Marketing Management

Additional Topics in Marketing Management

Marketing Management

Block

V

ADDITIONAL TOPICS IN MARKETING MANAGEMENT

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The ICFAI Foundation for Higher Education

(Deemed-to-be-University Under Section 3 of UGC Act, 1956)

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BLOCK V: ADDITIONAL TOPICS IN MARKETING MANAGEMENT

The fifth block to the course on Marketing Management deals with some additional concepts related to marketing management. This block contains eight units. The first unit talks about the development and maintenance of marketing department in the organization. The second unit focuses on the global marketing strategies. The third unit deals with the promotional tools direct and online marketing. The fourth unit deals with the issues related to the marketing of services. The fifth unit discusses the marketing of organizations, individuals, places, and ideas. The sixth unit focuses on the ethical and social dimensions in marketing management. The seventh unit introduces green and sustainable marketing and their importance in current times. The eighth unit discusses the importance of big data and marketing analytics in advertising and marketing decisions.

The first unit, *Developing and Managing Holistic Marketing Organization,* throws light on the different issues involved in the developing and managing marketing department and organization. The marketing department had evolved from a simple sales department to a modern marketing company. This unit provides a clear understanding of the transformation of marketing over the years, strategies for organization wide marketing orientation, the implementation, evaluation and control of marketing programs.

The second unit, *Global Marketing Strategies,* deals with the global marketing. The significance of global marketing has grown over the years due to various factors like saturation of domestic markets, liberalization policies in the developing world, and rapid technological developments. This unit provides a detailed discussion on the global marketing strategies of the companies.

The third unit, *Direct and Digital Online Marketing,* introduces the techniques of direct and online marketing. Direct marketing involves making the goods directly available to the customers through various means. Online marketing involves reaching the customers over the internet through websites and emails. This unit deals with the various issues related to direct and online marketing.

The fourth unit, *Marketing of Services,* provides the concepts related to services marketing. Services need a different marketing approach due to their distinctive features like intangibility, perishability, etc. It also becomes difficult for the marketers to distinguish their services from that of their competitors. This unit deals with various issues related to services marketing.

The fifth unit, *Marketing of Organizations, Individuals, Places, and Ideas,* deals with how the organizations market themselves and how individuals, places, and ideas are marketed. Organizations also have to market themselves along with their products and services. For gaining competitive advantage they have to market ideas, places, and persons. This unit will help in understanding the marketing of organizations, and also how ideas, persons, and places are marketed.

The sixth unit, *Marketing Management: Ethical and Social Dimensions,* provides the ethical and social issues involved in marketing. Conforming to the ethical standards is important for the companies' survival in today's marketing environment due to increasing consumer awareness. Businesses also have to abide by some statutory and legal restrictions. This unit deals with the different ethical and social dimensions related to marketing.

The seventh unit, *Green and Sustainable Marketing,* makes the distinction between green marketing and sustainable marketing. The unit discusses reasons for the growth of green marketing, evolution of green marketing, green consumer, green products, green brands, etc. The unit focuses on sustainable marketing in detail by discussing various dimensions of it such as sustainable marketing strategy, sustainable consumer behavior, sustainable marketing mix, etc.

The eighth unit, *Marketing Analytics,* discusses the importance of analytics in marketing decisions. The unit distinguishes marketing intelligence, competitive intelligence and business intelligence for better understanding of types of data. The unit discusses big data and how it helps in marketing process to enhance customer experience and company profitability. The unit also introduces various analytical models such as clustering models, propensity models, collaborative models, etc. along with a focus on advertising analytics.

Unit 22

Developing and Managing Holistic Marketing Organization

Structure

22.1.   Introduction

In the earlier block, we discussed in detail about the concepts channels of marketing and communication mix in marketing in detail. In this, unit we shall discuss about developing and managing a marketing department in an organization.

Marketing is no longer treated as a separate function in an organization, but as an integral part of organizational functioning. The size of the organizational structure is being condensed by reducing the number of levels in the organization to reach out to the customers more efficiently. Businesses are adopting techniques like reengineering, outsourcing to change significantly. Businesses are also taking measures like collaborating with the suppliers, building customer relationships, etc. to improve the organizational performance. Marketing is now viewed as an organization wide function rather than as a separate function. The modern marketing department evolved in five stages starting from a simple sales department.

Marketing implementation refers to the implementation of the marketing programs to convert the objectives and strategies of a company into actionable programs. After the implementation process, the marketing programs should be evaluated and controlled periodically to ensure successful implementation. Evaluation of the marketing programs can be done with the help of techniques like annual plan control, market based score card analysis, profitability control, etc.

In this unit, we shall first discuss recent trends in the business environment due to globalization and advancements in technology. We shall then move on to discuss the evolution of the modern marketing department and the linkages of marketing department with other departments. We shall conclude the unit by discussing the implementation, evaluation, and control of the marketing programs.

22.2. Objectives

By the end of this unit, students should be able to:

- List the techniques which enabled the companies to adapt to globalization and technology advancements

- Analyze the evolution of marketing department

- Explain the linkages of marketing department with other departments in the organization

- Discuss the implementation, evaluation, and control of the marketing programs

22.3. Trends in Business Environment

Conventional business practices have changed with globalization and advancements in technology. Adoption of techniques like reengineering, outsourcing, and benchmarking have enabled businesses to change significantly. Measures such as building customer relationships, entering global markets through strategic tie-ups, mergers and takeovers, downsizing, and empowering employees are helping to improve the organizational performance. Exhibit 22.1, delineates how Ferns N Petals has come up with new cool gifts in this digital era.

Reengineering

Reengineering is the process of redesigning existing processes of a company to augment organizational performance. Reengineering helps in bringing changes to organizational functioning, reducing the process cost and cycle time, and to improve service delivery. It is important for a company to have planned objectives for the reengineering process, to be successful.

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Exhibit 22.1: Ferns N Petals Digital Gift Options

Exchanging gifts on special occasions is an age-old trend. With time, the tradition of gifting has evolved a lot. Digital gifts are the new cool thing. These technology-enabled gifts are designed to make special occasions like birthday & anniversary memorable. Through Fens N Petals people can send digital gifts to their friends and family who are miles apart. Ferns N Petals presents a variety of digital gift options, such as guitarist on call, personalised app, celebrity video messages, personalised e-books, e-greeting cards, digital caricatures, personalised video messages, and fitness on call. With these digital gifts, one can surprise his/her near and dear ones and make them feel closer through the virtual world of the Internet.

Source: www.fnp.com Accessed on October 5, 2021

Outsourcing

Outsourcing is a happening trend in today's business environment. Some of the non-core activities of an organization are outsourced to external agencies and all the efforts of the organization are focused on improving its core competencies. Firms may incur higher costs on certain operations in-house, such costs can be significantly reduced when certain operations are outsourced. Outsourcing helps companies in avoiding wastage of time and money as they get the service from experts, thereby adding value to the company's products and services. However, recent studies revealed that increasing number of organizations are dissatisfied with outsourced projects. The dissatisfaction with outsourcing is attributed to the firm's failure in achieving expected cost reduction through outsourcing, inferior service quality of contracting firms and so on. To gain maximum benefits from outsourcing, companies should carefully analyze and set the objectives to be achieved through outsourcing. A team comprising members from various departments of the firm should identify the operations that can be outsourced and those that need to be performed in-house. Careful planning and implementation of the outsourcing process can ensure companies to achieve profits from outsourcing. Exhibit 22.2, talks about India as a leading hub for outsourcing.

Exhibit 22.2: Indian Remains the Leading Country to Outsource

India has repeatedly proven itself as a force to be reckoned with when it comes to the business process outsourcing (BPO) industry. As affirmed by Tholons Top 50 Digital Nations and A. T. Kearney Global Services Location Index of 2019, India remains the leading country to outsource. Business Process Outsourcing (BPO) is the latest business trend in India. More and

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more multinational corporations are outsourcing their non-core activities such as customer support, telemarketing, web design and development services, back office services, research and analysis, transaction processing, etc., to India. Genpact, Tata Consultancy Services, Accenture, Infosys BPM and Wipro are the top 5 Indian BPO Outsourcing companies.

Source: https://www.outsourceaccelerator.com/guide/indian-bpo-companies/Last updated September 27, 2021.

Benchmarking

The benchmarking process comprises identifying the best businesses in an industry and studying their best practices that have helped them carve a niche in the industry. The firm usually selects one of these benchmarked companies and tries to follow or emulate the best practices of that company and reach an equivalent position within a specific period of time.

Collaborating with Suppliers

Companies operating in a competitive business environment are looking for cost reduction throughout the supply chain. The process of cost reduction starts from the point of raw material procurement to the stage of final delivery of products to customers. Collaboration with the suppliers substantially benefits companies in reducing the costs of acquiring raw materials. Maintaining a minimum number of suppliers and improving their business processes are some of the collaborative activities that help firms in obtaining quality inputs from the suppliers that in turn help them in reducing costs.

Customer Relationships

Maintaining long-term relationships with customers helps businesses to sustain in a dynamic business environment. Customer relationship marketing aims to build strong customer loyalty through various techniques of sales promotion and public relations.

Mergers

Mergers between two companies help the companies to gain through attaining economies of scale or to have a synergistic effect on some business processes. When a company merges with another company, it can leverage its business by using specific skills of the new partner. Exhibit 22.3, talks about merger between Piramal Capital and Dewan Housing.

Exhibit 22.3: Piramal Capital Merges with DHFL

"PCHFL has merged into DHFL with effect from September 30, 2021, pursuant to the reverse merger as contemplated under scheme of arrangement provided under the resolution plan," Piramal Enterprises Ltd said in a stock

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> exchange filing on Oct 1, 2021. Two organizations operating in the same sector of an industry can be merged to operate together for mutual benefit. The acquisition of DHFL is in line with a strategic roadmap to transform and expand PEL's financial services business.

Source: https://www.thehindubusinessline.com/money-and-banking/piramal-capital-merges-with-dhfl/article36770228.ece, October 01, 2021

Globalizing

Growing number of players are foraying into international markets. Many countries like India are opening up their economies to allow international players to operate in their territory. Increasing number of companies are developing global strategies to offer products across different countries. These multinational players are also ensuring the development of products based on local tastes and preferences in the countries in which they operate.

Downsizing

Many companies are attempting downsizing or flattening the hierarchical organizational structure to get closer to the customer. By reducing the levels of hierarchy, organizations can reduce the ill-effects of centralization, which normally is a root cause for delayed decision-making.

Focus

Increasing levels of competition is compelling companies to focus their resources on improving core competencies and to retain their share in the market.

Empowering

Companies are trying to stay ahead of competition by taking the assistance of stakeholders such as employees, suppliers and distributors. These stakeholders are encouraged to identify new business opportunities, and are duly rewarded and also empowered to handle such projects after approval from the top management.

Check Your Progress-1

1. What is the term coined for the process that involves reducing the number of organization levels to get closer to the customer?
   a. Reengineering
   b. Downsizing
   c. Empowering
   d. Merging.

2. Globalization and the emergence of advanced technology in IT and Telecommunications have forced companies to change their business processes with the help of techniques like benchmarking, outsourcing, etc. Explain benchmarking.
   a. The process of identifying companies that are the best in the industry to analyze how they perform, and identifying the practices that make them so successful
   b. The process of redesigning the existing process to increase efficiency of the company
   c. The process of giving responsible positions to people who offer valuable business ideas
   d. The process of flattening the hierarchical structure of the company.

3. _____ helps the firms to avoid wastage of time and money as they get the service from experts.
   a. Outsourcing
   b. Benchmarking
   c. Reengineering
   d. Globalizing.

4. What is the term given to the process by which a company tries to enhance its efficiency by redesigning existing processes?
   a. Reengineering
   b. Outsourcing
   c. Benchmarking
   d. Downsizing.

22.4. Marketing Organization

Marketing as a function has transformed over the years. Earlier, the focus of marketers was only on the sales function. But in due course of time, the marketing functions of an organization have been involved in several activities comprising advertising, public relations, sales promotions, customer relationship management, brand management, product management, marketing research and many others along with sales. Marketing is viewed as an organization wide function contrary to the earlier perspective that it is a separate function.

Evolution of a Marketing Department

Evolution of a marketing department consists of five stages as described below:

Simple Sales Department

The simple sales department is generally managed by a sales manager or a sales vice president. The sales manager is in charge of the sales team, improving sales of the organization, undertaking advertising and promotional activities, carrying out market research, etc.

Sales Department with Auxiliary Marketing Functions

It is necessary for an organization to have a sales department with auxiliary marketing functions, especially when the organization is planning to expand its business. If the expansion is planned in the form of introducing a new product in the market then the firm has to conduct market study initially and then later design effective advertising and promotional strategies for the commercialization of the product. To perform these marketing operations the sales department may have to employ additional marketing personnel.

An individual marketing department

Marketing functions of an organization include market research, brand management, product management, etc. When the size of an organization increases and all these activities cannot be handled by the sales department alone, a separate marketing department is set up. A separate marketing department will help the top management of an organization to have an overall perspective on all the marketing activities.

Modern Marketing Department

If the sales and marketing departments of an organization work in coordination, the organizational objectives can be achieved efficiently. But in general there is lack of trust between these two departments. The functions of both departments are different in nature. The sales department usually works on short-term perspectives and tries to improve profitability of firm in the short run. On the other hand, the marketing department has long-term objectives and depends on market research for making decisions. The top level management of organizations can bring the sales department under the purview of the marketing department to overcome problems posed by incompatible methods of functioning.

Modern Marketing Company

In a modern marketing company every department and every individual is expected to contribute in achieving the marketing objectives of the company. The modern marketing company stresses on company-wide marketing philosophy. Marketing in these companies is not viewed as a separate activity.

Block-5: Additional Topics in Marketing Management

The Designing of Marketing Organizations

Marketing departments in organizations are developed based upon four structural forms such as functional, geographic, product and customer markets.

Functional Organization

Functional area specialists like sales managers, marketing research managers, customer service managers, etc., comprise the marketing department in an organization. These various heads generally operate efficiently in their area of specialization. A functional marketing organization is designed to make the management of the organization simpler while improving efficiency. But the possible problems may be in form of functional heads trying to dominate other functional areas and competition among functional heads to get higher budget allocation.

Geographical Organization

Marketing operations of an organization can also be arranged based on geographical regions. A geographical organization in general comprises a national marketing manager supervising the regional managers who in turn head the zonal managers managing the district managers who coordinate the sales people. This kind of a set up helps organizations to reach the customers efficiently as the sales activities can be formulated by understanding the market more thoroughly, starting from the micro level to the national level.

Product or Brand Management Organization

Companies with a broad product portfolio usually have a product or brand management organization set-up. Such a setup has product managers, who control all the activities related to a product. Generally product managers are responsible for planning, implementing and controlling product strategies along with developing an effective marketing plan, coordinating with various functional departments, collecting product related information regularly from customers and markets, and making product modifications whenever required.

Product or brand management set-up has the advantage of concentration on the product by a specialist who could respond swiftly to the changes in the market and adapt to them. However, if the number of products or brands increases, the product manager may request for additional support, which would increase costs for the organization.

Market Management Organization

As business operations expand into more and more markets the market management organizational set-up can be beneficial. The markets manager's functions include identifying and developing new markets, improving market

share in the existing markets, and efficiently planning the launch of new products into the market. Market management organizations serve the needs of distinct consumer groups effectively.

Corporate/Divisional Organization

As a firm grows, owing to the increasing number of products and markets, it becomes important for to set up separate divisions that are normally headed by a vice-president who is in-charge of the overall management of the division. Once these divisions are developed to take care of the products and markets the corporate head office may or may not have a separate marketing department to manage the products and markets.

Activity: Assume that you have set up a business of providing scientific equipment to laboratories in colleges. You want your business to expand into offering chemicals along with scientific equipment to all the colleges in your locality. How would you plan the marketing strategy of your business?

Answer:

Check Your Progress-2

5. The marketing department has evolved across five stages. These are (i) Individual marketing department, (ii) Modern marketing company, (iii) Simple sales department, (iv) Modern marketing department, and (v) Sales department with auxiliary marketing functions. Give the correct sequence of stages in the evolution of the marketing department.

   a.   iii, v, i, iv, ii
   b.   iii, i, v, iv, ii
   c.   v, iii, iv, i, ii
   d.   iii, v, i, ii, iv.

22.5.   Linkages with other Departments

To achieve the objectives of an organization and to uphold its interests, all the departments in the organization should coordinate and work together. However, interdepartmental conflicts in organizations arise due to conflicts in ideas and non-alignment of goals between different departments. Modern integrated marketing organizations emphasize that the marketing manager should coordinate with all other departments in the organization to achieve customer satisfaction.

Research and Development (R&D)

The Marketing and R&D departments in an organization differ in orientation of work. The R&D department's personnel are interested to develop products with breakthrough technology. They normally look out for long-term challenging opportunities instead of concentrating on developing products that generate immediate sales. On the other hand, people in the marketing department are generally business oriented and want the R&D department to develop new products regularly with customer-oriented features. Some companies are technology-driven and invest largely in R&D while some other companies are market-driven and frequently come up with products with design modifications using the existing technology. Some companies take the middle-path and try to coordinate both the marketing and R&D departments through teams comprising members from two departments involved in developing innovative products.

Engineering

The engineering department develops new simplified manufacturing processes, which reduce the cost of production. Marketing departments ask for customized products while engineering departments try to standardize the product features. This leads to conflict between the two departments.

Manufacturing and operations

Production departments focus on producing the exact quantity of product at right time. Marketers on the other hand, demand dynamic production levels to adjust the output with the changes in the market. Production departments are bound by the necessity of conducting the production process systematically as it is dependent on the availability and supply of raw materials, which influence production costs. Dynamic production levels on the other hand would add on to the cost of raw material procurement. Some analysts conclude that organizations should balance both these perspectives in order to operate efficiently.

Purchasing

The purchasing department of an organization prefers to procure goods in bulk to bargain better and avail large discounts. The marketing department on the other hand stresses on variety in product line with frequent changes in product design and features in order to attract the customers. This forces the purchasing department to procure raw materials in small quantities by often paying high prices.

Finance

The finance department is responsible for allocating budgets to different departments in an organization. Personnel of finance department may feel that the marketing department negotiates for high budget without any guarantee for sales. At the same time personnel of marketing department generally opine that the tight budgets hinder them from taking up activities which help in building long-term relations with customers.

Organizations must balance conflicting views to achieve mutual interests and concerns.

Activity: Verve Laboratories (Verve) is a pharmaceutical company, offering a vaccine for "Hepatitis B.' The product is priced high to balance the costs incurred. The marketing department wants to supply the product at a reduced cost to expand the customer base. How can the marketing department work in co-ordination with the R&D, Finance and other departments of the company to bring down the cost of the product?

Answer:

22.6. Outsourcing of Marketing Functions & Its Challenges

Outsourcing has become a reality in marketing too. For example, advertising has already been outsourced. The other marketing functions such as telemarketing, customer database management, lead generation, etc. need different skills. Marketing function has been predominantly run by right brain managers who have focused more on right brain activities. The global expansion has forced companies to handle huge customer database in a better

way. Companies are now in search for left brain managers who are experts in analytics to understand customers in today's information era. Telemarketing is outsourced by many companies to handle customer queries.

Harvard marketing professor, McGovern says, "Outsourcing marketing can lead to better quality and lower costs". According to HBR article, 53% marketing executives have reported that "companies have plans to outsource most of their marketing activities".

For example, The Foxconn facility in the southern state of Tamil Nadu produces iPhones specifically for India. Companies have to manage supply chain and millions of suppliers to deliver customer value. This type of activities can only be handled through negotiation skills, project management skills and communication skills. Companies are looking at outsourcing as a means to save money to access necessary skills and enhance marketing productivity.

The following challenges have forced companies to outsource marketing activities.

- **Lack of expertise:** Marketing requires expertise in many domains such as database marketing, marketing analytics, customer behavior analysis, etc. Companies seek outside help to handle such types of activities.

