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# UNIT 3: PLANNING AND ORGANIZATION OF MARKETING

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## 3.0 OBJECTIVES

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After studying this unit, you should be able:

- discuss the concepts of marketing linked to planning and implementation;
- explain the marketing mix strategies;
- indicate the trends in the changing buyer behaviour; and
- underline the role of branding, segmentation, targeting, and positioning strategies in the overall success of the marketing plan.

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## 3.1 INTRODUCTION

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In the previous two units, we have studied and analyzed what is marketing environment and the need and the importance of marketing to any organization. We have also understood the steps to carry out marketing research activities to plan the business and marketing strategies for the future. This unit studies the various strategic aspects of marketing such as the change in the buyer needs and wants, the concept of branding, adapting the marketing strategies to the changing buyer behaviour and the proper management of all the marketing activities undertaken by the firm to achieve overall success.

## 3.2 MARKETING MIX

The marketing mix is often referred to as 4Ps'. Product, price, place, and promotion, to meet the ever-changing needs, wants and demands. The marketer must develop products to satisfy them, charge the right price, make the product available to the consumer at the right place and communicate the right message to the consumer about the features, advantages, and benefits of the product. In other words, the marketer must make the existence of the offering felt by the consumer by the right promotion strategies and tactics.

The marketing mix is a 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. Kotler and Armstrong (2010)



Fig. 3.1: Marketing mix

Source: <https://blog.magezon.com/10-steps-to-building-a-successful-marketing-mix-strategy/>

### 3.2.1 Product

Goods manufactured by the organizations for the end-users are referred to as products. Products are of two type's tangible and intangible (services). A consumer can feel, touch, and see tangible products as compared to intangible ones. A product in the marketplace is something that the seller sells to the buyers in exchange for money.

#### Types of Products

Product classification can be done from a variety of viewpoints. Based on the tangible and intangible, products can be classified into two main groups, namely:

#### A. GOODS

Goods are physical tangible products that can be seen, felt, touched, held, stored, and transported. Judging from the sense of durability, there are two kinds of goods, namely non-durable goods and durable goods.

##### 1. Non-Durable Goods

Non-durable goods are tangible goods that can be consumed within a limited time. The economic life or the usage of non-durable goods is typically less than one year. These goods are popularly known as FMCG (fast moving consumer goods). These are the goods used mostly in our daily life and form the part of daily attire. Examples of such goods are soaps, shampoo, hair care, toothpaste, beverages such as juices. These goods are categorized as these are very fast moving

and are consumed at a very fast pace. The marketers work hard on increasing the frequency of purchase, hence companies dealing in these goods categories adopt an intensive (mass) distribution strategy and aggressive advertising and promotion to induce trial and to increase the subsequent purchase cycle. i.e. repeat purchase. These strategies also help to build brand loyalty towards such products. The demand for this category of goods is also growing in rural areas in India, as the discretionary income of the consumers in rural India is going high and also with the change in lifestyle aided primarily by growing income and the aid of media channels and promotions strategies adopted by the FMCG firms. The people in these areas have turned attention towards buying brands as they have adopted the feeling that they give better value for money. The best example here would be the revolution in the packaging industry that firms have introduced small sachet packs in order to induce trial of such products the most common among them being the shampoo sachets, which command huge market share in rural India. On these lines now there are sachets available of toothpaste, tomato ketchup, etc.

## 2. Durable Goods

Durable goods are tangible goods that normally last longer. Normally more than one year and these goods possess resale value also. Examples of such goods are televisions, washing machines, refrigerators, cars and bikes, tractors, and other farm implements. These goods require personal selling more than non-durable goods. Provides greater benefits to the buyer, these goods should be backed by excellent customer service both pre-sales and more importantly post-sales, and the firms' warranty policies should be communicated to the buyer in very explicit terms.

## B. SERVICES

Services are activities, benefits, or satisfactions offered for sale. Examples of this would be telecom services, authorized service centers of firms, beauty salons, educational institutes, services of electricity and water, metro rail, railways, airlines, etc.

### ● *Consumer Products Classification*

In addition based on durability, generally, products are also classified based on who their customers are and what products are consumed. Based on these criteria the product can be divided into consumer and industrial goods.

Consumer goods are goods that are consumed for the benefit of consumers or end-users (individuals and households), not for business purposes. Consumer goods are classified into four categories namely convenience goods, shopping goods, specialty goods, and unsought goods. This product classification is based upon the shopping habits of the consumer. This is reflected in the following three aspects.

#### 1. Attributes used by the consumer in purchasing

2. The work done by the consumer to formulate the purchase decision.
3. Frequency of purchase

1. **Convenience goods**

These goods have a higher purchase frequency. These goods can be purchased at any time and require minimum time in making the purchase decision, examples are cigarettes, toothpaste, soaps and detergents, candy, shampoo. These goods are divided further into three categories namely, staples, impulse goods, and emergency goods.

- a. **Staple goods** – These are goods that are bought regularly or as routine by the consumers, such as soaps, detergents, and toothpaste.
- b. **Impulse goods** – These goods are purchased without planning. Impulse means on the spot the decision to buy is made. Impulse is created by visible displays at the outlets, such as displays in the show windows, just the look attracts the buyer and the decision to buy is made on the spot without rationalizing the buying decision. For example, a newly launched soap, candy chocolate, hence at any supermarket the products are placed at strategic locations to create impulse of buying for the consumer.
- c. **Emergency goods** – These goods are bought when the consumer feels the urgency. Examples of such goods are buying umbrellas or raincoats during the monsoon as there is an urgent need to protect oneself from rain.

