

6. Marketing & Branding

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The Preamble

Today wherever you go everyone is talking about marketing. Marketing is there in your life for each second. You are getting marketing messages every time over phone or email. Mostly people think marketing is just a selling or advertising. Though selling or advertising are the parts of the marketing. But marketing is much more. Marketing consists of a number of interrelated activities and the decision in one area influences the decision in other areas.

So, first we should understand what exactly the Marketing is?

Marketing

- ✓ Marketing starts much before the production of goods and goes ahead/moves after the selling and distribution of goods also.
- ✓ Marketing is the process of identifying the need and wants of customers so that accordingly products can be manufactured.
- ✓ Marketing is basically the process of discovering and translating consumer needs into products and services, creating demand for these products and services and then in turn expanding this demand.
- ✓ Marketing involves those efforts which are directed towards satisfying customer needs.
- ✓ Marketing is a broad term which includes a set of activities that starts with the market research and ends with consumer satisfaction.

Definition (s)

According to American Marketing Association - "Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user."

There are lots of activities included in the marketing. Few of them are:

1. Identifying and selecting the type of customer, understanding their needs and desires;
2. Designing product or services that suits the customers' desires;
3. Persuading customers to buy at the firm's offerings; and
4. Storing, moving, and displaying goods after they leave the production site

Marketing is different from Sales

Difference between sales and marketing depicted in the below mentioned table.

Sr. No	Basis of Difference	Sales	Marketing
1	Definition & Meaning	Sales refer to the transfer of ownership from seller to buyer.	Whereas marketing is about understanding the needs and wants of the customers.
2	Scope	Narrow (It includes only Selling of the product.)	Broader (Whereas marketing includes Advertisement, Sales, Research, Customer satisfaction, After sales services etc.)
3	Skills required	Selling skills	It required analytical skills
4	Orientation needed	Focus on Product	Focus on Customer
5	Objective	Prompting buyers in such a way that they turn out as buyers.	Main objective of the marketing is to identify the needs of customers and create products as per their requirement to satisfy those needs.
6	Goal	Maximizing profit through sales maximization.	Maximizing profit via increased consumer satisfaction and market share.

Decisions taken by Marketing Manager

There are various types of decision taken by the marketing manager. These are related to product, price, place and promotion.

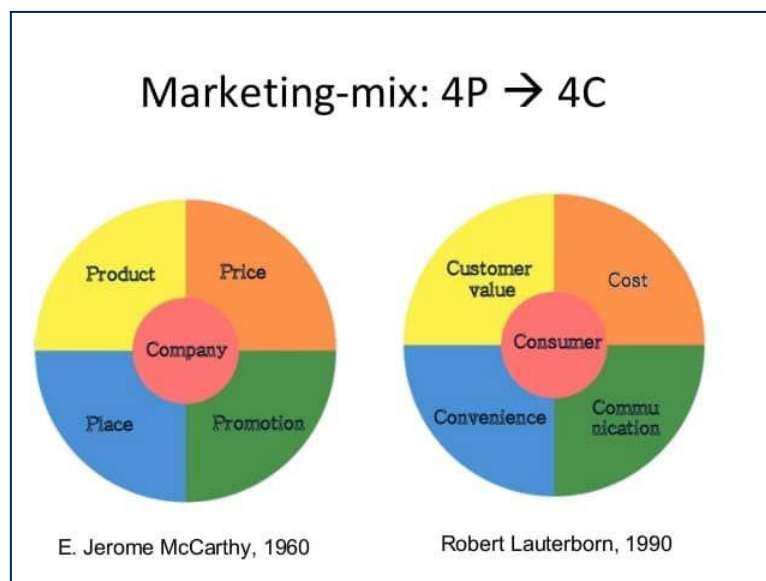
Marketing Mix/Four pillars of Marketing

The whole marketing is based on 4 Ps, commonly known as marketing mix. These 4 Ps are:

- a) **Product**
- b) **Price**
- c) **Promotion**
- d) **Place**

The term marketing mix first appeared in the article entitled 'The Concept of Marketing Mix' (1948) written by Neil Borden, a professor of marketing and advertising at Harvard Business School.