  Electronic Arts (**EA**), an American video games company has used advertising analytics to improve marketing performance of its new product 'Battle Field 3' online game. The advertising analytics has helped EA to shift advertising dollars to online and paid search. After that revenues improved remarkably. The advertising analytics function is outsourced to Market Share, a global predictive analytics company.

- **Outdated technology:** Many marketers have undermined the importance of technology. They don't show interest in marketing tools to handle customers well and fast. Consumer goods companies have failed to leverage IT to the extent possible. Outsourcing to technology-rich partners can help companies to leverage technology.

  Indian Railways Catering and Tourism Corporation (IRCTC) is a subsidiary of Indian Railways that handles online ticketing operations. Customers found it difficult to book a ticket on website due to clogged bandwidth. IRCTC had to leverage latest technology to expand bandwidth to accommodate expanding customer demand.

- **Unable to differentiate core functions from support functions:** Marketing core functions such as understanding customer psyche, positioning, promotional strategies, buying motives, managing customer relationships, etc. are crucial. The people who are working on core functions are insight-oriented. The rest of the activities that are less strategic can be outsourced.

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- **Fluctuations in the marketing environment:** During recession, marketers have a tendency to retrench people, reduce marketing activities and cut down investments. Staff attrition may erode knowledge base of the company and cancelling marketing projects in the middle is a costly affair. Outsourcing provides more flexibility for companies to face fluctuations in marketing environment.

- **Marketing functions are under scrutiny of country laws:** Legal interpretation of marketing functions in various countries has become a challenge. Developing legal expertise to handle the inconsistent rules and regulations of country is a herculean task. It is better to outsource legal function to an outsourced agency.

  Dr Reddy Labs, Pharma Company in India has faced many legal issues in the US regarding interpretation of patent rights. It has appointed American legal experts to win the cases in America because Indian experts need time to understand American patent system.

22.7. Strategies for Organization Wide Marketing Orientation

Companies, which are not customer-driven, tend to fail strategically. Specifically, global players cannot afford to neglect the 'customer focus' approach and concentrate on other activities like sales and technology to remain in the market. The measures, which help organizations to become more customer-centric are:

- Commitment of top level management and communication to all employees to align business processes as per customer needs.

- Companies can appoint committees comprising officials from all the departments to coordinate in an integrated marketing effort.

- External marketing consulting firms can be approached for suggestions to evolve as a customer-centered organization.

- Employing marketers with experience in the same business line can be beneficial to organizations.

- Reward system in an organization should be modified to support the integrated marketing approach. (For instance, finance department should not be unduly rewarded for cutting down budgets, especially those of marketing).

- Training all the employees at all levels of the organization in customer service, customer perception and so on should be given importance.

- A market-oriented planning system should be developed by analyzing the marketing environment.

- Employees should be rewarded for contributing towards marketing efforts, this will encourage others in the organization to contribute in achieving the marketing goals.

22.8. Marketing Implementation

Marketing implementation is the process of converting objectives and strategies of a company into actionable programs. Successful marketing implementation of a company depends on the ability of the company to identify and analyze a problem situation, implement the plans, and finally measure the performance with the help of a control system and take corrective action if there is any deviation from the plan.

Activity: Essentials Inc., is an FMCG firm producing a variety of goods for personal care as well as beauty products. The company launched a new product in the soaps category. What are the steps essential for the successful marketing implementation of the product?

Answer:

Check Your Progress-3

6. What is the term used for the process that converts a marketing plan into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives?
   a. Marketing objectives
   b. Marketing implementation
   c. Marketing control
   d. Marketing audit.

22.9. Evaluation and Control

Marketing programs should be periodically evaluated and appropriately controlled by the marketing department of the company to ensure successful implementation. Evaluation of marketing programs can be done with the help of the following techniques.

Annual Plan Control

The annual plan control process sets targets for the achievement of sales and profits by the company and works towards them. These plans are divided into quarterly and monthly plans for effective control.

Sales Analysis

The actual sales of a company are compared with the projected sales. In case of any difference in projected and actual figures then the causes for such deviations are identified and analyzed.

Market Share Analysis

Market share analysis helps identify the company's position relative to the competition. Overall market share method, served market share method, relative market share method and percentage of sales method are the four methods that can be adapted to calculate a company's market share.

Marketing Expense to Sales Analysis

This method helps in keeping marketing expenditure within the budgeted limitations.

Financial Analysis

This analysis helps in evaluating the firm's rate of return on net worth.

Market Based Score Card Analysis

In this analysis the success of a marketing program is measured based on the qualitative factors such as customer satisfaction levels. There are two types of market based scorecards. The first one is customer performance scorecard that identifies the performance of the company with respect to satisfied, dissatisfied, lost and gained customers in a year. The second type of scorecard is stakeholder performance scorecard. This analyzes the performance of the company based on the satisfaction levels of the stakeholders of the company.

Profitability Control

A company has to evaluate the profitability of the customers, products, market segments, channel partners and so on. This helps in identifying the effectiveness of various marketing strategies of the company.

Efficiency Control

A company should focus on enhancing the efficiency of the sales force, promotional activities, advertising and distribution in order to improve overall profitability. Efficiency of the sales force can be tested based on factors such as the number of sales calls made by a salesperson and his/her successful conversion rate. Studying the customers' perception towards an ad and the number of inquiries an ad has generated can help in evaluating the efficiency of an advertising campaign. The percentage of sales accrued through each promotional activity helps in understanding the efficiency of the sales promotional network. Similarly, inventory management and transportation management help in determining the efficiency of the distribution network of a company.

Strategy Control

Strategy control of marketing implementation can be using the methods of marketing effectiveness review in which the company is rated based on its adoption of customer philosophy, strategic outlook, and operational efficiency. Marketing audit is a systematic evaluation of marketing activities and strategies of a firm. Marketing excellence review is where companies identify the strengths and weaknesses of their business units and adopt the best practices in the industry.

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Check Your Progress-4

7. Methods like marketing effectiveness review, marketing audit and marketing excellence review are part of which type of control?
   a. Annual plan control
   b. Profitability control
   c. Strategic control
   d. Efficiency control.

8. Which evaluation and control method is systematic evaluation of marketing activities and strategies of a firm?
   a. Marketing excellence review
   b. Marketing effectiveness review
   c. Market share analysis
   d. Marketing audit.

9. The top management of an organization reviews its strategic goals and objectives at regular intervals. What are the methods that help analyze the strategic performance of the company in the market?
   i   Marketing effectiveness review
   ii Marketing audit
   iii Sales audit

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iv Marketing excellence review.

a. i, ii, iii

b. ii, iii, iv

c. i, ii, iv

d. i, iii, iv.

10. The responsibility for evaluating and controlling the marketing programs of a company lies with the marketing department. Several techniques are used to evaluate the marketing implementation process. Identify the **incorrect** technique.

a. Sales variance analysis

b. Annual plan control

c. Vendor analysis

d. Market share analysis.

11. Which type of control mechanism focuses on finding ways to increase efficiency of the sales force, advertising, sales promotion, and distribution?

a. Annual plan control

b. Profitability control

c. Efficiency control

d. Strategic control.

12. The marketing department utilizes techniques such as annual plan control, sales analysis, market share analysis and financial analysis to evaluate the marketing implementation process. What is sales analysis?

a. The process of analyzing the company's sales by taking a percentage of overall market sales

b. The process of analyzing the company's sales as a percentage of combined sales of the top three competitors.

c. The process of analyzing the actual sales and comparing them with targets

d. The process of analyzing the company's sales as a percentage of total sales in its served market.

22.10. Summary

- Trends in business environment are rapidly changing with advancements in technology and globalization. Dynamic trends in the business environment include reengineering, outsourcing, benchmarking, building customer

relationships, entering global markets through strategic tie-ups, mergers and takeovers, downsizing, and employee empowerment.

- The functions of a marketing department have evolved through the stages of simple sales department, sales department with auxiliary marketing functions, an individual marketing department, modern marketing department and modern marketing company.

- Interdepartmental relations in an organization affect the organizational performance. The marketing department should coordinate with all the departments in an organization for an integrated marketing approach. The conflicts arising between departments should be solved by the organization by developing a mutual understanding between the personnel of the various departments.

- An organization should have a customer focus approach to sustain in the competitive business environment.

- Marketing implementation strategies should be evaluated regularly and controlled appropriately to ensure the success of marketing programs by organizations.

22.11. Glossary

Employee empowerment: Transferring decision-making power to frontline employees so that they are better able to satisfy customers.

Functional organization: An organization structure in which jobs are grouped according to similarity, such as advertising, marketing research, and sales.

Marketing audit: A comprehensive, systematic, periodic review of a firm's marketing environment, objectives, strategies, and activities.

Organizational structure: A formal definition of people's responsibilities and the allocation of authority in a company.

Research and development (R&D): A division or department of researchers, engineers, or scientists who study technical approaches to product development and proceed with product development.

22.12. Self-Assessment Test

1. Globalization has significantly influenced the way businesses are run across the world. What are the changing trends in the business environment?

2. The functions of marketers, over the years, have expanded in organizations. The focus of businesses has shifted from mere selling of products/services to many other activities that are important for their success. Explain the evolution of the marketing department over the years.

3. It has become very important for the various departments in an organization to coordinate with each other in order to achieve the overall objectives of the organization. Discuss the significance of interdepartmental relations for successful marketing strategy implementation.

4. Marketing programs should be regularly analyzed and controlled by the marketing department for their successful implementation. Discuss the different techniques available for evaluating and controlling the marketing programs.

22.13. Suggested Reading / Reference Material

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8. R Srinivasan. Case Studies in Marketing: The Indian Context. PHI Learning; 7th edition, 2018

22.14. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. (b) Downsizing

> Downsizing involves the reduction of the number of organizational levels to get closer to the customer. Companies merge with other companies to enjoy economies of scale. Reengineering is a process by which a company tries to enhance its efficiency by redesigning existing processes. People who offer valuable business ideas are given responsible positions in those projects and rewarded for their efforts through empowerment.

Block-5: Additional Topics in Marketing Management

2. **(a) The process of identifying companies that are the best in the industry to analyze how they perform, and identifying practices that make them so successful**

   Benchmarking is the process of identifying companies that are the best in the industry and analyzing how they perform and identifying practices that make them so successful. Reengineering is the process of redesigning an existing process to increase efficiency. People who offer valuable business ideas are given responsible positions in those projects and rewarded for their efforts through empowerment. The process of flattening the hierarchical structure of the company to get closer to the customers is called downsizing.

3. **(a) Outsourcing**

   Outsourcing enables a firm to focus on its core competency and reduce the cost of in-house processes. Benchmarking involves identifying companies that are best in the industry and analyzing how they perform. Reengineering is a process by which a company tries to enhance its efficiency by redesigning existing processes. Globalizing means expansion of a company's market beyond geographical boundaries.

4. **(a) Reengineering**

   Reengineering is a process by which a company tries to enhance its efficiency by redesigning existing processes. Outsourcing enables a firm to focus on its core competency and reduce the in-house processing cost. Benchmarking identifying companies that are best in the industry and analyzing how these companies perform. In downsizing, organizations flatten their hierarchical structure to get closer to customers.

5. **(a) iii, v, i, iv, ii**

   The correct sequence of stages in the evolution of the marketing department is as follows: Simple sales department - Sales department with auxiliary marketing functions - Individual marketing department - Modern marketing department - Modern marketing company.

6. **(b) Marketing implementation**

   Marketing implementation is the term used for the process that converts marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives.

7. **(c) Strategic control**

   Methods like marketing effectiveness review, marketing audit and marketing excellence review help analyze the strategic performance of the company in the market.

8. **(d) Marketing audit**

    Marketing audit is a tool which used by companies to analyze marketing activities at a micro level. This is carried out if marketing fallacies are noted during marketing effectiveness review. Market share analysis is an ideal method to judge a company's performance against its competitors. The marketing effectiveness review assesses the extent to which a company exhibits the following attributes namely, customer philosophy, integrated marketing activities, sufficient marketing information, strategic outlook and operational efficiency. In marketing excellence review companies assess their performance against the best practices of high performing businesses.

9. **(c) i, ii, iv**

    Methods like marketing effectiveness review, marketing audit and marketing excellence review help analyze the strategic performance of the company in the market. Sales audit is part of the marketing audit and is done at the department level.

10. **(c) Vendor analysis**

    The techniques used to evaluate the marketing implementation process are sales variance analysis, annual plan control, market share analysis, sales analysis, financial analysis, etc. Vendor analysis is primarily associated with the purchase function.

11. **(c) Efficiency control**

    Efficiency control focuses on finding ways to increase efficiency of the sales force, advertising, sales promotion and distribution. Profitability control helps a company decide whether a product or marketing activity should be widened, reduced or eliminated. In the annual plan control process, a company sets its annual targets for sales, profits, etc., and ensures that the company achieves them. The top management of an organization reviews its strategic goals and objectives at regular intervals through strategic control.

12. **(c) The process of analyzing the actual sales and comparing them with targets**

    Sales analysis is the process of analyzing actual sales and comparing them with targets. The other three alternatives are types of market share analysis - the overall market share method, served market share method and the relative market share method.

Unit 23

Global Marketing Strategies

Structure

23.1.   Introduction

In the last unit, we discussed about developing and managing a marketing department in an organization. In the current unit, we shall introduce the concept of global marketing strategies of organizations and the different issues related to it.

Globalization made it imperative for the companies to have a global marketing strategy to sustain in the global market place. Selecting a potential market in a global business environment forms a crucial part in the global marketing strategy of a firm. The global marketing efforts of a firm are influenced by several factors like economic, political, social and cultural, etc. The firms enter international markets through several ways like direct exports, indirect exports, licensing, joint ventures, and internationalization process. Developing global marketing strategies involves developing appropriate product, promotion, pricing, and place strategies.

In this unit, we shall first discuss the process of selecting a potential market and the impact of environmental forces on global marketing. We shall then discuss the different methods of entering a new market and the types of marketing organization. We shall conclude the unit by discussing about developing global strategies.

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23.2. Objectives

By the end of this unit, students should be able to:

- Analyze the significance of global marketing
- Discuss the process of selecting the potential markets
- Explain the impact of several environmental forces on global marketing
- List the different methods of entry into the global market
- Illustrate the process of developing an effective global marketing strategy

23.3. Significance of Global Marketing

Global marketing has become vital for the growth of various organizations as a result of –

- Saturation of domestic markets
- Liberalization of various developing economies like India
- Rapid technological developments that have enabled manufacturers to produce good quality products at low prices. This in turn, enabled these companies to enter new markets in developing economies, where they could leverage the advantage of their superior quality products.

Global marketing will help MNCs leverage the following advantages –

- Marketers can source good quality materials from places where they are available at economical rates.
- MNCs can reduce their product development time and recover the investments in R&D rapidly by marketing their products in the global market.
- By entering new markets, the companies can meet the expectations of the shareholders and capital market regarding earnings, growth objectives, and future prospects of the company.

Check Your Progress-1

1. Which of the following is **not** a reason why global marketing has become vital for the growth of the various organizations?
    a. Saturation of domestic markets
    b. Liberalization of various developing economies
    c. Rapid technological advancements
    d. Hostile domestic political environment.

23.4. Selecting a Potential Market

Selecting a potential market is a crucial as well as a difficult process in globalization. This is so because marketers must analyze and choose the country that has a feasible market for the company's products. Therefore, prior to entering a new market, companies should consider the following issues –

- Who buys its products?
- Why do they buy them?
- What do they do with the product after buying it?
- What are the factors that influence their purchase decisions? etc.

Global marketing decisions of MNCs are affected by multiple factors. For instance, factors like economic and political environment, socio cultural environment, existing markets, growth prospects, etc., of the host country also influence the selection of potential market to a large extent.

Regional free trade zone: Regional free trade zones are formed to help nations in a region to engage in free trade within the region. The countries falling within a free trade region are known as member countries. The members formulate preferential trade policies that regulate the trade between the member countries. The agreement also formulates uniform trade policies for the rest of the world. The objectives of free trade zone can be to –

- Ensure economic growth of members
- Increase trade relations
- Increase foreign capital inflows
- Create economic and diplomatic trade blocs
- Integrate the economic policies of member countries

*Evaluation of potential markets***:** The market potential of all the individual markets in the world cannot be easily evaluated by prospective entrants. Therefore, the potential new entrants begin the evaluation process by screening out less lucrative markets and identify those countries that provide potential marketing opportunities. This is generally done with the help of published secondary data. The process of identifying potential markets includes four phases.

- *First phase:* It involves analyzing the macro environmental factors of different markets such as the political, legal, geographic, and economic environment.
- *Second phase:* Analyzing market, product acceptability and customer perceptions form the second phase of screening potential markets.

- *Third phase:* It involves analyzing factors such as barriers to entry, cost of exit, number of competitors, availability of skilled labor, etc.

- *Fourth phase:* This forms the last stage of the selection process. It involves ranking the potential markets depending upon profit potential, level of investments, expected sales, etc.

Check Your Progress-2

2. Which of the following is **not** an objective of regional trade associations?
   a. Integrate the economic policies of member countries
   b. Increase trade relations with other countries
   c. Increase trade barriers across nations
   d. Ensure economic growth of members.

3. Regional trade associations like ASEAN and NAFTA formulate trade policies for its members and the rest of the world. What criteria are adopted while framing such trade policies?
   i. Uniform trade policies for members
   ii. Preferential trade policies for members
   iii. Uniform trade policies for the rest of the world
   iv. Preferential trade policies for the rest of the world.

   a. i & iv
   b. ii & iii
   c. i & iii
   d. ii & iv.

23.5. The Impact of Environmental Forces on Global Marketing

Global marketing efforts are influenced by economic, political, social and cultural, legal and regulatory, and technological factors.

Economic environment: The economic environment has a tremendous impact on global marketing, as the most crucial factor determining a market's potential is income. The major factors which influence economic environments are the Gross Domestic Product (GDP) and Gross National Product (GNP), the disposable income, inflation rate, cost of energy and its availability, infrastructure capabilities, etc. These criteria are important as they decide the viability of a potential market. For instance, owing to its high GDP growth, India is a favored destination for many MNCs.

Block-5: Additional Topics in Marketing Management

Political environment: In the analysis of the political environment of a potential market, marketers should take into consideration the possible impact of the following factors on their business–

- National sovereignty and security policies.

- Political prestige of the country.

- Implications of foreign direct investments.

- Trade barriers

- Corporate Policies such as rules regarding mergers and acquisitions, etc.

Social and cultural environment: The socio-cultural environment of every nation is unique. Therefore, it is very essential for marketers to consider the differences existing between the cultures in the home country and the host country.

The experience faced by The Coca Cola Company during the launch of its soft drink product in China is often cited as an example for emphasizing the impact of cultural differences on global marketing. The company, during the product's launch in China, spelled *Coca Cola* as *'Ke-kou-ke-la'* in Chinese. To its dismay, the company discovered that the word in Chinese meant 'bite the wax tadpole,' or 'female horse stuffed with wax.' Later, the company searched from around 40,000 Chinese characters and came up with the word *'ko-kou-ko-le,'* which when translated in Chinese meant 'happiness in the mouth.'

Legal and regulatory environment: The following factors constitute the legal and regulatory environment of a country –

- Sovereignty of the nation

- Laws governing contractual agreements

- Dispute settlements procedures

- Arbitration policies

- Rules regarding patents and trade marks

- Tax structure

- Licensing policies

- Exit routes and other related issues

Since these factors have a direct bearing on the business, marketers are required to analyze these issues carefully before venturing into a potential market.

Technological environment: Innovation is the new mantra of success for modern day marketers. With rapid technological advancements in the market, no player can afford to remain stagnant for a long period. Many multinational modern corporations like, Intel, AMD, Hewlett Packard, Samsung, Sony and many others are constantly attempting to beat their competitors by producing technologically advanced products. Technological edge is fast becoming a

competitive advantage for many companies. This boom in technology is also supported by customers, as they are increasingly becoming techno savvy and demanding innovative and technologically advanced products.