2. **Shopping goods**

These are products chosen by the consumer as per their changing needs, wants, and demands, among the options available to the buyer. Here the consumer takes into consideration the criteria of pricing, quality of product, trend and design, brand equity vis-a-vis competitor products. Examples of such category products are household items, furniture, and clothing. These products are expensive so the consumer does some market survey before making the final buying decision. The concept of branding becomes the most important consideration, hence the promotion activities resorted by the marketers become significant for the consumer to make a final choice. These goods could be further classified into two categories namely homogenous and heterogeneous goods.

- a. **Homogenous goods** – These are goods that the consumer considers similar in quality and also has made up his mind towards the brand preference but tend to visit more outlets in search of better pricing and consumer offers. Examples of homogenous products are cars, televisions, washing machines, music systems, air conditioners
- b. **Heterogeneous goods** are those products where the buyer lays more emphasis on the features, advantages, and benefits

rather than the factor of pricing; hence we can infer that the consumers' perception in terms of quality and brand perspective is different. For example apparel, lifestyle household products, and automobiles.

### 3. Speciality goods

Specialty goods are products that are characterized or are the mark of a unique brand where the group of consumers makes special efforts to buy them. These goods generally consist of luxury goods with specific brands and models. Examples of such products are Bentley cars, Christian Dior clothing, and fragrances, or they can also be clothing designed by famous fashion designers such as Ritu Beri, Rohi Bal collections.

### 4. Unsought goods

Unsought goods are goods that the consumer generally does not seek to buy, but these goods are bought out of fear, precaution, or might it be a need. The best example of unsought goods can be fire extinguishers and life insurance policies. These goods require much advertising and personal selling.

#### Activity 3.1

Visit the nearby market, observe the customers at any outlet and determine what the different categories of products are?

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### 3.2.2 Price

Pricing has been always been a sticky problem for marketers, it is the process of determining what a marketer will receive in exchange for its products. The various factors that govern the pricing are costs of manufacturing, marketplace, market condition, competition, and the quality and brand image of the product. Pricing is the only revenue generating element amongst the four P's, the rest three i.e. product, place, and promotion being cost centers. Profits would be generated only if the pricing strategy is very well planned and executed. To come to the final pricing, all costs need to be calculated right from manufacturing costs including the cost of raw material, cost of people, infrastructure costs, logistics expenses for the product to reach the right place, at the right time, in the right assortments to the consumer. Promotion cost really drains the reserves of any marketer, these costs should be calculated. Promotion strategy should be well planned and executed even better than planning to control costs and thus have a competitive edge over the competition, by offering competitive pricing to the consumer. Hence the key to an effective pricing strategy is to keep costs low vis-a-vis competitors and generate more revenues through an increase in sales and build long-lasting brand equity.

- **Steps in the pricing process**



Fig. 3.2: Steps in pricing process

- **Pricing Objectives**

This objective is set by the business firm; they have to be in unison with the corporate objectives. It means what the organization wants to achieve through pricing its products and services. These objectives could be as follows

- a. Income oriented objectives
- b. Sales oriented
- c. Targeted ROI
- d. Competition
- e. Profit maximization

- **Developing pricing strategy**

It is the next step, this strategy may be different for new and existing products, this also varies segment-wise. The other element in pricing strategy is the cost. Business firms try their best to keep their costs low. So that they could sell at better prices than the competition which in turn gives them a competitive advantage. Pricing should be in relation to other products or services that the firm offers. For example, Gillette adopts a captive product pricing strategy i.e. they price the razors such as Mach range at a lower price and then offer blades for the razor at a high price. Pricing strategy is also governed by the various environmental factors, such as competition, government policies, changing needs of the target audience, and off-course the change in perception of the buyer.

- **Analyze demand**

Business firms have to analyze demand based on different price levels. Understand the factors that affect the price sensitivity of the consumer both existing and prospective, consumers balance costs and the benefits sought, and hence the business firms try to offer more benefits than the price paid by the buyer. The organizations must determine the demand curves vis-à-vis the price changes made in their products or services which they offer, moreover, understand the price elasticity of demand i.e. elasticity and inelasticity of demand.

- **Analyze costs**

The estimation of various costs such as manufacturing, administration, logistics, promotion, selling, fixed costs, and variable cost, total and average costs must be determined to reach the final pricing. Cost varies at different levels of production; more number of units produced by a firm would lead to cost reduction. This principle is known as economies of scale. Moreover differentiated marketing offers create different costs levels.

- **Analyze competitors' offerings and costs**

The firm must analyze competition concerning costs, prices, possible price reactions, conditions of entry into the industry, number of products sold by each competitor, pricing decisions are also influenced by the quality of offerings relative to the competition.

- **Selection of pricing method**

The various pricing methods available to the marketing firms are as follows.

1. Mark up pricing
2. Target return pricing
3. Perceived value pricing
4. Psychological pricing
5. Going rate pricing
6. Auction type pricing
7. Group pricing

- **Determine price**

Finally, the marketing head has to decide the exact price to be charged, after analyzing further details about, gain and risk factors, company pricing policies, the impact of pricing on other parties, the influence of other marketing mix variables.

### **3.2.3 Place**

Place means where and when the customer buys and consumes the product or service. The place is sometimes referred to as marketing channels and sometimes as physical distribution, logistics or location. Without proper distribution, even the best of products fail in the marketplace. Place component must integrate with the other elements of the marketing mix.

- **What are marketing channels?**

Set of interdependent organizations involved in the process of making a product or service available for use or consumption.

Functions of channel members:

These members perform the following functions

- a. Gather information
- b. Develop and disseminate persuasive communication
- c. Reach agreements on price and terms
- d. Acquire funds to finance inventories

- e. Assumes risks
- f. Provides warehousing and storage
- g. Product availability at the right place and time, and providing goods in the right assortment to the consumer.
- h. Meeting customers service requirements
- i. Promotional support

- **Channels of distribution**

Channel decisions and structure is decided by the marketing organizations depending on the product category that they market, whether it is consumer or business to business. Channel levels vary according to the number of intermediaries.