One of the expert (Robert Lauterborn) has explained Marketing Mix in the form of 4Cs in the figure:1



(a) Product Mix:

It deals with physical attributes of the product and the benefits associated with the product. The product should be properly designed, coloured and packed.

Some of the important activities covered under product mix element are:

- **Variety of the product**
- **Quality**
- **Features**

- **Design**
- **Brand name**
- **Warranties**
- **Size**
- **Packaging**
- **After sales Services**
- **Returns**

(b) Price Mix:

Fixing monetary value of the product termed as Pricing. At the time of fixing the price of the product managers consider generally few factors such as cost of the product, legal framework available, prices charged by competitors and the prices that consumers are willing to pay. Managers must price the product in such a way so that he may be able to recover the costs and earn a reasonable return on capital.

Activities covered under price mix element are as follows:

- **Product list price**
- **Discounts related to product**
- **Payment period given to parties**
- **Structure of the Credit terms**

(c) Promotion Mix:

Company's communication with the consumers regarding the product and other things considered under the umbrella of promotion mix. Promotion helps and motivates consumers to buy the goods. **These include various tools viz. (i) Advertisement, (ii) Personal Selling and (iii) Sales Promotion:** It includes holding contests, lotteries etc. Assorted combinations of sales promotion techniques can be used.

(d) Place Mix:

Another tool of the marketing mix is place mix. Place mix identifies the way through which products are transferred from sellers to buyers. The seller may sell directly to the buyer or through intermediation of wholesalers and retailers. More than one channel of distribution can be adopted at the same time; for example, a wholesaler can sell through retailers and also directly to consumers.

A glimpse of the activities covered in Marketing Mix showed in the figure 02

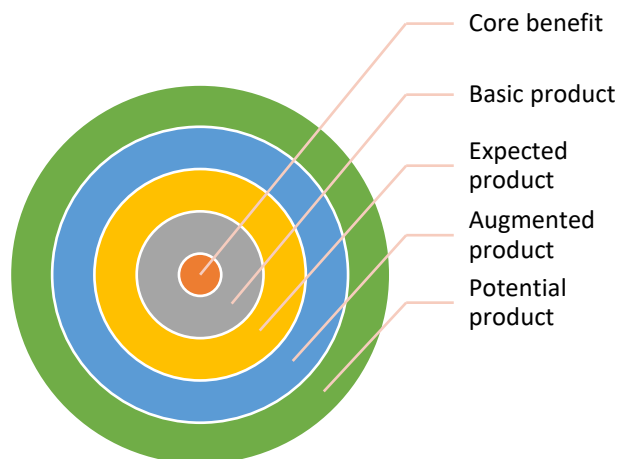


An overview of each element of Marketing Mix is given in the forthcoming paragraphs.

❖ **Meaning of Product**

It can be described as bundle of utilities which a marketer offers to the consumer for a price.

Levels of Product: There are Five levels of product as shown in Figure: 03



(i) Core Benefits:

Core benefit is the fundamental need or wants that the customer satisfies when consumer buys the product. For example, the core benefit of a hotel is to provide somewhere to rest or sleep when away from home.

(ii) Basic/ Generic Product:

It is a basic version of the product made up of only those features necessary for it to function. For example, in a hotel, this could mean a bed, towels, a bathroom, a mirror, and a wardrobe.

(iii) Expected Product:

The expected product is the set of features that the customers expect when they buy the product. For example, clean sheets, some clean towels, Wi-fi, and a clean bathroom.

(iv) Augmented Product:

The augmented product refers to any product variations, extra features, or services that help differentiate the product from its competitors. Marketer augments the product, by adding an extra facility or an extra feature to the product. For example, a free map of the town in every room

(v) Potential Product:

It includes all augmentations and transformations the product might undergo in the future. In simple language, this means that to continue to surprise and delight customers the product must be augmented. In the example of a hotel, this could mean a different gift placed in the room each time a customer stays. It could be some chocolates on one occasion.