Check Your Progress-3

4. What factors should a company consider when assessing the political environment of a country?

    i.   National sovereignty and security policies

    ii. Trade barriers

    iii. Mergers and acquisitions rules

    iv. Inflation rate.

    a. i, ii, iii

    b. ii, iii, iv

    c. i, iii, iv

    d. i, ii, iii, iv.

5. Which of the following factors does **not** influence the economic environment of a country?

    a. Infrastructure capabilities

    b. Disposable income

    c. Inflation rate

    d. Lifestyle of people.

23.6. Methods of Entering a New Market

The following are some of the popular ways of entering international markets –

- Direct exports
- Indirect exports
- Licensing
- Joint ventures
- Internationalization process

Direct exports: Companies may sell their products in foreign markets with the help of middlemen situated in these markets. Companies may also set up sales offices in the overseas markets instead of appointing middlemen as distributors.

Indirect exports: Unlike direct exports, indirect export is a process of exporting goods to foreign markets with the help of a domestic intermediary.

Block-5: Additional Topics in Marketing Management

Licensing: Licensing is a form of providing access to a patent[1] or a trademark[2] to some other company by charging a fee or royalty. The licensee helps gain access to the manufacturing process or trade secrets of the licensor. With this knowledge, the licensee operates manufactures the product/offers the service in the foreign country. Licensing is also an easy way of entering new markets.

Joint ventures: In this method the company desiring to foray into a foreign market enters into a partnership or 'joint venture' with a company existing in that country. The partner may be a majority or a minority stakeholder in the newly formed joint venture. The partnership may take place between companies belonging to the same industry or different industries. For instance, Hero partnered with Honda Motors to enter India, and Bajaj entered into joint venture Allianz to offer insurances services to the Indian consumers. Exhibit 23.1, talks about Reliance Industry's joint venture with ADNOC.

Exhibit 23.1: Mega Joint Venture between Reliance Industries and ADNOC

Reliance Industries announced a mega petrochemical joint venture with ADNOC in UAE. This deal came to a close nearly 1.5 years after both the companies had signed a broad framework agreement. The new unit will produce chlor-alkali, ethylene dichloride and polyvinyl chloride (PVC).This joint venture is the largest investment ever by an Indian conglomerate in Middle East, till date.

Source: https://economictimes.indiatimes.com/industry/energy/oil-gas/reliance-industries-announce-mega-petrochemical-joint-venture-with-adnoc-in-uae/articleshow/83962586.cms, June 30, 2021

Internationalization process: The process of internationalization refers to the entry modes and timing strategies of a company. When the company's product reaches the maturity stage in the domestic market, it might attempt to enter new markets by exporting the product. Initially, the company may not be equipped with the required knowledge of the foreign market. Further, its attempts to develop and innovate the product in the new market may be hindered by various obstacles (in the form of tariff barriers) forced by the government of the foreign market as a measure to protect domestic companies (of host nations) against competition. To counter this situation, the multinational companies may adopt different entry modes like licensing, franchising, joint ventures, strategic

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[1] A patent is a grant of a property right to the inventor, issued by the Patent and Trademark Office.

[2] A trademark is a distinctive sign, which identifies certain goods or services as those produced or provided by a certain entity or person.

alliances, wholly owned FDIs (foreign direct investments), mergers and acquisitions, etc.

Activity: Great Indian Company produces and markets carpets in India. Over a period, the business had grown and now the company plans to enter the European market as the company feels that there is huge potential for ethnic Indian carpets in that market. However, the company also feels that its initial entry into an alien market must be cautious. Which mode of entry would you suggest to Great Indian Company?

Answer:

Check Your Progress-4

6. Which of the following allows companies to enter new markets easily?
   a. Independent manufacturing
   b. Licensing
   c. Private labeling
   d. Joint ventures.

7. Companies use different methods to enter foreign markets. Which of the following entry modes involves entering into a partnership with a company existing in that country?
   a. Exporting
   b. Licensing
   c. Joint Venture
   d. Subsidiary.

8. Adidas has employed a domestic intermediary in the foreign market to sell its range of shoes. What type of entry mode is in use here?
   a. Licensing
   b. Direct trade
   c. Direct export
   d. Indirect export.

9. What is meant by a joint venture agreement?

    a. A foreign company invites a host company to become an equity partner

    b. A host company in a particular country invites another local company to become an equity partner

    c. The host company provides access to a patent or a trademark to the foreign company

    d. The foreign company provides access to a patent or a trademark to the host company.

23.7.   Types of Marketing Organization

The type of an organizational structure also has a tremendous impact on the functioning of companies in the international arena. Companies generally prefer to transform into global organizations with a view to adapt to the needs and requirements of the international marketing environment. The following are the different types of organizational structures that companies adopt in order to operate in the international marketing environment –

*   Export division
*   International division
*   Global organization

Export Division: To meet the growing needs of an export business in the foreign market, companies set up self-sufficient export divisions that run their export operations in the foreign market.

International Division: An international division is setup to manage and develop business opportunities in the foreign market. The division is set up with a view to clearly demarcate the company's overseas operations from its domestic operations.

Global Organization: A truly global organization procures raw materials from nay market globally where it is available cheaply, and invests in those markets that are potential high returns regions. Further, to facilitate the smooth functioning of its global operations, a company recruits executives who belong to different regions and excel in different fields to handle the global operations. These executives generally report to a chief executive of the company. The top management of the company makes all the decisions regarding manufacturing facilities, marketing policies, etc., with the help of various global divisional heads.

Activity: Stylish Color Cosmetics (Stylish) is a popular cosmetics company in India. The company is contemplating on exporting its products to Yemen, a country in the Middle East region. As of now, Stylish has no intentions of developing its business in Yemen. Suggest a type of marketing organization that would best suit the new requirements of Stylish.

Answer:

Check Your Progress-5

10. _____ is set up to mange and develop business opportunities in the foreign market.

   a. International division

   b. Global organization

   c. Export division

   d. None of the above.

11. Which of the following is not one of the organization structures that companies adopt to operate in international marketing environment?

   a. International division

   b. Global organization

   c. Export division

   d. Joint ventures.

23.8. Developing Global Strategies

A global marketing strategy involves the understanding of the importance of the following three major perspectives; standardization, configuration-coordination and integration. Standardization in production and marketing programs can have the following benefits –

• Economies of scale in production and marketing

• Consistency in dealing with customers

- Ability to exploit good ideas on a global scale

Global strategy enables a business to configure its activities and strategies bringing about coordination and synergy among the various global operations of the company. The integrative view of global marketing helps organizations integrate their competitive moves in various markets. Developing an effective global strategy involves the following –

Product Strategies: Multinational players are required to produce products that match global standards. Companies should customize their products to suit the local tastes, needs and preferences. For instance, although MG Hector is an SUV, it went to compete with the likes of the Toyota Innova Crysta in India. The biggest highlight of the Hector Plus is the second-row captain seats, along with a third row 50:50 split-bench seat that makes it's a 6-seater SUV.

Promotion Strategies: Promotional strategies include advertising, sales promotion, publicity, public relations, direct marketing, and personal selling. Formulating promotional strategies for global customers is a difficult task because of the cultural diversities that exist between various countries. Therefore, multinational players should formulate their communication strategies keeping in mind the local cultures. For instance, it was often observed that the true meaning of a communication message is lost while translating it to a foreign language. When the American ad slogan for Salem cigarettes, 'Salem – Feeling Free' was translated into Japanese, the meaning drastically changed as the slogan post translation meant 'When smoking Salem, you feel so refreshed that your mind seems to be free and empty. Exhibit 23.2, talks about Fevicol's approach to international promotions.

Exhibit 23.2: Fevicol Goes to Egypt

Pidilite Industries Limited (Pidilite) is a leading manufacturer of adhesives and industrial chemicals in India. *'Fevicol'*, an adhesive product, is the company's most successful product in India. It exports the product to various other countries such as Sri Lanka, Vietnam, UAE, Bahrain, Kuwait, Qatar, Oman, Congo, Saudi Arabia, Angola, South Africa, Mozambique, Bangladesh and others. In 2005, Pidilite entered the Egyptian market. To communicate this announcement to the public, the company put up outdoor advertisements which carried images of a Sphinx with a broken nose that was fixed using *'Fevicol.'*

Source: https://www.pidilite.com/advertisements/, accessed on October 5, 2021

Pricing Strategies: The pricing decisions of multinational companies are affected by a variety of internal and external factors. Internal factors could be –

- Inventory costs
- Production costs

- Distribution costs
- Transportation costs
- Marketing and sales costs

The external factors that influence pricing strategies could be –

- Competitive environment
- Income levels of target customers
- Foreign exchange rates
- Government regulations and inflation rates

It is also difficult for companies to manage the price differentials of its products in different countries. Therefore, multinational companies are required to continuously review their pricing strategies in order to incorporate the influences (on business) of uncontrollable factors such as exchange rates and inflationary rates that keep fluctuating.

Place Strategies: This plays a crucial role in global marketing, as distribution costs generally account for about 40 percent of the total cost of a product. Therefore, companies must develop sound distribution strategies. The distribution strategy is also dependent upon the type of the product a company offers to its customers. There are two major types of distribution channels. They are – domestic intermediaries and foreign intermediaries. Domestic intermediaries can be in the form of export agents or an export company that exports the company's products to other countries. Foreign intermediaries are those located in foreign countries and distribute the company's products locally.

Activity: Assume that Parle India is planning to introduce its range of biscuit products in the North American market. Suggest some of the different aspects that Parle should consider in its global marketing strategy for the North American market?

Answer:

Check Your Progress-6

12. An effective global marketing strategy should focus on product, promotion, price and place. Which factor is **not** considered in pricing strategy?

    a. Distribution and transportation costs

    b. Production and inventory costs

    c. Publicity costs

    d. Sales costs and income levels of target customers.

13. An effective global marketing strategy involves the understanding the importance of three major perspectives. Which of the following is **not** one of them?

    a. Standardization

    b. Configuration-coordination

    c. Benchmarking

    d. Integration.

23.9. Summary

- Global marketing has become significant for the growth of various organizations due to saturation of domestic markets, liberalization of developing economies, and rapid technological developments.

- Selecting a potential market is a crucial task for global marketers. Gaining knowledge about free trade zones and tactful evaluation of potential markets plays an important role in this process.

- Environmental factors that impact global marketing are – economic environment, political environment, social and cultural environment, legal and regulatory environment, and technological environment.

- Companies enter a new market through direct exports, indirect exports, licensing, joint ventures, and internationalization process.

- There are different types of marketing organizational structures. They are – export division, international division and global organization.

- Developing an effective global marketing strategy involves – product strategies, promotion strategies, pricing strategies and place strategies.

23.10. Glossary

Gross national product (GNP): The total market value of a nation's goods and services produced during a given period of time (usually one year).

International marketing: Marketing across national boundaries.

23.11. Self-Assessment Test

1. What is global marketing? Explain the impact of environmental factors on global marketing.

2. What are the criteria for selecting a potential market in global marketing?

3. Elucidate the importance of organizational structure to companies functioning in a global arena.

23.12. Suggested Reading / Reference Material

1. Philip Kotler, Kevin Lane Keller, Alexander Chernev, Marketing Management, 16th edition Pearson 2021

2. Roger Kevin, Steven Hartley, Marketing: The Core, 9th edition McGraw-Hill 2021

3. Callie Daum. Marketing Management Essentials You Always Wanted To Know. Vibrant Publishers; Second edition (1 January 2020)

4. Saxena, Rajan. Marketing management. McGraw-Hill Publishing Co Ltd, 2020.

5.. V S Ramaswamy. and S. Namakumari. Marketing Management: Indian Context Global Perspective. Sage Publications India Pvt Ltd; Sixth edition, 2018

6. Gupta Prachi, et al., Marketing Management: Indian Cases. Pearson Education; First edition, 2017

7. Warren J. Keegan. Global Marketing Management. Pearson Education; Eighth edition, 2017.

8. Philip R.Cateora, R.Bruce Money, International Marketing, McGraw-Hill 18th Edition, 2019

23.13. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. **(d) Hostile Domestic political environment**

   The reasons for global marketing becoming vital for the growth of various organizations are: saturation of domestic markets, liberalization of various developing economies like India, rapid technological advancements.

2. **(c) Increase trade barriers across nations**

   The objectives of regional trade associations include integrating the economic policies of member countries, increasing trade relations with other countries by reducing trade barriers and ensuring economic growth of the members.

3. **(b) ii & iii**

   Regional free trade zones are formed to help nations in a region engage in free trade with each other. These associations formulate uniform trade policies for the rest of the world and preferential trade policies for member countries.

4. **(a) i, ii, iii**

   Before venturing into a country, the factors that should be considered by a company while assessing the political environment are the country's national sovereignty and security policies, trade barriers, rules regarding mergers and acquisitions, political prestige, etc. Inflation rate is an economic factor.

5. **(d) Lifestyle of people**

   The lifestyle of people does not influence the economic environment of a country. It is a social factor.

6. **(b) Licensing**

   Licensing is a form of providing access to a patent or a trademark to a company by charging a fee or royalty. This will facilitate the licensed company to leverage the value of these patents or trademarks and increase its business potential. All the other options require substantial investments.

7. **(c) Joint Venture**

    Companies can enter into partnerships with the companies in the country into which they want to enter. Such partnerships are called as joint ventures.

8. **(d) Indirect export**

    Adidas is using the indirect export entry method. In indirect export, the company sells its goods and services through a domestic intermediary. In the case of direct exports, the company sells its goods and services through middlemen located in foreign countries. Trade includes both buying and selling. Licensing is a method of providing access to a patent or a trademark to some other company by charging a fee or royalty.

9. **(a) A foreign company invites a host company to become an equity partner**

    In a joint venture agreement, when a company wishes to enter a foreign market, it invites a local company to become an equity partner.

10. **(a) International division**

    The international division is set up to manage and develop overseas business opportunities. A global organization is set up to build an effective organizational structure to analyze the opportunities and threats faced in the global market. Export division of a company is the company's self-sufficient export division, which carries on its overseas business operations independent of its domestic operations.

11. **(d) Joint ventures**

    The different types of organizational structures that companies adopt in order to adopt in the international marketing environment are: International division, Global organization, and Export division.

12. **(c) Publicity costs**

    In a pricing strategy, distribution and transportation costs, production and inventory costs, sales costs and income levels of target customers are taken into consideration. Publicity is a non-paid form of promotion and is not a major component of the pricing strategy for a company.

13. **(c) Benchmarking**

    A global marketing strategy involves the understanding the importance of three major perspectives viz. standardization, configuration-coordination and integration.

Unit 24

Direct and Digital Marketing

Structure

24.1.   Introduction

In the earlier unit, we discussed the concept of global marketing strategies of organizations and the different issues related to it. In this unit, we shall discuss about direct and online marketing.

Direct marketing is a channel of marketing in which goods are directly made available to customers. Marketers use different kinds of media like internet and telephone to reach customers directly to minimize the role of intermediaries. They use different forms of direct marketing like catalog marketing, telemarketing, kiosk marketing, etc. Online marketing is one form of direct marketing. Online marketing refers to the use of internet for marketing the

products. Companies use different forms of online marketing like forums, newsgroups, web communities, etc.

In this unit we shall first discuss about the nature and scope of direct marketing and the different forms of direct marketing. We shall then discuss about online marketing, its importance and the different forms of online marketing.

Before studying this unit, student should recall the different types of promotional tools that marketers use to facilitate marketing communication process (Unit 19).

24.2. Objectives

By the end of this unit, students should be able to:

- Explain the nature and scope of direct marketing

- List the different forms of direct marketing

- Recognize the growth and importance of online marketing

- Identify the advantages and disadvantages of online marketing

- Compare and contrast the different methods of online advertising used by the firms

24.3. Nature and Scope of Direct Marketing

In direct marketing, marketers use media such as the Internet, the telephone, mail, etc. to reach the customers directly, thus minimizing the role of intermediaries. Customers can make a telephone call and get the products delivered to their doorstep. The various forms of direct marketing that companies adopt include catalog marketing, tele-marketing, kiosk marketing, and home shopping. According to the World Federation of Direct Selling Associations (WFDSA), India saw its total number of direct sellers rise to 5.7 million in 2018-19 and is likely to grow to 18 million by 2025. Women form almost 60 per cent of this sector.[3] Exhibit 24.1 explains how Unilever kind of giant FMCGs too are relying on direct to consumer sales channels. Apart from having the features of conventional marketing activities, direct marketing has some additional features:

- Customers are invited by marketers to respond to marketing efforts on the telephone, by e-mail, etc.

- The availability of direct feedback helps in easy measurement of the effectiveness of direct marketing.

- Maintaining a customer database helps direct marketers to understand the customers and to gain a competitive advantage.

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[3] *https://www.thehindubusinessline.com/opinion/direct-selling-industry-will-play-a-big-role-in-india-becoming-self-reliant/article34755225.ece,* February 04, 2021

Direct marketing enables the companies to contact customers directly and to build customer loyalty.

Exhibit 24.1: Unilever Ups Focus on Direct to Consumer as Online Sales Surge

Unilever's online sales surged last year, accounting for 9% of total sales as consumers were stuck at home due to Covid 19 pandemic. Ecommerce in India grew by 61% in India in 2020. To make the best of the increasing online demand, Unilever decided to continue upgrading its direct to consumer operations. The company rapidly pivoted resources to suit in home consumption. It launched ideas such as Ben & Jerry's Netflix & Chilll'd variant, to support its 'Ice cream now' home delivery service, helping its online ice cream business double in 2020. Unilever sees online business as a key driver of growth and relying on "advanced shopper insight" to keep up with fast changing consumer behavior.

Source: *https://www.marketingweek.com/unilever-direct-to-consumer-online-sales-surge/February 04, 2021.*

24.4. The Growth and Benefits of Direct Marketing

The growth of direct marketing has been exceptional with the adoption of the latest technologies. Companies operating across the globe are utilizing web technologies to make their marketing programs more effective. Direct selling has come a long way from the conventional telephone marketing and e-mail marketing and other online marketing activities are important elements of contemporary marketing. The growth of direct marketing has also been helped by market research studies. Marketers are using these studies to measure the effectiveness of direct marketing efforts.

Direct marketing is helping companies to reduce the time taken to reach customers and thus to recover their investments faster. From the customer's point of view, direct marketing is enabling them to interact directly with manufacturers and to get the products designed according to their requirements. However, marketers have to handle the issues of information privacy and physical privacy efficiently to ensure the further growth of direct marketing.

24.5. Database Marketing

Database marketing (DBM) helps to effectively utilize customer information in formulating cost-effective strategies to serve customers better. DBM includes understanding customers' tastes and preferences, and their perceptions. The customer information available with companies helps their salespeople to approach potential customers and improve the sales. Database marketing helps marketers to analyze whether the company is deriving the maximum business

from each customer. It enables marketers to make improvisations to their customer service and thus enhance the profits of the company. Database marketing uses different software tools to collect customer information and thereby develop efficient strategies. However, some people consider the use of customer information by marketers as an invasion of privacy.

Activity: Assume you are the marketing in-charge for a motorbike which is to be launched in the market shortly. What is the customer data you require to collect for planning the marketing campaign? Explain the reasons for your requirement.

Answer:

Check Your Progress-1

1. _____ helps in effectively utilizing customer information in formulating cost-effective strategies to serve customers better.
   a. Home shopping
   b. Direct marketing
   c. Database marketing
   d. Catalog marketing.

2. In 2020, Lotus Development, a company in the US, launched a website titled 'Lotus Marketplace' which contained household information beneficial to marketers. It helped marketers gain a better understanding of the tastes and preferences of customers. This information was useful for which type of marketers?
   a. Direct marketers
   b. Database marketers
   c. Online marketers
   d. None of the above.