- a. Zero level – These channels are normally used in industrial products, popularly known as business to business.
- b. One, Two, and three-level channels – These channels network is set up by organizations to distribute consumer goods, as mentioned these goods could be durable or non-durable (FMCG) goods. Service sector channels use agencies and locations to serve their customers, for example, LG electronics has franchise agencies for servicing refrigerators and air conditioners. These agencies are chosen by the firm and work on behalf of them and train the technicians of the franchise agent.

The distribution channel system could be exclusive distribution as in the case of Bata they have exclusive stores only limited to selling the brand Bata, another example could be Levis clothing stores. These stores could also be set up by franchise agreements.

Selective distribution- in this case, intermediaries are chosen who are willing to carry the goods of the company, for example, dealership for Sony, Samsung, LG, etc. The channel network is practiced for consumer durable products that have got a good infrastructure and have outlets at strategic locations to attract customers.

The third category is Intensive distribution- The companies offering is placed in as many outlets as possible as these products need mass distribution. This system is practiced by firms dealing in non-durable (FMCG) products. An example is Hindustan Uni Lever Limited, Procter & Gamble, Godrej consumer care division, Johnson & Johnson. These companies think that consumer products should be available at an arm's length of the consumer. The most probable channel network adopted by such companies is

Manufacturer – Distributors – Wholesaler – Retailer – Consumer.

The distributors are appointed town-wise or area-wise, they supply goods to wholesalers or directly to the retailers in various localities of the chosen town or area. Consumers buy the products as per their need and want from the retailers. All these organizations need to ensure the depth of stock and the availability of the entire range of their products at different levels of distribution. The terms and responsibilities of these channel members are always set by the company in the sense of pricing at which the goods are to be sold to the consumer, payment terms, and warranties. Decision on



territory planning of these intermediaries, and services are to be provided by them.

Channel management decisions- It is indeed a great challenge to manage their channel network. The marketing and sales team needs to look into the following aspects:

- The selection of channel partners needs to be done with precision.
- Motivate channel members to sell more and practice ethical behavior with consumers.
- Train them in new and innovative techniques in selling and customer service areas.
- Modify channel arrangements as and when required as per the need of the market, customer, and the environment.
- Visit these channel members regularly to oversee their operations.

### 3.2.4 Promotion

Promotion focuses on communicating with the target market. This is popularly known as integrated marketing communication. “It is the means by which the firms attempt to inform, persuade, and remind consumers, directly or indirectly, about the products or brand they sell” (Kotler & Keller Marketing management 12th edition).

#### Role/importance of promotion

1. Inform: It informs customers about the launch of new products/services/ideas, place of availability, it also informs consumers on the various promotion offers, most importantly it appraises the prospective buyers about features, advantages, and benefits of the product.
2. Persuasion: It induces trial the first time among the customers, might be along with some attractive promotional offers.
3. Remind: Promotion is continuous, it is a saying “out of sight out of mind”. Hence this is continuous in nature, to increase sales and increase the loyalty of the brand they promote.

#### Promotion mix

1. Advertising
  2. Sales promotion
  3. Direct marketing
  4. Personal selling
  5. Public relations/publicity
1. **Advertising** – Any paid form of non-personal presentation and promotion of ideas, goods, or services, by an identified sponsor.

#### Advertising media:

1. **Electronic and digital media**
  - a. Radio – radio was expected to die out with the introduction of television, though this happened. But radio has emerged as one of the most wanted media of advertising with the good of listeners even with the emergence of DTH networks. India is

a huge country with a population size of approx. 130 million, and a huge geographical area. Moreover, 68% of the population lives in rural areas. Also with the emergence of FM channels, this media has gained momentum in cities, and of course, the rate of advertising is much cheaper than television media.

- b. Television - India is a very big market for television advertising. The majority of Indian households own television sets. Community viewing very prevalent in rural areas increases the coverage many folds. Advertising spending is on a boom in India and is expected to rise further. On the whole, we can say that Indians enjoy viewing advertisements on television as it is both audio and video. Moreover, the number of celebrity endorsements of leading brands has even made it more attractive.

### **Advantages and Disadvantages of television advertising**

#### **Advantages**

- The biggest advantage of employing television advertising is its capacity of communicating the product to a large number of people (both regional and national level) in a short time.
- By using visuals, sound, and actions, television advertising allows the target market to see and hear the messages being conveyed through advertisements. Thus, this improves the credibility of the message which grabs the attention of a large audience.
- Television advertising is highly effective in influencing customers and slowly persuading the target market although it may not induce the instant sale, like that of search engine advertising.
- This advertising form has the advantage of utilizing different channels (say, cartoons) at different timings (say, time at which people usually watch TV) to hit the required target market. Organizations plan their advertisements to be telecasted targeting different segments of people, such as children, housewives, youth, and so on.
- Since a single product is broadcasted by numerous companies, customers have a wide variety of options to select from.
- Small businesses can make the most out of television advertising by developing creative advertisements to easily attract people and induce them to purchase the products.

#### **Disadvantages**

- The main disadvantage of television advertising is the high-cost involvement. Since the advertisement has to be repeated several times to catch the attention of the customers, it includes a high cost to air the advertisement on television channels.
- Producing a television advertisement requires the hiring of scriptwriters, actors, video editors, or an advertising agency which means the entire process is a complicated procedure.
- Making changes in a television advertisement is another demerit of this advertising medium. The script has to be updated and the entire advertisement is re-shot which means emptying your pockets further

unlike newspaper advertising wherein updating sale pricing or a special offer is as simple as swapping out a coupon.