❖ **Price**

Economic value of the product articulated in money form is called as price. While fixing the price of any product company should keep number of factors in his mind viz. competitions tendency towards charging price for similar product, consumer's willingness to pay, government limitations etc. Prices have to set in such a manner so that it should not hamper demand on the one side and profitability on the other side.

The following decisions cover under the Price Mix

- Decision on variable and fixed costs of the product
- Analyzing pricing policies and strategies of the related competitors
- Credit terms and conditions offered to customers
- Scanning those factors impacting pricing decisions
- During different product life cycle stages pricing strategies
- Level of margin of profits

Pricing Strategies

Skimming	Initially the high price is charged. Example: Apple mobile phones
Penetration	Price is set low to get market share. Example: Reliance Mobile
Demand	On the basis of consumer demand of a product or services.
Psychological	A minor difference in the product, creates huge difference in the mind of customers. Example: A product has been list at 99/- instead of 100/- Rs.
Competitive	In this method, prices set by the competitors are used. Called as strategic pricing also.
Cost Plus	Under this method all type of costs viz. raw material, production, overhead costs + profit margin has been added and the price has been fixed.
Discount	Products are offered at reduced price.
Geographical	Different prices are charged with different geographical locations
Price Bundling	When two or more products or services are priced together as a package, with a single price.

❖ Promotion

With regard to marketing, promotion refers to ‘marketing communication’ i.e., communication by the company to consumer about the product. In layman language, it is a process of informing, influencing and persuading a consumer about the products’ choices available in the market.

Decisions/ activities related to the promotion mix element are;

- Sales promotion
- Public relations
- Advertisement
- Personal selling
- Marketing Commutation Budget

❖ Place

Goods are manufactured by the company so that it may be sold to the customers and further it may be made available to the consumers at their convenient places. So, place provides that utility and includes various types of distribution channels (direct/indirect) under this.

So, the important thing is that the organization has to decide whether the product will be sold to consumer directly or through various intermediaries.

Under the direct channel method, the manufacturer directly sells the goods to the customers. There is no involvement of intermediaries in this distribution. It is also called “zero level distribution. On the other hand, Indirect distribution channel may be divided into 3 types according to the usage of intermediaries or channel methods - one level, two level and three level channel. In one level channel manufacturer sells the goods directly to a retailer. Mostly this channel is used by expensive watches and FMCG products. In the two level channel, the manufacturer sells the goods to a wholesaler, the wholesaler to a retailer and then to the customer. The wholesales purchases large volumes from the manufacturer and then distribute them to retailers in small volumes. This channel is mainly used to sell soaps, sugar, cigarette etc. In the three level channels, one more level is added to two level channel in the form of agents. These agents reduce the distance between the manufacturers and wholesaler. This is suitable for very big companies like Toyota, Pepsi etc.

Channel management decisions involve the following:

Analyzing type of distribution channels and channel members

Selecting suitable channel of distribution

Decision on Physical distribution (transportation, communication, warehousing, inventory control, insurance, banking etc.)

There are various types of intermediaries' available viz. wholesaler, retailer, agents, dealers, distributors for the marketer.

Segmentation, Targeting and Positioning (STP): A Marketing Tool/Model

Segmentation

- Market Segmentation refers to the process of creation of small groups (segments) within a large market to bring together consumers who have similar requirements, needs and interests.
- In simpler words market segmentation can also be called as Grouping.

Basis of Segmentation

- **Demographics which focus on the characteristics of the customer.** For example, age, gender, income bracket, education, job and cultural background.
- **Psychographics which refers** to the customer group's lifestyle. For example, their social class, lifestyle, personality, opinions, and attitudes.
- **Behaviour which is based on customer behaviour.** For example, online shoppers, shopping centre customers, brand preference and prior purchases.
- **Geographical location** such as continent, country, state, province, city or rural that the customer group resides.

Targeting/Target your best customers

- Once the marketer creates different segments within the market, he then devises various marketing strategies and promotional schemes according to the tastes of the individuals of particular segment. This process is called targeting.

Positioning/Position your offerings

- Positioning is developing a product and brand image in the minds of consumers.