3. The process of building, maintaining and using customer databases and other databases (product, supplier, reseller) for the purpose of contacting and transacting business at any location is known as _____.
   a. Home shopping
   b. Direct marketing
   c. Database marketing
   d. Catalog marketing.

24.6.   Forms of Direct Marketing

Marketers use various forms of direct marketing to reach out to customers. Some of these forms are catalog marketing, telemarketing, kiosk marketing, home shopping, and marketing using other media.

Catalog Marketing

In catalog marketing, customers receive catalogs from companies which provide information about the products and/or services of the company. Customers are expected to respond by placing an order on the telephone. Catalog marketing adds to the shopping convenience of customers. It benefits retailers as they save on storage space and the amount spent on store décor. As catalog marketing is suitable only for a limited range of products, marketers have to take some factors into consideration before selling a product through a catalog. The marketer should evaluate whether customers will buy a certain product through a catalog, whether the product is priced right, whether it can be depicted well in the catalog, whether it can be ordered through mail, and whether it can be delivered to the customer without any damage. Companies can also post their catalogs on websites for customers to access easily.

Telemarketing

Telemarketing is a process of communicating with prospective customers through the telephone, for promoting products or services. Unlike telesales, telemarketing aims to build a long-term relationship with customers instead of making immediate sales. The company gives a toll free number to customers for their response. A telemarketing executive contacts customers who require the services of the marketer and are willing to make a purchase. The customer has access to the firm at a time of his/her convenience.

Telemarketing helps marketers to understand customers' needs, develop new products according to their requirements, and build positive relationships with them. It takes advantage of computer-based technologies. Companies now use a combination of telecommunications and information technology for telemarketing.

Kiosk Marketing

Kiosk marketing refers to providing information related to products and services to customers using kiosks or electronic touch screens. Kiosks can be set up in a small area and can be operated at any time without supervision. Kiosks enable the customers to get relevant information about the company and avail of services at a time convenient to them without their having to wait for long hours. There are certain kiosks that can be used for transactions like distributing tickets, coupons, etc. An example of kiosks is the Automated Teller Machines (ATMs) of banks.

Home Shopping

Home shopping or television home shopping involves using television programs to display various products and demonstrate their use. Marketers try to persuade viewers to place orders for products on the telephone or by mail. The products are delivered within two to three weeks of the order being placed. Viewers of television are increasingly being exposed to tele-brands programs. These programs have duration of 10 to 30 minutes, depending on the extent of demonstration required for the product. The popularity of home shopping is increasing as it allows customers to enjoy the advantage of shopping from the convenience of their homes.

Other Media

Marketers can use newspapers, magazines, postal envelops, newsletters, door-to-door pamphlet distribution, etc. to promote their products. However, unlike in the forms of direct marketing described earlier, of these media do not allow companies to reach out to customers individually. The target audience will be wide and the response lower. Such media should be used after carefully analyzing the response patterns of customers. Promotional materials like coupons in magazines usually get a better response from customers and they also have the advantage of freedom when compared to newspaper advertisement in terms of color, design, type of paper, etc. Marketing through mobile phones is another medium for direct marketing and it is fast catching the attention of marketers and customers.

Activity: Identify the form of direct marketing used in the following situation:

- Meena received a call on her mobile informing her about the launch of a new range of cosmetics by Looknew cosmetics.

- Rahul received a mail containing details about the range of products available at the newly opened multi-brand store in his city.

- Alice watched a program on television about an exciting offer on the purchase of non-stick cookware and ordered it immediately through the telephone.

Answer:

<u>**Check Your Progress-2**</u>

4. Which of the following is **not** a form of direct marketing?

    a. Catalog marketing

    b. Telemarketing

    c. Kiosk marketing

    d. Database marketing.

5. Which of the following is **not** a direct marketing channel?

    a. Company newsletters

    b. Catalogs

    c. E-mails

    d. Print ads.

6. Quasar Systems, a Hyderabad-based company, communicates with customers through the telephone to promote its range of computer accessories. The company also calls up its customers at a time convenient to them. What type of marketing is the company into?

    a. Online marketing

    b. Database marketing

    c. Home shopping

    d. None of the above.

7. Managers focus on marketing through various advertising media that interact directly with consumers, generally calling for the consumer to make a direct response. What type of marketing is discussed here?

    a. Sales promotions

    b. Indirect marketing

    c. Direct marketing

    d. Public relations.

24.7. Direct Marketing in India

Direct marketing is gaining prominence in India though its full potential is yet to be tapped. Factors such as the diversity among the people of India and the increasing number of middle class customers are helping direct marketing in India. In India, more than 70 percent of the people involved in direct marketing are women. The main products in direct marketing are cosmetics, personal products, cookware, and household products. International players like Amway,

Modicare, Tupperware etc. have made remarkable progress in direct marketing in India. Example

Direct selling companies focus on establishing long-term relationships with customers and the major areas of growth for direct marketing in the country include financial services, credit cards, insurance services, telecom services, automobiles, home appliances, and food products. In India, urban customers are open to new ideas and are willing to try out the different promotional schemes offered by companies. In rural India, television can be used efficiently for direct marketing. To be successful in direct marketing in India, companies should customize their products according to Indian conditions and customers. In India, mail-order shopping has limitations. Indian consumers, as a whole, do not feel the pressure of time as much as the people in the West, and they feel that they have enough time for shopping. Also, products received by mail are sometimes damaged, leaving the customers dissatisfied with it. The delay in the delivery of products adds to the anxiety of the customers and makes them averse to mail-order shopping. Exhibit 24.2, gives a brief about India Mart, India's largest online B2B market place.

Exhibit 24.2: India Mart - An Online B2B Market Place

India Mart is India's largest online B2B marketplace, connecting buyers with suppliers. With 60% market share of the online B2B Classified space in India, the channel focuses on providing a platform to Small & Medium Enterprises (SMEs), Large Enterprises as well as individuals. Founded in 1999, the company's mission is 'to make doing business easy'. As of June 2021 the company has 131 million buyers, 6.6 million suppliers and more than 74 million products and services

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Source: https://corporate.indiamart.com/about-us/, Updated in June 2021.

24.8. The Growth of Online Marketing

The growth of online marketing has been largely facilitated by the advances in technology. IT has enabled the companies to set new standards in business. The Internet has revolutionized the world of business and e-commerce has changed the business processes. Dotcom companies are doing business based on the web and other companies also have a presence on the Net. Business is being carried out at all times spanning the different time zones. Powerful technologies such as satellite communication, interactive voice recognition, mobile telecommunications, data mining, portable computing, digital signatures, etc. have assisted the growth of online marketing. These technologies help the companies to operate in a cost-effective way to provide value added services to customers.

In India, e-marketing has an immense growth potential. With the increasing Internet user base in the country due to decrease in hardware and software costs, online marketing has a good chance to develop. Factors like breakthrough technologies, mobile computing, improved standards of encryption for secure transfer of information, etc., have paved the way for growth of e-business.

24.9. Advantages and Disadvantages of Online Marketing

The increasing popularity of e-commerce applications is due to certain advantages attached to online marketing. They are:

- Marketers can reach out to potential customers located anywhere in the world through the Internet.
- Customers can shop at their convenience from any place.
- Customers can easily compare the products and services of a company with those of its competitors using video clips and statistics.
- The marketer and the customer can have a closer relationship due to the chance for direct interaction.
- An online store does not have to incur costs on maintaining a store like the real estate costs, shelf space, interiors, etc.
- Promotional strategies can be customized based on the requirements of customers.

Although online marketing has many advantages for marketers as well as customers, there are some disadvantages such as:

- Customers cannot get the touch and feel of products before making the purchase.
- It is difficult to sell products like apparels, flowers, carpets, food-items, etc. online.
- Customers are reluctant to give credit card details for online purchases.

These factors are restricting the growth of online marketing.

Check Your Progress-3

8. Which of the following is/are the major benefit(s) of on-line marketing for buyers?
    i. Convenience
    ii. Information
    iii. Fewer hassles
    iv. Common language.
    a. i, ii, iii
    b. ii, iii, iv
    c. i & iii

    d.   ii & iv.

9. Given below are some advantages of online marketing to marketers. Which of the following is **not** an advantage?

    a.   Reaching a larger customer base

    b.   Lower costs

    c.   Better relationship building

    d.   Difficulty in comparing products and services of different marketers.

24.10. Developing Online Marketing Strategies

The lack of strategic planning on the part of online marketers can lead to failure in e-business. If the e-business is to be successful, business processes should be appropriately designed. Banner ads, which first appeared in 1994, have contributed a lot to the growth of online marketing. Combining online marketing strategies with conventional marketing strategies can ensure success in e-business. Utilizing the evolving technology to develop innovative marketing strategies helps online marketers to stay ahead of the competition. Exhibit 24.3, throws light on how new age companies connecting and communicating with prospective customers.

Online advertisements designed in such a way that they are easily understood by the target customers can help in the development of e-business. Apart from promoting the company's products in its own website, they can also be promoted through collaborations with other websites, which help to enhance visibility and, thereby, the companies' profitability.

Exhibit 24.3: Kia Employs Digital Marketing to Reach Prospective Customers
Automaker Kia India introduced a digital tool in June 2021 to help customers make purchases online amid the Covid-19 pandemic. The company has launched an integrated solution application called 'Kia Digi-Connect' which is an industry-first video-based live sales consultation solution, Kia India said in a statement. The solution is offered through website scheduling and integration with the company's Customer Relationship Management (CRM) system.
This one-of-a-kind customised application enables customers to connect with their nearest dealerships and get complete assistance using a video conference platform, offering them a showroom-like experience.

https://www.newindianexpress.com/business/2021/jun/03/kia-enhances-digital-marketing-by-enabling-customers-to-make-purchases-online-2311208.html, June 2021.

24.11. Social Media Marketing

Social media marketing is a form of internet marketing that implements various social media networks in order to achieve marketing communication and branding goals. Social media marketing gains traffic or attention through social media sites. Social media marketing primarily covers activities involving social sharing of content, videos, and images for marketing purposes.

Social media represents variety of tools that are used to combine technology and social interaction with the use of words. These tools are typically internet or mobile based. Companies use various social media sites such as Twitter, Facebook, MySpace, Instagram, YouTube etc. to interact with customers.

Social media marketing can help with a number of goals as follows:

- Website traffic

- Conversions

- Brand awareness

- Creating a brand identity and positive brand association

- Communication and interaction with key audiences

Social media marketing has created a remarkable impact on business. Social Media Marketing University (SMMU) has identified 5 benefits of social media marketing as shown in Figure 24.1.

Figure 24.1: Social Media Marketing Benefits

Source: http://www.sigmawebmarketing.com/blog/bid/116010/5-Social-Media-Benefits-for-Business

Customer voice has become more powerful on social media and they can even kill a product if they have a bitter experience with product usage. BBC Business Editor once comments, "These days, one witty tweet, one clever blog post, one

devastating video – forwarded to hundreds of friends at the click of a mouse – can snowball and kill a product or damage a company's share price."

24.12. Customer Experience Management on Social Media

Customers have billions of conversations among themselves every day. Companies pay attention to the conversation surrounding their company and take pleasure in promoting products/services in the best light possible. Companies can influence what customers speak about a brand but no longer own the conversation entirely. Social media has empowered customers to have a louder voice than ever before.

Customer experience is based on the level of customer engagement with the conversation. Customer engagement does not happen in a single day. It needs deliberate and continuous effort from companies to develop deeper relationships with customers. Companies have to monitor and manage customer engagement process to enrich customer experience. Customer engagement process has the following four stages as shown in Diagram 24.1 with increasing states of engagement.

Diagram: 24.1: Customer Engagement Process
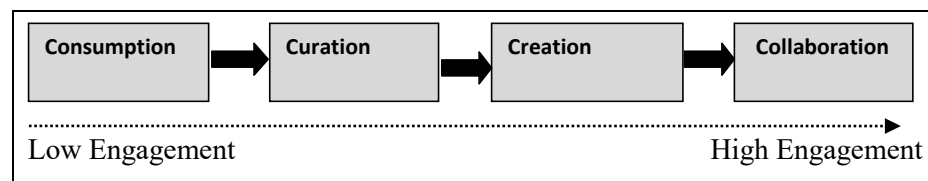
- **Consumption:** The first step in the process of customer engagement is consumption. Consumption means in social media downloading, reading, listening, watching to digital content. Customers can share content with others only when they first consume the content. Hence, consumption is the starting point for customer engagement. For example, the number of people who visited social media sites such as facebook, twitter or Instagram and the time spent is a consumption stage.

- **Curation:** Curation is the act of sorting, filtering, rating, reviewing, commenting on, tagging or otherwise describing content. It is like retweeting, where one has to think critically and reflectively while curating content. Curation is all about finding and sharing things that customers find useful. For example, customers postings such as 'like or dislike' a video on a social media such as YouTube or Facebook is a curation stage.

- **Creation:** Content creation is more engaging than content curation. Content creation requires that community members offer up something new that they have made themselves. This stage is a significantly higher hurdle than curation stage that needs a special plan of action.

- **Collaboration:** Consumption, curation and creation can be largely individual activities. One can watch a few videos, rate one or two, and then upload something. That can build traffic, can build traffic library, and can drive page views, all important aspects of a media property. But they are not necessarily strong social actions. Collaboration is.

  Collaboration occurs naturally between members of the community when given the chance. For example, IBM launched Lotus Connections with five applications- profiles, communities, activities, bookmarks, and blogs and later renamed as IBM connections that collaborated 400,000 IMBers to create 67,000 communities. Companies can manage customer experience on social media through the above four stage process.

24.13. Online Advertising

The increasing usage of the Internet is encouraging the marketers to advertise online. Different methods of online advertising are used by various companies. Some of them are forums, newsgroups, bulletin boards, web communities, e-mails, and web-casting.

Forums

Forums are used to send and receive instant messages online. Forums are discussion groups located on commercial websites. They link the users to chat rooms, libraries, or directories.

Newsgroups

Newsgroups have a larger audience and are used by customers to share their experience about the products and services of a company. A newsgroup has the potential to build or destroy the image of a company.

Bulletin Boards

Bulletin boards are electronic notice boards where mails can be sent, discussions held between individuals and groups, and even files exchanged.

Web Communities

Web communities are groups of people sharing information online. Messages posted by a member of the web community reaches all the members of the community and anyone can reply to it. People with common interests like those belonging to the same college or working at the same place who want to share common information are increasingly forming web communities. Popular websites like Yahoo! allow its members to set up free web communities.

E-mails

Electronic mails are the best means for marketers to reach out to customers personally. However, marketers should take care to send e-mail advertisements describing their products and services to the right audience to attain the maximum benefits. Online marketers can persuade target customers to purchase products through customized e-mails.

Web Casting

Web casting is a form of broadcasting which uses Internet technologies. Users can receive information to suit their requirements by signing up with a web caster.

This helps the users to save time spent on searching for the information. Online marketers use web casting to provide information to target customers. Customers can continuously receive information related to sports, weather, news, and other subjects of their interest. Exhibit 24.4 provides the brief about online advertising.

Exhibit 24.4: Online Advertising

Various online advertisements are designed to attract Internet users. The companies have tie-ups with websites to provide space on their web pages to advertise a variety of products. Some online advertisements are designed to pop up when the user visits a particular site. They contain a link to provide further information to interested customers. Many job portals like Times jobs, Monster.com, Naukri.com, etc., have unique tie-up with websites providing e-mail services such as Yahoo!, Rediffmail, etc. Advertisements of these job portals pop up while the user browses these mailing sites.

Compiled from various sources.

Activity: If you are organizing a cultural show to raise funds for an orphanage and have decided to advertise your program online, how you would go about it?

Answer:

Check Your Progress-4

10. Which of the following is not a method of online advertising?

    a. Bulletin boards

    b. Newsgroups

    c. Kiosk

    d. Forums.

11. Which of the following is a form of broadcasting that uses internet technologies?
    a. Bulletin boards
    b. Newsgroups
    c. Web casting
    d. Forums.

24.14. Opportunities and Challenges in Online Marketing

Online marketing provides a galore of opportunities to marketers. It enables even small companies to compete with multinationals in providing services to customers. It helps them approach customers located in any part of the world and enables marketers to reach the maximum number of customers at the minimum cost.

Along with availing of opportunities, an online marketer has also to face certain challenges. With an increasing number of marketers going online, the competition to attract customers is increasing tremendously. The marketing costs to acquire a new online customer are increasing as the life time value of customers is low. This is due to low switching costs on the web.

Online marketers should utilize banner ads appropriately for promoting their products and/or services. Innovative ways of marketing can help the online marketers. Affiliate marketing is another option which can be beneficial to online marketers. In affiliate marketing, the company's products are sold to customers through a third party site and a commission is paid to that site when customers log on to the company's site through it.

24.15. User Generated Content for 'Social CRM'

Companies are rapidly embracing social media not only to build online communities, but also to create innovative social commerce programs through user generated content. Companies are using blogs, and other social media sites to collaborate with users to get feedback and comments. Companies are focusing on Social CRM to optimize the power of social interactions to get closer to customers. Companies are under great pressure with the explosion of social media to read, understand and respond to customer content. Companies have to exploit the potential of social media to deliver tangible value in return for customers' time, attentions, endorsement and data.

The user generated content may come from any source such as blog, Twitter, Facebook, Instagram or any other social website to interact and generate content to design better solutions as follows.

Blog: A blog is a shorter form of we*b log*. It is an informational site posted on Internet to facilitate discussion and exchange of knowledge. Posts are displayed in reverse chronological order to give the prominence to the latest post. Posts are in the form of articles, documents, research findings etc. Blogs may reflect the opinions of employees, any individual, a community, a company, etc. that provides an opportunity to advertisers to meet target audience. Blogs were actually posted by single individuals in the past but today more than one author i.e. "Multi-Author-Blogs" (MABs) have been developed with posts made by large number of authors. For example, IBM uses Multi-Author-Blog' to communicate, collaborate and change the face of its business. Student may visit the website http://www-10.lotus.com/ldd/ insidelotusblog.nsf/dx/blogs-on-ibm.com

IBM's social networking site, Social Business@IBM has become popular in developing innovative products and applications with customer and employee generated content.

Twitter: Twitter is a social networking and microblogging website for exchanging 140-character text message known as 'tweets'. Registered users can read and post tweets and others can only read the tweets. Twitter allows companies to promote their products in short messages which appear on followers' home pages. Messages can link to the product's website, Facebook profile, photos, videos, etc. Companies can retweet to answer customer's questions and gain a steady stream of followers in return.

Facebook: Any person who is above 13 years of age can register as a user of the website. Facebook pages are more elaborative than Twitter accounts. Facebook pages allow a company to speak about its products through videos, photos, product descriptions, and testimonials of loyal customers. Facebook pages facilitate conversation among users to discuss about a particular product. Customers can make comments and other content with the company or forward the content to other users.

24.16. Summary

- Direct marketing is a form of marketing in which marketers approach customers directly through online media, the telephone, or post.

- Direct marketing is growing tremendously. Various forms of direct marketing used by marketers are catalog marketing, telemarketing, kiosk marketing, home shopping, and other media.

- Direct marketing in India is gaining momentum and its full potential is yet to be tapped.

- Online marketing is a marketing approach to reach out customers through websites and personalized e-mails to persuade them to make a purchase.

- Online advertising is helping the marketers to attract customers across the globe. Different methods of online advertising are forums, newsgroups, bulletin boards, web communities, e-mails, web casting, etc.

24.17. Glossary

Database marketing: Direct marketing that allows advertiser to take advantage of comprehensive information about customers, including purchase behavior, demographics, and life-style.

Television home shopping: A non-store retailing technique in which shoppers watch product displays on special television shows and then order products by phone.

24.18. Self-Assessment Test

1. Direct marketing is the process through which companies try to approach customers directly. Describe the nature of direct marketing. What are the various forms of direct marketing?

