

Strategic Marketing Management

Block

5

NEW AGE STRATEGIC MARKETING MANAGEMENT

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Editorial Team

Prof. R. Muthukumar IFHE (Deemed-to-be-University), Hyderabad	Prof. Madhavi Garikaparthi IFHE (Deemed-to-be-University), Hyderabad
Dr. Sunny Bose IFHE (Deemed-to-be-University), Hyderabad	Dr. Sudeepta Pradhan IFHE (Deemed-to-be-University), Hyderabad
Dr. Rishi Dwesar IFHE (Deemed-to-be-University), Hyderabad	

Content Development Team

Dr. Krishna Chodimella IFHE (Deemed-to-be-University), Hyderabad	Dr. Mukesh Kumar Mishra IFHE (Deemed-to-be-University), Hyderabad
Dr. Sweta Singh IFHE (Deemed-to-be-University), Hyderabad	Dr. Pankaj Kumar Mohanty IFHE (Deemed-to-be-University), Hyderabad
Dr. Mohd Moinuddin Mudassir IFHE (Deemed-to-be-University), Hyderabad	Prof. Sweta Anand IFHE (Deemed-to-be-University), Hyderabad

Proofreading, Language Editing and Layout Team

Ms. M. Manorama IFHE (Deemed-to-be-University), Hyderabad	Mr. K. Venkateswarlu IFHE (Deemed-to-be-University), Hyderabad
Mr. Chandra Sekhar Rao IFHE (Deemed-to-be-University), Hyderabad	

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Ref. No. SMM-SLM-IFHE – 042022 B5

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Our E-mail id: cwfeedback@icfaiuniversity.in

Centre for Distance and Online Education (CDOE)

The ICFAI Foundation for Higher Education

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Donthanapally, Shankarapalli Road, Hyderabad- 501203

BLOCK 5: NEW AGE STRATEGIC MARKETING MANAGEMENT

With the advent of globalization and the information age, the strategies and tactics needed to succeed and be competitive have become complicated and even radical. The fifth block to the course on Strategic Marketing Management deals with the new age strategic marketing management. The block contains five units.

New technologies and cost-effective communication channel have emerged in the new marketing age and marketers are able to forge closer and stronger relationships with customers. The twenty fourth unit, *Relationship Marketing Strategy*, discusses various concepts and relevance of relationship marketing. It then discusses the difference between personalization and mass customization. It explains various strategies used by organizations for retaining customers. The unit finally concludes with a discussion on various strategies used for enhancing customer relationships in order to ensure competitive advantage.

In the digital age, a customer-centric strategy that understands the mindset of online customers can alone lead to customer retention, customer acquisition, higher revenue and long-term growth. The twenty fifth unit, *Online Marketing Strategies*, deals with various concepts of online marketing strategies. It discusses the importance of online marketing in the success of organizations. It goes on to explain the characteristics of online customers. It further discusses various online marketing strategies used by online marketers. The unit finally concludes with various ways used for managing online reputation of the organization.

Brand building is the key to success for new age companies. These companies leverage on the popularity of social media platforms like Facebook, Twitter and Instagram to connect with digital customers. The twenty sixth unit, *Social Media Marketing Strategy*, discusses the strategic issues with regard to social media marketing. It discusses the concept of social media marketing along with its relevance to business. It explains various social media platforms used in social media marketing. It goes on to explain the connection between social media marketing and viral marketing. It discusses the various social media marketing strategies used by online marketers. The unit concludes with a discussion on various concepts used in social media monitoring and its importance.

Internet has reshaped the market place by drastically changing the way customers and other stake holders interact with the company. New technologies have created opportunities and unforeseen competitive threats and has transformed the way corporate decisions are made and strategies formulated. The twenty seventh unit, *Emerging Trends in Strategic Marketing*, discusses the concept of co-opetition, collaboration and competition. It goes on to identify the major factors contributing to the growth of blue ocean strategy. It discusses about innovation, reverse innovation and guerilla marketing. The unit concludes with a discussion on branding in the digital age.

New technologies have created new channels of communication and new communication types like user generated content. To bring together the variety of communication modes and achieve harmony and synergy to communicate effectively is a challenge indeed. The twenty eighth unit, *Integrated Marketing Communication (IMC) Strategies*, discusses the strategies of integrated marketing communication. It goes on to explain the factors responsible for the growth of IMC. It then discusses the relationship between IMC and marketing mix. It identifies the ways and means of planning, developing and implementing an IMC program. The unit concludes with a discussion on the importance of measuring IMC.

Unit 24

Relationship Marketing Strategies

Structure

- 24.1 Introduction
- 24.2 Objectives
- 24.3 Why Transactional Marketing is Not Enough?
- 24.4 Need for Relationship Marketing
- 24.5 Defining Relationship Marketing
- 24.6 Customer vs. Business Relationships
- 24.7 Customer Bonding
- 24.8 Mutual Value Creation
- 24.9 Personalization vs. Mass Customization
- 24.10 Strategies for Retaining Customers
- 24.11 Enhancing Customer Relationships for Competitive Advantage
- 24.12 Summary
- 24.13 Glossary
- 24.14 Self-Assessment Test
- 24.15 Suggested Readings/Reference Material
- 24.16 Answers to Check Your Progress Questions

“Community is one thing that’s not for sale. It must be earned through authentic relationships.”

– Jessika Phillips

24.1 Introduction

As rightly quoted by Jessika Phillips in the present era of marketing that is characterized by cut throat competition and more demanding customers, authentic relationship marketing has attracted the attention of customers. Successful companies adopt an enterprise approach to gain knowledge of customers, their purchase preferences, behavior and develop CRM programs and strategies to forge long-term relationships with customers.

The previous block discussed strategic issues in marketing, designing an effective marketing organization, marketing strategy implementation and control and learning in marketing organization.

This unit is intended to elucidate the concept of relationship marketing and its importance in today’s business. At the same time, various strategies used for enhancing customer relationships to gain competitive advantage will also be elucidated.

24.2 Objectives

After reading this unit, you should be able to:

- Explain and appreciate the concept and relevance of relationship marketing.
- Differentiate between Personalization and Mass Customization.
- Elaborate and make clear various strategies used by organizations for retaining customers.
- Appreciate various strategies used for enhancing customer relationships in order to ensure competitive advantage.

24.3 Why Transactional Marketing is not enough?

Till the 20th century, transactional marketing used to be one of the most prominent trends of marketing across the industry. With short term orientation, transactional marketing often focuses on sales promotion in order to attract more number of new customers. With minimal commitment to the customers, transactional marketing believes in pushing products and generating sales.

Transactional Marketing can be understood as a *business strategy that focuses on single, 'point of sale' transactions. Transactional marketing aims at increasing sales volume and marketing efficiency rather than building relationship with customers. Transactional marketing doesn't recognize the value of 'customer retention' and it may result in 'passive, reactive and short-term customer relationships'.*

As customers don't receive enough attention from the selling organizations, they are likely to switch to competing organizations whenever opportunity comes.

Example

Naaptol Online Shopping Ltd., is a TV shopping channel where the show anchors try to sell the products to the viewers by providing their call center number which is a transactional marketing. Also in February 2022¹, it was fined Rs. 10 lakh for failing to mention that ads on its 24*7 channel are not live and are recorded. Central Consumer Protection Authority (CCPA) also reprimanded Naaptol for creating 'artificial scarcity' by claiming that a product is available only for a certain period of time.

Source: ICAI Research Center

Today's customers are restless and have become more demanding than ever before. Customers want organizations to understand their specific desire and customize the products accordingly.

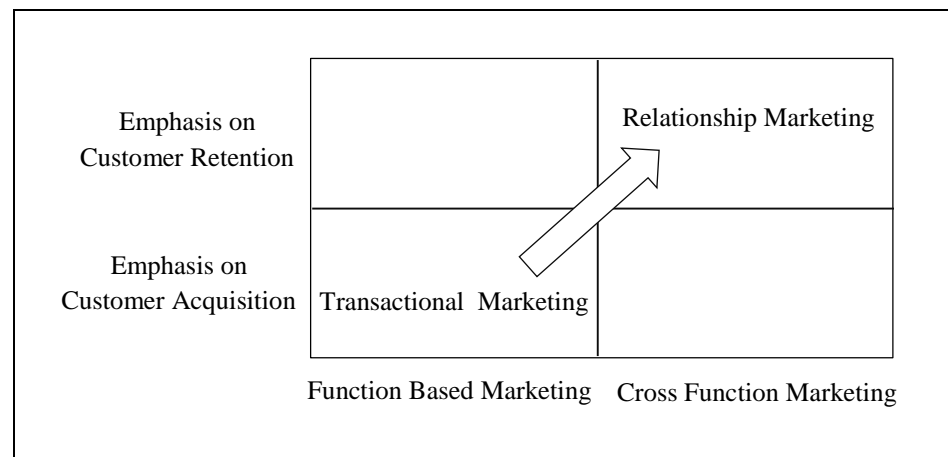
¹ <https://indianexpress.com/article/india/sensodyne-advertisements-india-7765362/> (accessed on February 28th 2022)

Relationship Marketing Transition:

With the arrival of the 21st century, marketing has shifted from “transactional marketing to relationship marketing”. Contrary to Transactional Marketing, Relationship Marketing emphasizes on customer retention and building long term profitable relationships with the customers. While transaction marketing does believe in “*sell it and forget it*” approach; relationship marketing does involve interactions, relationship and networks (Gummesson, 1991)².

Fueled by Liberalization, Privatization and Globalization (LPG), markets across the industry are characterized by cut throat competition and rising customer expectations. In the present time, many organizations are offering similar products at similar prices in order to serve the same customer. Fierce competition and rising customer expectations across the industry forced marketers to adopt customer centric marketing stratagem (Gaurav, 2015)³.

Figure 24.1: Relationship Marketing Transition (RAPP, 2000)



Source: Thorsten Henneg- Thurau, Ursula Hansen, “Relationship Marketing: Gaining Competitive Advantage through Customer Satisfaction and Customer Retention”, Springer Science and Business Media, June 2013.

Relationship marketing aims not only at acquiring new customers but also in retaining existing customers for a long period of time. The relationship marketing concept represents a shift from function based marketing to cross functional marketing; and a shift from marketing activities with emphasis on customer acquisition to marketing activities with emphasis on customer retention (Rapp, 2000⁴) (Refer Figure 24.1).

² Gummesson, E. (1991). Marketing-orientation Revisited: The Crucial Role of the Part-time Marketer. *European Journal of Marketing*, 25(2), pp.60-75.

³ Gaurav, K. (2015). Impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty: Evidence from Indian Automobile Industry. PhD (Business Administration). Aligarh Muslim University (AMU), Aligarh, India.

⁴ Reinhold Rapp, “Customer Relationship Marketing”, Campus Fachbuch, August 2000

Check Your Progress - 1

1. Which of the following does focus on single 'point of sale' transactions?
 - a. Transactional Marketing
 - b. Relationship Marketing
 - c. Transitional Marketing
 - d. Business Marketing
 - e. B2C Marketing
-

24.4 Need for Relationship Marketing

The fast paced growth and rising competition have created the need for novel approaches in marketing in order to ensure a sustainable competitive advantage to the organization in the given industry. Traditional marketing believes in managing the organization's marketing mix i.e. product, price, place and promotion, effectively and efficiently.

Only effective management of 'marketing mix' doesn't guarantee marketing success in today's context where competition is rising and switching costs for the customers is reducing across the market. Retaining existing customers as well as attracting new customers became a tiresome task for marketers. In this backdrop, relationship marketing has been proved to be beneficial in getting a new bunch of customers and retaining existing ones.

The need for relationship marketing in the organizations across the industry can be understood with the help of following perspectives:

- Today's customers are more demanding and they want desired products and services wherever and whenever they require.
- Vilfredo Pareto (1848–1923), a French-born Italian economist, said that an organization derives 80% of its income from 20% of its customers (also known as the 80:20 rule).
- Organizations can improve their profits by almost 100% by retaining just 5% more of their customers.
- Happy customers often tell about their positive experience to their family and friends; and contribute to the word – of – mouth advertising.
- Cultivating customer loyalty is one of the most vital factors that influence long term financial performance of the organizations as it leads to increased market share & higher sales at lower cost.
- The challenge for today's organizations is not only to attain top position, but to be on the top for a long time; and this would be possible only if the organization can ensure loyalty among its customers.

On the basis of above mentioned perspectives, it's understood that relationship marketing is the need of the hour. Relationship marketing focuses on keeping customers satisfied and building long term, strong and mutually rewarding relationships with customers that lead to customer loyalty.

Example

Zalando, the German multinational ecommerce brand, is doing an excellent job in keeping their customers satisfied and establishing a long-term connection with them. There are a lot of things that they are doing extremely well in terms of customer experience, such as allowing customers to save their brands for easy filtering, or offering personalized recommendations based on the data. The need for relationship marketing is evident in the example.

Source: ICFAI Research Center

Check Your Progress - 2

2. Which of the following constitutes the most important feature and objective of relationship marketing?
 - a. Frequently contacting customers to remain at the top of their mind
 - b. Empowering customers to participate in management decision making
 - c. Equip sales personnel so that they do effective direct selling
 - d. Develop long term commitment with customers through customer engagement
 - e. Identify and select the suitable segment and target customers efficiently
-

24.5 Defining Relationship Marketing

Relationship marketing is based on the objective of the organizations to deliver better customer value by considering the customers' perspectives as the focal point of relationship building activities. Nowadays, marketers across the industry are extensively using relationship marketing to earn customer loyalty in order to ensure that the customers will come back to the same organization again and again for similar products and services. Customer loyalty is the heart of relationship marketing.

Relationship Marketing is a new – old philosophy. Although relationship marketing has emerged as one of the latest marketing concepts, the idea of gaining customer's loyalty by satisfying customer's needs and wants is not new to traditional merchants.

In the similar context, Grönroos (1994) rightly quoted an ancient quote: "*As a merchant, you'd better have a friend in every town*"⁵. *Till the arrival of relationship marketing, marketing always used to focus on acquiring customers.*

⁵ Grönroos, C. (1994). From scientific management to service management: a management perspective for the age of service competition. *International Journal of Service Industry Management*, 5(1), pp.5-20.

Block 5: New Age Strategic Marketing Management

The term ‘Relationship Marketing’ was introduced in the service marketing literature by Berry (1983) where he defined relationship marketing as “*attracting, maintaining and – in multi-service organizations – enhancing customer relationships*”. This was the first time, when ‘customer attraction’ was viewed only as an intermediate stage in the process of marketing products and services.

Subsequently, relationship marketing was defined by many scholars. In the words of Grönroos (1990) relationship marketing is “*to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises*”⁶.

One of the most popular definitions of relationship marketing was given by Morgan & Hunt (1994) where relationship marketing has been described as “*that which refers to all marketing activities directed at establishing, developing and maintaining successful relational exchanges*”⁷.

Exhibit 24.1 illustrates the relationship marketing practices of Spanish fashion company Desigual.

Exhibit 24.1: Desigual - Spanish Fashion Company - Relationship Marketing

Desigual is a Spanish fashion company. It is headquartered in Barcelona, Catalonia, Spain. It was started by Thomas Meyer in 1984. The company has a presence in 107 countries.

Loyalty Program-Desigual Magic: The company has an awesome loyalty program that’s free to join and provides special benefits for its members. They give discounts of 10% on the first online purchase upon signing up and 25% on the birthday, priority access to all Desigual promotions and customers accumulate discounts on each purchase.

Returning a Product: Customers also get the benefit of returning a product without having to attach the purchase receipt, which is a great perk for ensuring that customers are always happy with Desigual even if they aren’t happy with their particular purchase. Customers also have 60 days to return a product, which is more than what most companies offer.

Reward Points: By shopping Desigual, customers also accumulate points for every purchase and they can use them at any time to get a sweet discount on their favorite garments.

Contd....

⁶ Grönroos, C. (1990). Relationship approach to the marketing function in service contexts: the marketing and organizational behavior interface. *Journal of Business Research*, 20(1), pp.3-12.

⁷ Morgan, R. and Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), pp.20-38.

Personal Shopper: Another awesome thing that Desigual introduced to establish a relationship with their customers is their Personal Shopper. By leveraging data from previous purchases and viewed products, the company makes personalized suggestions for each customer:

Virtual Shopping: And last but not least, another reason why Desigual is on top of our Relationship Marketing examples is their Virtual shopping service. Customers can sign up for an exclusive shopping session with an assistant who will help them select the clothes that best fit their style and maximize their shopping experience with Desigual. They can book their session via Whatsapp, phone, video call or directly in the store.

Source: <https://mktoolboxsuite.com/relationship-marketing-examples/> Accessed on 25.2.22

Check Your Progress - 3

3. Which of the following does refer to all marketing activities directed at establishing, developing and maintaining successful relational exchanges?
- Transactional Marketing
 - Relationship Marketing
 - Transitional Marketing
 - Business Marketing
 - Industrial Marketing

24.6 Customer vs. Business Relationships

Marketing Triangle & Key Aspects: Kotler⁸ (1994) introduced the concept of marketing triangle that represents marketing relationships on which marketers need to focus in order to be successful in marketing. The marketing triangle highlights three aspects of marketing relationships as given:

- *External Marketing:* External marketing deals with the relationship between the customer and the organization.
- *Internal Marketing:* Internal marketing talks about the relationship between the company and its employees.
- *Interactive Marketing:* The relationship between the employees of the company and its customer is referred to as interactive marketing.

The success of marketing often depends on the ability of the organization to build and maintain strong relationship with its employees and customers. No organization can be an isolated entity in today's world of business. Each organization is caught into a complicated network of relationships with suppliers, customers, intermediaries and other business partners.

⁸ Philip Kotler and Gary Armstrong: Principles of Marketing, Prentice Hall of India Pvt. Ltd., New Delhi, 1996, p-6.

Block 5: New Age Strategic Marketing Management

It is important to have a mutually fulfilling relationship with all the business partners. Customer Relationship Management (CRM) deals with building and maintaining long term fulfilling relationship with customers; whereas Business Relationship Management (BRM) is a business strategy that deals with defining, understanding and supporting a broad range of activities with respect to receiving information and services and distributing them through several networks. Successful organizations leave no stone unturned in managing relationships with customers and other stakeholders.

Internal Marketing as a Part of Relationship Marketing

Relationship marketing does not only mean business relationship with customers who receive value from the merchandise but also the employees of the organization who carry the brand message to the external environment. When loyalty and trust are built in the minds of the employees of the company, their productivity increases. This eventually leads to better customer service and rapport.

The employees need to be made to understand their roles through phased internal training methodologies and enhanced responsibilities, which adds value to the value chain. The employees are hence termed as internal customers of the company. Recognition of an excellent service by an employee motivates the others into action.

Example

Shandwick and Unilever won the Internal Communications Campaign Award during 2021⁹ for their project entitled “Unmute”, which was aimed to create awareness and engage their 1,50,000 workforce on the issues of domestic violence. This helped record 6,000 employees actively engaged with 200 employees utilizing the Unilever domestic violence services within the first month of the launch for more support or training. Such internal marketing acts built trust and loyalty among employees.

Source: ICFAI Research Center

Activity 24.1

Very often we meet sales persons who don't try to sell products or services, but express keen interest in establishing a long term relationship with you as a customer. Recollect those instances and make a list of various actions that indicated that they are interested in a long term relationship. Also interview some friends who have had similar experiences and ask them about their perceptions towards such companies.

⁹ <https://www.vevox.com/blog/5-of-the-best-ever-internal-communication-campaigns> accessed on 25.2.22

Check Your Progress - 4

4. Which of the following is a business strategy that deals with defining, understanding and supporting a broad range of activities with respect to receiving information and services and distributing them through several networks?
 - a. CRM
 - b. SRM
 - c. PRM
 - d. BRM
 - e. TRM
 5. Which of the following is not a valid reason for CRM gaining importance in recent times?
 - a. There is a need to differentiate from the competition
 - b. Customers have become more demanding and they want good customer service and also want customized service
 - c. Companies need to view customers in a homogenous way
 - d. Customers don't just look for functional benefits, but they want value.
 - e. Improvements in technology have helped marketers trace customer data
 6. Database is the foundation of CRM. Which of the following is not a benefit derived from the database?
 - a. Helps marketers understand why customers leave
 - b. Helps marketers in customizing communication in accordance to customer requirements
 - c. Marketers can make customized recommendations and suggestions to customers
 - d. Marketers can send information about sales promotion events and other activities to customers
 - e. Database may not help the marketers to understand the customers
-

24.7 Customer Bonding

The idea of 'bonding' in marketing domain is not new. In simple words, customer bonding can be understood as the relationship between the customer and the organization. Creating bonds between the customer and organization and/or organizational offerings (products, services and brands) often prevent customers from switching.

Customer bonding takes place over time to ultimately develop a 'sense of community'. Positive 'customer bonding' is considered as the byproduct of relationship marketing. The greater customer bonding often leads to higher customer commitments towards the organization and its offerings.

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Definition: Cross and Smith (1996)¹⁰ defined customer bonding as a “*new system for initiating and sustaining lasting relationship with each customer or prospect, which offers a strategic framework for a new, more responsible, and customer focused kind of marketing*”.

Classification of Customer Bonds: Berry (1995) suggested that the relationship marketing can be employed at various levels depending on the type of customer bond used to foster customer loyalty. He introduced the concept of relational bonding levels and classified customer bond into three categories as¹¹ given below:

- *Level One-Financial Bonds:* This level of relationship marketing is based on the idea of offering pricing incentives to build a financial bond and earn customer loyalty.

Example

Reliance SMART¹² is one of the largest & fastest growing grocery retail chains in India. Reliance SMART's incredible value proposition rewards shoppers more for bigger purchases, every single time they shop, with 100% assortment being offered below MRP all year round. This financial bond will earn customer loyalty.

Source: ICFAI Research Center

- *Level Two-Social Bonds:* This level of relationship marketing relies upon social bonds. Here, marketers try to capitalize on the fact that many service interactions are also social interactions. Social bonding aims at personalizing and customizing relationships with the customers.
- *Level Three-Structural Bonds:* This level of relationship marketing is to build a structural bond and it relies upon providing a structural solution to the vital customer problems. This kind of marketing approach creates a strong tie between the company and the customers for the long term.