- Advertisements on the television last only for a few seconds thereby not being very effective in conveying much about the product to the target market.
- At times, due to a lack of relevant information on products, television advertisements can be obscure and doubtful.
- Not all advertisements are creative and intrusive. Hence, not all viewers may be attracted towards the advertisement.
- The advertisement has to be broadcasted at least 5 to 7 times to achieve message retention and consumer action. In case the product is not telecasted several times, it is simply a waste of money.

Other digital media are mobiles and telephones

### **Print media**

It comprises national newspapers, regional newspapers, English dailies, vernacular papers, consumer magazines, trade and technical journals, and directories. Newspapers are the second-largest influencer behind television, as the preferred advertising media.

Advertising through magazines – It permits easy reach to niche markets. Magazines are today losing popularity due to the high prices of magazines. It is affordable to a few of the Indian population. It is also an effective media of advertising. The circulation of these magazines is strict as per the demographic profile of the people, such as income, age, gender, religion, social status, and of course occupation, as magazines are published under different categories like social, film, business, global news, and trends, fashion, magazines.

- Loyal readership. This can be very useful for advertisers as compared to other media
- If the company is targeting a particular geographical area, this could be done with ease through print media. For example, a local newspaper or a magazine would be the best medium to advertise a new shopping complex coming up in the area.
- The marketer can choose the size of the advertisement space. This would help the marketer to plan the budget of the expenses to be incurred while advertising.
- Making a longer impact on the minds of the reader, with more in-depth reporting and analysis.

### **Disadvantages**

- The cost incurred may sometimes be expensive considering the medium chosen by the marketer.
- This medium may not always give the marketer a wide reach. Internet, on the other hand, can target a global audience.
- Advertisements may get lost in the clutter, of editorial and advertisement by competitors

**Activity 3.2**

Which is your favorite advertisement that you normally prefer to watch on the television. Analyze the reasons for liking this particular advertisement?

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**Sales promotion**

These are short-term incentives offered to reward the loyal customers for their loyalty shown towards the brand, and for the prospective customers to induce a trial of a new product. These are short term incentives because of the factor of huge costs involved and then if these offers continue for a longer period of time they would tarnish the image of the product. The customer would tend to perceive that this product does not sell, and there must be some flaw as regards the quality of the product hence there are always offers and incentives on the product. The tools of sales promotion are as follows:

1. Discounts
2. Quantity discounts
3. Displays
4. Product sales
5. Coupon offers
6. Repeat purchase offers
7. Sampling
8. Contests/ sweepstakes/games
9. Combo offers

These offers are also offered to the trade to increase sales.

1. Window displays to the retailers
2. Point of purchase activities
3. Trade contests
4. Extra commissions
5. Trade allowances

**Direct marketing**

Marketing messages directly to the consumers to change their tastes and preferences towards the various products. These strategies could include short messaging services (SMS) through the mobile network for example the real estate companies text offers to the people, it can be through catalogs and brochures distributed to the prospects in any event such as trade fairs, it could be also toll-free numbers to get consumers to feedback towards the products or services purchased.

### Personal selling

Personal selling is face-to-face selling after which the seller attempts to persuade the buyer to make a purchase. For example, you go to buy a television from a multi-brand showroom, the salesman would demonstrate the features, advantages, and benefits of various brands that he has in the store. This would aid you to make a final choice of buying.

### Public relations/publicity

Public relations are the practice of managing the spread of information between an individual or an organization and the public. Common practices include maintain good relations with the press, speaking at conferences, winning industry awards. Publicity could be achieved through the articles published in certain business magazines about the company and most importantly the word-of-mouth publicity in both cases i.e if the customer is satisfied or dissatisfied by the use of any business firms' offerings.

**Activity 3.3**

What promotion offers would excite you and change your preference of brand, if you are making up your mind to buy a new LED television?

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### Check Your Progress 3.1

**Note:** a) Use the spaces given below for your answers.  
b) Check your answer with those given at the end of the unit.

- 1) What is a marketing mix?  
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- 2) What are the different elements of promotion?  
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## 3.3 STRATEGIC MARKETING

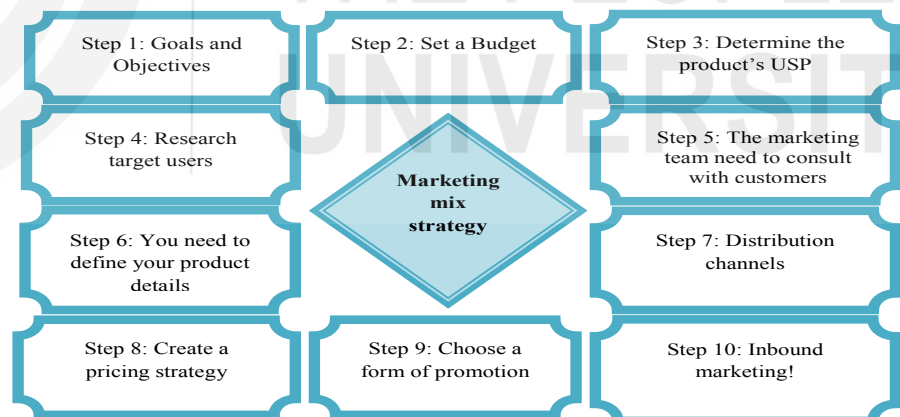
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The term “Marketing” is not understood by people well. It’s been observed that many people when asked; “What is marketing” would respond marketing is all about fancy packaging, writing catchy slogans about the product, sponsoring events, luring people to buy your products, producing fancy brochures and catalogues to provide information to your prospects about your offering, creating and enhancing brand awareness. All these are part of marketing but comprise only a small portion of it. These activities are described by marketers as promotions mainly designed to create interest, awareness, and the final decision of buying among prospective customers.