2. Online marketing is catching up fast among businesses to attract customers. Narrate the growth of online marketing. What are the opportunities and challenges for online marketers?

24.19. Suggested Reading/Reference Material

1. Philip Kotler, Kevin Lane Keller, Alexander Chernev, Marketing Management, 16th edition Pearson 2021

2. Seema Gupta, Digital Marketing, 2nd Edition, McGraw-Hill 2020

3. Digital Marketing Essentials You Always Wanted To Know, Vibrant Publishers 2020

4. Simon Kings North, Digital Marketing Strategy: An Integrated Approach to Online Marketing , Korgan Page 2019

5. Puneet Singh Bhatia, Fundamental of Digital Marketing, 2nd Edition Pearson 2019

6. "Brochure Marketing : 12 Tips on How to Do it Effectively," <http://marketing.about.com/od/directmarketin1/a/brochmktg.htm >

24.20. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. **(c) Database marketing**

    Database marketing helps to effectively utilize customer information in formulating cost-effective strategies to serve customers better.

    Home shopping and catalog marketing are different types of direct marketing.

2. **(b) Database marketers**

    Database marketing is not a direct marketing method. It is an enhancement of conventional marketing efforts through effective utilization of customer information. Information regarding customers helps marketer have a better understanding of tastes and preferences of customers and their perceptions.

3. **(c) Database marketing**

    The process of building, maintaining and using customer databases and other databases (product, supplier, and reseller) for contacting and transacting at any location is called database marketing. Home shopping and catalog marketing are different types of direct marketing.

4. **(d) Database marketing**

    Database marketing is not a form of direct marketing. All others are different forms of direct marketing.

5. **(d) Print ads**

    Direct marketing is done using company newsletters, direct mail, etc. Kiosk marketing is also a part of direct marketing. Print ads are a traditional form of advertising.

6. **(d) None of the above**

    Home shopping is done through television programs in which various products are displayed and their uses demonstrated to viewers. Database marketing is an enhancement of conventional marketing efforts through effective utilization of customer information. Marketing through the Internet is online marketing.

7. **(c) Direct marketing**

    In direct marketing, companies reach customers directly (without intermediaries), through a medium like telephone, internet, etc. The role of public relations is to identify the relevant public and influence public opinion. On the other hand, sales promotion is undertaken by companies to increase sales by giving special offers, etc.

8. **(a) i, ii, iii**

    The benefits of online marketing are convenience, information and fewer hassles. Marketers use the national language in most countries, as English-speaking people are limited.

9. **(d) Difficulty in comparing products and services of different marketers**

    Ease of comparison is an advantage of online marketing. Customers can cross-check different products at their convenience before deciding to purchase.

10. **(c) Kiosk**

    Kiosk is a form of direct marketing. It is not a method of online advertising.

11. **(c) Web casting**

    Web casting is a form of broadcasting which uses internet technologies.

Unit 25

Marketing of Services

Structure

25.1.   Introduction

In the earlier unit, we discussed about direct marketing and online marketing in detail. In this unit, we shall discuss about marketing of services and the various issues related to it.

The importance of services marketing has been increasing. The main difference between a product and service is that service is intangible. Certain characteristics of services like intangibility, inseparability, heterogeneity, and perishability set them apart from products. Services can be classified on the basis of degree of involvement of customer, service tangibility, skills and expertise required, etc. Marketers must focus on three additional Ps viz. people, process, and physical evidence apart from the 4Ps of marketing while formulating marketing strategies for services. Due to the unique characteristics of services it becomes difficult to differentiate services from the services of competitors.

In this unit we shall first discuss about the growing importance of services in marketing and the bases for classification of services. We shall then discuss about the different characteristics of services, how to develop marketing strategies for services, and managing service differentiation and quality. We shall conclude the unit by discussing about product support service management.

25.2. Objectives

By the end of this unit, students should be able to:

- Appreciate the growing importance of services in marketing
- Analyze the basis for classification of services
- Discuss the different characteristics of services
- Explain the process of developing marketing strategies for services
- Elucidate how to manage service differentiation and quality
- Discuss the concept of product support service management

25.3. Growing Importance of Services in Marketing

The importance of the service industry has been growing over the years due to the following reasons:

- Economic well-being increases the demand for services: Global population growth rate levels slowed down in recent times. There has also been an increase in the earning capacity of individuals with increased number of dual income families, creating a demand for services like investments, tourism and travel, gyms, orthodontic and cosmetic surgeries, body care centers, etc.

- Changing life style: Advancements in medicine have increased the average life span of the people, which has resulted in more number of senior citizens. Busy careers and couples postponing their decision to have a child. Increased number of women joining the workforce. These developments have increased the demand for services like prepared food, ready-to-cook food, baby care centers/crèche services, play schools, recreational activities, old age homes, etc.

- Complexity of the product: Manufacturers are constantly coming out with new and innovative products, which need special attention for installation and maintenance. They might also require the service provider to conduct user-training programs. In factories where automated manufacturing units and quality control equipment are used, support services become an indispensable tool.

Check Your Progress-1

1. The service industry in India has grown over the last few decades due to several reasons. Identify them.
   i. Increase in purchasing power
   ii. Changing lifestyle and working habits of people
   iii. Increase in the women workforce
   iv. Simplicity of products.

   a. i, ii, iii
   b. ii, iii, iv
   c. i & iii
   d. ii & iv.

25.4. Bases for Service Classification

Services can be classified in several ways as there is no universal rule to classify services. The following are some of the bases for classifying services –

Classification on the Basis of the Degree of Involvement of Customer:
Services can be classified depending upon the extent of involvement of the customer in the service delivery process.

People processing: In this type of service, it is essential that the customer be physically present during service delivery. For instance, a service like hair cut cannot be carried out unless the customer is physically present in the salon.

Possession processing: In possession processing, the customer is not required to be physically present to consume the service, instead a property or a belonging is submitted to the service provider. Examples of this type of service can be repair services, installation services, etc.

Mental stimulus processing: In this type of service, the attention of the customer must be directed at the service to experience it. For instance, trainers teaching meditation to customers are required to direct their service to the mind of the customer.

Information processing: Firms such as market research services providers, financial advisory services firms, legal services firms, etc., collect, analyze and interpret information to offer appropriate advice to their customers.

Classification on the Basis of the Service Tangibility

Services based upon service tangibility can be classified into –

Highly tangible: For instance, if the management of a particular college takes a building (a tangible product) on lease for a specified period to conduct tuitions for its students then the service that is being consumed by the college is highly tangible.

Service linked to tangible goods: Companies offering warranty period that is linked to the product purchased by the consumer is an example of this type of service. As per the warranty, the consumer can avail free repair services for the product within the stipulated period.

Tangible goods linked to services: This type of service opportunity arises when marketers offer a tangible product along with the services being consumed by the customer. For instance, educational institutions providing study material to the students besides conducting classes.

Highly intangible: In this type of service, the customer is not offered any tangible product by the service provider. A person visiting a museum by paying for a ticket will enjoy the display but does not receive any tangible product.

Classification on the Basis of Skills and Expertise Required

On the basis of the level of skills and expertise required of the service provider, services can be classified into –

Professional services: In this type of service, the service provider is well trained and skilled in order to deliver the service. For instance, the services offered by a doctor, pilot, etc.

Non-Professional services: In this type of service, the service provider is not required to undergo any formal training. For instance, services such as housekeeping, laundry services do not require the service provider to be highly trained.

Classification on the Basis of the Business Orientation of Service Provider

Services can be categorized based on the business orientation of the service provider

Not-for-profit organizations: When the objective of a service organization is to serve the society and not to make profits, the organization is known as a 'not-for-profit organization.' Examples of this type of service organization can be the services provided by government schools, social service organizations, etc.

Commercial organization: Commercial organizations are those whose primary objective is to earn revenues and make profits.

Classification on the Basis of the Type of End-user

Based upon the type of end-user, services can be classified into –

Activity: Classify the services offered by the following organizations –

- Child Relief and You (CRY) is an Indian non-government organization that strives to restore basic rights to underprivileged children. Its activities include, enlightening citizens about the miseries of underprivileged children, collecting donations to help unfortunate children, fighting against exploitation of rights of children, etc.

- Lakme Beauty Salons are franchisee outlets of Lakme Lever Ltd., At these outlets, customers can avail a variety of personal and beauty care services like manicure, pedicure, make-up, hair dressing, facials, etc.

- DSP Merrill Lynch Limited is a financial management and advisory company. It offers advisory services on mergers and acquisitions to various institutions. It also underwrites equities and advises companies on investment opportunities.

- Wipro Technologies provides specific IT solutions to the US-based retailing giant Home Depot.

Answer:

Consumer services: When services are consumed by individuals for their personal consumption, they are known as consumer services. For instance, the services offered by airlines, beauty salons, educational institutions are all consumer services.

Business-to-Business services: Services purchased by organizations are known as business-to-business services. Examples include the services provided by market research, advertising agencies, etc.

Industrial services: These services are generally based on a contract between an organization and service providers. Machine installation and plant maintenance are some examples of such services.

Check Your Progress-2

2. There are several ways of classifying services. Identify them.

    i.   Based on degree of involvement of the customer

    ii. Based on business orientation of the service provider

    iii. Based on type of end-user

    iv. Based on skills and expertise required by the service provider.

    a. i, ii & iii

    b. ii, iii & iv

    c. i, iii & iv

    d. i, ii, iii & iv.

3. Alok Banerjee, a student of class X at St Xaviers School, Kolkata, could not decide which stream to opt for in his XIIth standard. So his father took him to Divya Nair, a professional counselor, for guidance. Identify the service given by Divya on the basis of the degree of customer involvement.

    a. Mental stimulus processing

    b. People processing

    c. Information processing

    d. Possession processing.

4. Mr. Kapoor, a reputed businessman, wants to file his income tax declaration. Since he does not know how to do this, he takes the help of an income tax consultant. What type of service, on the basis of the degree of customer involvement, has Mr. Kapoor taken?

    a. Information processing

    b. Non-professional services

    c. Possession processing

    d. Industrial services.

5. Every weekend, Preeti visits a beauty parlor for various beauty treatments like facial, manicure and pedicure. What type of service, on the basis of the degree of service tangibility, is the beauty parlor offering to Preeti?

    a. Highly tangible services

    b. Tangible goods linked to services

    c. Highly intangible services

    d. Service linked to tangible goods.

6. Wipro's WeP Peripherals Ltd has started a new printing service "Print & Save printing services" where the printer is given free of cost to the customer, but the customer pays for printouts taken. What type of printing service is the company offering?
   a. Major service accompanying minor goods and services
   b. Pure service
   c. Pure tangible good
   d. Tangible good with accompanying services.

7. Which among the following is an example of a business-to-business service provider?
   a. Beauty parlor
   b. Doctor
   c. Advertising agency
   d. Physiotherapist.

25.5. Characteristics of Services

There are certain characteristics of services that set them apart from physical goods. They are –

* Intangibility
* Inseparability
* Heterogeneity
* Perishability

Intangibility

Services are Intangible Because –

* Unlike a physical product, a service cannot be seen, heard, touched, smelt and tasted. It can only be experienced and felt by the consumer.

* Assessment of services can be made only after consumption. For instance, a consumer can assess a physical product like a mobile phone by knowing the features of the product before making the actual purchase. However, a consumer cannot asses a service like dining at a restaurant before the actual consumption.

* Another characteristic peculiar to services is that different consumers have different expectations from the same service. For instance, though two customers board the same flight, both may have different expectations from the service. While one customer might believe that in-flight services are a good measure of quality, another might lay more emphasis on low air fares.

- Since most services involve human resources in the delivery process, it is very difficult to maintain consistency in the services provided to each customer.

Heterogeneity: Since services are provided by human beings it is natural that quality and level of service offered varies from one customer to another. Therefore, it is difficult to maintain uniformity in service delivery. However, heterogeneity in service delivery can also be an advantage because the employee can customize the service to suit the requirements of the customer. Online booking service reduced the human interface in many services, and Indian Railways has reaped greater benefits through this service and is able to serve millions of Indian more efficiently. Exhibit 25.1 brief about New IRCTC interface.

Inseparability: This refers to the fact that service and its provider (human being or machine) cannot be separated. For instance, a waiter attending to customers in a restaurant has to be physically present to make the service happen. In the same way a customer has to operate an ATM machine to avail its service. Therefore, the production and consumption of the service takes place simultaneously. Hence, the interaction between the provider and the customer is of much importance. It is also essential that the organization pay appropriate attention to the management or maintenance of service provider, or it might negatively influence upon the customer perception of service quality. For instance, if the waiter is rude to the customer or if the bank does not store enough cash in the ATM machine, then it reflects badly on the quality of the services provided by the organization.

Exhibit 25.1: IRCTC's New Interface

IRCTC online reserved ticket booking was 79.6% in FY21, which has been increased to 80.5% in the ongoing fiscal till August. It has been constantly increasing with 70.1% in FY19 and 72.8% in FY20. IRCTC has launched new user interface on December 31, 2020, for facilitating the customers with enhanced experience and user-friendly navigation. Passengers appreciated new features like 'One click Rebook Favourite Journeys and Refund Status Check', 'One stop Train Selection'. IRCTC has also integrated online bus booking through its micro site, www.bus.irctc.co.in, allowing booking of state road transports as well as private operators with more than 50 thousand bus operators covering 22 states and three Union Territories including Kashmir region. This service will also enable last mile connectivity to the railway passengers.

Source: https://www.financialexpress.com/infrastructure/railways/new-irctc-interface-appreciated-by-passengers-rajni-hasija-cmd-irctc/2328023/, September 11, 2021

Perishablility: An important characteristic of services is that they cannot be inventoried or stored for future consumption. For instance, if a consumer purchases a movie ticket for the show to be played during the period 11.00 a.m. to 1.00 p.m. and in case the show is missed, the consumer has lost the chance of watching the movie during the specified period. Although, the consumer may choose to watch the movie at a later show, the consumer must pay again for the service. The perishable nature of services also poses problems to service providers. For instance, a hotel with 50 rooms may or may not earn revenue on all the 50 rooms at a time. During off-season, the hotel loses revenue on rooms that are not occupied by consumers.

Check Your Progress-3

8. Which of the following characteristics hinders a service from being produced and marketed in different places?

    a. Inseparability

    b. Intangibility

    c. Perishability

    d. Reliability.

9. Air Deccan has 38 seats in one of its flights. However, on a particular day, 4 seats were unoccupied due to non-booking. The airline cannot make up for this capacity loss on that particular day or any other day. Which characteristic of service is being referred to?

    a. Perishable nature of services

    b. Intangible nature of services

    c. Inseparable nature of services

    d. Incompatible nature of services.

10. What is the major difference between a product and a service with respect to inseparability?

    i. A service is consumed as soon as it is delivered to the customer

    ii. A product is consumed as soon as it is delivered to the customer

    iii. A service is manufactured, inventoried and then consumed

    iv. A product is manufactured, inventoried and then consumed.

    a. i & iv

    b. ii & iii

    c. i & ii

    d. iii & iv.

11. A manufacturing company can produce goods with particular specifications and quality consistently. However, maintaining consistency in the service industry is difficult as there is a lot of human involvement in the delivery of services. Therefore, for a fast food chain, it may not be possible to maintain the same level of service all the time at all its outlets. What characteristic of services are we talking about?

    a. Heterogeneity

    b. Perishability

    c. Intangibility

    d. Inseparability.

25.6. Developing Marketing Strategies for Services

The peculiar characteristics of services not only make them unique but also pose a great challenge to marketers while formulating service marketing strategies. Therefore, when formulating strategies for marketing services, marketers must lay importance on the three additional Ps along with the 4Ps of marketing. These three additional factors are – people, process and physical evidence. Let us now briefly look at the importance of the 7Ps in marketing of services.

Product: Since services cannot be touched, seen, felt or be evaluated prior to actual consumption, consumers rely upon word-of-mouth publicity, past purchase experiences and reputation of service providers to make the purchase decision. Therefore, marketers adopt different strategies to attract customers. For example, marketers may try to standardize the quality of the service being offered. Or they may focus upon customizing the service to suit the needs, tastes and preference of the customers.

Price: Customers' payment of services consumed can be in various forms such as fees for doctors, premium for insurance policies, rent for space, etc. In general, customers are hesitant to pay for services due to their perishability and intangibility. Marketers adopt different tactics to attract consumers. They set flexible prices for different types of services. For instance, the management of a hotel charges differently for regular rooms, deluxe rooms, luxury suites, etc. Some of the criteria for setting prices of services could be –

- Demand for the service, for instance, certain amusement parks reduce their entry fee during holiday season.

- Season and time of the year, for instance, hotels charge low prices during off-season.

- Age of the service customer, for instance, APSRTC charges lower bus fares for children aged below 12 years.

- Customer's ability to pay, for instance, the Indian Railways offers different charges different fares for different service levels like second-class, first-class, A/C class, for consumers of different financial capacities.

Promotion: Promotion of products is generally done by showcasing the product's features, benefits offered to the consumers, etc. However, the same cannot be done for a service because of its intangibility. Therefore, marketers try to promote their services by showcasing the awards and certifications received by the company, its employees, its ambience, etc.

Distribution: Christopher Lovelock in his book *Services Marketing* opined that the ways in which services can be delivered is dependent upon the nature of interaction between the customer and the service provider. There can be three kinds of customer-service provider interaction. They are –

- The customer is required to visit the service provider as it is almost impossible for a service provider to deliver service without the physical presence of customer. For instance, the services offered by railways, airlines, bus service companies, etc.

- The service provider pays a visit to the customer in order to deliver the service. For instance, pizza delivery service, courier service, etc.

- Physical interaction between the service provider and a customer is not required to deliver the service. For instance, booking air, rail or bus tickets via phone or Internet.

People: Managing human resources is very crucial for effective service delivery. Human resources necessarily do not imply the front-line employees or personnel who directly interact with the customers. In services, everybody involved, from production to sales of services, plays a vital role. For instance, in the case of a hotel all the people such as the chef, room service employees, waiters, the manager, etc., play a vital role in delivering quality service to customers. This is because a customer may be dissatisfied with the food even if the ambience and cleanliness of the room were enjoyed. Hence, companies lay great emphasis on training the employees in providing the best possible service to customers.

Process: Process refers to method adopted in service delivery. Modern day marketers are increasingly laying emphasis on standardizing the service delivery process. This move is initiated with a view to minimize the human

errors occurring during the service delivery process. For instance, ATM kiosks of various banks have to some extent standardized the banking process with respect to withdrawals, deposits, enquiries about bank statements, etc. Companies can also cut down on labor costs by involving the customers in the delivery process. For instance, hotels charge low by giving customers an option of self-service. Therefore, reduction of costs can be leveraged by involving the customer in the service delivery process.

Activity: Rio Industries Ltd. (Rio) is a conglomerate that owns a variety of businesses. The company is now planning to foray into the hotel business. Rio wants to open a chain of luxury hotels called Rio Hotels, all over India within a specified period. The company, therefore, wants to develop a suitable marketing strategy for Rio Hotels. What according to you are the different aspects Rio should consider in developing a strategy for marketing its services?

Answer:

Physical evidence: In order to make service more tangible to the customer, a service provider attaches an element of tangibility to the consumers. This could be in the form of brochures for travel packages, interiors of a hotel etc.

Check Your Progress-4

12. Which of the following is not three additional Ps the marketer should lay importance when formulating strategies for marketing services?

    a. People

    b. Process

    c. Place

    d. Physical.

25.7. Service Differentiation

The unique characteristics of services such as intangibility, heterogeneity, inseparability, and perishability make it difficult for marketers to distinguish their services from that of the competitor. Nevertheless, marketers search for opportunities and means that help them in setting their services as distinct from the competitors' and also to position their services as superior to the competitors' offerings. Airways is a quick example to quote for service differentiation. Exhibit 25.2, briefly describes the same.