Check Your Progress - 5

7. Which of the following levels of customer bond can be created by offering pricing incentives to the customers?
- a. Financial bond
 - b. Social bond
 - c. Structural bond
 - d. Infrastructural bond
 - e. Human bond
-

¹⁰ Cross R, Janet Smith, 1996, Customer bonding pathway to lasting customer loyalty, IL: L NTC/Contemporary Publishing, Chicago

¹¹ Berry, L. (1995). Relationship marketing of services: Growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4), pp.236-245.

¹² <https://relianceretail.com/reliance-smart.html> accessed on 25.2.22

24.8 Mutual Value Creation

Value: Value (also known as customer perceived value) is the difference between customer's evaluation of the benefits and costs with respect to the specific product compared to others.

Customer Delight: Customers are always interested to buy products that offer enormous benefits at a reduced cost. Creating and delivering desired value to the customers is the key for building and maintaining long term mutually satisfying relationships with the customers. It's critical to understand the customers' perspective of value in order to create and deliver the value that ensures customer delight.

Mutual Value Creation:

Through Relationship Marketing: The primary objective of relationship marketing is to improve marketing productivity and mutual value for the parties involved in the relationship. It presumes that the customers are desirous to have an ongoing relationship with the preferred organization instead of switching between organizations in the search of the desired value.

An organization pursuing relationship marketing is likely to create higher as well as better value for its customers compared to the organizations that offer only core products to the customers. Such type of organization develops a deeper understanding of the customers and often develops intense bondage with its customers.

Example

Hubspot is an American company that develops software products for Inbound Marketing, Sales and Customer Relationship Management. Among fierce competition in the industry, Hubspot manages to stand out and build sustainable, long-term relationships with their clients and create mutual value. Primarily it provides outstanding customer support, like the company offers an impressive collection of learning resources to ensure that their clients have all the information that they need to succeed.

Source: ICFAI Research Center

Through Participation of Customers: For effective mutual creation of value, the participation of customers in the value creation process is very much desired.

Through Collaboration among Suppliers and Customers: Mutual value creation can be considered as the result of collaboration among the suppliers and customers.

24.9 Personalization vs. Mass Customization

Time has gone when mass marketing used to be considered as the most effective business strategy for promoting organization's products and services across the markets.

Block 5: New Age Strategic Marketing Management

Mass Marketing: Organizations following mass marketing often ignore the differences that exist amongst market segments and offer the same marketing mix to the whole market. Mass marketing aims at distributing standardized products to the largest possible number of customers by adopting extensive distribution.

Standardization: Standardization assumes that “*One size fits all*”. Also known as undifferentiated marketing, mass marketing offers a wonderful opportunity to the organizations to appeal to a wide variety of potential customers in a cost effective manner.

This approach of marketing encourages organizations to adopt mass production and mass distribution in order to develop and deliver the desired products and services to their customers. Organizations could manufacture products at lower cost with economies of scale and could make more profits compared to their counterparts.

The biggest disadvantage of this approach was that the customer satisfaction was never on a higher side. This strategy was proved to be successful over the last many decades for promoting various kinds of products and services. With the advancement of marketing, marketers of today realized that mass marketing is not effective as customers’ tastes and preferences are not alike. Now a days, customers are more demanding than ever before. They want products to be unique in delivering functional and emotional benefits to them.

One to One Marketing: Contrary to mass marketing, One to One marketing is an individualized marketing approach that makes use of customer information to offer personalized offerings and build long term mutually satisfying relationships with the customers. One-to-one marketing aims at reinventing marketing with the personal touch that is normally absent in many marketing interactions and transactions.

Personalization: Personalization is a form of One to One marketing. It is the heart of one to one marketing as it believes in offering a unique product offering for each customer. Although the cost of developing and delivering individualized product is very high, the customers often experience a high level of satisfaction.

Organizations offering luxury brands often employ one to one marketing for developing and offering products and services to their high value customers. In the present time, personalization is one of the most sought after marketing approaches used for customer retention and building customer loyalty.

Example

Ferrari Atelier¹³ is a special studio to which all of their clients may come to make their Ferraris even more unique and molded to their personal tastes. Designed to ensure the client feels absolutely the center of attention, the Atelier is a truly exclusive, sophisticated space where Ferrari’s guests can create their very own bespoke car with the assistance of a team of experts.

Source: ICFAI Research Center

¹³ <https://www.ferrari.com/en-EN/auto/personalization> accessed on 25.2.22

Mass Customization: It is a frontier in contemporary marketing, represents the combination of mass marketing and one to one marketing. Mass customization can be understood as a business strategy that is intended to offer individualized products and services to the customers on mass production efficiency. Combining the flexibility of personalization and standardization, mass customization believes in customization for the mass market.

Definition: In the words of Pine II (1992¹⁴), Mass-customization refers to the ability *“to customize products quickly for individual customers or for niche markets at a cost, efficiency and speed close to those of mass production, relying on limited forecasts and inventory”*. The primary objective of mass customization is to develop products that can be quickly customized in order to satisfy a variety of customer requirements.

Types of Mass Customization:

In the book titled – ‘Mass Customization: The New Frontier in Business Competition’, Pine II (1992) elucidated following four types of mass customization:

- i. **Collaborative Customization (also known as co-creation):** Here, Organization speaks to its customers to determine the exact requirement. Subsequently, the product that best suits the requirement of each customer will be designed and delivered.
- ii. **Adaptive Customization:** Here, the Organization believes in developing a standard product that can be customized by the consumers. The consumer will be able to customize the product in the desired way.
- iii. **Transparent Customization:** Here, Organization offers unique products to the individual customers without clearly telling them that the products are customized. To make mass customization successful, the organization must accurately assess the needs of the individual customer.
- iv. **Cosmetic Customization:** As the name suggests, here, Organization actually manufactures the standardized products but offers it to different customers in different as well as unique ways.

Issues in Mass Customization:

Mass production is associated with low costs and hence, products built to customer's order ought to be expensive. Mass customization is both a production and marketing technique. From a marketing perspective, it incorporates flexibility by allowing customers to opt for some additional features or benefits. From a

¹⁴ B. Joseph Pine II, “Mass Customization: The New Frontiers in Business Competition, Harvard Business School Press, 1992

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production perspective, mass customization is based on templates that allow manufacturing companies to keep costs low.

- a. **Increase in the ultimate price:** Mass customization leads to the enhanced price of the final product and the customers need to wait till the customization is complete. A pair of Chinos at Land, a women's clothing retailer, costs \$35 whereas a mass customized pair is sold for \$54.
- b. **Works profitable only for luxury products:** When the product happens to be a basic one, mass customization does not prove viable as the cost of customization is higher than the profit earned by selling the mass customized product. A customized luxury product gives sufficient profit, but not a tee shirt.
- c. **Return of customized product:** When a customized product is returned for some reason to the manufacturer, the probability of selling it to another customer may not be possible.

Check Your Progress - 6

8. Organization offers unique products to the individual customer without clearly telling them that the products are customized. Which of the following customizations is referred here?
 - a. Collaborative
 - b. Adaptive
 - c. Transparent
 - d. Cosmetic
 - e. Functional

24.10 Strategies for Retaining Customers

Customer Loyalty: Traditionally, the focus of the organizations has been on attracting customers and making sales rather than retaining customers and building loyalty. Marketers of the past used to focus more on advertising, sales promotion and personal selling; the focus on customer service was either too little or nil. With the rise in competition across the industry, marketers have realized the value of retaining existing customers and building customer loyalty.

Example

Amazon¹⁵ Customer Loyalty starts with a Great Customer Experience. Amazon founder Jeff Bezos believes that Amazon customers are loyal to the retailer right up until somebody else offers the customer a better service.

Contd....

¹⁵ <https://www.customer.com/blog/retail-marketing/amazon-customer-loyalty-winning-without-rewards-program/#> accessed on 25.2.22

That factor alone motivates Amazon to stay competitive with a strategic focus on customer loyalty. Even without a traditional rewards program, Amazon continues to dominate in customer loyalty. Putting the customer first is essential to meeting and exceeding customer expectations.

Customer Satisfaction: That is why, today's marketers leave no stone unturned in ensuring customer satisfaction. It's a fact that satisfied customers - stay with the organization for the long term; exhibit price insensitivity; talk positive about the organization and its offering to their family and friends; offer ideas to the organization for improving existing products and developing new ones; and cost less in serving compared to new customers. Customer satisfaction often leads to customer retention that is incredibly vital for growing a sustainable business.

Customer Retention: Customer retention can be defined as 'the capability of the organization's offer to its customers to purchase its products and services over a specific period of time'. Customer retention has become one of the most vital factors that determine success of the organization in the competitive market and ensure a sustainable competitive advantage.

Barlow and Maul (2000)¹⁶ elucidated following widely used strategies organizations use for retaining their customers:

- **Listening to the Voices of Loyal Customers:** Organizations should always listen to their loyal customers and address the issues raised by them without any delay. The organization needs to build personal as well as emotional connection with its customers in order to make their customers contented. Identifying loyal customers and nurturing them often results in effective customer retention.
- **Retaining Customers by Retaining Staff:** Someone rightly said that "*Happy employees make happy customers*". Wonderful customer service and experience can only be provided by the employees who are happy and productively engaged. Organizations who wish to ensure retention of profitable customers must focus on retaining productive employees.
- **Going for Impact:** Giving attention to the detail can be vital in retaining loyal customers. Organizations need to understand the preferences of the customers and deliver the desired value to them in a consistent manner. In addition to the price and product quality, customer service, staff behavior and complaint handling are critical to customer retention.
- **Communicating a Message of Fairness:** Organizations must not treat their customers in an unfair manner. On many occasions, lack of fairness is experienced in relatively minor situations. Customers feel vulnerable when

¹⁶ Janelle Barlow, Dianna Maul, "Emotional Value: Creating strong bonds with your customers", Berette Koehler Publishers, 2010.

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they are not treated fairly – even in the matter that is of little/no importance. Perceived fairness often enhances customer trust and builds the strong basis for future exchanges with the organization.

24.11 Enhancing Customer Relationships for Competitive Advantage

Customer Switching: In the present context of marketing, developing a close and co-operative relationship with customers is vital in ensuring sustainable competitive advantage to the organization. Today's market is more competitive than ever before; customer switching has become easier due to the easy accessibility to competitive options. Managing the customer life cycle throughout the points of customer contacts is essential in order to add value to customers in every customer interaction.

Competitors: Marketers have understood that the profitability of an organization depends on its ability to identify, grow and retain customers for a long period of time. Competitors today have access to the similar manufacturing and technological infrastructure – the key to gaining competitive advantage lies in the ability of the organization ensuring customer loyalty.

Enhancing Customer Relationship: Customers are likely to be loyal to the organization only when they receive expected benefits and experience enhanced customer relationships. Organizations across the industry must explore innovative ways of enhancing customer relationships for building a loyal customer base. This may cover- ways of nurturing customer trust and commitment, strategies to enhance customer service and various modes of communicating more effectively with the present and potential customers.

Example

Harley Davidson,¹⁷ American bike manufacturing company, initiated a loyal customer program known as Battlefield Harley-Davidson®'s which is free of cost. Freely they can register for the program and get reward points. They can also earn additional bonus points by visiting the dealership on special event days and take advantage of their special promotions like double point days, which will be announced in advance. In this way the firm is enhancing customer relationships.

Source: ICFAI Research Center

Activity 24.2

A McKinsey & Company report states that a CRM program can be highly effective in upward migration (convincing customers to buy high value products) and cross selling (convincing customers to buy related products).

¹⁷ <https://www.battlefieldharley-davidson.com/visit-and-known-our--customer-loyalty-program#> accessed on 25.2.22

Take up for analysis a CRM program of a company of your choice. Analyze various loyalty levels incorporated in the program and explain how an effective CRM program can convince customers to upgrade and buy more products and services with the company.

Answer:

Check Your Progress - 7

9. Which of the following is not a valid benefit gained by Shalini, the owner of a beauty parlor out of the long term relationship with her customers?
 - a. Positive word of mouth
 - b. Referrals from customer
 - c. Demand for price discounts and concessions
 - d. Valuable information and feedback
 - e. Loyal and committed customer
 10. Which of the following is not an important stage in the customer relationship cycle?
 - a. Customer development
 - b. Customer acquisition
 - c. Customer Retention
 - d. Customer Satisfaction
 - e. Customer decline
-

24.12 Summary

- Markets across the industry are characterized by increasing competition and rising customers' expectations; traditional approaches of marketing are no more effective in generating desired profitability. In this backdrop, Relationship Marketing (RM) has emerged as one of the most vital approaches of marketing to build customer loyalty and to earn sustainable competitive advantage. This section has successfully elucidated the relevance of various relationship marketing strategies in the present context of marketing.

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- Relationship marketing can be defined as the development, growth and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees and other partners for mutual benefit. CRM views customers as equal partners in transactions and encourages repeat purchases and multiple brand purchases from the firm. In CRM, retaining customers is far more profitable than losing them.
- Frequent-buyer or user marketing programs that reward customers with cash, rebates, merchandise, or other premiums is known as Frequency Marketing or Loyalty Programs.
- Satisfied customers get the word about products out to other consumers and this is known as Viral Marketing.
- Buzz marketing relies on volunteers to try products and then talk about their experiences with friends and colleagues.

24.13 Glossary

Business Relationship Management (BRM): BRM is a business strategy that deals with defining, understanding and supporting a broad range of activities with respect to receiving information and services and distributing them through several networks.

Customer Retention: Customer retention can be defined as the capability of the organization's offer to its customers to purchase its products and services over a specific period of time.

Mass Customization: Mass customization can be understood as a business strategy that is intended to offer individualized products and services to the customers on mass production efficiency.

Mass Marketing: Mass marketing is a market coverage strategy in which an organization ignores the differences that exist amongst market segments and offers the same marketing mix to the whole market.

One to One Marketing: One to One marketing is an individualized marketing approach that makes use of customer information to offer personalized offering and build long term mutually satisfying relationship with the customers.

Relationship Marketing: Relationship marketing refers to all marketing activities directed at establishing, developing and maintaining successful relational exchanges.

Transactional Marketing: With short term orientation, transactional marketing refers to a business strategy that focuses on sales promotion in order to attract more number of new customers

Value: Value is the difference between customer's evaluation of the benefits and costs with respect to the specific product compared to others.

24.14 Self-Assessment Test

1. Differentiate between Transactional Marketing and Relationship Marketing.
2. Define relationship marketing. What made marketers adopt relationship marketing as a primary marketing strategy? Elucidate.
3. Differentiate between external marketing, internal marketing and interactive marketing.
4. Define Mass Customization. What are various types of mass customization? Elucidate.
5. Elucidate various types of customer retention strategies employed by the organization.

24.15 Suggested Readings/Reference Material

1. Crawford and DeBenedetto. Irwin, “New Products Management”, 12th edition, by McGraw-Hill, 2021.
2. Cravens, David W, “Strategic Marketing”, 10th ed., ebook, McGraw Hill/Irwin, 2021.
3. O. C. Ferrell, Michael Hartline, Bryan W. Hochstein, “Marketing Strategy”, 2021, Cengage South-Western.
4. Alexander Chernev, Philip Kotler, Musadiq A. Sahaf, “Strategic Marketing Management”, “Strategic Marketing: Making Decisions for Strategic Advantages”, PHI Learning, 2019.
5. Alexander Chernev, Philip Kotler, “Strategic Marketing Management”, Cerebellum Press, 2018.

24.16 Answers to Check Your Progress Questions

1. (a) Transactional Marketing

The transactional marketing aims at increasing sales volume and marketing efficiency rather than building relationship with customers. This approach of marketing often focuses on single, ‘point of sale’ transactions.

2. (d) Develop long term commitment with customers through customer engagement

Whereas Relationship Marketing aims at building long term mutually rewarding relationship with the customers.

3. (b) Relationship Marketing

Contrary to Transactional Marketing, Relationship marketing focuses on keeping customers satisfied and building long term, strong and mutually rewarding relationship with customers.

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4. (d) Business Relationship Management (BRM)

Customer Relationship Management (CRM) deals with building and maintaining long term fulfilling relationship with customers; whereas business relationship management is a business strategy that deals with defining, understanding and supporting a broad range of activities with respect to receiving information and services and distributing them through several

5. (c) Companies need to view customers in a homogenous way

All options given except option 'c' are valid. Relationship Marketing is gaining importance because every customer is different and he wants to be treated that way.

6. (a) Helps marketers understand why customers leave

Mass customization can be understood as a business strategy that is intended to offer individualized products and services to the customers on mass production efficiency. Combining the flexibility of personalization and standardization, mass customization believes in customization for the mass market.

7. (a) Financial bond

Customer bonding can be understood as the relationship between the customer and the organization. Various levels of relationship marketing can be employed at various levels depending on the type of customer bond used to foster customer loyalty. Level one relationship marketing is based on the idea of offering pricing incentives to build a financial bond and earn customer loyalty.

8. (c) Transparent

In Transparent Customization, Organization offers unique products to the individual customers without clearly telling them that the products are customized.

9. (c) Demand for price discounts and concessions

CRM can bring in many benefits to companies. These benefits like customer referrals, valuable feedback, loyalty and commitment of customers, etc., are given in various options. Option 'c' mentions Customer's demand for price discounts and concessions. This demand would reduce customer profitability and hence is not a benefit for the company.

10. (b) Customer Satisfaction

Customer Relationship Cycle has the following four stages: Customer acquisition, development, retention and customer decline. Customer Satisfaction is the outcome of relationship marketing. It is not a stage in relationship marketing.

Unit 25

Online Marketing Strategies

Structure

- 25.1 Introduction
- 25.2 Objectives
- 25.3 Understanding the Business and Need for Online Marketing
- 25.4 Understanding Online Customers
- 25.5 Building an Effective Website
- 25.6 Search Engine Marketing (SEM)
- 25.7 E-Mail Marketing
- 25.8 Affiliate Marketing
- 25.9 Online Advertising
- 25.10 Developing Mobile Applications for Business
- 25.11 Managing Online Reputation
- 25.12 Summary
- 25.13 Glossary
- 25.14 Self-Assessment Test
- 25.15 Suggested References/Reading Material
- 25.16 Answers to Check Your Progress Questions

“It’s hard to find things that won’t sell online.”

– Jeff Bezos

25.1 Introduction

As rightly quoted by Jeff Bezos, in recent days, internet has emerged as the ultimate platform for marketing and advertising any type of products and services to the target customers more effectively and efficiently. Internet has completely changed the playing field and marketers need to shift to new channels like online marketing to sustain, compete and maintain leadership position.

The previous unit was intended to elucidate the concept of relationship marketing and its importance in today’s business. At the same time, various strategies used for enhancing customer relationships to gain competitive advantage will also be elucidated.

This unit is intended to illustrate the concept of online marketing along with its magnitude to the modern marketing organizations. In addition, this unit also aims at discussing commonly used online marketing strategies.

25.2 Objectives

After reading this unit, you should be able to:

- Elucidate the concept and importance of online marketing to the success of organization.
- Appreciate the characteristics of online customers.
- Explain various online marketing strategies used by online marketers.
- Appreciate the ways for managing Online Reputation of the organization.

25.3 Need for Online Marketing and Understanding the Business

Need for Online Marketing

Marketing is evolving at lightning speed with the advent and dominance of World Wide Web (WWW) across the industry. Online marketing has become a necessary component of the marketing strategy of the modern organizations, irrespective of the nature of the products and services. In today's context, understanding the business and the need for online marketing is paramount to ensure success for the organization.

Although the ultimate goal of every business is to make money, every business is unique in its own way. Every business is intended to achieve specific marketing objectives by solving some of the customer's problems uniquely with the help of its products and services.

Definition of Online Marketing: Fueled by internet explosion, more and more people started using the internet for various reasons on a daily basis. Internet became an integral part of our day to day life. Online marketing (also known as Internet Marketing) can be defined *as marketing or promotion of products and services to the customers by employing the internet as a digital medium.*

Online marketing allows organizations to offer their products and services more conveniently to the customers on reduced cost. Online marketing covers a broad range of marketing tools compared to traditional business marketing due to the availability of extra channels and marketing mechanisms on the Internet. Marketers across the industry have realized that online marketing will not only boost the sales, it will also offer sustainable competitive advantage to the organization.

Understanding the Business: Successful online marketing calls for understanding the business that involves understanding the core competencies of the organization, uniqueness of the organization's offerings, customers' expectation, and competition in order to meet customers' expectations and achieve online marketing objectives. Identifying stakeholders and appreciating their perspective is crucial in understanding the business of the organization. Organizations are always interested to explore the avenues to advance their marketing efforts and increase their revenue.

Definition of Multichannel Marketing: Multichannel marketing has become a trend in today's times; it refers to *“the practice of interacting with customers using a combination of indirect and direct communication channels – websites, retail stores, mail order catalogs, direct mail, email, mobile, etc. – and enabling customers to take action in response – preferably to buy your product or service – using the channel of their choice. In the most simplistic terms, multichannel marketing is all about choice”*¹⁸.

Exhibit 25.1 illustrates the multi-channel marketing initiatives of Leesa Mattresses.

Exhibit 25.1: Leesa Mattresses-Multi Channel Marketing

Leesa is a US-based luxury mattress company, the mattresses are expertly crafted with a luxury look and universal feel that works for everybody.

Let us examine how Leesa is using Multi-Channel Marketing to persuade consumers:

Channel 1 The website:

First-time visitors to the website without existing accounts are presented with two overlays.

- First, a welcome message with a “\$100 off” offer with a subtle seasonal touch. And if the user selects a mattress, adds it to cart and abandons it before purchasing.
- Then a second overlay starts, before bouncing, the user sees a “\$100 off” CTA pop up accompanied by an email opt-in giving Leesa permission to target the user later. Users who opt-in receive a series of emails aimed at persuading first-time buyers.

On clicking “Finish Shopping” the user is sent back to the cart they abandoned with the \$100 discount automatically applied to persuade him to buy.