Strategic marketing is a very wide concept than only promotions. It addresses many other issues which the marketer has to consider, beginning with which product or service to launch as this has to match with the customer changing needs, wants, and demands, what price we should charge from the customer? how to ensure availability and timely delivery of the products through effective distribution channels, creating and sustaining value to the customer, further improvements to be made in products to sustain profits, plan and execute effective competitor strategy, provide excellent pre and post-sales service to generate confidence in the minds of the consumer and enhance the satisfying experience ownership of any product. Effective segmentation of the potential consumers, continuously thinking and analyzing the question of why the consumer would prefer to buy our products or services?

Hence strategic marketing is a much broader term as perceived to be as this encompasses all the minute details of the marketing concept and catering to the ever-changing needs and wants of your target audience, and above all how to acquire new customers and retain existing ones to sustain profits for long. Strategy changes from time to time, especially in the field of marketing where every day is a new challenge to the marketer, especially today in this fast-changing world where consumers expect organizations to be innovative to take care of the needs, wants, and demands of the buyer. Moreover as mentioned earlier the lifestyle of the consumer is changing, with the increase in income, and education levels, and now they are more exposed to the global trends, in fashion and changing technology, hence it has become a real challenge for the companies today to tailor-make the marketing mix as per these changes in the human behavior.

- **Steps in developing effective marketing mix strategy**



**Fig. 3.3: Marketing mix strategy**

**Activity 3.4**

Analyze the marketing strategy of the company to whose products you are loyal. What strategies do they adopt to influence the buyer to purchase their products or services?

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## 3.4 BRANDING

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The brand is the “name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers”. A brand is often the most valuable asset of a Corporation. Brand owners manage their brands carefully to create shareholder value, and brand valuation is an important management technique that ascribes a money value to a brand and allows marketing investment to be managed (e.g.: prioritized across a portfolio of brands) to maximize shareholder value. Although only acquired brands appear on a company's balance sheet, the notion of putting value on a brand forces marketing leaders to be focused on long-term stewardship of the brand and managing for value.

A brand is often the most valuable asset of a Corporation. Brand owners manage their brands carefully to create shareholder value, and brand valuation is an important management technique that ascribes a money value to a brand and allows marketing investment to be managed (e.g.: prioritized across a portfolio of brands) to maximize shareholder value. Although only acquired brands appear on a company's balance sheet, the notion of putting value on a brand forces marketing leaders to be focused on long-term stewardship of the brand and managing for value.

Proper branding can result in higher sales of not only one product, but on other products associated with that brand. For example, if a customer loves Pillsbury biscuits and trusts the brand, he or she is more likely to try other products offered by the company such as chocolate chip cookies. The brand is the personality that identifies a product, service, or company, vis-a-vis competitors. A brand can be defined as a name, term symbol sign or design and combination of all these elements, how it relates to the competitors, customers, staff, investors, and partners, in the term of the image that they all hold of a brand in their mind. Branding is linked to the psychology of people, brand preferences are linked to the thoughts, feelings, perception, previous experiences that they had with the brand, beliefs, and attitudes. Brands have an experiential value, The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. The experience that a customer perceives after using a particular brand would always remain in his mind for long and is very difficult for any marketer to alter the same. Brand equity is the overall image that the customer holds in his mind for a long, Equity is always made after a considerable time period and this needs to be sustained by the marketer by adding features, advantages, and benefits in the product for example Lifebuoy soap even after nearly 100 years of its existence holds considerably high brand equity in the minds of the users, Hindustan Unilever's has worked very hard on this aspect, they have improved the product considerably and launched new variants of the soap, moreover came up lifebuoy hand wash, talcum powder in order to encash on its very strong brand equity, and hence they have been able to keep the brand moving and profits alive.

Brand awareness refers to customers’ ability to recall and recognize the brand under different conditions and link to the brand name, logo, jingles, and so on to certain associations in memory. It consists of both brand recognition and brand recall. It helps the customers to understand to which

product or service category the particular brand belongs and what products and services are sold under the brand name. It also ensures that customers know which of their needs are satisfied by the brand through its products (Keller). Brand awareness is of critical importance since customers will not consider your brand if they are not aware of it.

There are various levels of brand awareness that require different levels and combinations of brand recognition and recall. Top-of-Mind is the goal of most companies. Top-of-mind awareness occurs when your brand is what pops into a consumer's mind when asked to name brands in a product category. For example, when someone is asked to name a type of facial tissue, the common answer is "Kleenex," which is a top-of-mind brand. Aided Awareness occurs when a consumer is shown or reads a list of brands, and expresses familiarity with your brand only after they hear or see it as a type of memory aide. Strategic Awareness occurs when your brand is not only top-of-mind to consumers but also has distinctive qualities that stick out to consumers making it better than the other brands in your market. The distinctions that set your product apart from the competition are also known as the Unique Selling Point or USP. Marketing mix modeling can help marketing leaders optimize how they spend marketing monies to maximize the impact on Brand Awareness or sales effects. Managing brands for value creation will often involve applying marketing-mix modeling techniques in conjunction with brand valuation.

Brands are always built over a period of time and it is very important to sustain the brand equity (The image of a brand in consumer mind) of these brands, for example, the brands Lifebuoy which came into existence in 1895 by Hindustan Lever Limited now Hindustan Uni Lever Limited. It has always stood for health and hygiene, delivered through germ protection. The new formulation of the soap was launched in 2002. The current formulation offers a superior bathing experience. More than a hundred years old brick shape, "the health soap" now had an easy grip and a modern look. All this was backed by an excellent television advertising campaign showing that children are secure bathing with the lifebuoy soap. Indian advertising rests upon affective advertising technique which broadly means the addition of emotional touch to campaigns. This strategy is popularly termed as rejuvenation and revitalization of the brand. Further to this lifebuoy hand wash, hand sanitizer, and talcum powder was launched. This is known as brand extension or in modern marketing called the flank ring of the brand. This is done to encash upon the brand equity. Levers also launched the lifebuoy Swasth Chetna (LBSC) program for rural India. This was also a step taken towards building brand equity and of course, it was also a part of the corporate social responsibility campaign. From 20012 to 2010 the campaign touched 120 million Indians.