Offer: Every organization offers a primary level of service to its customers. However, the key to success lies in the fact that the companies identify the additional needs or demands of the customers and accordingly cater to these needs. It is through customization of offers that marketers can achieve service distinction and also customer loyalty. For instance, Singapore Airlines offers personal entertainment systems, video-on-demand in all cabins, hot meals, etc., to its customers.

Exhibit 25.2: Lufthansa Business Class Service

Lufthansa provides wide range of services to its passengers, when compared to its economy class. Business class traveler enjoys priority boarding at the airport, additional free baggage, exclusives in-flight meals. And there is a wide selection of lounges available at all major airports where the passenger can relax and freshen up. In order to increase passengers' sleeping time, an optimized night service is offered on short long-haul flights which depart after 20.00 hours and have a flight duration of six to eight hours

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Source: https://www.lufthansa.com/us/en/business-class

Delivery: Consider this, you go to a restaurant and order food. Although you relished the food served, you felt that the waiter was rude to you. Would you like to go back to the restaurant? may be not. The success of service also depends a great deal on its execution. As service and service provider are inseparable, marketers take extra precaution in the delivery of the service. The employees are trained to understand the needs and specifications of the customers and deliver service accordingly. Further, the management must also offer rewards or awards to exceptional performers, in order to motivate them to continue their good services. Exhibit 25.3 explains how Amazon is building its own shipping network to keep up its fastest delivery promise to its customers.

Exhibit 25.3: Delivery at Amazon

After struggling with shipping at the start of the pandemic, Amazon quietly built a logistics operation that rivals UPS. The e-commerce giant Amazon leased 12 Boeing 767-300 cargo aircraft, bringing its air fleet above 80 jets. It added 220 package facilities since the start of the year, ranging from urban delivery stations to giant warehouses. "They are building the world's biggest package-delivery company," said David Glick, a former Amazon logistics executive who serves as chief technology officer at Flexe. Amazon said on a recent earnings call that it boosted its fulfillment capacity — the collection of warehouses, delivery stations and drivers it uses to get packages to customers — by 50 percent this year, helping fuel $30 billion in total capital spending.

Source: https://www.washingtonpost.com/technology/2020/11/27/amazon-shipping-competitive-threat/ November 27, 2020.

Image: Building reputation and brand image is another way of distinguishing between services. Brand image of the company can be conveyed in the form of logos, mascots, etc. For instance, Air India communicates its brand image with the help of its mascot *the Maharaja*. The Taj Group of Hotels communicates its message in advertisements featuring a lady, with the tag line 'She is the Taj.' Marketers also distinguish their company by establishing its reputation as one of the best in their respective industries. For instance, in the Indian hotel industry, ITC Welcome group and the Taj Group of hotels are renowned for their superior quality services. However, this is a long-term process and can be achieved only through dedication to provide excellent customer service.

Check Your Progress-5

13. Which of the following task(s) should a service organization perform while marketing its services?

    i.   It must differentiate its offer, delivery, or image

    ii. It must manage service quality in order to meet or exceed customers' expectation

    iii. It must manage worker productivity by getting its employees to work more skillfully.

    a. Only i
    b. i & ii
    c. Only iii
    d. i, ii & iii.

14. Andhra Bank plans to gain competitive advantage in the banking industry by offering instant credit of outstation cheques up to Rs. 50,000 for its customers. This is an example of what type of differentiation?

    a. Product

    b. Service

    c. Personnel

    d. Image.

25.8. Metrics in Services Marketing

Since services are intangible and perishable, it is difficult to measure the quality of services. Service providers therefore evaluate certain components of a service to determine its quality. According to Berry and Parasuraman, service quality is measured by customers using various criteria say five dimensions such as Tangible, Reliability, Responsiveness, Assurance and Empathy. These five dimensions are the metrics of service quality (Figure 25.1).

Figure 25.1: **Metrics of Service Quality**
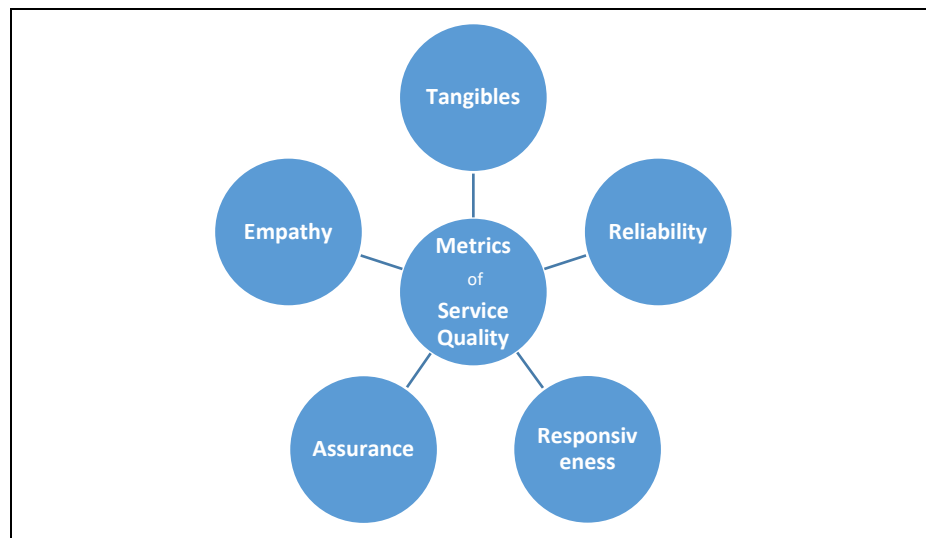
- **Tangibles**: Service is intangible to customers. However, they asses the service by the equipment used to provide the service, the premises within which the service is offered and the employees who provide the service. Therefore service providers need to ensure that 'tangibles' in the form of right ambience and infrastructure, smart and pleasant employees etc. to offer high quality service.

- **Reliability:** Customers expect consistency of standard service every time. It is only then that a customer considers the service reliable and the

organization dependable. Services should be tested for their consistency before they are launched. The company should provide suitable infrastructure for error-free services.

- **Responsiveness:** Service personnel should be prompt in attending to customers and serving their requirements. The customer should perceive them to be enthusiastic and responsive while serving them. Employees should be empowered by the management to do all that they can to help a customer in trouble. For example, the 108 Emergency Response Services is expected to reach the site of the emergency in an average of 18 minutes.

- **Assurance:** Service personnel should have a thorough knowledge of the service they are providing to the customers. A sales executive selling mutual fund should have complete knowledge of the expected returns and the tax implications of the investment. His knowledge and his confidence should assure the customers that the company's service is dependable and trustworthy. For example, Apollo hospitals in India are accredited by National Accreditation Board for Hospitals and Health Care Providers (NABH) that provides necessary assurance to customers that they follow standard protocols.

- **Empathy:** The service personnel of an organization should be easily accessible and open to communication. They should empathize with customers who report problems and work quickly to resolve them. For example, Customer care executives on the phone should understand the problem, ask relevant questions and assure the customer that immediate action would be taken.

25.9. Managing Service Quality

Service quality pertains to the comparison of service expectations to the actual service experience and the satisfaction or dissatisfaction that may result from doing so. Since, the service experience differs from one customer to another it is difficult to measure service quality. Hence, managing service quality is essential for marketers. Success in the service industry depends on the following key aspects –

Strategic Concept: Marketers must formulate a service concept and a strategic concept. While the service concept focuses on designing effective ways of satisfying customer needs, the strategic concept focuses on devising a distinctive strategy for the service delivery process that aids in attaining a competitive advantage.

High Standards: The quality of service offered by an organization should be such that it becomes a benchmark for other players in its industry.

Monitoring Systems: Service providers must continuously monitor the service delivery process to keep a check on the quality of the services provided. Further, they are also required to keep a close watch on the service standards of the competitors. Analyzing the performance of competitors can help the marketers in upgrading and improving their own service standards.

Customer Complaints: Customer complaints can be a valuable criteria for assessing and improving the service quality. Analysis of customer complaints will help marketers identify the loopholes in service delivery and accordingly make changes to improve service delivery. Therefore, organizations must take steps and encourage customers to provide feedback for the service provided.

Satisfying Employees: 'Service and service provider are inseparable' and it is the employees of the organization who provide the service to customers. A dissatisfied employee impacts on the service delivery. This in turn, causes dissatisfaction among the customers. Therefore, the management must take steps to ensure employee satisfaction and loyalty.

Check Your Progress-6

15. Success in the service industry depends on the following key aspects – strategic concept of the service, commitment of the top management, high standards, monitoring systems, customer complaints, and satisfying employees. Which factor plays a key role in differentiating the service from competitors?
    a. Strategic concept
    b. Customer complaints
    c. Monitoring systems
    d. Satisfying employees.

25.10. Service Gap Model

There is always a service gap between what customer expects and what company provides. The gap can happen at various levels which call for gap analysis. Parasuraman, Zeithmal and Berry have identified 5 gaps to propose service gap model. Service providers have to fill these 5 gaps to meet customer expectations. The service gap model is shown in the Figure 25.2.

Figure 25.2: Service Gap Model
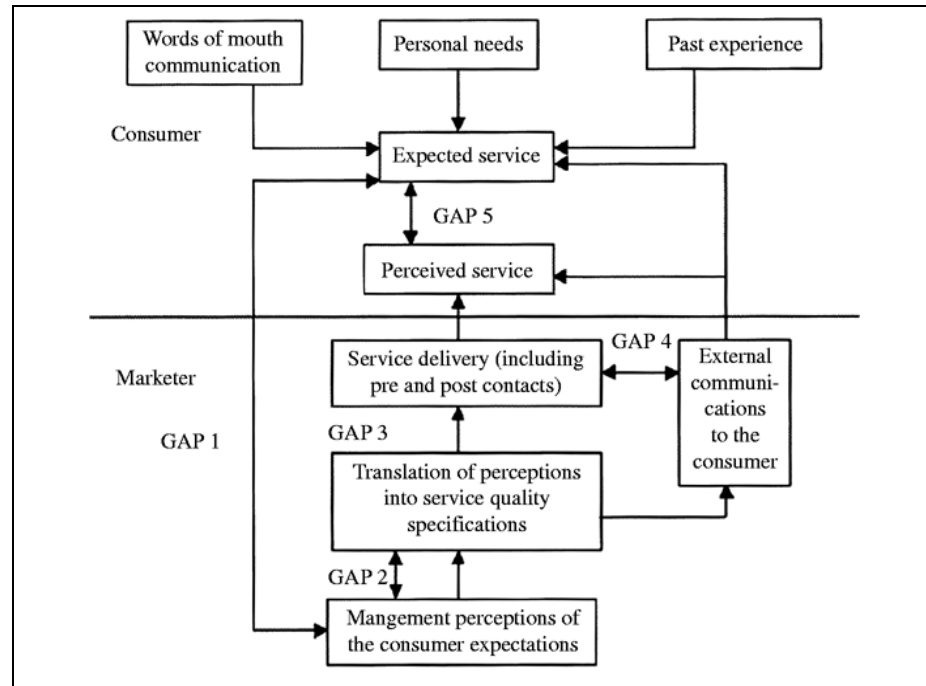
Source: Icfai Research Center

Companies have to measure and manage 5 service gaps to satisfy customers as follows.

- **Gap 1:** It is the gap between customer expected service and management perceptions of the customer expectations. Company can do market research to truly understand what customers expect to fill the gap1.

- **Gap 2:** It is the gap between management perceptions of the customer expectations and translation of those perceptions into service design. The service design is translated into quality specifications. Companies have to ensure that they have designed services with appropriate standards.

- **Gap 3:** It is the gap between service quality standards and actual delivery of services. Company has to do customer experience audit to deliver the stated service quality.

- **Gap 4:** It is the gap between what is communicated to customers and actual delivery of service. Companies should not raise expectations of customers by exaggerated communication. Companies have to promise what they can deliver.

- **Gap 5:** It is the gap between customer's perception of service and customer's expected service. Customer expectations may take origin in personal needs, past experience or words of mouth communication. Companies have to measure customer satisfaction after service delivery to understand customer perception.

Companies have to fill all the 5 gaps to deliver expected service.

25.11. Managing Productivity

Service firms give importance to productivity while controlling their costs. Service organizations take several measures to improve the productivity of their personnel. These can be by helping employees in the better utilization of their skills, designing more effective services, increasing customer involvement in the service delivery process, improved selection and training procedures to ensure better skilled personnel, standardizing service delivery procedures and adapting latest technology to provide better service to customers.

25.12. Product Support Service Management

Today, the distinction between products and services is fast disappearing as marketers are offering, support services along with the tangible product and a tangible element along with the services. This is done with a view to distinguish their offering from that of the competitors. There are also certain products which require support services post product sale. For instance, on purchasing a washing machine, the customer has to be given instructions on the functioning and operation of the machine. Hence, product support service management is also essential for marketers.

There are three important issues that need to be focused upon by service providers while developing a service support program. They are: product reliability, duration of downtime, and overheads. Product reliability is very important for customers. Duration of downtime is the time a product is out of the action of service. The longer the duration of downtime, the more expensive it becomes for the customer. Customers seek those service providers who help customers by minimizing such downtime by fixing the problem at the earliest.

After-Sales Service Strategy: The popular after-sales service strategies adopted by marketers are –

- Most manufacturing organizations establish a department that is devoted to provide after-sale service to customers. As the business develops, the company may also set up different departments at different geographical locations for the convenience of the customers. For instance, Maruti Udyog Ltd., has established a large distribution-cum-service network across various cities in India.

- Independent service firms: Though these firms are not particularly associated with a specific organization, they nevertheless are specialized in providing service with respect to a specific product. Customers avail these services in the absence of company-owned service firms.

25.13. Summary

- Service is something that offers a benefit or value to a customer without the ownership of physical products.

- Services can be classified on several bases. The most popular bases for classification of services are – classification on the basis of degree of involvement of the customer, classification on the basis of the service tangibility, classification on the basis of skills and expertise required, classification on the basis of the business orientation of service provider and, classification on the basis of type of end-user.

- There are certain unique characteristics of services that set them apart from physical products. They are – intangibility, heterogeneity, inseparability and perishability.

- Strategizing for marketing of services involves three additional Ps along with the 4Ps of marketing. The three additional Ps are – people, process and physical evidence.

- The unique characteristics of services make it difficult for marketers to distinguish its services from the services of competitors. However, this task can be accomplished by – devising innovative service offerings, bringing efficiency in service delivery and building reputation and image in the public eye.

- Success in the service industry is dependent upon the following key aspects – strategic concept of the service, commitment of the top management, maintaining high standards of service quality, establishing monitoring systems, understanding and analyzing customer complaints, and satisfying employees.

25.14. Glossary

Intangibility: The characteristic of services that prevents customers from evaluating products according to sensory criteria.

Perishability: The quality of services that prevents the creation or storage of inventory.

Services: Intangible products that offer financial, legal, medical, recreational, or other benefits to the consumer.

25.15. Self-Assessment Test

1. Services can be classified on the basis of several factors. List out the different bases for classification of services.

2. Developing strategies for marketing of services involves 7Ps. Explain the importance of 7 Ps in marketing of services.

3. Providing quality services to the customers is very important for the service providers. What are the different key aspects in managing service quality?

25.16. Suggested Reading / Reference Material

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25.17. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. **(a) i, ii, iii**

   Simplicity of products is not a reason for the growth of services. Innovative, complex and superior quality products have led to a need for after-sales service. The service industry is growing in importance due to the fact that economic well-being has increased the demand for services. Changing lifestyles and working habits of people and increase in women workforce also has contributed to growth in service industry.

Block 5: Additional Topics in Marketing Management

2. **(d) i, ii, iii & iv**

   Services can be classified according to the degree of involvement of the customer, business orientation of the service provider, type of end-user, and the skills and expertise required by the service provider.

3. **(a) Mental stimulus processing**

   In mental stimulus processing, the service is directed at the mind of the customer. In people processing, the customer is very much involved in the service process and needs to be physically present to avail the service. In the case of information processing, service personnel are required to collect information, analyze and interpret it, and offer appropriate advice to the client. In possession processing, the customer is not required to be physically present to experience the service but only leaves his/her possession with the service provider.

4. **(a) Information processing**

   In the case of information processing, the service personnel is required to collect information, analyze and interpret it and offer appropriate advice to the client. The service rendered by an income tax consultant is not a non-professional service. In the case of possession processing, the customer is not required to be physically present to experience the service but has to submit his possession to the service provider to avail that service. Finally, industrial services are generally based on a contract between organizations and service providers.

5. **(c) Highly intangible services**

   In the case of highly tangible services, the customer gets a tangible product, though it may last only for a short period of time. However, facial, pedicure and manicure are all intangible services. Some services offer a tangible product along with the service requested by the customer and this is known as tangible goods linked to services. Highly intangible services are those services, which do not provide the customers with any tangible product as in the situation mentioned here.

6. **(d) Tangible good with accompanying services**

   Wipro is offering the printing service along with the printer (product) to the customers. Hence, option'd' is most appropriate.

7. **(c) Advertising agency**

   Advertising is an example of a business-to-business service. On the other hand, beauty care, diagnosis by a doctor, and physiotherapy are examples of consumer services, while machine installation is an example of industrial service.

8. **(a) Inseparability**

   In case of services, production and consumption occur simultaneously as opposed to products, which are manufactured, inventoried and then consumed. Since the delivery and consumption of a service are inseparable, there has to be interaction between customers and service providers.

9. **(a) Perishable nature of services**

   Services are perishable in nature in that the opportunity to utilize a service if once lost is lost forever. Unlike a product, it cannot be stored and used later.

10. **(a) i & iv**

    A service is consumed as soon as it is delivered to the customer whereas a product is manufactured, inventoried and then consumed.

11. **(a) Heterogeneity**

    The service offered by one employee may differ from the service offered by another, although they may belong to the same company. Similarly, the service offered by the same employee may be different at different times of the day. The difficulty in providing the same level of service delivery due to the human element is called heterogeneity.

12. **(c) Place**

    The three additional Ps the marketer should lay importance when formulating strategies for marketing services are: people, process, and physical evidence.

13. **(d) i, ii & iii**

    A services organization must differentiate its offer, delivery, or image. It must manage service quality in order to meet or exceed customer's expectation. It must manage worker productivity by getting its employees to work skillfully.

14. **(b) Service**

    Customer service can include anything from ease of ordering, delivery, installation, easy payment, financial arrangements, customer training, guarantees, maintenance, repair and disposal.

15. **(a) Strategic concept**

    The service quality, which determines the degree to which service providers are able to focus on their target customers and satisfy their needs in a more efficient manner, is known as strategic concept. The strategic concept ensures that the service provider has a distinct strategy to fulfill those needs and differentiate itself from its competitors.

Unit 26

Marketing of Organizations, Individuals, Places, and Ideas

Structure

26.1.   Introduction

In the previous unit, we discussed the various issues related to marketing of services, in this unit we shall discuss about marketing of organizations, individuals, places, and ideas.

Organizations need to market themselves along with their products and services. Organization marketing involves creating a positive image of the organization by influencing the behavior of the target customers. It is vital for both profit-oriented and non-profit organizations. Organization marketing involves assessing, planning and controlling the image of the organization.

Marketing of ideas mostly involves marketing of social welfare campaigns. Idea marketing includes environmental protection ads, pollution control ads, etc. Person marketing and image management is crucial in the fields like politics and the glamour world. Place marketing involves managing the image of tourist spots, business sites, cities, etc.

In this unit, we shall first discuss the importance of organization marketing and the process involved in it. We shall then discuss about the marketing of individuals, places, and ideas.

26.2.   Objectives

By the end of this unit, students should be able to:

- Discuss the procedure of organization marketing
- Explain how ideas can be marketed
- Analyze the marketing of persons and places

26.3.   Organization Marketing

Organization marketing is done to influence the behavior of target customers and help them develop a positive attitude toward the organization. Organizations, whether they are profit-oriented or non-profit organizations, need to be marketed for different reasons. Efficient marketing of profit-oriented organizations can create a positive image in the market, which will add to the long-term profitability of such organizations. Non-profit organizations such as charities, colleges, museums, etc., too need to be marketed so as to attract patrons and raise funds and to influence people to join as members. Organization marketing includes image assessment, and image planning and control.