Channel 2 Marketplaces:

Leesa also sells its products on Amazon. If any consumer abandons a cart on Leesa's website to find a cheaper product on Amazon, Leesa uses sponsored search results and is visible on Amazon. Leesa offers excellent online experience on Amazon similarly as it does on its website, like a product video, social-testimonials and a detailed explanation of its USP/unique value proposition.

Contd....

¹⁸ Source: http://www.sas.com/en_us/insights/marketing/multichannel-marketing.html (Accessed on October 04, 2015)

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Channel 3 Facebook:

Consumers who still did not check-out and access Facebook, they will see the mattress they left in their cart, as well as additional ads on their feed. With a relatively high purchase price, its Facebook ads drive consumers to its website. It can even have a buy button on Facebook.

Channel 4 Pinterest:

Leesa also lists and sells its products locally on Pinterest through a buyable Pin so that the users get persuaded to buy its products.

Source: <https://www.shopify.com/enterprise/omni-channel-vs-multi-channel> accessed on 28.2.22

Check Your Progress - 1

1. Which of the following is the most important reason for consumer resistance to online buying?
 - a. Consumers do not want to change their old purchase habits
 - b. Online shopping experience is not so good as compared to brick and mortar shopping experience
 - c. Consumers do not have access to internet
 - d. Security and privacy issues
 - e. Governments do not encourage online shopping

25.4 Understanding Online Customers

Online marketing, regardless of product category, is rising across the globe. With more and more customers coming to the online space and buying over e-commerce websites again and again, understanding online customers became fundamental to successful marketing. Online customers are techno savvy and have more information with respect to product and price options.

Example

TII (Tube Investments of India) makes bicycles as 'TI Cycles of India' which is a pioneer in cycle manufacturing in India, which is a part of Murugappa group of companies. TII was able to properly understand its online customers and started selling its bicycles not only in retail showrooms but also through its websites, e-commerce channels like Amazon so that customers can order online and get it delivered right at their home.

Source: ICFAI Research Center

Organizations should find out information with respect to the mindset, attitude, aspirations and fear of the customers with respect to their online shopping behavior in order to have a better understanding of your online customers.

Organizations should consider the following factors mentioned in Table 25.1 to have a fair understanding about online customers.

Table 25.1: Understanding Online Customers

Motivation What motivates a customer to stay/buy online?	Expectations What do customers expect from online marketing?	Fears and concerns What concerns customers when buying online?
<ul style="list-style-type: none"> ▪ Socialization (Social Networking) ▪ Seeking information about products or services ▪ Seeking better deals ▪ Time saving and/ or convenience ▪ Online entertainment (music, games, movies, etc.) 	<ul style="list-style-type: none"> ▪ Ease of getting the desired product ▪ Interesting, engaging and relevant content ▪ Clear Product Specifications ▪ Low prices ▪ Simple purchasing/ ordering procedures ▪ On time delivery ▪ Effective After sales service/warranties ▪ Easy refund and/or replacement 	<ul style="list-style-type: none"> ▪ Customer Privacy ▪ Security risks (identity theft, stolen credit card details, hackers, hoaxes and viruses) ▪ E-nasties (cyber stalkers, fake mail, hate mail, spam, etc.)

Source: <http://toolkit.smallbiz.nsw.gov.au/part/27/139/650> (Accessed on October 03, 2015)

Check Your Progress - 2

2. Jabong.com, a leading fashion and lifestyle online store, is an example of what type of business model?
 - a. e-Mall
 - b. Third party marketplace
 - c. E-Commerce
 - d. E-Auctions
 - e. Virtual Community

25.5 Building an Effective Website

With the advent and dominance of online marketing across the industry, having an effective website has become an essential component of the marketing strategy of the organizations across the globe. Websites often help the organizations to reach customers nationally and internationally in effective as well as efficient manner. Companies use website for a number of reasons viz. informing customers about their products and services, improving customer service, offering online sales through e-commerce websites etc.

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A website (commonly called site) is a set of related web pages typically supplied from a particular web domain. A website is hosted on at least one web server and is accessible via Internet and through an Internet address generally known as a uniform resource locator (URL).

A well designed website offers following major advantages to the organizations:

- **Website as a branding tool:** Companies often use its website as a tool for branding; whether it is for increasing brand awareness, for building brand equity, or for launching a new brand, the company's website plays a vital role. The website design often reflects the business image and brand identity.
- **Website as a marketing communication tool:** The marketers may consider website as a marketing communication tool and it can be integrated along with other elements of the communication mix in order to create high impact messages to be sent to present and potential customers.
- **Website as a selling tool:** Nowadays, companies across the globe are selling their products and services with the help of e-commerce websites.
 - **Website as a customer service tool:** Companies often use website for serving their customers effectively as well as efficiently. Many options ranging from 'Frequently Asked Questions (FAQs)' to 'Live Chats' to 'Call Me Back' can be incorporated to the company website in order to offer desired services to the customers whenever and wherever desired.

Example

TI Cycles India manufactures cycles with brand names BSA for females, Hercules for males and a high end brand Montra. It maintains separate websites for all its three brands and also has retail stores in the name of track and trail for which it maintains a separate website. Through its websites, the customers can order online their favourite bicycles (as of February 2022).

Source: ICFAI Research Center

Check Your Progress - 3

3. A _____ is a set of related web pages typically supplied from a particular web domain.
- a. Social Media
 - b. Blog
 - c. Website
 - d. E-mail
 - e. Web magazine

4. In which of the following marketing areas is the contribution of website significant and crucial?
- a. Multi-Channel Marketing
 - b. Advertising and Promotion
 - c. Relationship Marketing
 - d. Customer Research like online survey
 - e. Selling related products, i.e. cross selling

25.6 Search Engine Marketing (SEM)

Time has gone, when customers used to visit retail outlets and meet sales representative to seek information about the desired products and services. Today's customers are techno savvy customers and they seek information using online sources.

Search Engine: Internet, on one hand, offers limitless opportunity to companies reach customers across the globe, on another hand, it's a challenge for the companies to get on the top in the search list when customers search about the desired products and services in search engines. A search engine is a software system that is designed to search for information on the World Wide Web. In simple words, search engine can be understood as a 'searchable catalog', a directory of websites.

Example

Google is the world's largest search engine which holds first place in search with a stunning difference of 88.28% from second in place Bing from Microsoft as of February 2022¹⁹. Google is dominating the market in all the countries on any device (desktop, mobile and tablet). The next alternative search engine to Google is Microsoft Bing. Its share is 2.83%.

Source: ICFAI Research Center

SEM: Search engine marketing (SEM) is a form of online marketing that involves the promotion of company websites by improving their visibility in search engine results pages (SERPs) primarily through optimization and advertising. In present time, SEM is often considered as the critical success factor in ensuring success of company's online marketing.

Definition SEM: "Search engine marketing encompasses variety of technical and marketing applications that must combine effectively to increase site traffic" (Gay, Charlesworth and Esen, 2007²⁰).

¹⁹ <https://www.reliablesoft.net/top-10-search-engines-in-the-world/> accessed on 28.2.22

²⁰ Richard Gay, Alan Charlesworth, Rita Esen, "Online Marketing: A Customer -Led Approach", OUP Oxford, March 2017

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SEO: SEM may integrate search engine optimization (SEO), which amends or rewrites website content and site architecture in order to achieve an elevated ranking in search engine results pages to enhance pay per click (PPC) listings. Search engine optimization is one of the most effective online marketing means that allows companies to acquire customers for their products on low acquisition cost.

Types of Search Engine Marketing:

It is very important for marketers to understand the modus operandi of search engine marketing as well as various tools and techniques used to improve traffic towards company websites in order to build a credible brand.

Mohammed et al (2003)²¹ recommended following three basic forms of marketing with respect to search engine marketing:

- The simple submission, symbolized as ‘free to subscribe’, where a website is indexed under specific keywords.
- The paid advertising indexed under specific keywords that assures top ranking of the website over internet.
- Display of sponsored banner ads attached with specific keywords.

Types of Search Results in SEM:

Organic Search Results: Organic search results are listings on search engine results pages that come into sight because of their relevance to the search keywords. Organic search results are often considered as the end result of Search Engine Optimization (SEO), a process of influencing the visibility of a website or a web page in a search engine’s unpaid (earned) results. SEO helps search engines find and rank company website higher than the millions of other websites in response to the specific search in search engine.

Non-Organic Search Results: In contrast, non-organic search results include paid search results using tools such as Google AdWords, Bing Ads, Pay Per Click (PPC), article submissions and other paid advertising. One of the important aspects of SEM is Social Media Marketing (SMM), a marketing approach that involves exploiting social media to influence customers towards company’s products and services.

Check Your Progress - 4

5. Which of the following DOES refer to the process of influencing the visibility of a website or a web page in a search engine’s unpaid (earned) results?
 - a. SEM
 - b. SEO

²¹ Mohammed Rafi, “Internet Marketing: Building advantage in the networked economy”, McGraw Hill, 2003

- c. PPC
 - d. CPM
 - e. SET
6. Which of the following statements best describes Search Engine Optimization?
- a. The linking of various websites using technology
 - b. A technical process of gaining the top position on web's search engines and directories
 - c. Creating and using software to enable top position in directories
 - d. The maximum level of traffic generated
 - e. Employing technical consultants to gain visibility
-

25.7 E-Mail Marketing

With the growing popularity of the internet across the globe, E-mail has become one of the most effective tools for communication between individuals as well as organizations. Email marketing deals with directly marketing a business message to a group of individuals with the help of emails. In general, every email sent to a potential and / or existing customer may possibly be considered email marketing.

E-mail (also known as electronic mail) is a method of exchanging digital messages between two or more parties over the Internet and / or other computer networks. With the help of e-mails, messages in various forms such as text, images, audio, video, etc. can be sent and received over the internet. E-mail marketing can be one of the most effective advertising, marketing and sales tools, when designed and implemented in a proper manner.

Today, most of the people have their own email account and they access it on a regular basis. Reaching people through emails became more convenient than ever before. In recent times, e-mail marketing has been proved as one of the most useful ways of disseminating information of various kinds (viz. new product announcement, advertisement, special offers, etc.) to the large audience.

The success of e-mail marketing often depends on the availability of credible customer database and capability of the organization to develop & implement effective e-mail campaigns. In addition to market promotion, E-mail marketing has also been proved to be effective in building and maintaining relationship with customers and other stakeholders. It's important for e-mail marketers to abide by the laws of the host country with respect to email marketing.

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Example

Uber's email marketing is straight to the point with very brief text, which is perfect for subscribers who don't have a lot of time. Uber²² always sends different promotions and provides an amazing map of consumer rides, with a detailed map of its journey.

Source: ICFAI Research Center

Advantages of E-Mail Marketing Over Traditional Advertising: Compared to traditional advertising, following are the advantages of using E-mail marketing:

- With e-mail marketing organizations promote all kinds of products and can reach their customers instantly.
- E-mail marketing is considerably cheaper as well as faster compared to traditional mail, primarily because of high cost and time needed in developing a traditional mail campaign for producing the artwork, printing and mailing.
- E-mail marketing allows organizations to target the customer base more precisely as filtering can be done using various parameters such as age, gender, geographical regions, customer's interest, etc.
- Email marketing coupled with permission marketing makes customers more receptive for the marketing communications.
- Deeper relationships ensure loyalty as well as drive profitability; E-mail marketing is a simple and cost effective way of establishing long term profitable relationships with customers.
- Whereas most of marketing and advertising are difficult to measure, the effectiveness of e-mail marketing can be assessed and the exact return on investment can be tracked.
- E-mail marketing is more precise as well as cost effective.

Activity 25.1

As an internet savvy student you may have yourself ordered products online or even ordered products online for your family. Recollect the online user experiences and identify the website that had major user experience components in it. Make a list of the features of the chosen website and analyze whether or not those features contributed to meaningful experiences as expected by the target market. Also give your view on whether those experience components or features would contribute to the achievement of site objectives.

²² <https://mailbakery.com/blog/best-email-marketing-campaign-examples/#> accessed on 28.2.22

25.8 Affiliate Marketing

In the last few years, affiliate marketing is one of the widely used online marketing strategies that witnessed phenomenal growth. The concept of affiliate marketing is intended to create a network of affiliates that promotes the organization's products and services to the target customers in the online space.

Affiliate marketing can be understood as a performance-based marketing in which a business rewards one or more affiliates for each visitor (potential customer) contributed by the affiliate's own marketing efforts. Affiliate marketing is a referral based marketing strategy, where affiliates make more money if footfalls increase on the company's website due to their efforts. An affiliate is a website and/or blog owner who carries ads of sponsoring organization and earns a commission for referring leads to the sponsoring website.

Example

Amazon has an affiliate marketing program known as 'Amazon Associates'²³ which is the largest affiliate marketing program in the world. This program helps content creators, publishers and bloggers monetize their traffic. Through millions of products and programs on Amazon, associates use tools to direct their consumers to their recommendations and earn from qualifying purchases and programs.

Source: ICFAI Research Center

Affiliate Marketing Models Used by Online Marketers:

- **Cost Per Mille (CPM):** (in Latin *mille* means thousand), this is commonly used approach in affiliate marketing and is also known as 'cost per 1000 impressions'. It is used in affiliate marketing as a benchmarking metric to compute revenue to be paid to the affiliate for every thousand views or clicks the advertisement receives with the effort of the affiliate. The "cost per 1000 impressions" (CPM) is computed by dividing the cost of an advertising placement by the number of impressions (expressed in thousands) that it generates.
- **Cost Per Click (CPC):** It refers to the actual price the online marketer pays for each click, pay-per-click (PPC) advertising campaigns. In this model, the revenue paid to the affiliate is based either on the number of times an affiliate advertisement is clicked or on the number of footfalls created to the sponsoring website.
- **Cost Per Action (CPA):** Also known as pay per action (PPA) and cost per conversion approach. In this approach, the advertiser pays to affiliate for each specified action - for example, an impression, click, form submit, opt-in or sale etc. Most of the online advertisers consider CPA as the optimal way to computing revenue to be paid to an affiliate only for the ad when the desired action has occurred.

²³ <https://affiliate-program.amazon.in/> accessed on 28.2.22

Check Your Progress - 5

7. In which of the following approaches, the advertiser pays to affiliate for each specified action - for example, an impression, click, form submit, opt-in or sale etc.?
- a. CPM
 - b. CPC
 - c. CPA
 - d. PPC
 - e. PPA
-

25.9 Online Advertising

Since the beginning of the 21st century, the internet has become an important phenomenon. In recent years, the internet has become so powerful that its existence and importance can't simply be ruled out. Advertising only through traditional media such as print and electronic media may not be enough.

Organization's image may receive a setback in the absence of its online presence. At the same time, the convergence of various media led to the widespread of the internet as a marketing and advertising medium. Customers might use the combination of various advertising media to get desired information about products and services offered by the organization.

Online marketing has gained a strong foothold in the world of business. The advertising landscape has changed dramatically in recent years and online advertising has become the need of the hour. Online advertising uses various online advertising tools such as search engine marketing (SEM), social media marketing, display advertising, email marketing and mobile advertising.

Online advertising (also known as Internet advertising) is a form of advertising which uses the Internet to distribute promotional messages to the target customers. The online advertising formats used by online marketers are decided on the basis of two issues – a) the objective of the online advertising b) where the advertisements will be displayed.

Types of Online Advertising Formats:

Text Only Ads: Text only ads believe in presenting textual content along with a hyperlink on the host website, clicking the link would navigate the user to the company's website.

Banner Ads: In contrast, Banner Ads (also known as display ads) believe in displaying Banner on the host website. A banner is a strip of web page space for

onscreen ads. A typical banner ad may include static image, animated images, video messages, pop ups, etc. With banner ads, online users can be redirected to the website of the sponsoring company.

Example

Nike²⁴ had an attractive banner ad for its brand Lebron 18 that focuses on a single product to entice its viewers. Without a lot of background visuals, the shoe grabs attention. As one is scrolling through, they can quickly see the details. The text is clear and understandable and enticing, to learn more about the new shoes. The CTA (call to action) is also simple and clear in the banner ad.

Source: ICFAI Research Center

Check Your Progress - 6

8. Which of the following is a form of advertising which uses the internet to distribute promotional messages to the target customers?
- a. Newspaper Advertising
 - b. Advertorial
 - c. TV Advertising
 - d. Online Advertising
 - e. Magazine

25.10 Developing Mobile Applications for Business

Over the past few years mobile phone has transitioned from a necessary communication device into a hyper-productive business tool. In the world of smartphones, today's customers can do much more with their smartphone. Let it be voice calling, video calling, internet browsing, internet banking, online entertainment, online shopping or anything else; everything is available at the finger tips. Mobile commerce has revolutionized the way people shop via mobile phones.

Multinationals as well as local organizations across the industry realized that much untapped potential lies in this marketing medium. Online retailers across the globe are leaping ahead in mobile commerce by introducing mobile applications. Organizations are developing and marketing their mobile applications on different mobile platforms.

Mobile applications are very useful tool for marketing and it often connects customers to the selling organizations without any hassle. Mobile applications

²⁴ <https://neilpatel.com/blog/banner-advertising/> accessed on 28.2.22

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became very popular as customers can browse information with reference to desired products and services more conveniently. In addition, even shopping can be done with mobile applications on various gadgets like smart phones and tablets.

The present market has become fiercely competitive. With millions of apps across iOS, Android, Windows and other platforms, standing out in the limitless sea of accessible apps is becoming increasingly difficult. However, there is space for mobile application of a particular organization, if built and marketed correctly; mobile application can and certainly will result into the success.

Example

FreshBooks²⁵ is a popular cloud-based accounting service designed specifically for small business owners, which is the best accounting software for small businesses. Small business owners can bill in any currency, saving time by setting up recurring invoices. They can allow customers to pay via credit card by checking a box or automatically bill their credit. The system integrates with many other services, including PayPal, MailChimp, Basecamp, WordPress, Gusto, Zendesk and more.

Source: ICFAI Research Center

25.11 Managing Online Reputation

Reputation management, basically a public relation concept, deals with influencing and/or controlling an individual's or organization's reputation in the eyes of public. With the advancement of internet and rising use of social media across the world, managing online reputation of the organization has become an issue of great concern for the marketers across the industry. It is very easy for competitors and dissatisfied customers to spread negative opinion about the products and services offered by a specific organization that may erode the reputation of the organization.

It is very important for marketers to monitor the online conversations accessible in the public domain with respect to their products and services. In general, Online Reputation management is the practice of monitoring the reputation of an individual, brand, organization over the internet, addressing potentially damaging contents and utilizing customer feedback solutions to get feedback or early warning signals to reputation issues.

Reputation management professionals try their level best to push down negative opinions as well negative search results towards the organization and its offerings. Reputation management can be seen as an attempt to bridge the gap between how a company perceives itself and how its market perceives it.

²⁵ <https://www.techradar.com/best/best-apps-for-small-business> accessed on 28.2.22

Tactics: Following are some of the tactics used for managing online reputation:

- Search engine optimization of the company-published contents such as white papers and positive customer testimonials.
- Publishing innovative & positive blogs, websites and social media profiles with the intention of pushing down negative search results.
- Submitting online press releases to authoritative websites in order to promote brand presence and suppress negative content.
- Proactively responding to public criticism arising due to recent changes undertaken by the organization.
- Immediate removal of potentially damaging contents such as negative reviews, pessimistic testimonials, wrong information, etc. with respect to the organization and its offerings from publicly accessible websites and social media platforms.
- Getting mentions of the organization and its offerings in third-party websites that may improve the search ranking of the organization in search engines such as Google, Bing etc.
- Proactively offering incentive (both in cash and kind) to prominent reviewers giving positive reviews to the organization's products and services.
- Astroturfing third-party websites by creating anonymous accounts with the aim of building positive reviews or lashing out against negative ones to protect potential damage to the organization's reputation.

Example

National Smoker's Alliance (NSA)²⁶ was formed in 1993 to oppose the passage of anti-smoking legislation in the U.S. Congress. While the NSA presented itself as a grassroots organization of private citizens concerned for the rights of adult smokers, it was exposed as being a public relations group created, funded, and operated by tobacco industry giant Philip Morris.

Source: ICFAI Research Center

Activity 25.2

Interview 10 of your friends to get feedback about coupons/offers that they received by e-mail or mobile app. How many of your friends liked them and how many of them used them? Also ask questions to find why they liked or disliked the offers sent and what drove them to redeem them?

Answer:

²⁶ <https://www.thoughtco.com/what-is-astroturfing-definition-and-examples-5082082> accessed on 28.2.22

Check Your Progress - 7

9. What is Reputation Management?
 - a. What companies or individuals post in Twitter
 - b. Involves influencing and/or controlling an individual's or organization's online reputation in the eyes of public
 - c. The information that is posted in a company or individual's website or social media accounts
 - d. The denial that is given in website when unfavorable information about a company gets posted
 - e. The act of appointing PR consultants
 10. Which of the following forms of marketing is best suited to generating and creating awareness about a brand or promotion event?
 - a. Affiliate Marketing
 - b. Permission Marketing
 - c. Viral Marketing
 - d. Email Marketing
 - e. Search Engine Optimization
-

25.12 Summary

- Online marketing today is emerging as one of the most convenient as well as effective marketing and advertising medium. With online marketing, organizations are in a better position to serve their customers by offering desired products and services. At the same time, customers find it more interesting as well convenient while interacting and transacting online. In this section, various aspects of online marketing have been elucidated to help future marketers understand and harness the power of online marketing.
- Businesses primarily use websites to engage with customers and promote and sell their products and services. Customers browse for the products that they need and buy the same online. A user friendly website that facilitates easy navigation and provides good user experience goes a long way in effectively promoting a product. It is the equivalent of a brick and mortar shop in downtown. It can be set up within a short time at a reasonable cost.
- In an email, the marketer's selling message is sent straight to the targeted customers. If the email addresses are correct and genuine and if the mailing list includes most target customers, the hit rate in email marketing is likely to be high. Advertisements are found all over the internet. A marketer can opt for an ad with video to enhance the effectiveness of the ad. A marketer can also opt for the less expensive PPC (pay-per-click) advertisements, which are

placed in internet pages where customers browse. To be successful in the online space, a marketer has to ensure that the content in the website is updated and also excellent support and service is provided to consumers to enhance the user experience.