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### **3.5 SEGMENTATION, TARGETING, AND POSITIONING**

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As mentioned earlier, marketing starts with the customer and ends with the customer. Starts by identifying the needs, wants, and demands of the consumer and ends with consumer delight. In any market we have a mix of



consumers, coming from various cultures, having varied interests, tastes and preferences. A marketer then has to address the needs, wants, and demands of all these segments of consumers, the products offered by the marketer have to create and sustain value for the consumer and the marketer has to be different than its nearest competitor. An organization thus has to alter the strategies of the marketing mix for the various target audience. Keeping these variances, marketers came up with the concept of STP.

STP stands for

S – Segmentation

T – Targeting

P – Positioning



Fig. 3.4: Segmentation, Targeting, and Positioning

Segmentation refers to dividing the market into groups with distinct needs, behaviour, or other characteristics who might need separate product features, advantages or benefits, or marketing mix. Consumer markets can be segmented based on the following criteria:

1. Geographical segmentation – This is primarily concerned with the area where the consumer resides. World, city, region, state, it is dependent upon the size of the city or metro, the density of population, and also climate to a certain extent.
2. Demographic segmentation – Demography is primarily concerned with the study of people concerning age, gender, income, education, occupation, generation, nationality, size of the family, etc.
3. Psycho graphical segmentation – This is concerned with the mindset of consumers, such as lifestyle, Social classes to which they belong, cultural patterns, and personality that they possess.
4. Behavioural segmentation – This is concerned with the various occasions for which the consumers buy a particular product, the benefits sought from any products that the consumers purchase for consumption, consumers' attitude towards the product, loyalty of consumer towards the product.

Targeting – Target market is that market that the marketer targets to enter and serve its consumers, this market consists of buyers primarily having similar needs and characteristics, based on demographic, geographic behavioural, etc. While entering into target markets the marketer should analyze the size of the market. The market size and growth need to be large enough for the organization to earn and sustain profits. Competitors analysis needs to be

done as to how is competition is fierce or not. Business firms might ignore to enter the market segments where the competition might be fierce and choose to enter into areas where they would be able to manage the competitors well and with less cost, business firms should be aware of the substitute products available in that target market, also awareness of the power of buyers and suppliers and they have to be very clear about companies objectives and resources that the company possess in terms of expertise, financial strength, strong brand equity, consumer loyalty, etc.

Positioning – It refers to the place that any product is placed in the minds of the consumer relative to the competitor’s product; it can be defined in the terms of the attributes that any product offers to the consumer, it is typically linked to the brand perceptions vis-a-vis competitors. Here the business firm has to identify the various possible advantages relative to the competition, such as unique selling proposition, and benefits offered by the product. These should be continuously monitored over a period of time in order to sustain the market position.

### SEGMENTATION

- Choose variables for segmenting markets
- Build a profile of segments
- Validate emerging segments

### Targeting

- Decide on targeting strategy
- Identify which and how many segments to be targeted

### Positioning

- Understand consumer perceptions
- Position products in the minds of the consumer
- Design appropriate marketing mix to communicate positioning

**Fig. 3.5: Process of segmentation, Targeting, and Positioning**

Source: Adapted from Dibb, S. Et al. (1997 p. 205)

**Activity 3.5**  
Analyze the reasons for yourself preferring to buy known brands of clothing.

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## 3.6 BUYER BEHAVIOUR

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Buying behaviour is the behaviour of individuals and households expressed towards buying products for personal consumption.

The factors that influence consumer buying decisions are:

1. **Cultural** – India is a country of diverse cultures, majorly divided into four zones viz. North, south, east, and west. Each of these zones pertains to different cultures. The marketer hence has to cater to the needs, wants, and demands of these varied cultures. Some specific products have large, small, or medium market shares in each of these zones. Further, these cultures could be divided into subcultures based upon a particular territory or state.
2. **Social-** Consumer wants, learning, motives, etc. are influenced by opinion leaders, person's family, reference groups, social class, and culture.

**Opinion Leaders** – They are spokespersons. Marketers try to attract opinion leaders to promote their products. They are the expert people in various fields, who can testify the uses, attributes, features, advantages, and benefits of any product to the present and the prospective buyers. For example, news channels in their motor show episodes invite an opinion leader who can answer consumer queries on buying a new vehicle and they can understand the feasibility of purchase. It also helps them to understand its performance against competitor brands in the same category. These spokespersons could also be paid by the marketers to propagate the products manufactured by them.

**Family influences** - They also play a big role in forming the purchase decision of the buyers. Family exerts the broadest influence on the consumer buying decision; family includes parents, spouse, and kids. Each of these people has got a different view, perception, expectations, motives, etc, and hence influences the buying decision. For example, if a family intends to buy a car, Kids might have a say in deciding the brand and colour of the car, the wife expects comfortable seating and comfort, the husband pays the price hence the budget has to be suitable and of course, driving comfort and fuel average. It is a combined decision.

**Reference groups** – These are groups to which we all belong, it can be family, friends, corporate groups, sports groups, study classes to which we belong. Interaction with all these reference group members influence the buying pattern, tastes, and preferences of the buyer, for example, if you are looking to buy a new handset for yourself, these group members would aid in making a final choice for buying a brand which is most accepted by the group members and offer better value for money to you as a consumer. These groups further influence the lifestyle of consumers, as we all strive for the better.