- Means by which goods and services can be differentiated from others and so give consumers a reason to buy.

What else it includes...

- It can also include **improving a customer's perception about the experience they will have** if they choose to purchase your product or service.

There are three types of positioning:

- **Symbolic positioning:** Enhance the self-image, belongingness, or even ego of your customers. The luxury car industry is a great example of this – they serve the same purpose as any other car but they also boost their customer's self-esteem and image.
- **Functional positioning:** Solve your customer's problem and provide them with genuine benefits.
- **Experiential positioning:** Focus on the emotional connection that your customers have with your product, service, or brand.

Example of STP

Garnier offers a broad range of products for both men and women.

- Each of their brands has been targeted well amongst the specific market segments. (Men, women, teenagers as well as older generation)
- Men - Sunscreen lotions, Deodorant
Women - Daily skin care products, hair care products
Teenagers - Hair colour products, Garnier Light (Fairness cream)
Older Generation - Cream to fight signs of ageing, wrinkles
- *A female would never purchase a sunscreen lotion meant for men and vice versa. That's brand positioning.*

Branding

- ▶ Branding is the **exercise of giving a specified name to a product** or group of product of one seller.

- ▶ The process of finding and fixing the means of identification is called Branding.
- ▶ In nut shell, **naming product, like a naming a baby, is known as branding.** Thus branding is management process by which product is named; i.e. branded.

Few of the experts explained Brand as:

“A brand is name, term, sign, symbol, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”

There are few features of brand:

- ▶ Brand is Massive asset.
- ▶ Brand is Promotional Tool.
- ▶ Brand is tool to Protect Market.
- ▶ Brand is a Means of Identification for Customers.

Significance/ Importance of Branding

There are lots of advantages of Branding to the different people viz. producers, middlemen, customers.

Scope of Branding

Physical Products/Goods	Reynold Pens, Hyundai: Santro
Services	Air India, SBI
Store	Reliance, Easy day, MI, Dell
Person	Amitabh Bachan, Deepika Padukon
Place	Gujrat Tourism, Incredible India
Organization	The Rolling stones

Few important Concepts related to the Marketing

Environmental Scanning:

Scanning of the business environment is very important for every business. When an entrepreneur is involved in business/ marketing activities he should also consider and focus on environmental scanning aspect. It includes study of those forces which impacts the business in a big way. These are called as controllable and uncontrollable factors.

Controllable factors generally called as internal factors whereas uncontrollable are termed as external factors.

Controllable	Uncontrollable
Company	Demographic
Suppliers	Economic
Customers	Cultural
Policies	Political
Competitors	Technological
Intermediaries	Legal

(A glimpse of the marketing Environment has been depicted in Fig.)



Usefulness of Environmental Scanning:

- ✓ It helps in taking major strategic decisions
- ✓ Scanning helps a company to act upon rather than react to opportunities and threats.

A case in point:

Demographic shifts cause changes in marketing strategies

According to census 2001 data, about 7.7 crore people above 60 years. (7.2%). This is an increase from 6.8% in 1991. According to WHO, there are going to be significant change in 2021(around 15 crore). In this case marketers will have to repackage their services as per their suitability.

Example: Himalaya drug company’s pure herbs Shallaki (used to prevent/control joint pains, portrays an elderly man having fun with his grandson. Similarly, SBI life ads for pension plan, feature the elderly and portray them as being free from financial worries.

Marketing Research

Another important tool which has been actively used by the marketer regarding providing the inputs for marketing mix planning is marketing research. Marketing research can be conducted via various ways (depending upon the resources availability with the company). These ways are:

- ❖ Marketing department of the company
- ❖ Marketing Research Department
- ❖ Field work
- ❖ Outsources marketing research agency

Utility of the Marketing Research

- It facilitates organization to collect information to understand customers, competitors and the environment in a better way.
- It helps in strengthening customer relationships.

Tools used for Marketing Research

1. Managing internal information sources
2. Rely upon secondary market research
3. More closer to primary research
 - ▶ Online surveys
 - ▶ Telephone surveys
 - ▶ Direct mail surveys
 - ▶ Focus groups Observation