25.13 Glossary

Affiliate Marketing: Affiliate marketing is a referral based marketing strategy, where affiliates make more money if the footfalls increase on the company's website due to their efforts.

Email Marketing: Email marketing deals with directly marketing a business message to a group of individuals with the help of emails.

Online Marketing: Online marketing (also known as Internet Marketing) can be defined as marketing or promotion of products and services to the customers by employing the internet as a digital medium.

Reputation Management: Reputation management, basically a public relation concept, deals with influencing and/or controlling an individual's or organization's reputation in the eyes of public.

Search Engine Marketing (SEM): SEM is a form of online marketing that involves the promotion of company website by improving its visibility in search engine results pages (SERPs) primarily through optimization and advertising.

Website: A website (commonly called site) is a set of related web pages typically supplied from a particular web domain.

25.14 Self-Assessment Test

1. Define online marketing. Elucidate the importance of Online marketing in the present context.
2. Elucidate the factors that are useful in understanding the expectations of online customers.
3. Differentiate between Search Engine Marketing and Search Engine Optimization.
4. What do you mean by Affiliate marketing? Elucidate various affiliate marketing models used by online marketers.
5. What are various tools and techniques online marketers use for managing online reputation of the organization? Explain.

25.15 Suggested Readings/Reference Material

1. Crawford and DeBenedetto. Irwin, "New Products Management", 12th edition, by McGraw-Hill, 2021.
2. Cravens, David W, "Strategic Marketing", 10th ed., ebook, McGraw Hill/Irwin, 2021.
3. O. C. Ferrell, Michael Hartline, Bryan W. Hochstein, "Marketing Strategy", 2021, Cengage South-Western.

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4. Alexander Chernev, Philip Kotler, Musadiq A. Sahaf, “Strategic Marketing Management”, “Strategic Marketing: Making Decisions for Strategic Advantages”, PHI Learning, 2019.
5. Alexander Chernev, Philip Kotler, “Strategic Marketing Management”, Cerebellum Press, 2018.

25.16 Answers to Check Your Progress Questions

1. (d) Security and Privacy Issues

Customers resist purchasing online because of the issues in making secure payment and also privacy issues. There is a possibility of confidential and private information like password, credit card details and other personal details being misused.

2. (c) E-Commerce

Jabong.com, an online fashion and lifestyle portal is an example of E-Commerce business model.

3. (c) Website

A website (commonly called site) is a set of related web pages typically supplied from a particular web domain. A website is hosted on at least one web server and is accessible via Internet and through an Internet address generally known as a uniform resource locator (URL).

4. (a) Multi-Channel Marketing

The company’s website is the place where a customer lands when he searches for a product that he desires to buy. It therefore becomes a primary link to other channels of communications that showcase and advertise the product, like advertisements in press and TV media, announcement of promotion measures etc.

5. (b) SEO

Search Engine Optimization (SEO) is a process of influencing the visibility of a website or a web page in a search engine’s unpaid (earned) results. SEO helps search engines find and rank company website higher than the millions of other websites in response to the specific search in search engine.

6. (b) A technical process of gaining the top position on web’s search engines and directories

Search Engine Optimization is a process which optimizes a web site by meeting key criteria (use of key words etc.) to gain top position in web’s search engines and directories.

7. (c) CPA

Cost Per Action (CPA) is also known as pay per action (PPA) and cost per conversion approach. In this approach, the advertiser pays to affiliate for each specified action - for example, an impression, click, form submit, opt-in or sale etc.

8. (d) Online Advertising

Online advertising (also known as Internet advertising) is a form of advertising which uses the internet to distribute promotional messages to the target customers.

9. (b) It involves influencing and/or controlling an individual's or an organization's online reputation in the eyes of public

Reputation management, basically a public relation concept, deals with influencing and/or controlling an individual's or organization's reputation in the eyes of public.

10. (c) Viral Marketing

Viral Marketing is best suited to generating and creating awareness about a brand or promotion event.

Unit 26

Social Media Marketing Strategies

Structure

- 26.1 Introduction
- 26.2 Objectives
- 26.3 Understanding Social Media
- 26.4 Why People Use Social Media
- 26.5 Business and Social Media
- 26.6 Rules of Engagement for Social Media
- 26.7 Blogging and Micro Blogging
- 26.8 Social Media Marketing Platforms
- 26.9 Going Viral over Social Media
- 26.10 Social Media Monitoring
- 26.11 Summary
- 26.12 Glossary
- 26.13 Self-Assessment Test
- 26.14 Suggested References/Reading Material
- 26.15 Answers to Check Your Progress Questions

“Social Media is about sociology and psychology more than technology.”

– Brian Solis

26.1 Introduction

As rightly quoted by Brian Solis, the combination of sociology, psychology and technology resulted in social media. The emergence of social media has changed the marketing, customer service and other business operations. In present time, social media marketing has become one of the most vital aspects of online marketing.

The previous unit was intended to illustrate the concept of online marketing along with its magnitude to modern marketing organizations. In addition, the unit also aims at discussing commonly used online marketing strategies.

This unit is intended to discuss various facets of social media marketing, a vital part of the modern marketing mix.

26.2 Objectives

After reading this unit, you should be able to:

- Explain the concept of social media marketing along with its relevance to business.
- Appreciate various social media platforms to be used in social media marketing.
- Discuss the connection between social media marketing and viral marketing.
- Appreciate various social media marketing strategies used by online marketers.
- Explain the concept and importance of social media monitoring.

26.3 Understanding Social Media

Traditional Media: Traditionally, people acquire information, education, news, and other relevant data from print media (e.g. newspapers, magazines, etc.) as well as electronic media (e.g. radio, television, etc.).

Social Media: Contrary to the traditional media, social media has been emerging as a novel way to communicate and share information of various kinds viz. Text, Images, Audio, Video, etc., amongst people in online context. In recent days, people interact with their family, friends, colleagues and other like minded people on various social media platforms.

Example

Facebook, Youtube, WhatsApp and Instagram are the most used social media platforms in the world with 2.7 billion, 2 billion, 2 billion and 1.16 billion, MAU (monthly active users) respectively as of June 2021²⁷.

Source: ICFAI Research Center

Definition of Social Media: In the words of Kaplan and Haenlein (2010), “*Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content*”²⁸.

Social Media Classification: The availability of high speed internet across the geographical locations didn't only fuel the online business possibilities; it did also energize the use of social media for both individual as well as business reasons. Social media represents the blend between technology and social interaction for the co-creation of value for the social media users effectively and efficiently.

Parameters for Social Media Classification: There are two parameters as given below:

- **Self-Disclosure/Self-Presentation:** The concept of self-presentation believes that individuals use social media because of their desire for communicating

²⁷ <https://www.searchenginejournal.com/social-media/biggest-social-media-sites/#close> accessed on 2.3.22

²⁸ Kaplan, A. and Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business Horizons*, 53, pp.59-68.

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their own impressions before others. Individuals as well as organizations create their webpage with an intention to present themselves appropriately in cyberspace.

- *Social Presence/Media Richness*: Media also differ in the extent of ‘social presence’, that can be understood as the acoustic, visual and physical contact that can be achieved between the parties (individuals/organizations) involved in the communication.

Types of Social Media: Social media can be classified into the following four different categories based on the above two parameters (Refer Table 26.1):

- 1) Blogs
- 2) Virtual Social World
- 3) Collaborative Projects
- 4) Virtual Game Worlds

Table 26.1: Social Media Classification

		Social Presence/ Media Richness		
		Low	Medium	High
Self-Disclosure/Self-Presentation	High	Blogs (Owned by various individuals/Organizations)	Social Networking Sites (Such as Facebook)	Virtual Social World (Such as Second Life)
	Low	Collaborative Projects (Such as Wikipedia)	Content Communities (Such as YouTube)	Virtual Game Worlds (Such as World of Warcraft)

Source: Kaplan, A. and Haenlein, M. (2010). *Users of the world, unite! The challenges and opportunities of Social Media*. *Business Horizons*

Check Your Progress - 1

1. Which of the following is not true of social media?
 - a. It helps create brand awareness
 - b. It gives customer leads and helps increase sales
 - c. Facilitates two way communication and provides an environment for engaging with customers
 - d. The social media platform is company sponsored and one-way, i.e., brand to consumer
 - e. It is user generated and multi-way and facilitates participation of customers
-

26.4 Why People Use Social Media

Gone are the times when *Pigeons were used for sending messages to their near and dear ones*. From the beginning of civilization, individuals across the cultures are exploring new avenues for communication. The explosion of the internet offered new ways of communication to individuals and organizations and social media is one of the important ones.

Since the inception of first social media platform around two decades ago, social media has been growing leaps and bounds and offering a new and momentous way for individuals and organizations for interaction and engagement (Nielsen, 2012)²⁹. Today, Social media has become an integral part of our life. With millions of people using social media on a regular basis for information sharing, social networking became a universal phenomenon.

Following are some of the prominent reasons influencing the use of social media by individuals:

- **Social Networking:** ‘Social Networking’ has become a buzzword today as the majority of the online populations are involved in social networking via various social media websites. Individuals are using social networking sites for connecting and interacting with their family, friends, colleagues and others in a more interesting way.
- **Online Communication & Engagement:** Individuals often use social media for effective communication and engagement over social media platforms. Compared to traditional communication, online communication is faster as well as more engaging. It’s fun sharing content online with various known, as well as unknown people.
- **Online Entertainment:** Young individuals often search for entertainment online.
- **Managing Online Reputation:** Individuals make blogs, web pages as well as accounts on various social media websites to build strong online reputation in front of others. It is very common for celebrities, politicians and other public figures using various social media websites.

Example

As of April 2021³⁰, Facebook is the world’s largest social network, with around 3.21 billion monthly active users (including users on WhatsApp, Messenger, and Instagram which are owned by Facebook). Consumers spend around 20 minutes on average each day on Facebook, which is one-third of the total time spent on social networks. Facebook reputation management is the best in a crowded marketplace, with almost 42% of marketers reporting that Facebook is important to their business.

Source: ICFAI Research Center

²⁹ Nielsen, (2012).State of The Media: The Social Media Report. [online] New York: Nielsen. Available at: <http://www.nielsen.com/us/en/insights/reports/2012/state-of-the-media-the-social-media-report-2012.html> [Accessed 9 Oct. 2015]. accessed on 2.3.22

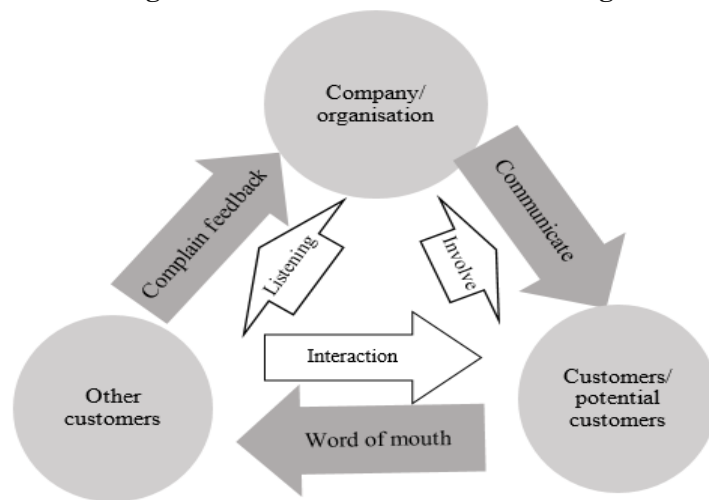
³⁰ <https://www.reviewtrackers.com/blog/facebook-reputation-management/> accessed on 2.3.22

26.5 Business and Social Media

Most of the customers of today's time are using social media for various purposes on a daily basis. Modern customers are interacting with the organization and its brands through social media. It's of utmost importance to the organization to have a strong social media presence and dominance to tap into the customers' interest.

Figure 26.1 illustrates how social media helps businesses engage with customers. Social Media is a low cost tool available to businesses and they use it to listen to interact and engage with customers. It is a two-way communication tool. Customers too voice their feedback. Since Social Media is a multi-way tool that enables customer-to-customer communication and also facilitates online WOM (word of mouth) exchanges.

Figure 26.1: Social Media & Marketing



Source: Dave Evans, "Social Media Marketing: The Next Generation of Business Engagement", John Wiley & Sons, September 2010

If used sensibly, social media can be one of the most effective business tools that contribute significantly to the success of business in an online context.

Following are some of the prominent ways through which organizations exploit the opportunities available over social media:

- **Building Brand Communities:** Several companies are using social networking sites for creating and supporting brand communities. A brand community is a community built on the basis of customers' connection to the specific product/brand of the company. In the world of advertising and marketing, 'brand community' has become a term used to cover a brand's customers, fans and advocates.
- **Social Media Marketing (SMM):** Social media marketing is the practice of gaining website traffic as well as customers' attention through social media sites. The successful SMM often results in electronic word of mouth (eWoM). eWoM refers to any positive or negative statement made and shared by present and potential customers about the company and its product, especially via social media sites over the Internet.

- **Enterprise Social Networking:** Enterprise Social Networking allows a company to connect individuals who share similar business interests or activities. In general, Enterprise social networking represents an organization's use of social media, internally as well as externally, to connect individuals who share similar business interests or activities.
- **Delivering Customer Service via Social Media:** Today's customers often look at various social media platforms for customer service requirements with products and brands across the globe. In order to deliver expected customer service, modern marketing companies often use social media sites for content marketing and/or for having highly satisfying conversation with their present and potential customers.
- **Social CRM (Customer Relationship Management):** Social CRM refers to the use of social media services, techniques and technology to enable business organizations to engage with their customers more effectively as well as efficiently. Social CRM is often cultivated by communication between an organization and its customers over social networking sites such as Twitter, Facebook and Google+.
- **Crowdsourcing:** The word 'Crowdsourcing' represents the combination of two words, i.e. 'crowd' and 'outsourcing'. In simple words, Crowdsourcing can be understood as the process of getting work or funding, generally online, from a crowd of people. Crowdsourcing and social media often go hand in hand. Business organizations (such as IT companies) often use social media sites for implementing some of its Crowdsourcing projects successfully.
- **Social Media Analytics:** Business organizations leave no stone unturned in gathering relevant information in order to make effective decisions. In this regard, Social media analytics has emerged as the practice of collecting relevant data from blogs and social media sites and analyzing the same to make/support business decisions of the organization. Social media analytics, also known as Social Media Listening, allows an organization to understand customers' sentiment and identify current trends in order to meet and exceed customers' expectations better than its competitors.

Exhibit 26.1 illustrates the popular food delivery business firm Swiggy which benefitted due to social media.

Exhibit 26.1: Swiggy Food Delivery Business through Social Media

Many organizations in the world are getting benefited due to social media and they are increasingly using social media marketing for their businesses and products. Let us understand some social media initiatives of Swiggy and how it benefitted due to this.

Contd....

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Swiggy has 154k subscribers on YouTube & 239k followers on Instagram as of June '21. The company could get such a massive number due to its effective use of social media. Swiggy stands apart from its competitors due to their remarkable social media campaigns like #eatyourveggies, #earnyourcheatmeal & #superswiggy, 'desi masala' etc.

Instagram: When they are not running campaigns, they use enticing food images on Instagram. Their purpose is to make people crave good food. If people want delicious food, they will look at Swiggy to deliver it to them. They also make creative use of the Instagram grid to make it more appealing. All such things keep people hooked up to the page, increase user engagement and reduce the unfollow rate.

Facebook: Swiggy has 0.9 million likes on Facebook. Along with images of delicious dishes to entice its users to order more, Swiggy social feed is full of humor and witty campaigns. Swiggy has built an emotional but filled connection with its target audience which is millennials.

YouTube: Swiggy also produces short videos and publishes them on YouTube. These videos are less than 30 seconds. Their content revolves around moments in which Swiggy can be most helpful to its users.

Twitter: As part of the Swiggy Desi Masala awareness campaign in 2021, the announcement posts were uploaded from the brand's social media handles on Instagram and Twitter to drive more participation from netizens and encourage people to tag the correct desi masalas on their social media handles.

Taking it a step further, influencers amplified the initiative with the post of their choicest masala, helping to establish the actual meaning of the Indian spices or 'desi masala'. In less than 48 hours our call-to-action reached 13M+ people, resulting in a 9175% increase in desi masala mentions – the majority of which featured Indian food images.

Sources: i) <https://iide.co/presentations/swiggy-digital-marketing-strategy/> accessed on 2.3.22.

ii) <https://www.socialsamosa.com/2021/07/case-study-swiggy-desi-masala-awareness-campaign/> accessed on 2.3.22.

iii) <https://thestrategystory.com/2021/06/20/swiggy-business-revenue-model-marketing-strategy/> accessed on 2.3.22.

Check Your Progress - 2

2. Which of the following does allow an organization to understand customers' sentiment and identify current trends in order to meet and exceed customers' expectations?
 - a. Social CRM
 - b. Social Media Analytics
 - c. Social Networking
 - d. Crowdsourcing
 - e. Social media experts

3. Which of the following does refer to the practice of gaining website traffic as well as customers' attention through social media sites?
- Social Networking
 - Social Media Marketing
 - Social CRM
 - Crowdsourcing
 - Social media posts

26.6 Rules of Engagement for Social Media

Social media is everywhere. Be it a personal computer, or laptop, or tablet, or smartphone; social media sites are accessible with all devices. Employing social media without knowing the rules of engagement for social media would be like driving a car without learning the traffic rules on the road. It's vital for the organization knowing the seven rules of engagement for social media in order to have successful social media interactions.

Example

As of 2022³¹, the social media engagement of Uber on Facebook has more than 8 million followers. Even Ford has less than 8 million followers in its main Facebook account. Uber's Facebook account is more of a broadcasting account to inform customers of all the latest deals and offers.

Source: ICFAI Research Center

Gibson and Jagger (2009)³² presented following seven rules of engagement for social media and social networking with an intention to help organizations make successful social media interactions and thriving customer engagements:

- **Rule #1 Stop Pitching and Start Connecting:** Having 'trust' between the marketer and the customers is the key to success. Instead of promoting its products and services, the marketer must aim at understanding the customers and building relationships with them.
- **Rule #2 Clear and well defined purpose:** Organization must not distribute online content to its customers just like that. The organization must have clarity with respect to its decision of going over social media. The organization should aim at becoming the thought leader in their area of expertise in order to build successful brand communities.

³¹ <https://notesmatic.com/uber-social-media-marketing-strategy/> accessed on 2.3.22

³² Shane Gibson, Stephen Jagger, "Sociale!: How Social Media is turning sales and marketing upside down", Book Surge Publishing & Stephen Jagger Holdings, 1st Edition, 27/12/2009

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- **Rule #3 It's not about you:** Customers connect with the organization with the intention of gaining functional and/or emotional benefits. Instead of talking about itself, the organization should always highlight the customers' benefits associated with its products and services. It's important for the organization to answer 'How can I help my customers better than my competitors?', before it jumps on the social media sites in order to have effective interactions with its customers.
- **Rule #4 Be Fearless in contribution to your community:** Being fearless is all about developing and sharing truthful content about the organization and its offerings. Organizations must be open to receive the criticism of the customers in order to respond to them in an appropriate manner.
- **Rule #5 Don't be a Social Spammer – Get Involved:** Organizations must not crave for referrals; in fact they must aim at becoming referable. Organizations should not send unsolicited advertising and promotional messages to the customers again and again on social media sites. Organizations must encourage their customers to get engaged in the communication with them by creating and sharing interesting as well as desired content.
- **Rule #6 Be Authentic:** Social networking today is more personal compared to traditional sales and marketing. While interacting with customers on social media sites, organizations must exhibit dependability and eagerness to solve customers' problems effectively and efficiently.
- **Rule #7 Be Consistent:** It's important for the organization to have a commitment with respect to its social media initiatives in order to have a successful customer engagement over social media platforms. Bill Gibson, Founder Chairman of Knowledge Brokers International rightly said that "Most people work on the relationship to get a deal, but in reality the relationship is the deal in itself".

Activity 26.1

Your friend who has just started a new furniture store 'Ebony' is resistant to the idea of social media marketing. Give your friend ideas as to how furniture could be marketed through social media. Also explain to him the importance and advantages of selling a product like furniture through Social Media.

Check Your Progress - 3

4. Which of the following is not a suitable measure or way to choose the right social media platform for business?
 - a. Identify the needs and objectives that the social media account needs to achieve.
 - b. Define target audience and accordingly narrow down on a suitable social media channel
 - c. Be present in all social media platforms to maximize benefits
 - d. Identify the site that is best suited for the business in which the company is in
 - e. Look for sites that fit with the brand personality
 5. Which of the following is not a valid action to promote customer engagement in social media?
 - a. Identify the target customer
 - b. Keep sending advertising and promotion material to consumers on a regular basis
 - c. Invite prospective customers to be a part of the network
 - d. Share related content like product tips, content, articles, videos etc., in the site and solicit feedback
 - e. Invite customers to participate and also share content
-

26.7 Blogging and Micro Blogging

Blogging: Blogging, originated from the term ‘Web log’, is an interactive form of publishing content of various kinds on the World Wide Web. A blog can be understood as a discussion and/or informational site published on the Web and it consists of distinct posts generally displayed in reverse chronological order. As blogging exploded in popularity, it opened the world of opportunities for marketers to present their products and services before millions of online users in fascinating ways.

Nowadays, businesses have realized that the blogging is not just about sharing ideas, opinion and thoughts; it is an avenue to develop a community and build strong brands online. In addition, organizations can connect with their audience even at an emotional level with the help of Blogs.

Types of Blogs:

- *Personal Blog:* It is referred to as a commentary and is written by an individual.
- *Group Blog:* It is a type of blog in which various posts are contributed by more than one author.