Image Assessment

The organization's image depends upon the perception that the various stakeholders have about the organization. An organization can study the perceptions of these stakeholders by conducting proper market research. Market research can also help the organization assess the image the society has of it. A positive image helps in improving the sales of the organization. It also indicates that the organization is perceived by society as being socially responsible. On the other hand, a negative image will affect its future prospects adversely. If the stakeholders are dissatisfied with the products or services of the organization and or its policies, the organization earns a negative image. For instance, if a service organization finds out through market research that the general public view of the organization is that it is small, non-innovative, and unfriendly and does not have sufficient knowledge to serve the customers, then the organization has to put in adequate efforts to change such a perception.

Figure 26.1: Image Assessment

	Desired	Actual	
High Integrity			Low
Innovative			Non-innovative
Friendly			Unfriendly
Knowledgeable			Unknowledgeable
Large			Small

Desired   Actual
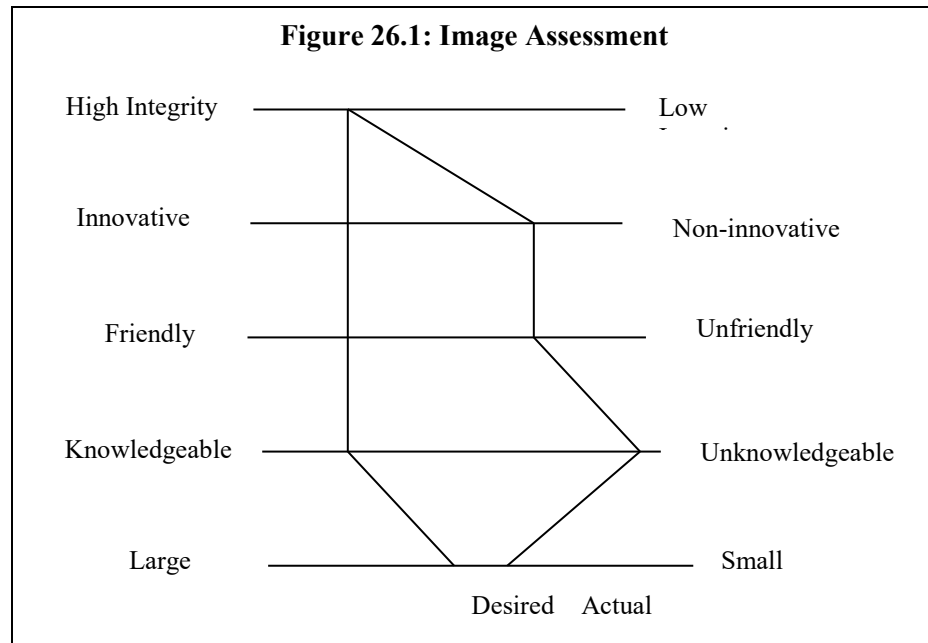
Source: Philip Kotler and Gary Armstrong, "Principles of Marketing," Seventh Edition. New Delhi: Prentice-Hall of India Private Limited, 1996, 671.

Activity: Safe & Secure Inc. is an insurance company. The image that the public has of the company is that it is complacent toward customer service, especially in terms of processing insurance claims. The general feeling among customers is that the organization tries to find ways to reduce or evade the payment for insurance claims made by them. The CEO of Safe & Secure wants to change this image and build up a positive one. What kind of efforts should the company take to achieve the desired image of Safe & Secure?

Answer:

Image Planning and Control

An organization should identify the image it wants to create and take steps to build that image. For example, if a service organization's desired image is of a large, innovative, friendly, and knowledgeable organization, it needs to work toward creating that image when the actual image is different. The organization should concentrate on the parameters required to attain its desired image and train its

employees and improve the facilities and features of the organization to create such an image among the public. The positive image that the organization has created should be communicated to the general public through ad campaigns, press releases, and so on. The organization should ensure that it sustains the desired image that it has created and should regularly review it, so as to take control measures in case of any deviations.

Check Your Progress-1

1. The process of organization marketing involves three steps. Identify the correct combination.
   a. Image creation - Image maintenance - Image control
   b. Image assessment - Image creation - Image control
   c. Image planning - Image creation - Image control
   d. Image assessment - Image planning - Image control.

2. _____ of an organization is based on the perception of various stakeholders, including the society, about the organization.
   a. Goodwill
   b. Image
   c. Vision
   d. Customer service.

3. Which of the following steps is/are involved in marketing an organization?
   a. Image assessment
   b. Image planning
   c. Image control
   d. All the above.

26.4. Idea Marketing

We normally come across a variety of ideas that are marketed efficiently. Social welfare campaigns such as persuading people to quit smoking, campaigns against drinking and using drugs, campaigns related to birth control, etc. come under this category. Ads released regularly by the Government of India to reduce and control pollution, environmental protection ads, wildlife protection ads, eradication of polio, etc., are some of the other social welfare campaigns that come under marketing of ideas. The ideas such as contributing to the education of children and donating human organs after death are successfully being marketed by non-government organizations like Child Relief and You

(CRY), CARE, etc. Exhibit 26.1, briefs about how different organizations promote ideas for the greater good of the society.

Exhibit 26.1: Protect Breast Feeding Campaign

This year, for World Breast Feeding Week (WBW) 2021, Washington Area Bicyclist Association (WABA) has selected the theme: Protect Breastfeeding: A Shared Responsibility. The theme is aligned with thematic area 2 of the WBW-SDG 2030 campaign which highlights the links between breastfeeding and survival, health and wellbeing of women, children and nations. SDG stands for Sustainable Development Goals. Objectives of WABA include:

1. Create awareness among people about the significance of breast feeding

2. Anchor breast feeding support as a vital public health responsibility

3. Engage with individuals and organizations for greater impact.

4. Galvanize action on protecting breastfeeding to improve public health.

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source: https://www.paho.org/en/campaigns/world-breastfeeding-week-campaign-2021

Check Your Progress-2

4. The Pulse Polio campaign of the Central Government, featuring bollywood superstar Amitabh Bachchan, is an example of which type of marketing?
   a. Organizational marketing
   b. Idea marketing
   c. Person marketing
   d. Image marketing.

26.5. Person Marketing

Person marketing and image management are essential to be successful in some fields like politics, movies, etc. Self-marketing skills and better image management, help a person to have an advantage over his/her opponents. With persons being viewed as brands, strategic brand management is crucial for success in fields such as politics. Person marketing, especially in politics, is done based on the qualities the individual possesses such as sound judgment, honesty, patriotism, personality, etc. Advertising and brand management agencies are helping people in marketing themselves through the organization of events, media coverage, image based advertising, etc. Political parties across the world use image based advertising, especially in times of elections, to influence voters' mind. For instance, M.S.Dhoni known for his honesty, hard work, determination, and commitment to his role, makes a right choice as a brand ambassador for Indian Army. Exhibit 26.2 briefly narrates the same.

Exhibit 26.2: Dhoni as Brand Ambassador of Indian Army

MS Dhoni as was posted as Lieutenant Colonel (Honorary) to106 Territorial Army Battalion (Para) for being with the Battalion from 31 Jul-15 Aug 2019. He served the Parachute Regiment of the Territorial Army in Jammu and Kashmir, has been termed as "brand ambassador" of the Indian Army. Dhoni was engaged in motivating members of his unit and had often been playing football and volleyball with the soldiers. He took battle training exercises with the corps

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Source: https://sports.ndtv.com/cricket/ms-dhoni-brand-ambassador-of-indian-army-says-senior-army-official-report-2082452, August 08, 2019

Activity: Do a SWOT analysis of yourself and promote the positive aspects that you have that qualify you to be the most eligible candidate for the award of best student of your college.

Answer:

<u>**Check Your Progress-3**</u>

5. A top U.S politician aspiring to contest the Presidential election approached a premier brand management agency. What are the areas the agency is likely to focus on for building a positive image for the individual?

    i.   Patriotism
    ii. Sound judgment
    iii. Personality
    iv. Honesty.

    a. i, ii, iii
    b. i, iii, iv
    c. ii, iii, iv
    d. i, ii, iii, iv.

26.6. Place Marketing

Place marketing helps to influence the attitude of people about a particular place. For instance, tourist spots can be marketed to attract more and more customers. Governments across the world are concentrating on marketing the tourist places in their country so as to earn foreign revenue. Marketing of tourist spot includes promoting the features of the place to attract people from within the country and outside to visit the place. Marketing of tourist places is facilitated by travel agencies, airlines, government agencies, hotels, etc. Another form of place marketing is marketing of cities for industrial investments. For instance, cities like Bangalore and Hyderabad in India are marketed as the best places for setting up software development industries. Exhibit 26.3, explains how Khusboo Gujarat ki campaign increased revenue to Gujrat Tourism.

Exhibit 26.3: Impact of Khusboo Gujrat ki Campaign on Gujrat Tourism

The 'Khushboo Gujarat Ki' endorsed by Amitabh Bachchan's went on air in 2010, had given a shot in the arm to Gujarat's tourism sector then. . But, the state still manages to hold on to impressive growth rates in tourist footfalls. On a much-enlarged base, it has accomplished a 16.94 per cent growth in tourist arrivals in FY17 over the previous year. Gujarat's tourist inflow grew from 38.3 million in FY16 to 44.8 million in FY17. Tourist inflow from other Indian states grew 22 per cent. Business remained the dominant purpose of visit, at 55 per cent of tourist inflow, followed by spiritual tourists at 36 per cent.

Contd. ....

According to data collected from the Gujarat Industrial and Technical Consultancy Organisation (GITCO), which manages the Tourist Flow Information System for the Tourism Corporation of Gujarat Ltd, the growth in tourist inflow was 263 per cent compared to 2006-07

Source: https://www.business-standard.com/article/economy-policy/gujarat-tourism-grows-17-even-7-years-after-campaign-117061900051_1.html, June 19, 2017

Activity: Design a marketing campaign to promote the place in which you are living now or any place in the world which you like the most as a destination to be visited by all environmental enthusiasts.

Answer:

Check Your Progress-4

6. _____ is used to create, maintain or change attitudes and behavior about a particular location.
   a. Location positioning
   b. Place marketing
   c. Idea marketing
   d. Image marketing.

7. The government has been advertising the rich natural beauty and archeological significance of the fascinating state of Chhatisgarh in all leading magazines of India. Identify the marketing concept used here.
   a. Organizational marketing
   b. Idea marketing
   c. Place marketing
   d. Person marketing.

26.7. Summary

- Organization marketing relates to creating, maintaining, or changing the attitude and behavior of target customers toward an organization.

- Market research helps the organizations in image management.

- Idea marketing is crucial for the success of social welfare campaigns.

- Person marketing plays a significant role in an individual's success in fields like politics, movies, etc.

- Place marketing positively influences the attitude of people about a place that is marketed.

26.8. Glossary

Ideas: Concepts, philosophies or images that can be exchanged in the marketplace.

Personality: A person's consistent way of responding in a wide range of situations.

26.9. Suggested Reading/Reference Material

1. Philip Kotler, Kevin Lane Keller, Alexander Chernev, Marketing Management, 16th edition Pearson 2021

2. Roger Kevin, Steven Hartley, Marketing: The Core, 9th edition McGraw-Hill 2021

3. Callie Daum. Marketing Management Essentials You Always Wanted To Know. Vibrant Publishers; Second edition (1 January 2020)

4. Saxena, Rajan. Marketing management. McGraw-Hill Publishing Co Ltd, 2020.

26.10. Self -Assessment Test

1. Organization marketing is done in order to develop a positive attitude about a company among customers. From this perspective, explain the significance of organization marketing.

2. Marketing and promoting of ideas, persons, and places is prominent nowadays across the world. According to you, how should these be marketed?

26.11. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. **(d) Image assessment - Image planning - Image control`**

   The process of marketing organization consists of three steps: image assessment, image planning and image control.

2. **(b) Image**

   The image of an organization is based on the perception of various stakeholders, including society, about the organization. Different individuals have different perceptions about an organization. So, organizations should put in adequate efforts to glean the perceptions of the general public.

3. **(d) All the above**

   The process of marketing an organization consists of three steps: image assessment, image planning and image control.

4. **(b) Idea marketing**

   Marketing of ideas, especially social welfare campaigns in India, is very effective and is being used widely by various government and non-government organizations.

5. **(d) i, ii, iii, iv**

   Qualities like honesty, patriotism, sound judgment, personality, etc. forms the basis for people marketing, especially for those involved in politics.

6. **(b) Place marketing**

   Place marketing is used to create, maintain or change attitudes and behavior about a particular place. Here, the Government seeks to attract potential tourists by focusing on the natural beauty and landscape of Chattisgarh.

7. **(c) Place marketing**

   As the state has been promoted for tourism purposes, the concept is place marketing.

Unit 27

Marketing Management: Ethical and Social Dimensions

Structure

27.1.   Introduction

In the previous unit, we discussed about the marketing of organizations, individuals, places, and ideas. In this unit, we shall discuss the importance of marketing ethics, the social impact of marketing, and the different social and business regulations related to marketing.

Business ethics refers to the characteristics that define the morally acceptable conduct of a business with respect to its practices. Businesses have to take four types of responsibilities viz. economic, legal, ethical, and philanthropic to ensure that their businesses don't harm the society in any manner. There are various social regulations in marketing like consumer forums, consumer rights, green marketing, etc. Apart from the social regulations in marketing modern marketers must adopt businesses regulations like enlightened marketing, marketing ethics, corporate code to ensure success.

In this unit, we shall first discuss about the importance of marketing ethics and the social impact of marketing. We shall then discuss the various social and business regulations in marketing.

27.2.   Objectives

By the end of this unit, students should be able to:

- Explain marketing ethics

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- Analyze the impact of marketing on the society

- List the various social regulations influencing the marketing environment

- Illustrate the business regulations that the marketers should adopt to ensure success

27.3. Importance of Marketing Ethics

Ethics is the science of morals, moral principles and rules of conduct. Marketing ethics therefore is the morally acceptable conduct in marketing. Marketers have to follow certain fundamental ethical issues which have been codified into statutory regulations. In order to develop a long-term relationship with the customers, marketers must conform to ethical standards, which the society expects them to follow. Customers and other stakeholders are expecting increased social and ethical responsibility from businesses in recent times. Businesses must study these and should live up to the expectations or face serious problems in the long run.

Marketing Ethics explained

Marketing Ethics

Modern businesses exist in a dynamic environment and their success to a large extent depends on how responsible their actions are. Businesses are expected to be ethical in their actions and not be seen or perceived as being cheating or misleading customers. Marketing is a critical function for any organization since it is involved in selling of products and services and are the primary revenue generators. Customers expect the product to perform as per the specifications, being sold at the price advertised and also wish the organization be responsive whenever there is a need for after sales service. Any misleading information or actions lead to erosion of trust and reputed brands cannot afford this.

Marketing Ethics can be defined as "the systematic study of how moral standards are applied to marketing decisions, behaviors and institutions" (Murphy et al 2005)[4]

[5]Ethical marketing refers to the process by which companies market their goods and services by focusing not only on how their products benefit customers, but also how they benefit socially responsible or environmental causes.

In the normative ethics tradition, it can be defined as, "the societal and professional standards of right and fair practices that are expected of marketing

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[4] *Murphy, P. E., G. R. Laczniak, N. E. Bowie and T. A. Klein: 2005, Ethical Marketing: Basic Ethics in Action (Prentice Hall, Upper Saddle River).*
[5] (https://www.wordstream.com/blog/ws/2017/09/20ethical-marketing)

managers in their oversight of strategy formulations, implementation and control" (Laczniak and Murphy, 2006, p. 159)[6]

Some examples of unethical marketing practices that we see in our daily lives are mentioned below.

- Misleading advertising,
- Selling unsafe and harmful products
- Abuse of channel power
- Stealth marketing

There are other areas in the area of marketing ethics that marketers are expected to be wary of as the scope of misleading consumers is very high. Some prominent area listed below.

- Product related (design, packaging, labelling, quality)
- Price related (price fixing, price fairness)
- Place related (exclusive channels, channel control)
- Promotion related (false claims, sales promotions)

Refer Exhibit 27.1 for ethical marketing practice.

Exhibit 27.1: Ethical Marketing Practice

Leading clothing manufacturer *Everlane* follows Ethical Marketing in pursuance of its business objectives. Everlane operates in a highly competitive and controversial garment business where leading manufacturers rely on outsourcing to get the final product stitched in developing countries such as Bangladesh. Operating in third world countries such as Bangladesh involved risks that even involved worker safety and lives. In a major tragic fire accident in the year 2012 about 117 people were killed in Bangladesh. The deaths occurred in companies which were manufacturing clothes for leading retailers like Walmart. Experts were asking questions on whether it is ethical to wear clothes that originated from factories that did not care for worker safety and lives. Everlane did not want to be labelled as an irresponsible and unethical marketer and wanted the perception to change among its customers.

Everlane implemented some novel initiatives to send a strong signal of its transparent and ethical practices to its customers. To begin with, it modified its website indicating the ethical initiatives undertaken in its factories. It also showcased the measures taken to ensure stringent quality and safety checks in its factories. It entered into agreements with key suppliers who conformed to its stated policies on worker safety. Its product brochures were modified

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[6] *Laczniak, G. R. and P. E. Murphy: 2006, 'Normative Perspectives for Ethical and Socially Responsible Marketing', Journal of Macromarketing, 26(2), 154–177.*

to communicate the changes. The company provided a detailed breakup of cost incurred in producing its garments (for example the cost involved in terms of material used, labor, transportation, duties and taxes). One of the more popular products of the company The Elements Jacket costed the company $60 to manufacture but many customers who purchased it did not know how much it costed Everlane to make it. The industry itself was generally shrouded in mystery and costs were very closely guarded secrets. By revealing the cost breakup, Everlane communicated the potential profit it earned on each jacket. Such transparency was a very rare commodity in the highly competitive world of international garment manufacturing. Everlane by its actions was rewriting the rules of the game which may become the New Normal in days to come. Other manufacturers too may follow suit benefiting their customers and helping create a more transparent and healthy manufacturing eco system.

Source: https://www.wordstream.com/blog/ws/2017/09/20/ethical-marketing

The field of ethics and marketing ethics has large ramifications to organizations as well as consumers. Without basic understanding of what constitutes Ethics in Marketing, businesses and consumers would be ignorant of their duties and rights. Each country therefore offers specific guidelines that govern actions of businesses. One of the most popular guidelines that were formulated emerged from the USA and communicated to the public at large by the American Marketing Association (AMA). Given below are the norms and values which are representative of the collective idea of desirable and morally correct conduct. These norms and values facilitate best practices when transacting business with the public and all involved stakeholders.

Ethical Norms
As Marketers, we must:

1. **Do no harm**. This means consciously avoiding harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices we make.

2. **Foster trust in the marketing system**. This means striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution.

3. **Embrace ethical values**. This means building relationships and enhancing consumer confidence in the integrity of marketing by affirming these core values: honesty, responsibility, fairness, respect, transparency and citizenship.

The six Ethical values that marketers are expected to uphold are…

Honesty – marketers must be honest in their dealings with customers and offer value and integrity in services rendered.

Responsibility – marketers are expected to accept the consequences of their marketing practices and serve the needs of customers irrespective of who they serve and at the same time take responsibility of the environment in which they operate.

Fairness – marketers must balance buyer needs and seller interests and ensure nobody loses in the process. They must not resort to manipulation and look for short term considerations and profits alone. All relevant information for services rendered and products sold must be shared with customers.

Respect – marketers must respect consumers and appreciate the importance of human dignity. They must make efforts to involve people through internal and external communication. There must be no ulterior motive or bias in their activities and uniform policies must be adopted.