**Social class:** An open group of individuals who have a similar social rank. The criteria for this are based upon – occupation, income, education, race, and wealth. The classification of social classes is as follows

1. Upper upper class
2. Lower upper
3. Upper middle

4. Middle class
5. Working class
6. Upper lowers
7. Lower lowers

Social classes determine to a certain extent the types, quality, quantity, that a person buys or consumes. Family, reference groups, social classes are all social influences on buyer behavior.

Culture and sub-culture – Culture refers to the set of values, beliefs, ideas, and attitudes that are accepted by a homogenous group of people and transmitted to the next generation. Culture also determines what style of advertising do people prefer, it further determines what people wear, eat, reside and travel. In India time scarcity is posing a big problem to consumers, hence there is a growing market for packaged food, fast food chain of restaurants, retailers also provide home delivery services of essential goods such as food and FMCG products, moreover, there is now pick and drop facility offered by a car dealer for servicing your vehicle.

3. **Personal** – These factors are linked to the buyers on taste and preferences and are influenced by age, gender, occupation, lifestyle, and personal preference of brands that each consumer prefers. It could be also based on past experiences that the buyer has had with any particular product that he or she has purchased. Moreover it is also linked to income and the willingness to spend.
  4. **Psychological** – This factor also governs the consumer buying decision to a great extent in the terms of what motivates him? It could be the brand, optimum pricing, value for money, attitudes and beliefs, and perception, the most common perception among consumers being that of price versus quality.
- **Stages of the Consumer Buying Process:**
1. **Need recognition** – Needs could be caused and stimulated by internal or external stimuli. Internal needs could be based upon normal day-to-day needs or some special needs that could change with age, income, lifestyle, and other factors. These stimulate consumers towards deciding to buy certain products. External stimuli could be promotion activities carried on by business firms or the influence from groups of which the consumers might be members of, such as friendship, and workplace groups.
  2. **Information search** – Once the need becomes clear then the consumer begins to scan information about that particular product. This information could be flowing through various sources namely personal, through promotion campaigns, word-of-mouth, etc. This information helps a consumer to decide what to buy or not.
  3. **Evaluation of alternatives** – Now once information is gathered now consumer evaluates certain positives or negatives of buying products that he or she intends to buy. The factors that they would consider

could be price versus quality, brand preferences, attributes that various products offer.

4. **Purchase decision** – final choice of buying a particular product, mode of payment, a preferred outlet of purchase, and the right time to purchase the product
5. **Post-purchase behaviour** -This aspect is concerned about the satisfaction or dissatisfaction that the consumer experiences post-purchase. If the buyer is satisfied with the purchase he would spread favorable word-of-mouth of the product and if dissatisfied then not so favorable feedback. This stage is linked to the cognitive dissonance of the buyer.

**Activity 3.6**

How you have changed as a buyer of goods or services?

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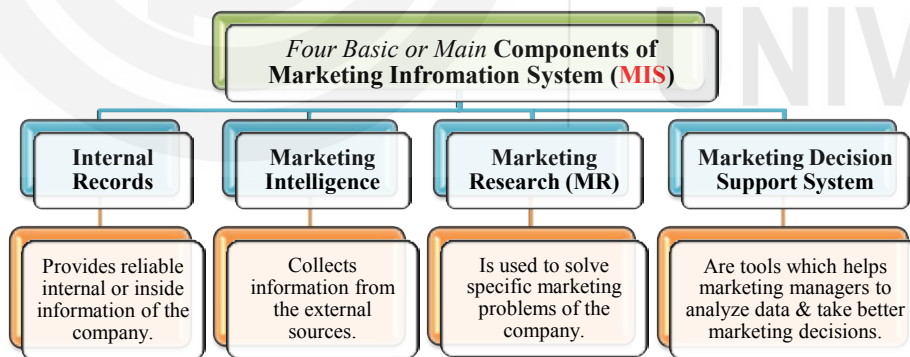
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### 3.7 MARKETING INFORMATION SYSTEM

A marketing information system (MIS) is a set of procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis. It aids marketers to strategize marketing options to create and sustain value for themselves and the consumer.



**Fig 3.6: Basics of marketing information system**

For effective marketing planning and implementation, the marketer should study and analyze both internal and external variables, they are also popularly labeled as controllable and uncontrollable. Thus, to know which forces are acting on it and their impact, the marketer needs to gather the data through its own resources, which in terms of marketing we can say, s/he is trying to gather the market information or form a *marketing information system*. The collection and interpretation of information is a continuous process that gathers data from a variety of sources might be as stated internal or external sources through primary or secondary research, synthesizes it, and send it

to those responsible for meeting the market places needs. The effectiveness of marketing decisions is confirmed if the firm has a strong and effective information system giving the business firm the competitive edge over its nearest competitors. With trends changing very fast in today's scenario it becomes imperative to carry on research but if it is not done in the prescribed manner the firm could face many risks.

- 1) Missed opportunities
- 2) The firm might not be aware of the recent environmental changes and the actions of competition
- 3) Marketing plans and decisions may not be reviewed properly and this would delay the action plan
- 4) Actions may be reactive rather than proactive.
- 5) Data collection may be disjointed and not provide adequate information.
- 6) Previous data and studies may not be stored in an easy-to-use format.

A marketing intelligence system or network caters to the total information needs of the marketing department. This is comprised of three components:

- 1) Continuous monitoring is the procedure by which the changing environment and also the changes in the consumer's needs, wants and demands are regularly viewed.
- 2) Marketing research is used to obtain information on particular marketing issues, for example, on the changing tastes and preferences of the consumer, changes towards the brand preferences.
- 3) Data warehousing involves the retention of all types of relevant company records, as well as the information collected through continuous monitoring and marketing research that is kept by the organization.