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- *Corporate Blog*: It is owned by an organization and is used either internally to enhance the communication and culture or externally for marketing and branding.
- *Microblogging*: Microblogging, a unique approach of blogging, refers to the practice of posting small pieces of online content (also known as micro post) in various forms such as texts, images, short videos etc., over the internet. Microblogging recently has captured public imagination and became popular as it offers a portable communication that feels organic and spontaneous.

Example

The official Twitter handle of Zomato³³ posted a whimsical tweet which quickly followed a series clap-for-Zomato trend on the micro-blogging site in 2020. “My parents think I am as useless as Zomato in our phones during this lockdown. My parents are wise,” posted Twitter user @iBasitqayoom. The joke received a signature Zomato response. The Twitter user hadn’t tagged Zomato in the post but that the food-delivery giant replied anyway. “We’re actually delivering groceries now, aap apna dekh lo,” Zomato rebutted back.

Source: ICFAI Research Center

Check Your Progress - 4

6. Which of the following DOES refer to the practice of posting small pieces of online content in various forms such as texts, images, short videos etc., over the internet?
 - a. Chunking
 - b. Yelping
 - c. Reviewing
 - d. Microblogging
 - e. Spamming
7. Why is it important to keep posting to a blog regularly?
 - a. It is a good way to keep customers engaged
 - b. It helps optimize use of social media
 - c. The social media expert needs to do his job
 - d. The company’s product and brand gets exposure
 - e. It gives a chance to post a lot of information in one article

³³ <https://english.jagran.com/trending/aap-apna-dekh-lo-zomatos-savage-reply-to-man-calling-it-useless-leaves-netizens-in-splits-10010660> accessed on 2.3.22

26.8 Social Media Marketing Platforms

In the present context, the relevance of social media in marketing and advertising of products and services can't be undermined. Organizations don't use social media only for promoting organizational offerings in a cost effective manner, they also use social media for building long term profitable relationships with their customers across the geographical boundaries. Today, Social media has become an essential component of the marketing mix of modern marketing organizations.

Universally Used Social Media Platforms: Following are some of the universally used social media platforms for the advertising and marketing of products across the industry:

26.8.1 Facebook Marketing

Today, Facebook appeals to a large number of individual and business users with a variety of needs and wants. Facebook is one of the most popular free social networking website that allows registered users to create profiles, upload photos and videos, send messages and keep in touch with their Facebook friends. Facebook also allows marketers to provide images, videos, longer product descriptions, testimonials, web links for their present and potential customers.

26.8.2 Twitter Marketing

Twitter is one of the most popular free microblogging sites that allow registered users to broadcast short posts popularly known as 'tweets'. Twitter users can broadcast tweets and follow others' tweets by using multiple platforms and devices. Twitter has become highly fertile ground and it offers huge marketing opportunities to organizations across the globe. Twitter also allows marketers to automatically place six-second ads without having existing relationships with those publishers.

26.8.3 LinkedIn Marketing

LinkedIn is a social networking site distinctively designed for the business community. A professional networking site LinkedIn allows organizations to create professional profiles for themselves as well as their businesses in order to network with other LinkedIn users. With the use of LinkedIn widgets, users can promote their social networking activities (such as Twitter stream or blog posts of their brands) on their LinkedIn profile page. LinkedIn provides its users the opportunity to generate sales leads and business partners.

26.8.4 YouTube Marketing

YouTube is one of the most sought after video-sharing websites used by individuals and organizations across the globe. In recent times, YouTube has emerged as very popular social media platform where advertising for the organization and its offering is done in a way that suits the target audience. The

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unique advantage YouTube brings for the advertiser is that the advertising on this platform is usually in sync with the content of the video requested by the viewers. With the YouTube Partnership Program, YouTube allows its partners to monetize videos on their own channel and earn money.

26.8.5 Other Social Media Marketing Platforms

In addition to the above mentioned social media platforms, there are many other social media platforms used by organizations to connect with their customers. Google+, Pinterest, Reddit, Wikipedia, Yelp, Instagram etc., are some of the widely accepted social media platforms and often employed by organizations to connect their geographically dispersed customers and promote its products and brands.

Check Your Progress - 5

8. Which of the following is a social networking site distinctively designed for the business community?
 - a. Facebook
 - b. Twitter
 - c. LinkedIn
 - d. YouTube
 - e. Orkut
9. If your company is into B2B marketing which of these social channels would be best suited for your company?
 - a. Facebook
 - b. Instagram
 - c. LinkedIn
 - d. Twitter
 - e. YouTube

26.9 Going Viral over Social Media

The emergence of ‘Viral Marketing’ as a mode of advertising is based on the notion that innovative ideas spread like viruses.

Definitions of Viral Marketing:

Cambridge Dictionaries defined Viral Marketing as “a marketing activity in which information about a product spreads between people, especially on the internet”³⁴.

³⁴ Source: <http://dictionary.cambridge.org/dictionary/english/viral-marketing>

In simple words, Viral Marketing can be understood as a marketing / advertising technique which relies on and encourages people to pass along a marketing message with the help of word-of-mouth (WOM) as well as electronic word-of-mouth (eWOM) advertising.

Kaplan and Haenlein (2011) defined “*Viral Marketing as electronic word-of-mouth whereby some form of marketing message related to a company, brand, or product is transmitted in an exponentially growing way - often through the use of social media applications*”³⁵.

They also noted that viral marketing works only when three basic criteria are met, i.e., offering the right marketing message to the right messengers in the right marketing environment. The rising growth and use of *social media networks* across the globe significantly added to the effectiveness of *viral marketing*.

Example

In 2020, when a Zomato delivery-boy's infectious smile went wildly viral all across the social media, the company showed its gratitude towards the innocent humility of its delivery boy by changing its Twitter display picture, by stating that, "this is now a happy rider fan account".

Source: ICFAI Research Center

26.10 Social Media Monitoring

In present days, social media has become an integral part of our day – to – day life. Social media has been used by individuals for a variety of reasons such as to stay connected with friends, to share information (images & videos) with others, to share opinion with others, or to gather information about individuals, celebrities and brands. Organizations often take interest in understanding the behavior of online customers towards them and their offerings.

Social media monitoring relies upon the tracking and scanning of various social media content (such as blogs, posts, comments and other user-generated content) in order to determine the sentiment of online conversation about a product, brand or topic of interest. In simple words, social media monitoring (also known as social media measurement) is an active monitoring of social media channels for getting relevant information about an issue of interest. Social media monitoring comes into the picture when an organization examines the behavior of individuals by scanning various social media content viewed and shared by them.

Advantages of Social Media Monitoring/Measurement: The key advantages of social media monitoring are as given below:

- Social media monitoring helps organizations uncover customers’ insights into its brand over social media, evaluate the impact of marketing campaigns,

³⁵ Kaplan, A. and Haenlein, M. (2011). Two hearts in three-quarter time: How to waltz the Social Media/viral marketing dance, *Business Horizons*, 54, 253-263.

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identify the new opportunities for customer engagement, appraise competitors' activity and share of voice and be attentive to awaiting crises.

- For the organization, the main objective of social media monitoring is to learn about its present and potential customers and appraise their opinion in order to make effective marketing strategies (Moe and Schweidel, 2014). It presents a wonderful opportunity to the organization to design or / and improve its offerings in line with the opinions posted by the customers to meet customers' expectations.
- Organizations can monitor the image and health of the brand by observing shifts in customers' opinion towards specific brands.
- Politicians are getting help from social media monitoring to understand the pulse of voters and design successful political campaigns.
- Celebrities are getting help from social media monitoring to manage their image.
- Government agencies are getting help from social media monitoring to understand and respond to issues that are of immediate concern to the citizens.

Example

Ubermetrics³⁶ is the leading Content Intelligence platform for Marketing & PR experts. It developed a social media monitoring API named Delta by which firms can get mentions of their search agents with all relevant metadata (virality, author information). The firms can use filters to recall only data they really need.

Source: ICFAI Research Center

Activity 26.2

Visit the blogs of two leading companies and take a look at the posts and articles posted in the blog. Write down the titles of the blog. Give your views on whether or not the articles would bring in visitors to the blog through search engine and social media.

Also comment on how each of the blog posts could be optimized and improved to attract more visitors.

Answer:

³⁶ <https://www.ubermetrics-technologies.com/api/> accessed on 2.3.22

Check Your Progress - 6

10. Which of the following is an active monitoring of social media channels for getting relevant information about an issue of interest?
- Social media measurement
 - Social media marketing
 - Social media optimization
 - Social media spamming
 - Social media control
-

26.11 Summary

- The emergence and acceptance of social media across the globe encouraged organizations across the industry to employ social media for marketing and advertising their offerings. Today's companies are using various social media platforms such as Facebook, YouTube, Twitter, Google+ in order to reach and listen their customers more effectively and efficiently. This section has discussed various facets of social media marketing with an intention to help future marketers develop and implement successful social media marketing strategies in order to ensure success in their marketing endeavors.
- In a Social Media Business Model employees will be able to seamlessly engage one-on-one in real-time with other employees and individuals outside the organization (customers, prospects, partners, media, etc.) using a variety of communications methods including text chat, voice, file sharing, email, and video chat. The focus of customer engagement will be on answering questions and providing information rather than overt sales or promotion.
- Organizations will use in-depth analytics to monitor connections, social interactions and presence; measure corresponding business results; and continually adjust and improve practices for increased effectiveness.
- In the Social Media Model the company gains website traffic or attention through social media sites.
- Efforts are focused on creation of content that attracts attention and encourages readers to share it with their social networks.
- Electronic word of mouth refers to any statement consumers share via the internet (e.g., web sites, social networks, instant messages, news feeds) about an event, product, service, brand or company.
- Message spreads from user to user and resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself.

26.12 Glossary

Blog: A blog can be understood as a discussion and / or informational site published on the Web and it consists of distinct posts generally displayed in reverse chronological order.

Blogging: Blogging is an interactive form of publishing content of various kinds on the World Wide Web.

Crowdsourcing: Crowdsourcing can be understood as the process of getting work or funding, generally online, from a crowd of people.

Microblogging: Microblogging is a unique approach of blogging that refers to the practice of posting small pieces of online content (also known as micro post) in various forms such as texts, images, short videos etc., over the internet.

Social CRM (Customer Relationship Management): Social CRM refers to the use of social media services, techniques and technology to enable business organizations to engage with their customers more effectively as well as efficiently.

Social Media: Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User Generated Content.

Social Media Analytics: Social media analytics is the practice of collecting relevant data from blogs and social media sites and analyzing the same to make/support business decisions of the organization.

Social Media Marketing (SMM): Social media marketing is the practice of gaining website traffic as well as customers' attention through social media sites.

Social Media Monitoring: Social Media Monitoring (also known as social media measurement) is an active monitoring of social media channels for getting relevant information about an issue of interest.

26.13 Self-Assessment Test

1. Define Social Media. Elucidate various types of social media used by individuals and organizations.
2. Why do organizations use social media? Elucidate.
3. Differentiate between Blogging and Microblogging.
4. Explain various Social Media Marketing Platforms used by marketers for promoting their products and services.

26.14 Suggested Readings/Reference Material

1. Michael Branding, (2021). "Social Media Marketing", Notion Press.
2. Crawford and DeBenedetto. Irwin, "New Products Management", 12th edition, by McGraw-Hill, 2021.

3. Cravens, David W, “Strategic Marketing”, 10th ed., ebook, McGraw Hill/Irwin, 2021.
4. O. C. Ferrell, Michael Hartline, Bryan W. Hochstein, “Marketing Strategy”, 2021, Cengage South-Western.

26.15 Answers to Check Your Progress Questions

1. (d) **The social media platform is company sponsored and one-way, i.e., brand to consumer**

Option ‘d’ is not a valid feature of social media because social media is a communication channel owned by the consumer. It is multi-way and facilitates participation by all. Only traditional media like advertisement is one-way.

2. (b) **Social Media Analytics**

Social media analytics, also known as Social Media Listening, allows an organization to understand customers’ sentiment and identify current trends in order to meet and exceed customers’ expectations better than its competitors.

3. (b) **Social Media Marketing**

Social media marketing is the practice of gaining website traffic as well as customers’ attention through social media sites.

4. (c) **Be present in all social media platforms to maximize benefits**

All options that state various measures and steps to decide on a suitable social channel are correct, except for option ‘c’. A company should focus on a few (two or three) social channels that are suitable for the company rather than thinly spreading efforts on many channels.

5. (b) **Keep sending advertising and promotion material to consumers on a regular basis**

All options except option ‘b’ are suitable measures that would promote customer engagement. As a rule, marketers must never spam their customers with advertising and promotion material because this would irritate the consumer.

6. (d) **Microblogging**

Microblogging, a unique approach of blogging, refers to the practice of posting small pieces of online content (also known as micro post) in various forms such as texts, images, short videos etc., over the internet.

7. (b) **It is a good way to keep customers engaged**

Blogging regularly is important because it keeps customers engaged. If engaging content is not posted regularly to blogs customers lose interest.

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8. (c) LinkedIn

LinkedIn is a social networking site distinctively designed for the business community. A professional networking site LinkedIn allows organizations to create professional profiles for themselves as well as their businesses in order to network with other LinkedIn users.

9. (c) LinkedIn

Social media sites like Facebook, Twitter, Instagram, YouTube are best suited for FMCG goods that reach out to customers. LinkedIn would be best suited for a company which is into B2B marketing.

10. (a) Social media measurement

Social Media Monitoring (also known as social media measurement) is an active monitoring of social media channels for getting relevant information about an issue of interest.

Unit 27

Emerging Trends in Strategic Marketing

Structure

- 27.1 Introduction
- 27.2 Objectives
- 27.3 Co-opetition – Simultaneous Pursuit for Collaboration and Competition
- 27.4 Blue Ocean Strategy
- 27.5 Strategies to Market Luxury Products
- 27.6 Innovation and Reverse Innovation
- 27.7 Branding in the Digital Age
- 27.8 Guerilla Marketing Strategies
- 27.9 Rethinking Marketing Strategies
- 27.10 Summary
- 27.11 Glossary
- 27.12 Self-Assessment Questions
- 27.13 Suggested Readings/Reference Material
- 27.14 Answers to Check Your Progress Questions

“Business has only two functions – marketing and innovation.”

– Milan Kundera

27.1 Introduction

As Milan Kundera rightly quoted, business today has two important functions: marketing and innovation. Though marketing has been a common practice, strategic marketing gives scope for innovation and creativity in doing business. Strategic marketing management is a specialized study which focuses on customer-oriented marketing strategies and integrated strategic marketing proposals to provide greater value to the customers. Previous unit was intended to discuss various facets of social media marketing, a vital part of the modern marketing mix.

This unit is intended to discuss coopetition, which is co-operative competition and blue ocean strategy, which refers to creating a marketing space, where competition is negligible. In addition various marketing strategies and their application and suitability in the current marketing environment are also elaborated upon.

27.2 Objectives

After reading this unit, you should be able to:

- Explain the concept of coopetition, collaboration and competition.
- Identify the major factors contributing to the growth of blue ocean strategy.
- Recall innovation, reverse innovation and guerilla marketing strategies.
- Identify and elucidate the nuances of branding in the digital age.

27.3 Coopetition – Simultaneous Pursuit for Collaboration and Competition

Coopetition can be defined as a strategy symbolizing both competition and collaboration among the players of an industry. This strategy is more rampant in high technology industries like automobiles, due to short product life cycles and huge research investment requirements. As many firms in a sector face the same constraints and challenges, it is always found to be profitable and viable for them to collaborate and compete with one another in acquiring sufficient inputs to overcome them.

Example

Google³⁷ backed its competitor's not-for-profit Mozilla's Firefox browser, in spite of its own browser Chrome already being the world's most popular browser. It practiced coopetition in order to limit growth of other competing browsers like Apple Safari, Microsoft Internet Explorer and Edge. Firefox also agreed to set Google as its default search, expanding Google's share in the search arena.

Source: ICFAI Research Center

27.3.1 Role of Coopetition in Enhancing Innovation

Coopetition is a strategy that capitalizes on the benefits of both collaboration and competition and highlights the interplay between both the concepts in making a business more challenging. Several studies have shown that the strategic alliance partners help the companies to access, gain and leverage significant inputs in adopting innovation. While coopetition is beneficial, competitive relationship is difficult to sustain. The conflict of working together on the technology front and competing against each other on key business areas would eventually have its toll on the relationship.

In an industry like software that relies on high technology there is plenty of scope for cooperative alliances. The top notch companies run a heavy risk of misappropriation by the strategic partners in case of coopetition. The external environment that poses same set of opportunities to all players in the industry causes tension and intensifies competition. The rivalry intensifies as the

³⁷ <https://www.stratrix.com/co-opetition/> accessed on 2.3.22

competitors will be capable of taking the rivals head on. Value creation and value appropriation are the integral parts of coopetition.

Though cooperation is oriented towards enhancing the value through synergy, the competitive factor present in the concept drives the partners towards private benefits. Coopetition between the top companies paves way for innovative efforts through competition. The complex form of coopetition is important to promote competition. When leading firms in an industry get into the coopetition mode, it paves way for many smaller firms to follow suit.

27.3.2 Drivers of Coopetition among the Firms

Though there may be many factors that drive the firms to get into cooperative alliances, the major ones can be summed up as follows:

- **Industry challenges and opportunities:** When the top notch companies in an industry rely on the opportunities that prevail in the industry, they may prefer to co-opt and overcome the technological and financial challenges together.
- **Superior partners for leveraging the sources:** The relevant partners help each other in leveraging the resources and make optimum use of the situation.
- **Firm level strategies and goals:** Every firm may have its own objectives of establishing and stabilizing itself in the market and coopetition facilitates easy achievement of those objectives.

27.3.3 Dynamics of Coopetition

Even the giants of any industry find it difficult to survive the intense competition and dynamic trends. Hence the firms seek apt partners, including their arch rivals to pursue the opportunities in harnessing technologies and improving performance.

- **Formation of cooperative relationship:** With appropriate and sufficient research the leaders of an industry get into the coopetition mode.
- **Evolution of cooperative relationship:** Motivated by higher payoffs and other synergic benefits, firms overcome the initial problems and the cooperative alliance is formed, though it may take a little longer as compared to other alliances. As firms realize the benefits of the alliance, the relationship gets strengthened. The transparency and mutual understanding of the agenda, objectives of the alliance and the framework of operation, ensure that the collaborative agenda proceeds as agreed upon.

27.3.4 Outcomes of Coopetition

Business is all about uncertainty and the companies try to adapt themselves to the external environment to be stable and competitive. Thus, it becomes imperative for the organizations to evolve continuously and develop innovations to create relevant value for the stakeholders.

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The following positive outcomes of coopetition have been reported by companies that got into successful coopetition ventures:

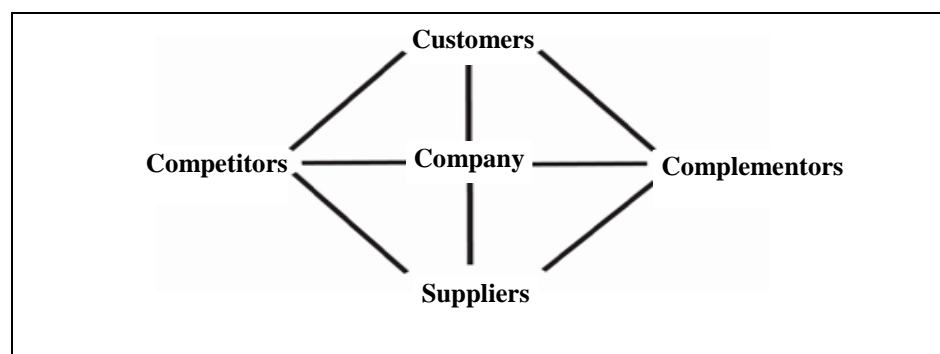
- **Joint value creating and appropriation:** As coopetition is a dynamic process, the organizations seek competitive advantages of both cooperation and competition. The companies thus create and transfer knowledge and explore entrepreneurial potentials through collective actions with the competitors.
- **Industry benchmarks of technology and standards:** Firms participate in coopetitive alliances to increase revenue and reduce costs. It simply means that the success of one firm in the game does not necessarily mean failure of the other firms in the partnership, but establishes the concept of multiple winners. Thus, certain benchmarks are created for the rest of the industry to follow to pursue their objectives.
- **Industry competitive dynamics:** Through coopetition, the partners not only exchange and create value for better competitiveness, but together put up a tough fight against the rest of the players of the industry. Coopetitive alliances make the partnering rivals a formidable entity.

27.3.5 The Value Net

Value net is a structure of multiple relationships in which the firm is embedded. Brandenburger and Nalebuff, in 1998, explained the concept of value net which indicates the relationship and interdependence among the firms in which the firms play multiple roles and search for perfect partners to create value for the customers. This includes five components, the company in question, its suppliers, its potential customers, its substitute product manufacturer and the complementary product producer. The substitute firms can replace the firm in question any time with its competitive edge.

The complementary products deliver more value when combined with the focal company's product. The concept clearly explains the relationship between the different elements of the business when it comes to collective value creation. (Refer Figure 27.1)

Figure 27.1: Potential Coopetitive Partners in a Firm's Business Network



Source: <https://www.stratrix.com/co-opetition/> - (march 2021) accessed on 2.3.22.

Check Your Progress - 1

1. Coopetition is a process that pursues which one of the following?
 - a. Competition among the players in an industry to increase the productivity
 - b. Collaboration and co-operation among the players to induce healthy competition
 - c. Competition and collaboration among the major players of an industry to induce innovation
 - d. The individual goals and objectives of the leaders of the industry
 - e. The cooperation among the leaders to share the revenues generated through such an agreement.
 2. The value net concept throws light on which one of the following aspects of the different companies?
 - a. Share the market space and profits
 - b. Depend upon the external factors to generate revenues
 - c. Partner and depend upon one another for co-creation of values through products and services
 - d. Substitute for each other's product
 - e. Restrict the involvement of other organizations in production
 3. Value creation and the value appropriation form the vital parts of which one of the following?
 - a. Collaboration
 - b. Coopetition
 - c. Competition
 - d. Co-operation
 - e. Co-existence
-

27.4 Blue Ocean Strategy

Blue ocean strategy challenges the principles of competitive strategy and warrants a shift from competing in an already existing market space to an uncontested market space, thus making the competition irrelevant. When the Indian public had only landlines to be connected with one another, pager instrument was a blue ocean invention which could be carried by anyone and be connected even on the move. Then another blue ocean strategy of mobile phones overcame the deficiencies of a pager and made connections instant.

