moving Consumer Goods
76.	Aerated drinks, grocery items Comes under which kind of Product?	FMCG
78.	What is Consumer Durables?	Goods that a consumer uses for a considerable amount of time rather than consuming in one use are categorized under Consumer Durables.

79.	Examples of White Goods.	Refrigerators, Microwaves, air conditioners and so on (Majorly all household appliances)
80.	Examples of Brown Goods.	Television, CD Players, Radio, Game Consoles (Majorly used for entertainment and fun)
81.	What is Soft goods?	Soft goods are products which have a shorter lifecycle and their value decreases after every use. Eg shirts, clothes, shoes
82.	Which Marketing is more focused? Industrial Or Consumer	Industrial Marketing
83.	What is New task ?	The purchase is done for the first time with no purchasing experience, and extensive search is done to evaluate options.
84.	What is Modified Rebuy?	Due to change in preferences or entry of a substitute product in the market, organisations are forced to modify an existing product to suit the target market
85.	What is Straight Rebuy?	In this buying the organisations rebuy products and services from the same suppliers.
86.	Who are the major participants in business buying process?	Initiators, Users, Influencers, Deciders, Approvers, Buyers
87.	Who initiate or recognize the need of a particular product requirement in the organization for enhancement?	Initiators

88.	Who will influence the decision of which product to buy from where and what suitable price to buy it in?	Influencers
89.	Who have the authority to decide whether to buy a certain product or not?	Deciders
90.	Who approve the decider’s decision to by usually these people are authorized to do so?	Approvers