The ingredients for a good MIS are consistency, completeness, and orderliness. Marketing plans should be planned and implemented based on information obtained from the intelligence network.

The information needed by marketing managers comes from three main sources:

- 1) Internal company records – For example, past sales records to analyze the past sales figures, variance if any in orders town-wise, consumer profiles, stocks inventory, consumer service reports, etc
- 2) Marketing intelligence – This information can be gathered from many sources, including suppliers, customers, distributors, and competitors. Marketing intelligence is a term that includes all the everyday information about developments in the market trends and moves that helps a business prepare and adjust its marketing plans accordingly. It is possible to buy intelligence information from outside specialist agencies, which have expertise in this job and possess first-hand market information.
- 3) Market research – Marketers cannot always wait for information to arrive in bits and pieces from internal sources. The sources of market intelligence cannot always be relied upon to provide the latest, and relevant (especially for smaller or niche market segments). In such

a case, marketers often need to undertake specific studies to support their marketing strategy – this is market research. Most importantly the marketing information provides information to the marketer about changes in trends, tastes, preferences, attitudes, and lifestyle of the present and the prospective buyers, it also provides an update about the competitors’ activities, based on this the marketer can base their competitive strategies.

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### 3.8 MARKETING ORGANIZATION AND CONTROL

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Marketing organization means the collection of people within an organization who have come together to achieve a common purpose i.e. to plan and execute the marketing plans successfully and hence earn profits for your organization, and further, the strategy is to sustain this profitability. These profits could only be ensured if the marketing organizations adapt fast to the changes in the environment that is the changes in the socio-cultural patterns, needs, wants, and demands of the buyer, the changing global scenario.

Marketing organization further entails the recruitment and selection of efficient marketing staff, retains these members, and channelizes their attention to the marketing grey areas, these areas may be like competition becoming stronger or generally speaking of the changing scenario. Further, placing people in various positions as per their skills and competencies.

Control is a very important function to the success of any organization. Marketing control means the steps which an organization takes to ensure that its marketing plans are successful. The control areas are as follows:

- i. Setting standards based on plans
- ii. Measuring performance against standards
- iii. Correcting deviations from standards and plans
- iv. Control of sales personnel’s and territories
- v. Keeping an eye on the changing market scenario
- vi. Competition

#### Check Your Progress 3.2

Note: a) Use the spaces given below for your answers.

b) Check your answer with those given at the end of the unit.

1) Strategy formulation is the major issue in marketing management. Comment.

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2) What are the elements which determine buyer behaviour?

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3) What is STP?

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### 3.9 LET US SUM UP

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Planning and organizing marketing is one of the most important branches of marketing functions. This Unit gives us an insight into the core areas of marketing such as marketing mix, branding, strategic marketing, STP, and managing the marketing organization. As mentioned earlier marketing is all about finding the changes in the needs, wants and demands of the present and prospective buyers, here we have come to know the aspects of strategic marketing, how to plan and execute the entire plan, to keep the profits of the company alive at all times.

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### 3.10 KEYWORDS

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**Brand:** A term, name, logo, or a symbol assigned to any product that gives the product its identity, and distinguishes it from the competition.

**Marketing mix:** marketing mix is often referred to as the 4 Ps of marketing, namely product, price, place, and promotion

**Media:** Media are the vehicles to promote the products and brands to the existing and prospective buyers, for example, broadcast media, print media, and outdoor media.

**Opinion leaders:** These are people who are experts in their own areas of specialization and guide the people towards making the final choice of products they have considered to buy

**STP:** Segmentation, targeting, and positioning. This gives an insight into how to divide the broad market into manageable parts. Once the segmentation is done then devise various marketing strategies for the target audience chosen and positioning broadly means the image of any product in the minds of the buyer.

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### 3.11 SUGGESTED FURTHER READINGS/ REFERENCES

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Philip Kotler, Kevin Lane Keller, Abraham Koshi, and Mithleshwar Jha (2009) *Marketing Management, 13th Edition, A south Asian Perspective (India)*, Pearson Education

Stanton, William J., Michael J. Etzel & Bruce J. Walker, “*Fundamentals of Marketing*” (McGraw-Hill, Inc. New York, 1994).

Theodore Levitt, *The Marketing Mode* (New York: McGraw-Hill, 1969).

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### 3.12 ANSWERS TO CHECK YOUR PROGRESS

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#### Check Your Progress 3.1

- 1) Marketing mix is the combination of 4ps of marketing namely product, price, place, and promotion
- 2) The different elements of promotion are 1. Advertising 2. Sales promotion 3. Personal selling. 4. Direct marketing and 5. PR/publicity



### Check Your Progress 3.2

- 1) Strategy formulation and execution is the key to the success of any marketing plan. The statement is very true as the strategy formulation begins with the marketing mix elements then the marketer has to formulate the strategy of STP. Branding and the market information system in order to collect and interpret the data from the market, and implement changes needed as per the change in the tastes and preferences of the buyer
- 2) The study of buyer behavior is very important for any marketer to have long-term success in the market, as the behavior changes with time and the mindset of the present and the prospective buyers. The factors or elements that govern the buyer's behavior are socio-cultural factors, demographic factors, psychological and personal factors.
- 3) Segmentation, targeting, and positioning. Segmentation is segmenting the markets as per the needs and the wants of the buyer, and segments that the marketers can manage easily. The segment chosen should always show growth opportunities for the marketer in the long-term future in order to keep the profits alive. Targeting is the set of the population chosen from the segment and the need here is to service this target market well to build up customer loyalty towards your goods or services. Positioning is making an image in the minds of the existing and prospective buyers.