Value Innovation: The Integral Part of Blue Ocean Strategy

The thought of business gives a clear picture about the existence of competition and the potential risks of trade. The essence of blue ocean strategy is to create

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uncontested market space and make competition irrelevant. In blue ocean strategy, companies try to create a value that is presently not thought of by the existing players.

In today's business world where competition is so intense (Red Ocean) fighting rivals often leads to shrinking of profits. Price wars, advertising wars and promotion wars result in mutually destructive battle. It is therefore far more prudent for marketers to create a new marketing space.

By creating blue oceans of untapped new markets a firm can achieve lasting success. One of the key principles of Blue Ocean Strategy is to offer differentiated products and low or affordable cost simultaneously. This would be a compelling offer, too attractive to resist, making competitors redundant.

If a company attempts to offer a new product without sufficient value, it is unlikely to succeed. The new product offer must be compelling enough for the customer to make quick transitions and fill up the new market space created. Sometimes the potential customer base shows interest in gaining knowledge about the product, the company and this process takes time. Here the marketer has to align value to the product in accordance to how the customers' needs shape and evolve in the immediate future.

Exhibit 27.1 illustrates the blue ocean strategy of Netflix subscription streaming service.

Exhibit 27.1: Netflix Blue Ocean Strategy

Netflix, Inc. is an American subscription streaming service and production company. A study in September 2019 predicted that by the year 2024 the current market leader, Netflix, will remain as market leader, with a global share of 23 percent. Its success is mainly due to the blue ocean strategy it formulated. Let us start understanding the Blue Ocean Strategy practices of Netflix.

Strategy Canvas: Strategy canvas is the first step in any Blue Ocean analysis. Netflix overtakes traditional television and other Over The Top (OTT) On-demand Platforms, in terms of quality of content and also in terms of technology as it is a technology enabled (Cloud/Big Data) enterprise when compared to other players. Netflix is also popular as the king of original content and it invests \$5b – \$8b in creating original content shows.

Buyer Utility: Netflix offering exclusive original content, strong suggestion algorithms and its assorted programs makes the core of the buyer utility.

Pricing: Its pricing is also strategic being the market leader and focused more on cutting costs.

Contd....

Cost: Netflix spends huge amounts of money (billions of dollars) to create curated content to host as it is one of its core offerings. It uses cloud based storage for cost saving benefits as compared to fixed storage. It leverages the platform to share content across subscribers without duplicate content, by this it saves millions of dollars.

Adoption: Netflix was earlier an Online DVD rental firm. When it decided to launch an On-demand movie platform its employees had feared that they would lose their jobs, but the leadership of Netflix proved them wrong by retaining them.

Sources: i) <https://digitalvillage.in/blue-ocean-strategy-in-netflix/> accessed on 2.3.22

ii) <https://www.linkedin.com/pulse/blue-ocean-netflix-nasreen-ahmed> accessed on 2.3.22

iii) <https://www.statista.com/statistics/1052803/global-svod-subs-market-share/#> accessed on 2.3.22.

27.4.1 Red Ocean Strategy vs. Blue Ocean Strategy

Red ocean strategy is where the market space is shared by competitors providing similar products or services. (Refer Table 27.1)

Table 27.1: Red Ocean Strategy vs. Blue Ocean Strategy

Red Ocean Strategy	Blue Ocean Strategy
Competing for the existing market space	Generate a new market space where there is no competition
Marketing strategies basically to fight competition	Marketing strategies to introduce the customers to the new product and its benefits
Utilizing existing demand	Creating new demand
Choosing between low cost and differentiation	Aligning low cost and differentiation concepts

Source: <https://www.blueoceanstrategy.com/tools/red-ocean-vs-blue-ocean-strategy/>

27.4.2 Formulation of Blue Ocean Strategy

The formulation of blue ocean strategy calls for deployment of three vital mechanisms: focus, divergence and an attractive tagline. Though these elements are present in all the new products that are developed in blue ocean strategy, these three are given utmost importance.

Three Vital Mechanisms:

- **Focus:** Focus specifies the area of development and the customer base
- **Divergence:** Divergence indicates the magnitude of difference in the new product
- **Tagline:** Tagline selection is a basic marketing strategy to fascinate the customers.

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The formulation of blue ocean strategy follows four principles: redefining and reframing the market boundaries, considering larger framework and not just numbers, reach beyond existing demand and right strategic sequence, which are as given below:

Redefining and Reframing the Market Boundaries

The first challenge that the companies face in the blue ocean strategy is to recognize the potential opportunities that are commercially successful in the identified market space. The 'six principle' framework that helps the marketers to successfully sense the apt market space are to:

- Check the alternative industries that may turn into competition some time later
- Monitor the strategic groups within the sector which are potential threats
- Analyze the probable customer base to ensure a reasonable profit margin
- Closely examine the complementary products in the industry to ascertain the opportunities and threats
- Evaluate the functional appeals of the brand to the potential buyers
- Ascertain the time frame that the brand may take to stabilize in the selected market space

Considering Larger Framework & Not Just Numbers

This norm is to cut on the time spent on drawing a detailed strategic framework which involves competitive analysis, current industry positions, means of increasing market shares, capturing new customers and preparation of extensive budgets. Instead, the company tries to unleash the potential of the employees of the organization to orient towards blue ocean strategy and ensure effective execution of the strategies.

This principle warrants a lot of visualization to be done by the company which would involve the following 4 major phases:

- **Visual awakening:** This helps the company to match itself with the competitors on various fronts like price and quality and try to overcome the visible drawbacks.
- **Visual exploration:** This phase helps the marketer to get into six paths of market reconstruction to decide which strategy has to be eliminated or modified.
- **Visual strategy fair:** In this phase, the marketer collects feedback about the proposed strategy from the competitor's customers and the non-customers which will enhance the quality of the proposed strategy.
- **Visual communication:** In the final phase, the marketer tries to compare the earlier and the new versions of the strategy to draw a line between what is to be followed and which part has to be deleted from being functional.

Reach Beyond Existing Demand

To reach beyond the current demand level is to create value with innovation. This analysis reduces the risk associated with the creation of a new market space.

To succeed in this attempt, the marketer has to ensure the following two things:

- Not just focusing on the existing customers and not just considering the differences in consumer profile (differences in the buyer's preference which gives scope for the new product to come up) for segmentation.
- Going beyond these, a firm has to focus on where future growth potential lies and how this can be capitalized through innovative strategies and technologies.

Right Strategic Sequence

The blue ocean strategy follows a specific sequence to be tactically successful, which is given below:

- To examine whether the features of the product idea give best buyer utility
- To check the affordability of the price proposed
- To ensure profitability through cost reduction
- To ascertain the adoption issues of the strategy

The blue ocean strategy thus ensures profitability to the marketer taking into consideration many factors like focus and differentiation in a different market space.

27.4.3 Execution of Blue Ocean Strategy

If a company plans to venture into a blue ocean area, it has to implement it with whole-hearted efforts.

The various obstacles that a marketer faces in the execution of this blue ocean strategic plan are listed below:

- **Cognitive obstacle:** The employees of the organization need to be appraised about the changes that ought to take place if the strategy has to be in place. The blue ocean strategy requires a stronger mental makeup and greater preparedness to initiate and go ahead with the execution. The employees need to be brought to an understanding as to how the strategy in an uncontested marketplace is going to benefit the organization.
- **Low resources:** The organization has to mentally prepare itself to spend huge resources for many things if the blue ocean area is targeted. The company incurs high expenditure to research about the new target market and to know more about the buying intentions of the potential customers.

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- **Motivational obstacle:** The key players of the strategy need to be sufficiently motivated to succeed in the implementation of the same. The role played by the experienced and the important employees is vital for the execution of the strategy.
- **Political obstacle:** The political climate within the organization also affects the implementation of the blue ocean strategy. The policy makers ought to understand the importance of the proposed strategy and overcome the local politics for effective execution.

27.4.4 Blue Ocean Strategy – A Continuous Process

A blue ocean strategy is not a one-time process. The company constantly has to check for the imitators and the competitors who may ruin its business. The company has to regularly check and recheck the progress of the execution.

The blue ocean strategy is a combination of the following four important factors.

- **Raise:** To ascertain which aspects should raise above the industry standard.
- **Eliminate:** To understand and eliminate factors that may not be relevant in the current scenario.
- **Reduce:** to know the factors that should be reduced below the industry standard.
- **Create:** to decide what should be created that has not been created.

Activity 27.1

Take the example of Dollar Shave Club, a start-up that has emerged as a threat to P & G's Gillette. Explain the blue ocean strategy of Dollar Shave Club. Identify another example similar to Dollar Shave Club.

Answer:

Check Your Progress - 2

4. A blue ocean strategy calls for reconstruction of market boundaries because of which one of the following?
 - a. The profit generated in different markets varies vastly
 - b. The other industries may also turn into competitors later
 - c. The company prefers to launch new products and services in different lands

- d. The company would like to stabilize itself in different markets simultaneously
 - e. The company would like to maximize profits in all the markets
5. Which one of the following should the company that wants to compete in the uncontested market space do?
- a. Analyze the opportunities within a limited market space to ensure perfection
 - b. Extensively explore the opportunities of the potential market beyond the current demand
 - c. Ensure profitability over the right strategy
 - d. Replace the existing employees of the organization to face new challenges
-

27.5 Strategies to Market Luxury Products

In today's cluttered market, luxury brands need to connect with the appropriate customers creatively. These days it could be noted that the traditional luxury brands are mass marketed like commodities. In order to be a luxury brand, it has to be distinctively marketed.

Some of the strategies to market luxury products can be as follows:

- **Customized offer to highlight uniqueness:** Some brands like Audi and Gucci give their esteemed customers personalization options so that the brand carries utmost satisfaction to the users.
- **Creating emotional relationship with the brand:** Some brands create an emotional bondage with the customers that acts as an unbroken string between the provider and the user.
- **Limiting access to the brand:** Some luxury brands do not allow everybody to become their customers. These are the brands that cannot be owned by sheer money or wealth.
- **Make the brand special:** The positioning of the brand has to be done so extensively that the brand is looked upon as special and unique.
- **Performance:** The luxury brands need to consistently perform to keep the customer intact. The customers who pay more do so for quality and any degree of decline in the quality will lead to loss of customers.
- **Pedigree:** Luxury products need to be marketed very majestically. The brand should look aristocratic.
- **Creating scarcity:** Excessive supply of the luxury brands leads to dilution of the brand image. Hence, luxury brands specifically create and maintain a perception that the brand is scarce. Some brands like watches come with handcrafted quality and use precious metals and stones.

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- **Celebrity endorsement:** Many celebrities are paid huge sums to endorse luxury brands. This adds up to the marketing cost of the brand.

Example

Luxury watch brands like Omega endorses James Bond stars since many years. Its latest Omega watch 'Seamaster 300M Diver' was endorsed by Daniel Craig, the James Bond Star and he wore the watch in the movie 'No Time To Die' released in 2021³⁸. Daniel Craig had endorsed previous Omega watches 'Seamaster 300', 'Seamaster Aqua Terra', 'Seamaster Planet Ocean' and 'Seamaster Planet Ocean 600m' 'along with the releases of James Bond sequels.

Source: ICFAI Research Center

- **Heightening consumer experience:** Whenever a customer interacts with the company, they should be presented with a royal treatment that makes their experience with the company memorable. The human resources of the company should be trained sufficiently to handle the esteemed customer with extra care and warmth.
- **Strategic pricing:** Customer's mental stature is to look for high value and a luxury brand has to be priced neither low nor high. The price has to be strategically priced to attract the high-end customer who relates the quality with the price charged.

Check Your Progress - 3

6. A luxury brand is marketed online and offline with which one of the following objectives?
 - a. Gaining more customers who do not mind paying a high price
 - b. Creating an emotional relationship with the customers that would keep them intact with the brand, projecting an image to the customers as a market with huge investments in advertising
 - c. Omni channel is the latest trend
 - d. Catering only to those loyal customers
 - e. Creating a hype for the brand

27.6 Innovation and Reverse Innovation

Innovation is the process of translating the ideas and concepts into products and services which provide value to the customers. Information is applied with imagination and initiatives to get greater satisfaction and value for the ultimate users. It is related to problem solving and finding out new solutions to existing issues.

³⁸ <https://www.swisswatchexpo.com/TheWatchClub/2021/04/26/daniel-craig-james-bond-omega-watches/> accessed on 3.3.22.

Generally innovations can be classified into the following categories:

- **Continuous Innovation:** This indicates gradual and slow upgradation of the technologies in any industry, but does not change the dynamics of the industry in question. This kind of innovation evolves over time.
- **Discontinuous Innovation:** Discontinuous innovation is quite risky because the company may not assess the results immediately. This kind of innovation targets the non-users of a particular product category and hence requires a new business model to attract the new customer base. It results in a paradigm shift in science or technology by introducing a new product to the world. This is also called radical innovation or breakthrough innovation.

Discontinuous innovation proved to be a cost cutter for the banks which had to maintain human assistance for the same job and time saver for the customers who could transact with more ease.

- **Dynamic Innovation:** This type of innovation relates to a changing environment, though the basic product or service does not change.
- **Incremental Innovation:** This kind of innovation utilizes the present processes to bring about an improvement in the existing product. It is a process of keeping the product up to date.
- **Disruptive Innovation:** Mr. Clayton Christensen, a professor from Harvard University coined the term Disruptive innovation in 1997. A disruptive innovation *is a new product or service that gets introduced at the low end of the industry and slowly captures the major market by replacing the existing and prevailing products*. The modification which accelerates the shift may be because of technological innovation. As the disruptive innovation improves along the traditional performance parameters, it eventually displaces the earlier technology.

Example

Artificial Intelligence³⁹ (AI) technologies are innovations disrupting most of the business segments. Like in the Healthcare sector with AI applications the hospitals can manage patient intake and scheduling and billing, Chatbots will answer patient questions online with natural language processing capabilities. AI can also be helpful in collating and analyzing survey responses. AI can be used to bring down healthcare costs so that doctors can focus on patients care.

Source: ICFAI Research Center

- **Open Innovation:** This type of innovation is a paradigm that is built on the presumption that the companies should use internal - external ideas and external – internal paths for technological advancements. As the customer these days is knowledgeable, the company cannot depend on its own research wing, but has to seek information from the external environment also.

³⁹ <https://dhge.org/about-us/blog/disruptive-innovation-healthcare-examples> accessed on 3.3.22

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- **Business Model Innovation:** This is typically an innovation strategy which has no plans or framework as a base. Because of lack of any set principles or norms of exploring the potential, inexperienced and start-up companies miss many cost-effective means to improve their profitability and productivity.
- **Product, Process and Service Innovations:** A product innovation connotes launching a product, which is either new or improvised in its features and motivates the potential customers to go for a trial purchase. A process innovation indicates execution of a production or delivery method.

27.6.1 Reverse Innovation

The term reverse innovation was coined by Mr. Vijay Govindarajan, professor, Tuck School of Business. The concept relates to a strategy of innovating in a developing economy and then transferring the innovation to developed markets. The globalization strategy presumes that the developing economies are evolving and trying to become on par with the grown economies.

Understanding Reverse Innovation Strategies

What are the issues to be considered to capture the new markets? The following points will throw light on some of the strategies:

- **Innovation and not exporting:** To capture the upcoming economies, the marketers need to innovate continuously and not try to export what they have manufactured in another part of the world.
- **Shifting opportunities:** The innovations that are generated in the developing markets are to be shifted to the other parts of the globe to plan and implement the leveraging process.
- **Closely monitoring the giants of the industry:** The marketers in the reverse innovation scenario have to closely check the progress of the rapidly growing competitors.
- **People and power:** The people and the money need to be moved to the emerging nations where the actual growth of the business lies.
- **Preparing the employees:** The employees of the organization need to be sufficiently sensitized to the reverse innovation motives and be oriented towards the attainment of organizational goals.
- **Local Growth Teams:** The marketers then have to station the Local Growth Teams (LGTs) with absolute knowledge of the local business culture and business capabilities.

Driver of Reverse Innovation

The primary factor boosting the reverse innovation is the gap in the income levels of developing and developed countries. A product that is customized or mass marketed to the American public cannot be marketed in developing countries, like India and Sri Lanka as the composition of the customers and the purchasing power parity of the two countries vary vastly. In a developing country the customers basically look for a low priced price-performance curve.

Neglecting the concept of reverse innovation is a missed opportunity and may cost the company dearly. The prerequisite for implementing reverse innovation is not an understanding of the patterns of the rich countries, but curiosity and shrewdness to have a grip on the consumption patterns of growing economies.

The gaps that drive reverse innovation in a developing economy rather than a rich economy are:

- **Performance gap:** The consumers in a developing country will be willing to accept a low performance from a marketer, whereas a rich economy would like to have the best from the marketer. When the MNCs in the rich countries sell their goods to the developing world countries, extra frills are cut and only the essential features are presented as the customers in the developing economy cannot afford high performance expensive products.
- **Infrastructure gap:** The countries of the developed world enjoy several benefits of high infrastructure like transportation, schools, hospitals and energy mechanisms, whereas in developing countries, these are still in the improvising state. The new products should consider the developing countries in mind.
- **Sustainability gap:** In the developing economies, the pressure of sustainability is felt more among the marketers. It is to cope with the environmental factors that the marketers innovate and reengineer. It was because of the rising pollution issue that a few Chinese cities shifted to electric cars.
- **Regulatory gap:** The regulatory framework of the economies checks whether certain business innovations are aligned with the people's interest. In the developing countries the regulations are with vested interest and suggest a lot of scope for improvement. This situation becomes a barrier to a real innovation.
- **Preference gap:** There is a vast disparity in the tastes and preferences of people of developing nations and the developed nations and this makes international marketing efforts possible and profitable.

Check Your Progress - 4

7. Which one of the following strategies represents a Reverse innovation process?
 - a. Innovated in a country where the marketer has registered success already.
 - b. Introduced in rich countries to gain initial success
 - c. Introduced in a developing country and then shifted to the developed country
 - d. Innovated to engage the online consumers
 - e. To measure the income gap between the consumers of growing economies and the developed economies

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8. Discontinuous innovation is risky because of which one of the following?
- a. The company may not work towards the goals in the process of innovation
 - b. The marketer may not assess the results of the innovation as soon as it is introduced
 - c. The competitors may occupy a large market share when the marketer is in the process of innovating
 - d. It is a business model that may land them up in a financial loss
 - e. There are other innovations which ensure success to the competitors
-

27.7 Branding in the Digital Age

The internet has facilitated many companies to compete with one another on the e-platform and many join every day to enhance the customer shopping experience. The companies construct a framework of the uniform ‘must have’ features of their brands across the world and the unique and the personalized features of the brands in specific geographic locations. A brand has to address all the components of making efforts from advertising to online presence. A company’s website may vary in many contents in various countries according to the level of demand and the consumption patterns.

27.7.1 The Consumer Decision Journey

The consumer, who wants to make a purchase decision, goes through a process before his actual purchase happens as given below:

- The necessity of a product is felt and the information that will aid the decision is searched for.
- The consumer then goes on to evaluate the alternative brands in the same industry with more or less similar features and pricing.
- The decision to purchase then happens. When a consumer is satisfied with his trial purchase, there is every possibility that he goes for a repeat purchase.
- On consistent performance from the marketer, the consumer becomes either a loyal customer who buys every now and then or a brand advocate who promotes the brand among his known networks which is a step ahead of loyalty.

The new media gives a lot of scope to evaluate and advocate the brand which leads to negative or positive word-of-mouth depending upon the customer experience. When the customer’s bondage with the brand is strong, he does not go through the same decision making cycle every time he purchases the brand and the purchase decision happens instantly.

The major steps in the process of branding in the digital age revolve around the following four important concepts:

- **Consideration:** Because of huge choices available to the consumers, the dilemma of selection prevails. The consumer goes by the top-of-the-mind brands which forms part of the evoked set. The role of the media is very critical in such a situation where the consumer is willing to consider more brands for the final purchase.

The marketer through his integrated marketing approach tries to access the consumer with his brands. Frequent advertisements in the print and the electronic media create scope for the brand to be one among the many brands considered.

Example

India's popular dairy brand AMUL started reducing its traditional advertising on media like TV and started focusing on digital platforms. As of March 2022,⁴⁰ it has 20,53,374 followers on Facebook, 3,49,700 followers on Twitter and 3,90,000 followers on Instagram. Its most popular creative ads on Facebook and Instagram focus on 'Amul Butter Girl' happenings all around the world, which create a buzz among the consumers and they consider Amul as one of their top choices.

Source: ICFAI Research Center

- **Evaluation:** This step is very crucial from the marketer's point of view as his brand is among the many brands that a consumer evaluates under different parameters like price, quality and performance. The evaluation also takes place with a comparison with a competitor's brand as a base.
- **Purchase:** This is the action from the consumer for which the marketer spends on research and massive advertising. The many factors which act as potential touch points for the consumers are the appropriate pricing, the availability of the brand in the market, attractive packaging and content about the brand on the internet.
- **Advocacy and bondage with the brand:** This is the ultimate step where the customer acts as the brand advocate and refers the brand to his own people creating a positive word-of-mouth and buzz. The digital marketing strategies like internet advertising and promotions help the marketers come closer to the consumers. The web pages of the brands give scope for the audiences to like and share the contents.

⁴⁰ <https://iide.co/case-studies/amul-marketing-campaign-case-study/> accessed on 3.3.22.

Check Your Progress - 5

9. Which one of the following does the consumer decision journey ultimately result in?
- Leads to the customer dilemma about different brands
 - Leads to the assessing the features of different brands
 - Promotes various brands among the potential customers
 - Enhances customer experience
 - Leads to a clear choice of brand purchase
-

27.8 Guerilla Marketing Strategies

Guerilla marketing strategy is an advertising concept which helps the small segment companies to promote their brands in unconventional methods with less advertising budget. The focus here is to ensure that the attention of the potential consumers is grabbed. Unlike the conventional modes of promotion, guerilla marketing involves only those techniques and practices that will connect the customers and the marketers emotionally.

The types of guerilla marketing are summed up as follows:

- **Ambient marketing:** This is a novel way of advertising where the advertisement is placed in a much unexpected location or placed next to an unusual item. The selection of the best media decides the success of ambient marketing. It is all about thinking out of the box.
- **Ambush Marketing:** This type of guerilla marketing strategy signifies the sponsorship extended by companies to conduct events. The sponsoring companies get media coverage by doing so. In sports like Olympics or FIFA or International Cricket, the competitor companies of official sponsors try to market their brands through various means.

Example

There are strict rules imposed in every sports field as of 2022 and ambush marketing is not easy as many amendments in laws are made to protect official sponsors. Earlier days brands like Nike used to resort to ambush marketing practices by endorsing leading sportspersons and teams putting its logo on their jerseys during Olympics and other international sports events even though it was not an official sponsor.

Source: ICFAI Research Center

- **Stealth marketing:** This is a kind of marketing where the marketer tries to advertise the brand in a very secretive or imperceptible manner. A common practice is where the marketer involves the consumers without their being aware that they are a part of the advertising campaign.

- **Viral marketing:** This describes the practice of the individual consumers passing on a branding message to many others which leads to the potential growth of the brand's message and exposure. This strategy paves way for the multiplication of the message into thousands and millions. It is known as viral marketing on the internet and off the internet. It is denoted as buzz marketing or word-or-mouth marketing.
- **Undercover marketing:** This kind of guerilla marketing strategy involves a product in a way that does not look like advertising. Companies thus hope to create a buzz about their brands in a way that is not very obvious.

Check Your Progress - 6

10. Ambient marketing is a strategy where the marketer practices which one of the following?
- a. Sponsors an event for the brand to be remembered
 - b. The brand is advertised at an unexpected place
 - c. Involves a celebrity to endorse his brand
 - d. Makes the customer a part of the advertising campaign
 - e. Promotes his brand online with sufficient brand information

27.9 Rethinking Marketing Strategies

Good strategy is about making wise choices and it demands something more than mere intelligence or instinct. In the contemporary business world, the brands are no more to create only buzz, but to effectively engage the customers. A business strategy does not have to be a very complex and lengthy one to give the desired output. It is a coherent and authenticated logic for making a meaningful decision.

'Drive with data' is the success formula for strategic marketing process as the data collection and analysis is scientifically done. The marketing process follows a funnel mode wherein the first layer has all those who become aware about a brand as soon as the brand is advertised. The next layer which gets narrower depicts the people who become interested in the brand and evaluate the same on different criteria.

Those who become associated with the brand are committed and refer the brand to their own networks. To bring the customers to the level of advocacy, the marketer has to spend his money and time to a great extent.

Example

According to NewVantage, a data consultancy firm, 99% of U.S.-based companies focused on big data or artificial intelligence in 2021⁴¹. For example, Tesla is getting the future autonomous vehicles ready using data analytics.

Contd....

⁴¹ <https://careerfoundry.com/en/blog/data-analytics/data-analytics-companies/> accessed on 3.3.22

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Tesla automobiles are equipped with a vision, sonar and radar data processing mechanism through neural net software and the cars share information through overall analytics which can be used for enhancing safety of the self-driving cars.

Source: ICFAI Research Center

Activity 27.2

Identify four highly successful videos (Indian company/brand sponsored videos) that went viral. Make a list of reasons to explain the following: Why people shared those videos- theme, topics of interest, use of celebrities, etc. Also explain how the companies made use of social media to make them successful.

Answer:

27.10 Summary

- The essence of a business model is how it delivers value to customers. The strategy adopted by the business facilitates attraction of customers. It also aims at getting them to pay for the value offered. Based on observations and studies of businesses over years, the following emerging trends in strategic marketing have been identified and presented.
- Coopetition: Coopetition between firms occur at intra-organizational (between firms who are rivals in the same industry) or inter organizational (firms belonging to different industries) levels. Firms enter into cooperative agreements to create synergic benefits.
- Blue Ocean Strategy: Professors at Insead Business School have suggested that rather than battling competitors (Red Ocean Strategy), it makes sense to create an uncontested market space for the business. This strategy necessitates that the business should make a leap in providing value to customers at an affordable price to disrupt competition and make them redundant.
- In the changing marketing environment, luxury brands face a huge challenge from traditional products and other fashion products targeted at mass markets. The key to overcoming this challenge is to differentiate and maintain the premium image.

- Innovation is hailed as the key to success that throws up new opportunities for expansion. Unfortunately reverse innovation which originates from emerging economies flows uphill to developed economies from where innovation originates. MNCs are revamping their organization structure and also changing their product development methods to overcome this challenge.
- Companies in the new age need to co-exist in the physical and online space. This calls for new strategies to build brands in the digital world.
- Good strategy is about making wise choices and it demands something more than mere intelligence or instinct. In the contemporary business world, well informed strategic decisions are made based on the insights gained from big data analytics.

27.11 Glossary

Blue Ocean Strategy: A strategy of competing in an uncontested market space.

Business Model Innovation: A kind of innovation which has no plans or framework as a base.

Consumer Advocacy: The ultimate benefit of customer satisfaction where the customer refers the brand to his people.

Consumer Decision Making: A complex process where the consumer in a phased manner makes a choice of purchase.

Continuous Innovation: A gradual and slow upgradation of the technologies in any industry without changing the utility of the base product.

Coopetition: A strategy where the leaders of an industry collaborate and compete with one another for collective value creation for customers.

Discontinuous Innovation: A kind of innovation which targets at the non-users of a particular product category and hence requires a new business model.

Disruptive Innovation: A new product or service that gets introduced at the low end of the industry and slowly captures the major market.

Dynamic Innovation: A kind of innovation which relates to a changing environment, though the basic product or service does not change.

Red Ocean Strategy: A marketing strategy where the market space is occupied by many players and the competition is neck-tight.

27.12 Self-Assessment Test

1. Throw light upon the areas in the Indian banking sector where blue ocean strategy could be adopted.
2. Outline the types of innovation and reverse innovation strategies.

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3. How does value net help in the analysis of collaborated competition (coopetition) in any industry?
4. Elucidate the guerilla marketing strategies with appropriate examples.

27.13 Suggested Readings/Reference Material

1. Crawford and DeBenedetto. Irwin, "New Products Management", 12th edition, by McGraw-Hill, 2021.
2. Cravens, David W, "Strategic Marketing", 10th ed., ebook, McGraw Hill/Irwin, 2021.
3. O. C. Ferrell, Michael Hartline, Bryan W. Hochstein, "Marketing Strategy", 2021, Cengage South-Western.
4. Alexander Chernev, Philip Kotler, Musadiq A. Sahaf, "Strategic Marketing Management", "Strategic Marketing: Making Decisions for Strategic Advantages", PHI Learning, 2019.
5. Alexander Chernev, Philip Kotler, "Strategic Marketing Management", Cerebellum Press, 2018.

27.14 Answers to Check Your Progress Questions

1. (c) **Competition and collaboration among the major players of an industry to induce innovation**

Coopetition is a process whereby the leaders of an industry join hands in collective value creation for the customer which leads to competition among them to excel and also collaboration for a better product or service.

2. (c) **Partner and depend upon one another for co-creation of values through products and services**

Value net is a process whereby companies collectively create values through products and services and play multiple roles to search for the perfect partners.

3. (e) **Coopetition**

Value creation and value appropriation are the integral parts of the coopetition concept wherein the companies agree to compete and collaborate with one another in a structured business plan.

4. (b) **The other industries may also turn into competitors later**

Blue ocean strategy is a phased scheme devised by the company to get into an uncontested market space with a totally new product which requires the reformation of the market boundaries as there is a potential threat of another sector becoming a competitor.

5. (c) Ensure profitability over the right strategy

The company which wants to implement blue ocean strategy has to examine the present demand level and even beyond that to assess the extent of its success.

6. (b) Creating an emotional relationship with the customers that would keep them intact with the brand, projecting an image to the customers as a market with huge investments in advertising

Luxury brands are expensive and to make a sufficient market for themselves, they need to be emotionally connected with the customers.

7. (c) Introduced in a developing country and then shifted to a developed country

Reverse innovation is a strategy which is introduced in developing economies and then shifted to rich countries as the consumers of the developing or emerging nations will expect low priced, performing product.

8. (b) The marketer may not assess the results of the innovation as soon as it is introduced

Discontinuous innovation is little risky because the marketer may not ascertain the immediate outcomes of the innovation and may underestimate the customer support.

9. (e) Leads to a clear choice of brand purchase

Consumer decision making is a complex process as it involves consideration of many alternatives and making a clear choice at the end.

10. (b) Brands advertised at an unexpected place

Ambient marketing as the name suggests, is advertisement done at unexpected ambience. It is a type of guerilla marketing where the marketer places his advertisements which gives him scope to understand the concept.

Unit 28

Integrated Marketing Communications (IMC) Strategies

Structure

- 28.1 Introduction
- 28.2 Objectives
- 28.3 Meaning of IMC
- 28.4 Reasons for the Growth of IMC
- 28.5 Marketing Communications: Traditional Vs. Contemporary
- 28.6 Integrating IMC in the Marketing Mix
- 28.7 Strategic Use of Alternative Media in IMC
- 28.8 Developing an IMC Program
- 28.9 IMC: From Strategy to Execution
- 28.10 Measuring Integrated Marketing Communications
- 28.11 Summary
- 28.12 Glossary
- 28.13 Self-Assessment Test
- 28.14 Suggested Readings/Reference Material
- 28.15 Answers to Check Your Progress Questions

“Integrated marketing communications is a way of looking at the whole marketing process from the viewpoint of the customer.”

– Philip Kotler

28.1 Introduction

As rightly quoted by marketing guru Philip Kotler, customer is the center of any IMC program. Bringing together a variety of communication tools, harmonizing the message conveyed to deliver the desired impact on customers is known as integrated marketing communication. In the dynamically changing marketing environment, the marketers’ battle is for a sizeable market share with different positioning strategies.

Previous unit was intended to discuss coopetition, which is co-operative competition and blue ocean strategy, which refers to creating a marketing space, where competition is negligible. In addition, various marketing strategies and their application and suitability in the current marketing environment were also elaborated upon.

This unit dwells in detail on the concept of Integrated Marketing Communications, discussing its growth and various steps involved in planning, developing and implementing an IMC program.

28.2 Objectives

After reading this unit, you should be able to:

- Get a sharp picture of what integrated marketing communication means.
- Discuss the factors responsible for the growth of IMC.
- Find out the relationship between IMC and marketing mix.
- Identify the ways and means of planning, developing and implementing an IMC program.
- Appreciate the importance of measuring IMC.

28.3 Meaning of IMC

The integrated marketing communication program of a company can be constructed on a sound communication platform used by the company. An integrated marketing communication is a judicious combination of many marketing communication tools and opportunities which is utilized to reach the target consumers without much hindrance.

It is based on a comprehensive marketing plan which coordinates and blends all the marketing mix of components in appropriate proportions to reach the potential customers.

Definition of IMC: According to Philip Kotler, IMC is ‘a concept under which a company carefully integrates and coordinates its multiple communication channels to deliver a clear, consistent message’. IMC is a process of using the promotional tools in a much unified fashion to attract the customers.

Example

Nike made a mixed-media artwork product and displayed at the center of their main store in New York City in 2019⁴². It depicts historic sporting incidents created by sportspersons using Nike. Its entire flagship store provides a unique shopping experience for its customers, where visitors may create their own footwear. In this way Nike has integrated various communication elements to delight customers.

Source: ICFAI Research Center

Check Your Progress - 1

1. Integrated marketing communication is represented by which one of the following?
 - a. A strategy of creating customer loyalty
 - b. A means of creating brand awareness and visibility among the customers
 - c. A technique of assessing the future consumption patterns
 - d. A mass media strategy
 - e. A modern selling approach
-

⁴² <https://www.socialpilot.co/blog/integrated-marketing-campaign> accessed on 3.3.22.

28.4 Reasons for the Growth of IMC

The companies of late started to focus more on the IMC concept for various reasons. They include both monetary and non-monetary factors. The marketers are now forced to face severe competition and create visibility for their brands. They not only are forced to collect information about the critical factors in the market, but also go by the statistical figures and plan accordingly, to ensure profits.

The following can be considered as the most important factors for the tremendous growth of integrated marketing communication in the current marketing scenario:

- **Growth of information technology:** The significant development in the information technology has enabled marketers to understand the consumption patterns. The employees of an organization are well connected with their customers through various technologies including personalized emails.

The purchasing frequencies and the patterns are better understood by the universal bar-coding system. Several software products, which accurately compute the present consumption levels and forecast the future levels are available in the market.

- **Increased use of direct purchases from the producer:** With the advent of the internet, the customers have an important option of placing their orders directly with the marketers which reduces the expenses for both the parties involved. Intermediaries are bypassed and the producer is able to deliver the ordered goods at the doorsteps of the customers through the management of logistics.

In this method, the marketer is better connected with his customers than the traditional channels where the wholesalers and the retailers played a greater role.

- **High level of competition:** The severe competition that prevails among the players in different industries has led to a paradigm shift in their marketing styles and approaches. The advertising and communication space is cluttered due to information overload. Market is becoming more and more cluttered leading to a lot of unwanted information flowing to the customers.

The customers are therefore contacted by the marketers in a very personalized fashion. Customized emails and letters are being directed to the potential customers to entice them into the business. Sometimes, colorful and glossy brochures and catalogues are sent to the customers to prompt them to buy their products. The marketers are into every possible mode of interaction with the consumers.

- **Presence of brand parity:** When a group of sellers sell goods similar in many aspects like quality and price, the customer does not differentiate between those brands. He rather puts all those brands in one category and shows indifference among them. To break this brand parity, marketers need to work a lot to create uniqueness and distinctiveness for their brands.

The customer who is not specific about any one brand is always a challenge to the marketer. He can neither be neglected by the marketer for not buying his product every time, nor can he be treated as a loyal customer as he buys from a set of different marketers.

This situation would require the marketer to use more communication strategies and be more focused on a few important customers and make them loyal to their brands.

- **Internet savvy and the technology savvy Brand savvy customers:** These days customers have different avenues of information and are always connected with one another over social media. The brand news spreads quicker than ever before. The organizations start their own websites and web pages to promote their brands. These pages are liked by many people and social media friends get to know this.

The positive or negative word-of-mouth about several brands is being passed on from a few to many and goes viral. The marketers are therefore always under a threat of being judged by the consumers.

Example

Tesla⁴³ electric car manufacturing company is always popular due to its sustainable products and inventions. For its internet savvy and technology savvy and brand savvy customers, the social presence of its CEO stands on top more than any other publicity stunts of automobile companies. It always creates media buzz in new ways, like sending Tesla Roadster to space, which is out of the box thinking unlike regular messages by its competitors.

Source: ICFAI Research Center

- **Waning effect of mass media:** The mass media like Television and radio are gradually being overtaken by social media networks like Facebook and Twitter which are being used as ideal platforms for several brands to be promoted.

The consumers who hold memberships in many such social media are united on those platforms and exchange views about brands. Though television advertising is always reigning high in the promotional arena, radio promotion is restricted only to a few FM channels.

⁴³ <https://www.thestrategywatch.com/marketing-mix-of-tesla/> accessed on 4.3.22.

28.5 Marketing Communications: Traditional Vs. Contemporary

Traditional Marketing Communication: Marketing communications are the means through which the marketers try to connect with their respective customers. The concept has evolved over the years. The traditional marketing communication mix included many components like advertising, sales promotion, personal selling, PR, sponsorships, trade fairs, exhibitions, packaging, word-of-mouth and corporate image building.

Contemporary Marketing Communication: Today with the advent of the World Wide Web, marketing communication is a technically improved strategy now. The newer version of marketing communication has overcome some of the deficiencies of the traditional marketing communication modes. Apart from the components of the traditional marketing communication, the mix has some added ingredients like network communities, blogs, micro blogs, banners, microsites, emails, social media and forums.

Such newer components consume less time and resources to reach the customers. An email can reach several customers in one go within no time. The contemporary marketing communication mix which includes branding in many forms like viral marketing, email advertising, social media marketing and search engine optimization can connect many customers and marketers with better brand information.

Example

Nike sports brand is popular in using contemporary marketing communication like Social Media, Email Marketing etc. to create buzz among its target customers.

Source: ICFAI Research Center

Check Your Progress - 2

2. The direct marketing channel results in which one of the following?
 - a. Increases the marketing expenditure
 - b. Increases the price of the ultimate product
 - c. Facilitates better connectivity between the marketer and the customer
 - d. Results in decreased customer satisfaction
 - e. Increases the physical distance between the marketer and the customer
3. Customers today have good knowledge about the brands which results in which one of the following?
 - a. More competition among the customers for a better product
 - b. Increased customer experience
 - c. Better expertise of the customers in appropriate brand selection
 - d. Customer marketer interaction
 - e. Fewer opportunities for the marketers to satisfy the customers

4. The mass media has been overshadowed by the popularity of integrated marketing communication (IMC) because of which of the following?
 - a. IMC is cheaper and economical for the marketers
 - b. IMC does not require any personal attention to be given to the customers
 - c. Mass media did not reach the potential customers
 - d. IMC has better opportunities for the marketers to personalize and customize
 - e. The brands according to the customer preference
5. The contemporary marketing communication mix makes it possible for the marketers to achieve which one of the following?
 - a. To make more profits
 - b. To set the consumption patterns
 - c. To collect data about the consumers
 - d. To make an unworthy brand saleable
 - e. To reach and satisfy a potential customer in a shorter duration than before

28.6 Integrating IMC in the Marketing Mix

Integrated marketing communication rolls many components of the marketing mix into one and makes a company's brand visible in the marketing arena. The main objective of IMC is to create sufficient awareness about the brand among the potential users. Various methods of promoting a brand are added together in different proportions to give the maximum benefit.

The effect of IMC could be felt when the potential users of the product see the product at different places at the time of his requirement. When the product is of the right price and with the right features, the result of IMC would be amazing. The major factor responsible for the shift from mass marketing to segmented marketing is advancement in information technology.

The marketers are now focusing upon selecting a narrow customer base and targeting them with peculiar products customized according to their specifications. The IMC facilitates all the contact points where the marketers and the customers come in contact with one another.

Example

Dell brand of laptops and PCs are popular for customized products tailored to suit customers' requirements. Also the brand integrates its IMC into its marketing mix, like its products are customized, its price is also less which, in turn, is due to its innovative distribution model, all these are well communicated to its target customers.

Source: ICFAI Research Center

28.7 Strategic Use of Alternative Media in IMC

The traditional IMC tools include the personal selling, PR and the advertising modes. The marketers these days are privileged to be left with a lot of other strategic alternatives to reach the target customers. By integrating various IMC tools and all modes of brand communication, a company promotes its products and services effectively and yields higher revenue.

Following paragraphs detail some of the tools largely used with alternative media:

- **Social media marketing:** This method requires mastery over the social media usage and specific goals need to be framed for each social media campaign. If a marketer tries to create brand awareness through social media marketing, then proper customer engagement is the metric with which he/she has to measure his/her performance.

The engagement of the customers may be evaluated by the number of page visits, click-through and page shares can be considered as indicators. The outcomes thus procured should be compared with the objectives with which the social media campaign was planned.

- **Search engine optimization:** Search engine optimization is a process of creating visibility of a website when the customers search the internet for information. A search engine optimization campaign is initiated by the marketer by using judiciously selected keywords which will take the customers to his website. It is a sequence of strategies and techniques to attract more customers and increase the traffic to a specific website.

Companies try to pay huge amounts to the search engines like Google, Yahoo and Bing to secure high-ranking placement in search results page (SERP). The customers naturally get into a highly ranked website where he gets to know about the brands and company. Organic SEO is a process to secure natural placement on SERPs for which keywords and link building are used and the viewers are introduced to the content developed about the companies and brands.

- **Content marketing:** This is a focused approach followed by the companies to create and distribute priceless content to lure the potential customers and ensure purchase intentions. The developed content is frequently modified and enhanced according to the changes in the product offerings and customer purchase trends.

The process of content marketing is woven around the marketing activities of the organization through appropriate media. The intention of content marketing is not selling but to generate an interest in the minds of the target audience to know more about the brand.

- **Mobile marketing:** With the rise in smartphone usage across the globe, marketers rely heavily upon the mobile marketing strategy and the brand

Unit 28: Integrated Marketing Communications (IMC) Strategies

information, thus reaching the customer is spread to his network through his social media interactions. The probable customer gets updated information about the product offer and deals from the marketer.

- **Mobile applications:** These are computer programs engineered to be operated on smartphones and tablet computers. They make the job easier for the marketers in reaching the customers on time with product discounts and rewards. These apps are designed separately for iPhone and Android operating systems.
- **Email marketing:** Email marketing is a direct marketing strategy, wherein marketing messages are sent using e-mail to a group of people. Companies, small or big, use e-mail marketing to be in touch with their customers. The customers who have given their primary details during their trial purchase keep getting updated brand information from the marketers from time to time. The same message is sent to many customers also if a larger group of customers is interacted with. As the case with any other marketing activity, sending emails also is directed towards generating sales and securing customer loyalty.
- **Permission marketing:** This is a method of mailing to the customer with their consent as every customer would not be willing to get marketing information from the companies through emails. This is otherwise known as opt-in email. The very common method of permission marketing is sending a newsletter where updates about the company are given along with the latest product launches.
- **Viral marketing:** Viral marketing or buzz marketing is a technique where social media networks are utilized by the marketers to create brand awareness. When a promotional video attracts a few customers, they send it to many and the message thus spreads from some to many and finally to a very large population.

Exhibit 28.1 illustrates the strategic use of alternate media by Nike brand.

Exhibit 28.1: Nike - Strategic Use of Alternate Media

Nike, a popular sports brand, was popular for its communication tactics and strategies to use alternative media extensively to make its brand reach its target customers. Let us explore some of the alternate media used by Nike strategically to attract and persuade its target customers:

- *Social Media:* As of March 2022, it has 3,66,53,038 followers on Facebook, 203 million followers on Instagram and 9 million followers on Twitter.

Nike's campaigns are also posted on its viral YouTube channel where it gets a huge number of likes for its campaigns.

Contd....

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- **SEO:** Nike's SEO strategy is also top level. According to SEMRush, around 60M users land on Nike's website per month, who spend around 7 minutes on the site and browse almost 5 pages (as of 2019-20).
- **Content Marketing:** It creates creative contents like 'Nikewomen' which is a particular channel for women on Instagram. The channel showcases women empowerment content that inspires the healthy and sporty lifestyle.
- **Email-Marketing:** Nike keeps their fanbase engaged and eager for more news through follow-up emails. The emails are automated responses to many customer journey touchpoints during various stages like signup, reviews, successful purchases, delivery, newsletters, holiday events, etc. The follow-up emails help customers to shop and check out Nike's events at ease.
- **Mobile Marketing:** Nike witnessed a 150% jump in demand on its app in 2020 first Quarter. During the coronavirus pandemic period, the 'Nike Run Club' app for four consecutive months had more than 1 million downloads.

Sources: i) <https://www.sookio.com/blog/the-anatomy-of-a-campaign-nike-nothing-beats-a-londoner> accessed on 4.3.22.

ii) <https://www.mageplaza.com/blog/nike-marketing-strategy.html> accessed on 4.3.22.

iii) <https://www.marketingdive.com/news/nike-drives-digital-revenue-with-150-jump-in-demand-on-mobile-app/585792/> accessed on 4.3.22.

Activity 28.1

Imagine that you are expected to develop a mobile application that provides details about the important courses, fee structures and career prospects in India and abroad for 18-22 year olds of metros and cities in India. Which channel would you depend upon mostly and why?

Answer:

Check Your Progress - 3

6. Social media marketing is very useful to the marketers due to which of the following reasons?
 - a. It kills the competition
 - b. The same marketing goal is applicable to every social media marketing campaign
 - c. Internet marketing is economical
 - d. Customers have become more connected and brand savvy
 - e. Profit generation is facilitated

28.8 Developing an IMC Program

IMC is a comprehensive marketing plan that integrates many components of promotional activities in different degrees to create a synergic effect for the ultimate brand. Budget and allocating sufficient resources to the different activities are of utmost importance for the development of the IMC plan. An end-user sees the same brand on television, on a billboard, through a paper insert, on an FM channel and also through exclusive emails sent by the marketer.

The multi-pronged attack by the marketer targeting the potential customer through various promotional channels creates considerable impact on the consumer, facilitating easy recall of the brand whenever he intends buying that product category.

To develop an effective IMC plan, the following steps need to be followed:

- **Resource allocation:** The first step is to take stock of the available resources and allocating sufficient resources for a series of activities in the IMC plan. Budgeting is of utmost importance. The primary objective with which the marketing activities are undertaken has to be understood by the promotional team.

Companies vary in size and investment volume. Some companies may focus upon generating sales as the only objective. Some may concentrate on expanding the customer base. The goal with which the IMC plan is developed has to be given the primary thought.

- **Information gathering:** On any given day, data about many things in the market is very vital to the marketer. Information about the target audiences, their preferences, new customer base, new leads and the competitive scenario of the industry is always important to the marketer to make his position stable. These pieces of information need frequent updating as the marketing scenario is always dynamic and so are the customers.

The collected data is stored carefully and security of the database is ensured by appointing a gatekeeper whose primary job is to check leakages of information from the system.

- **Situation analysis:** Every industry where profits are assured is cluttered with many players. Every marketer tries to maximize his profits and sales by differentiating his brand from the rest of the brands. The marketers can make an estimate of the threats prevailing in his respective industry by using many methods like Porter's 5 forces model which gives him a clear picture of his position.
- **Planning the evaluation strategy:** The marketer also has to plan for the perfect tool for evaluating the IMC plan which is executed. The tool, thus decided has to present opportunities to him to capture the customers through various promotional channels and rectify the flaws he commits during the implementation of the IMC plan.

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Following are the major contents of the IMC plan:

- A blueprint of the entire IMC plan with the objectives explained and the targeted segment of customers.
- The essential features of the product or service that is proposed to be launched.
- A detailed write-up on how to exceed the customer's expectation through the distinct feature of the product or service. To write this, the marketer has to have a clear understanding of the customer's perception and attitude.
- A brief comparison between the proposed brand and the existing brands in the markets. This is to increase the intensity of marketing communication on certain strengths of the brand.
- A brief analysis about the competition existing in the industry, which would facilitate more knowledge about the competitor's marketing strategies and flaws.
- A SWOT analysis of the brand which would strengthen and propel the marketing plan towards overcoming the weaknesses, building on the strengths, to overcome threats and utilize the opportunities.

Example

Let us explore the SWOT analysis of Nestle. Its multi-cultural attitude, experience of 160 years and presence in 190 countries are its key strengths. Its weaknesses are selling contaminated food, heavy water usage and in India it was banned for high lead toxic levels in Maggi etc. It has huge opportunities if it maintains clear and accurate labelling for any harmful products. Finally its threats are its cut-throat competitors especially in food and beverage industries.

Source: ICFAI Research Center

28.9 IMC: From Strategy to Execution

In order to ensure effective execution of IMC, the organization has to take sufficient measures in drafting the message.

The following steps are involved in the successful implementation of IMC program:

- **Identifying the potential customer:** The IMC must be targeted at a specific customer group who will be willing to buy the product. The segmentation needs to be in place for the marketer to accurately assess the market potential and size. Though he may be nicher, he should exactly know who would be interested in knowing more about the brand. If the marketer does not know who he is targeting, his expenses on advertising would be wasted.

- **Setting the objectives of IMC:** The objective of IMC determines the direction of the marketing communication. The objective of a marketer may be to create awareness for his newly launched product. Such a marketer will be focusing on innovators or early adopters. If a company wants to launch a new product to already existing customers, then its focus would be highlighting the features of the new product rather than attracting the customers as they already know the performance of the marketer.
- **Message drafting:** The communication message has to precisely express the performance and benefits of the product or service. This relates to the positioning strategy of the company. The advertising message is meant to attract, generate interest, create desire in the minds of the potential customers and make them purchase the product.
- **Selecting the message source:** The company then has to decide about the sales person and the celebrity who would endorse the brand. The message has to reach the potential audiences on time, preferably through a familiar personality like a sports person or a silver screen personality. Meaning transfer model, which speaks about how the message of the commercial and image of the celebrity get rolled into one, operates from behind the screen.
- **Message content:** The message content and the appeals that the message should convey are decided and the commercial moves on the next phase. The message format with focus on headline, copy and illustration has to be determined.
- **Media selection:** The marketer has the option of choosing between personal or non-personal channels to pass the message on to the customers. In personal communication, the marketer interacts with the customers face-to-face. It is a one-to-one session through telephone, mail, fax or in person.

As soon as the customer visits a few websites, a window pops up asking if the customer would require any personal assistance. A dedicated team of customer care people is allocated for handling the customer queries without the necessity to call the company for the same. Non-personal communication deals with the traditional methods of marketing communication like newspapers, television advertisements, billboards and posters.

Example

Amul, the leading dairy brand of India, started reducing its advertising in traditional media like TV and increased its focus on digital media like Facebook, Twitter and Instagram etc. It is posting its creative ads on these social media and creating a great buzz among its target customers.

Source: ICFAI Research Center

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- **Exploring e-business opportunities:** Every business, small or big, has equal opportunities to attract the online customer's attention. In addition to conventional methods of marketing communication, the firm utilizes modern means like emails, mobile applications, e-brochures, search engine optimization techniques, viral marketing strategies, promotional videos etc. All these measures ensure the effective reach of messages to the customer.

Many banks have started their online business portals enabling the net banking facilities. Such portals help the registered customers pay their utility bills, transfer funds to other accounts and recharge their mobile phones.
- **Collecting feedback:** After sending the message to the target customers, the company has to take time to understand the customer's feelings and attitudes about the advertisement.
- **Building customer database:** Once a customer places an order on a company's portal, the personal details that he enters get registered with the company's database. The marketer updates this information every now and then and retrieves when there is a necessity.

Check Your Progress - 4

7. For which of the following important purposes the customer database is developed and maintained by the company?
 - a. Overcome competition
 - b. Utilize the information to increase profitability
 - c. To create and maintain relationship with the customers and to have details about their earlier purchases
 - d. To coordinate with supplier network
 - e. To keep tab of delivery schedules

28.10 Measuring Integrated Marketing Communications

The methods of measuring the effectiveness of integrated marketing communication should match the objectives with which it is framed. The advertising department measures the awareness level of a specific brand before and after it is launched. If the awareness and the interest levels of the targeted consumers increase following the advertisement and the other promotional methods, it can be inferred that the IMC campaign was effective.

If not, the advertising team has to reframe its strategies and implement a different set of promotional strategies to attain the specified objectives. To evaluate the IMC strategies the companies use message evaluation and behavioral evaluation methods.

28.10.1 Measurement of Message Effectiveness

A message has to be very powerful and able to create a ripple among the users. Some important methods of message evaluation are:

- **Concept testing:** The advertising agencies initially go for concept testing before an advertisement is created, as the concept has to convey the importance of the brand and its usefulness.
- Focus group is an effective method of concept testing as a group of approximately 10 consumers from the target market is given incentives in some form to express its opinion about the concept of the advertisement. A company can make any number of focus groups participate in concept testing as every group will have its own assumptions and opinions.
- **Copy testing:** This form of testing is done during the final phase of the advertisement creation. This is done to elicit responses about the connectivity between the advertisement and the message shown in the advertisement. A storyboard, which is a series of pictures depicting the entire advertisement, is a very popular form of copy testing in Television advertising.
- **Recall testing:** As the name suggests, this type of testing involves individuals who are subjected to a test where they are inquired about the advertisement watched and the messages conveyed through them. The most common practice is to call the participants the day after the advertisement is telecast and seek their opinions and also measure the level of recall with or without aid. An aided recall is where the participant is given a few clues to recall.

Once the respondent finds out the brands then he is questioned about the further details of the same. In an unaided recall method, the participant is left clueless about the product category or the brand or the advertisement messages that he had recently viewed. The level of awareness could range from a state of being unaware to complete awareness of the brand.

Example

‘Httpool’ is an authorized sales partner of Sprite Bangladesh. During April, 2021⁴⁴ it collaborated with Coca-Cola Company for its Sprite brand advertising in digital media and increased awareness with young audiences using interactive story telling video ads in the Bangladesh market. This resulted in a 10.2-point lift in ad recall testing using aided recall testing with the help of brand logos.

Source: ICFAI Research Center

⁴⁴ https://www.facebook.com/business/m/authorized-sales-partners/success-stories/coca-cola-sprite?_rdc=2&_rdr accessed on 4.3.22.

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- **Recognition testing:** In this type of message evaluation testing, the participants given the advertisement copies are inquired whether they recognize the brand. It is a common understanding that only if a consumer is interested in a particular product category he will exhibit a desire to know about the brands in that category.

The one who does not require that product would not get the brand registered in his memory. This type of testing is done by the marketer to know the reach of his advertisement and the understanding of the messages by his target market.

- **Target market attitude and opinion testing:** This testing is done to elicit those responses from the target market, which would throw more light on the attitudinal components. The participants may be individuals or focus groups. It is a combination of both open-ended and close-ended questionnaires.

It gives a clear understanding to the marketers about the attitudes of the customers and what to expect from them. If the advertisement is found ineffective in its message or concept, it is much easier and cheaper to change it at this stage rather than when the entire advertisement is created and made ready to be telecast or printed.

- **Testing emotional reactions:** It is generally believed that the commercials that provoke emotions in a viewer will be remembered better than the others. As emotions are qualitative, it is very difficult to measure them and untiring efforts are made by the marketers to understand the intensity of emotions that their advertisements are capable of eliciting in a potential customer. Here the respondent reports his honest feelings with the marketer as he witnesses the commercial.

The most common practice is to ask questions about the kind of feeling that the viewer had while watching the advertisement. The marketers realize that such emotional commercials increase in the awareness, interest, desire and the purchase intentions of the customers.

- **Physiological arousal tests:** In physiological arousal test, the major focus is to measure the variation in the respondent's body with the emotional variations as he views an advertisement. Some marketers believed firmly that the physiological arousal tests are more accurate and correct over emotional reaction tests.

Though the contents of the advertisement may be to the liking of the onlooker, he may not disclose his real emotions because being open in certain forum may lead to social issues. In such a condition, physiological arousal tests may capture his emotions and feelings accurately.

- **Persuasion analysis:** This test categorically measures the persuasive property of the advertisement. The marketer who intends using this message evaluation test, gathers the respondents in a specific place.

Many advertisements along with those of the marketer are shown to them, following which the brand attitudes and the buying intentions of the consumers are measured. The respondents are then monitored to observe if there is any change in their buying preferences after watching the advertisement.

28.10.2 Measurement of Behavioral Evaluation

The behavioral evaluation measurement is actually done to gauge the extent of variation in the customer's behavior after the commercial is broadcast or telecast.

The prominent methods of behavioral evaluation are given below:

- **Measuring sales response:** Evaluating the effectiveness of the sales campaigns happens immediately after the campaign is conducted. The changes in the sales following the campaign enable the marketer to analyze how efficient his marketing efforts have been. Advertisement has a slow effect and a consumer takes a long time to make his purchases after he watches the advertisement.

There is always a possibility of a viewer of the commercial, becoming a customer. Response card is a method of obtaining customer information where the customer gives certain information about his preferences and interest.

- **Test marketing:** In general terms, test marketing is a practice of subjecting a small portion of the target market to test to know about their opinions and feelings about the product to be launched. The concept, because of its inherent benefit, examines the actual judgment of the customers well before the product launch and prevents the marketer from introducing an inefficient product which the customers may not like to buy.

A long test marketing process leads to more accurate results. In test marketing scenarios, the marketer creates a real-time situation where the success of an about-to-be launched brand is determined.

- **Purchase simulation test:** A simulated purchase test is very cost effective as the reactions of the target consumers are studied in a controlled system. The selected group of customers is asked if it would go for a specific brand. This method exposes the potential customer to a pre-defined and staged purchase situation to observe his reaction to the features of the new product. The marketer can clear forecast about his probable sale.

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Activity 28.2

Visualize a new service that you are going to launch by mid-2016 that links several marketers from groceries to food to clothing on a single platform. Draft an IMC plan for the same with all the components given above.

Answer:

Check Your Progress - 5

8. Which one of the following is termed to represent the “process of inquiring about the respondents understanding of the message with/without aid on the next day of telecasting the advertisements”?
 - a. Recall testing
 - b. Concept testing
 - c. Recognition testing
 - d. Opinion testing
 - e. Copy testing
 9. A competitor analysis is done to achieve which one of the following?
 - a. Intensify the competition
 - b. Reach the customers
 - c. Analyses and scrutinize the strategies of the competitors
 - d. Get return on investments
 - e. To launch new products and services
 10. To enhance the human resources of the company, make the customer buy repeatedly, make the competition irrelevant. Mobile apps are designed by the companies because of which one of the following reasons?
 - a. They do not require expertise to create
 - b. The marketers want to penetrate into the customer markets
 - c. The websites prove ineffective
 - d. Customers are interested to download apps
 - e. They involve better technology
-

28.11 Summary

- Marketing communications are the means through which the marketers try to connect with their respective customers. The traditional marketing communication mix included many components like advertising, sales promotion, personal selling, PR, sponsorships, trade fairs, exhibitions, packaging, word-of-mouth and corporate image building.
- Today with the advent of the World Wide Web, marketing communication has overcome some of the deficiencies of the traditional marketing communication modes. Apart from the components of the traditional marketing communication, the mix has some added ingredients like network communities, blogs, micro blogs, banners, micro sites, emails, social media and forums.
- With various alternative channels in the contemporary marketing world like digital marketing and mobile marketing, the reach of the brands is much better than what it used to be a decade ago.
- With smartphone users connected to the internet, the customers are more accessible to receive the advertising messages and the brand news can penetrate deep into the market with many scientific methods of branding. Many companies including retailers like Ralph Lauren and Burberry, service providers like Deloitte and IBM have benefitted through the digital marketing strategies. Coca-Cola partners with many restaurants to increase sales. The Point of Purchase strategies of Coca-Cola like placing posters and stickers on freezers and display racks are well received by the public.
- An integrated marketing program takes into account many aspects of reaching customers effectively. It is an extensive plan which includes many phases of development and programmed to operate efficiently in the market. The effectiveness of IMC programs depends upon the objective and principle with which they are initiated.
- The methods of measuring the effectiveness of integrated marketing communication should match the objectives with which it is framed. Measurement of IMC helps a firm in gauging the effectiveness of its marketing programs.

28.12 Glossary

Brand Parity: The similarities and the disparities among the brands in a specific product category.

Concept Testing: An assessment to know whether the respondent understands the concept of the advertisement and its message.

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Content Marketing: Any form of marketing where the brand related information is presented by many variants like infographics, case studies, videos or FAQs to the customers.

Copy Testing: An evaluation test that assesses the effectiveness of the advertisement copy among the potential customers.

Mobile Application: An application software on a smartphone through which marketers try to reach the smartphone using customer base with their brand information.

Opinion Testing: A kind of message evaluation test where the customers are inquired about their opinions on the appropriateness of its message.

Permission Marketing: A kind of email marketing where the customers accept to get the brand information from the marketer through emails.

Persuasion Analysis: A kind of message evaluation test where the persuasive property of the advertisement is tested with a group of customers.

Physiological Arousal Test: A message evaluation test where the real emotions of the respondent are evaluated though he may not express it explicitly.

Purchase Simulation Test: A behavioral evaluation test variant where the marketer exposes the selected group of customers to predetermined situation and assesses whether he can expect sales from such a customer base.

Recall Testing: A message evaluation test where a respondent is exposed to an advertisement and asked about the stimuli that made him recall the advertisement.

Recognition Testing: A message evaluation test in which a random respondent is asked if he could recognize noting any specific advertisement in the media.

Search Engine Optimization: A method of ensuring many visits by the online customers to a web page by ranking it high on the search engines.

Test Marketing: A variant of behavioral evaluation tests where a selected group of customers is tested for the viability of the probable new product or service.

Viral Marketing: A technique of using already existing social media to create buzz about a brand which in most cases takes shape of a video clip.

Word-of-Mouth Marketing: A cost effective method of marketing where the brand information, positive or negative, passes from one to a few and from few to many.

28.11 Self-Assessment Test

1. What do you understand by IMC? Explain its importance in Strategic Marketing.
2. Elucidate the reasons for growth of IMC.
3. What are the strategic uses of alternative media in IMC?
4. Explain the process of measuring IMC.

28.12 Suggested Readings/Reference Material

1. Crawford and DeBenedetto. Irwin, “New Products Management”, 12th edition, by McGraw-Hill, 2021.
2. Cravens, David W, “Strategic Marketing”, 10th ed., ebook, McGraw Hill/Irwin, 2021.
3. O. C. Ferrell, Michael Hartline, Bryan W. Hochstein, “Marketing Strategy”, 2021, Cengage South-Western.
4. Alexander Chernev, Philip Kotler, Musadiq A. Sahaf, “Strategic Marketing Management”, “Strategic Marketing: Making Decisions for Strategic Advantages”, PHI Learning, 2019.
5. Alexander Chernev, Philip Kotler, “Strategic Marketing Management”, Cerebellum Press, 2018.

28.13 Answers to Check Your Progress Questions

1. (b) **A means of creating brand awareness and visibility amongst customers**

The integrated marketing communication, because of its modern and comfortable features, facilitates in gaining access to the consumers’ hearts within a short period.

2. (c) **Facilitates better connectivity between the marketer and the customer.**

The direct marketing channel enables the marketer to be connected directly with the customers as there are no intermediaries involved.

3. (c) **Better expertise of the customers in appropriate brand selection**

Customers today are better connected over many channels like mobile phones and social networking sites which help them to have first-hand information about the brands.

4. (d) **IMC has better opportunities for customers to personalize and customize**

While the mass media addresses the public in one go, the IMC is directed towards individual customers and high level of customization according to the customer’s taste is possible as in the case of cars and laptops.

5. (e) **To reach and satisfy a potential customer in a shorter duration than before**

The modern communication mix with high level of personalization reaches the customers with better accuracy and much faster.

6. (d) **Customers have become more connected and brand savvy**

Social media like Facebook and LinkedIn enable connectivity among the customers which is used to get brand news and information.

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7. (c) To create and maintain relationship with the customers and to have details about their earlier purchases

Customer database is an important component for any marketer to create and maintain relationship with the customers and to have details about their earlier purchases.

8. (a) Recall Testing

A recall test is done to evaluate the effectiveness of the message of an advertisement as the viewer of the commercial is asked to rate it the next day of viewing it.

9. (c) Analyses and scrutinize the strategies of the competitors

A competitor analysis is undertaken by the marketers to closely examine the moves of the competitors and strategize to overcome the intensity of the competition in due course of time.

10. (b) The marketers want to penetrate into the customer market

The mobile apps like Flipkart and Uber help the technology savvy customers to be in touch with the service providers and get to know the day's offers and discounts.

Strategic Marketing Management

Course Structure

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Unit 17	Public Relations and Direct Marketing Strategies
Unit 18	Sales Force Strategies
Unit 19	Distribution Strategy
Block 4: Organizational Effectiveness and Control in Strategic Marketing	
Unit 20	Strategic Issues in Marketing
Unit 21	Designing an Effective Marketing Organization
Unit 22	Marketing Strategy Implementation and Control
Unit 23	Learning in Marketing Organization
Block 5: New Age Strategic Marketing Management	
Unit 24	Relationship Marketing Strategies
Unit 25	Online Marketing Strategies
Unit 26	Social Media Marketing Strategies
Unit 27	Emerging Trends in Strategic Marketing
Unit 28	Integrated Marketing Communication (IMC) Strategies