Transparency – marketers are expected to be transparent in their actions. They must practice what they preach and walk the talk in ensuring their actions lead to customer satisfaction and delight. They must design and implement open channels of communication, accept constructive criticism and believe in voluntary disclosure wherever necessary.

Citizenship: marketers must design robust processes to ensure that compliance is achieved in all legal, economic, philanthropic and social responsibilities.

Check Your Progress-1

1. _____ is the science of morals, moral principles and rules of conduct.

    a. Maintenance
    b. Marketing
    c. Ethics
    d. None of the above.

27.4. Social Impact of Marketing

Businesses are capable of impacting the society in a positive manner, if they introduce products and services that are useful and not harmful to the society. The social impact of marketing does not end here because, being a part of the society companies must also ensure that their business practices do not harm the society in any manner. In this regard, marketers are required to take up four types of responsibilities. They are – economic, legal, ethical and philanthropic. For example Infosys has been an early adopter of corporate social responsibility (CSR) initiatives. Infosys Foundation works towards removing malnutrition, improving   healthcare   infrastructure,   supporting   primary   education,

rehabilitating destitute individuals and caring for animals, and preserving Indian art and culture. Exhibit 27.2, delineates with Godrej Consumer Products CSR initiatives. In recent times, focus upon the social and ethical dimensions of a business is increasing. Companies striving to become socially and ethically responsible must take into consideration the following factors–

Individual customer: Customers in the present day marketing environment prefer to purchase products from companies that are socially responsible. Customers do not tolerate injustice and are quick to voice their opinion against the marketers. This is often observed in the west, where customers protest against companies that have not delivered products as promised or have indulged in unethical practices. Therefore, companies must produce products that meet the needs, specifications and requirements of consumers with a social responsibility.

Society: Any business should be responsible towards the society and the environment in which it operates. Business practices should be environment friendly. Marketers too have been performing a variety of tasks that help them in fulfilling their social responsibilities. They are –

- *Financial tasks:* To garner more investments for business expansion more and more companies are going public. This necessitates companies to be more responsible towards the shareholders' investment.

- *Economic and production tasks:* Companies must refrain from resorting to unethical practices in the production and distribution of goods and services.

- *Maintenance tasks:* Social tasks are those activities that shape the society and culture by imparting knowledge. Organizations such as schools, colleges, hospitals and even media play a significant role in imparting knowledge to the society.

- *Political tasks:* Companies should neutrally respect the government in power in the region in which they operate and conduct business within the framework and regulatory environment set by the government.

- *Environmental tasks:* Business practices should be environmentally friendly.

Exhibit 27.2: Godrej CSR Initiatives

Godrej Consumer Products Ltd is committed to helping address critical social, environmental and economic needs of marginalized and underprivileged sections of society. It adopts a shared value approach to help solve problems, while strengthening the company's competitive advantage. For the year 2020, the company trained 4.33 lakh youth for employability,

Contd. ……

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worked in 7districts towards public health, processed 27.5MT waste per day, developed 186 hectors of land through watershed management, and they are targeting 845 ha of land for 2021.

Source: https://godrejcp.com/sustainability/csr

Other businesses*:* The marketing practices of a firm must not adversely affect other businesses. For instance, firms acquiring the business of another company with a view to eliminate competition accounts to unethical practice.

Check Your Progress-2

2. Over the years, organizations have performed a variety of tasks in society. Identify them.
   i.   Financial tasks
   ii. Maintenance tasks
   iii. Economic and production tasks
   iv. Environmental tasks.

   a. i, ii & iii
   b. ii, iii & iv
   c. i, iii & iv
   d. i, ii, iii, iv.

3. A firm is said to be socially responsible if it fulfils which of the following aspects?
   i.   Economic and legal
   ii. Ethical and philanthropic
   iii. Technological and political
   iv. Economic and philanthropic.

   a. Only i
   b. Only ii
   c. i & ii
   d. iii & iv.

4. Procter & Gamble and Health Care India initiated project 'Drishti' aimed at restoring the sight of blind girls across the country through corneal transplantation. What type of social commitment is P&G fulfilling?
   a. Ethical commitments
   b. Philanthropic commitment
   c. Economic commitment
   d. Legal commitment.

27.5.   Social Regulations in Marketing

The various social regulations in marketing include –

Consumer rights: Protection of consumer rights gained momentum in 1962, when the US President John F Kennedy (Kennedy) passed a bill of rights to protect the interests of consumers. Kennedy even proposed four rights of customers. They are – the right to safety, the right to be informed, the right to choose and the right to be heard.

- The right to safety implies that marketers should not knowingly produce and market goods that they know can be harmful to the consumers. Marketers must also provide proper instructions and guidelines for the safe usage of products.

- The right to be informed suggests that marketers must provide adequate details about the product to the consumers.

- The right to choose implies that consumers should have a large variety of goods to choose from.

- The right to be heard suggests that the customer must have a say in the formulation of business policies by the government.

Community relations: Companies should maintain good relations with communities. Companies that serve the society and spend millions of dollars on philanthropic activities and strive to create public awareness on major contemporary issues such as AIDS prevention, road safety, ill effects of alcohol consumption, smoking and chewing of tobacco have a good image in the society.

Green marketing: Firms focusing on producing environment friendly products are called as practising green marketing, which is a recent phenomenon.

Consumer protection act: The Consumer Protection Act of India came into existence in the year 1986. Later, as the act gained momentum, the Government of India set up various consumer redressal forums at district, state and national levels. The act aims to bring about awareness in consumers with respect to their rights against unethical business practices. It further strives to protect the rights of the customers. On July 20th, 2020, the new Consumer Protection Act, 2019 came into force in India, replacing the previous enactment of 1986. The new Act overhauls the administration and settlement of consumer disputes in India. It provides for strict penalties, including jail terms for adulteration and for misleading advertisements.

Consumer forums: The consumer redressal forums are set up under the Consumer Protection Act of 2019. at the district, state and national levels. These

were established to provide faster remedies to aggrieved consumers, free of cost. There are 610 district forums in the country, with 35 state commissions and a National Consumer Disputes Redressal Commission located in the country's capital, New Delhi acting as the apex institution. A former or a sitting district court judge or any person who is eligible to be appointed as a district judge, heads the district forums while the state commissions are headed by a former or a sitting judge of a High Court. Websites such as www. consumerindia. com, www.itheconsumer.com, www.indiainfo.com, www. indianconsumernet.com, www.planetcustomer.com,www.cgsiindia.Org/c-rights.htm offer to provide services to consumers seeking remedy under the Consumer Protection Act.

Bureau of Indian standards: The government of India set up the Bureau of Indian Standards (BIS) Act in 1986. New bill, Bureau of Indian standard (BIS) Act 2016 came into force with effect from 12th Oct 2017. It is basically set up to standardize the quality of goods and services produced in the country by issuing certifications to those companies that meet the minimum requirements laid down by the bureau from time to time. The BIS issues certification under the Indian Standards Institution (ISI) seal.

Competition policy: The competition policy of India is aimed at fostering a healthy and active competitive marketing environment in the country. The SVS Raghavan Committee was set up in the year 2000 to formulate a new competition policy. Some of the committee's recommendations are –

- Abolition of Monopolies Restrictive Trade Practices Act, 1969 (MRTP Act). It further requested that all the pending cases be transferred to their respective consumer courts under the Consumer Protection Act.

- Amendment of the Industrial Disputes Act, 1947.

- Abolition of the Board for Industrial Finance Restructuring (BIFR)

- Setting up of a separate commission named Competition Commission of India to implement the Indian Competition Act.

- National Competition Policy 2011 is formulated by of India with a view to with a view to achieve highest sustainable levels of economic growth, entrepreneurship, employment, higher standards of living for citizens, protect economic rights for just, equitable, inclusive and sustainable economic and social development, promote economic democracy and support good governance by restricting rent-seeking practices.

Environmentalism: Industries across the world emit harmful greenhouse gases that cause depletion in the ozone layer surrounding the earth. Ozone depletion has serious implications on the climate of the earth. Therefore, companies must be more proactive and adopt eco-friendly practices.

Public action to regulate marketing: Today more and more people are forming voluntary groups or organizations to their raise voice against the unethical business practices. They are also taking measures to enlighten consumers about unethical business practices of companies and discouraging them from buying the products or services produced by such companies.

Activity: Ramesh was admitted into the hospital complaining of chest pain. The doctors diagnosed that Ramesh had to undergo an open-heart surgery and informed the same to his family. The hospital administration asked Ramesh's family to pay Rs. 10,50,000 for a week's treatment meant for such surgeries. Ramesh was later operated upon and discharged within five days by the doctors, claiming that he was fit to be discharged. But, after a couple of days he was again hospitalized due to post-operative complications and was later declared dead. Do you think that the hospital authorities are liable to be prosecuted under Consumer Protection Act? Give Reasons.

Answer:

Check Your Progress-3

5. What is the full form of the MRTP Act?

    a. Monopoly and Regulatory Trade Policies Act

    b. Monopolies and Restricted Trade Policies Act

    c. Monopolies and Restrictive Trade Practices Act

    d.   Monopolies and Regulatory Trade Practices Act.

6. The state commissions of the consumer redressal forums established by the Government of India under the Consumer Protection Act of 1986 are headed by _____.

    i.   A former district court judge

    ii. A sitting Supreme Court judge

    iii. A former High Court judge

    iv. A sitting High Court judge.

    a. Either i or ii

    b. Either iii or iv

    c. Either i or iii

    d. Either ii or iv.

7. BIFR was set up under the provisions of Sick Industrial Companies (Special Provisions) Act 1985. Expand BIFR?

    a. Bureau for Industrial Finance and Reorganization

    b. Board for International Financing and Reorganization

    c. Board for Industrial Finance and Restructuring

    d. Bureau for Industrial Financing and Restructuring.

8. Under the Consumer Protection Act of 1986, the Government of India has set up consumer redressal forums at the district, state and national levels. Which institution acts as the apex institution for consumer rights in India?

    a. National Consumer Disputes Redressal Commission

    b. National Consumer Grievances Cell

    c. National Consumer Rights Commission

    d. National Consumer Redressal Committee.

27.6. Business Regulations in Marketing

Modern marketers must adopt the following regulations to ensure success –

Enlightened marketing: Marketers should understand the needs of the consumers and accordingly take up efforts towards satisfying those needs. However, in doing so marketers must not resort to practices that harm the environment. Marketers must adopt the following norms in their business practices to achieve a long-term relationship with the consumers–

- *Customer-specific marketing:* All marketing activities of the firm should be aimed at satisfying the needs of consumers.

- *Social responsibility marketing:* Companies should lay more emphasis on social responsibility rather than just focusing on selling their products and services.

- *Innovative marketing:* Companies should concentrate on finding innovative ways to satisfy customer needs that are better than the competitors' offerings by being socially responsible.

- *Value marketing:* Companies should attempt to maximize the consumer experience through their product offerings to benefit the customer.

- *Sense-of-Mission marketing:* Mission statements developed by the companies should have social responsibility as the most important dimension rather than just profit motives.

Marketing ethics*:* Companies must voluntarily set ethical standards for their business practices and ensure that everybody in the organization complies with them. Strictly adhering to ethical standards is a complicated process and companies may also have to forego their short-term benefits. However,

marketers must not compromise on these standards. By introducing and maintaining ethical standards, companies can attain a profitable position in the long-run.

Corporate code: Marketers can develop ethical standards for their businesses by formulating a corporate code of conduct. A corporate code of conduct lays down the ethical practices to be followed and also the unethical practices that have to be avoided in the process of conducting business. However, it is not very easy for organizations to jot down a code of ethics that govern its practices. The multitude of complexities existing in the marketing environment makes this task difficult. Factors such as heightened competition, workforce diversity, etc., are some of the hindrances faced in devising an effective code of conduct.

Activity: Sunil, fresh out of college, joined a multinational bank as a sales executive. His job was to sell the financial products of the company. Sunil found it extremely difficult to convince his prospective customers about the financial benefits that they would derive by purchasing the products of the company. Sunil approached his manager with his problem and sought his help. The manager identified that Sunil had been very naïve in dealing with the customers. He therefore advised Sunil not to focus on disclosing all the potential risks involved in purchasing the products to the customers but to be shrewd enough to manipulate the customers' viewpoint towards the product. The manager also supported his suggestions by saying that all the financial companies sell their products and adhering to ethical standards is not important. What would you do if you were Sunil? Justify your answer.

Answer:

Principles of Public Policy towards Marketing

The following are some of the modern principles of public policy towards marketing –

I. *Principle of consumer and producer freedom:* According to this principle, marketing can succeed only when it aims to improve the quality of life of the customer. This principle emphasizes that an individual gives his best when given complete freedom.

Block 5: Additional Topics in Marketing Management

II. *Principle of curbing potential harm:* Proper measures have to be taken by all the people concerned against companies resorting to unethical means of business and producing harmful products.

III. *Principle of meeting basic needs:* Marketing efforts must be socially responsible and must strive to fulfill at least the basic needs of the customer.

IV. *Principle of economic efficiency:* Organizations must try to produce high quality products and sell them at affordable prices.

V. *Principle of innovation:* Organizations must find innovate ways that are meant only to meet the exact needs of the customers.

VI. *Principle of consumer education and information:* Marketers must provide timely information and create awareness among customers about its goods and services.

VII. *Principle of consumer protection:* All marketing activities of companies must be directed towards protecting the interests of the customers.

Check Your Progress-4

9. In a particular type of business practice associated with enlightened marketing, the goal statements of firms reflect social responsibility rather than profit-making motives. Identify it.
    a. Social responsibility marketing
    b. Customer-specific marketing
    c. Sense-of-mission marketing
    d. Value marketing.

10. Companies focus on creating maximum customer value through their product offerings by adopting _____.
    a. Social responsibility marketing
    b. Sense-of-mission marketing
    c. Value marketing
    d. Innovative marketing.

11. Marketers can develop ethical standards for their businesses by formulating a _____.
    a. Corporate code of conduct
    b. Marketing plan
    c. Consumer forum
    d. None of the above.

27.7. Summary

- Marketing ethics are those activities that define the acceptable code of conduct of a business and its practices.

- Organizations function in a society. Invariably they have an impact on the society. Therefore, marketers must be watchful and take care that their business practices do not harm the society. In the conduct of a business, marketers must ensure that their various business tasks such as financial tasks, economic and production tasks etc., are in line with meeting the objective of social responsibility.

- Governments impose certain restrictions on companies with a view to protect the interests of the consumers at large. These restrictions could be in the form of consumer protection acts, setting quality standards for products and services, framing competition policies, etc.

- Apart from governments, voluntary groups and organizations also take up the cause of protecting the rights of consumers.

- Modern businesses must voluntarily regulate their business practices in order to achieve long-term profitability and sustainability in the market. They can do this with the help of – enlightened marketing, following marketing ethics, establishing a corporate code, and setting principles of public policy towards marketing.

27.8. Glossary

Green marketing: Developing products and packages that are less harmful to the environment.

Marketing ethics: The moral sensibility that guides marketing choices and activities.

Motives: Internal factors that activate and direct behavior toward some goal.

Social responsibility: Marketers duty to enhance the welfare of customers and the general public through their products.

27.9. Self-Assessment Test

1. Marketers must conduct their business according to accepted ethical standards in order to survive in the market for a long-term. What is marketing ethics? In what way does marketing impact the society it is functioning in?

2. There are various business regulations that firms have to follow for being socially responsible. What are the various business regulations in marketing?

27.10. Suggested Reading / Reference Material

1. Shailendra Kumar, Business Ethics, Cengage, 2019.

2. A.C. Fernando, Business Ethics: An Indian Perspective, Pearson 2019

3. Julie Irwin, Ethical Consumerism Is''t Dead, It Just Needs Better Marketing, www.hbr.org, January 2015

27.11. Answers to Check Your Progress Questions

Following are the answers to the Check Your Progress questions given in the Unit.

1. **(c) Ethics**

   The science of morals, moral principles and rules of conduct is called as ethics.

2. **(d) i, ii, iii, iv**

   There are several functions performed by organizations in a society. They are financial tasks, maintenance tasks, economic and production tasks, political tasks and environmental tasks.

3. **(c) i & ii**

   A firm is considered socially responsible when it fulfills its economic, legal, ethical and philanthropic commitments.

4. **(b) Philanthropic commitment**

   Philanthropic acts are different from ethical commitments. A firm, which contributes some of its resources for the betterment of the society is said to be performing a philanthropic act.

5. **(c) Monopolies and Restrictive Trade Practices Act**

   The full form of MRTP Act is Monopolies and Restrictive Trade Practices Act.

6. **(b) Either iii or iv**

   The state commissions of the consumer redressal forums established by the Government of India under the Consumer Protection Act of 1986 are headed by a former or sitting High Court judge.

7. **(c) Board for Industrial Finance and Restructuring**

   The full form of BIFR is Board for Industrial Finance and Restructuring.

8. **(a) National Consumer Disputes Redressal Commission**

   The National Consumer Disputes Redressal Commission acts as the apex institution of consumer rights in India.

9. **(c) Sense-of-mission marketing**

   In the sense-of-mission marketing practice associated with enlightened marketing, the goal statements of firms should reflect social responsibility rather than profit-making motives.

10. **(c) Value marketing**

    Companies focus on creating maximum customer value through their product offerings by adopting value marketing. In social responsibility marketing, the focus of companies is on society and environment rather than on products and profits. In sense-of-mission marketing, the mission statements of firms must reflect their responsibility to society rather than just their profit motives. On the other hand, in innovative marketing, a company innovates new products, devises new ways to reach customers, etc.

11. **(a) Corporate code of conduct**

    Marketers can develop ethical standards for their businesses by formulating a corporate code of conduct. It lays down the ethical practices to be followed and the unethical practices to be avoided in the process of conducting business.

Unit 28

Green and Sustainable Marketing

Structure

28.1 Introduction

In the previous unit we have discussed on Ethical and Social Dimensions in marketing management. We are aware that organizations function in the society. Hence invariably they have an impact on the society. Therefore, marketers must be watchful and take care that their business practices do not harm the society. In the conduct of a business, marketers must ensure that their various business tasks such as financial tasks, economic and production tasks etc., are in line with meeting the objective of social responsibility.

This unit introduces the concept of green and sustainable marketing and their role in marketing decisions

The terminology like green marketing, eco-marketing, environmental marketing, ethical marketing, societal marketing, sustainable marketing etc. is creating some confusion among consumers. These concepts are closely related but are not the same. Different people and different countries and cultures may have different perceptions of what these terms mean. They also may have very different perceptions of environmental and ethical problems in general as well as their urgency, causes and potential solutions. Differences may be significant even within the same country, same area, and same demographic group. For some implementing an environmental management systems in a company, reducing emissions by a few percent, forbidding child labour etc. mean big steps of development while for others this is far from enough.

Green marketing is in fact evolving from ecological green marketing to environmental green marketing to sustainable green marketing. Ecological (green) marketing is concerned with environmental problems and provide remedies for environmental problems. Environmental (green) marketing has shifted its focus on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Sustainable (green) marketing or sustainable marketing is much comprehensive marketing concept that make changes throughout the value chain to benefit social and natural environment. If conventional marketing is about satisfying customer needs and building profitable relationships, sustainability marketing is to develop and maintain sustainable relationships not only with customers but also with the social and the natural environment.

Sustainable marketing is based on the idea of sustainable development, a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainable marketing is a holistic approach that analyzes customer wants and needs, develops sustainable products that provide superior value and prices, distributes and promotes them effectively to selected target group. Sustainable marketing is concerned about people, planet and profit in that order.

28.2 Objectives

At the end of the unit the student will be able to

- Explain the dimension of 'green' in green marketing
- Explore the reasons for the growth of green marketing
- Outline the importance of 'sustainability' dimension in marketing decisions
- Discuss sustainability marketing in the context of sustainability dimension
- Discuss various elements of sustainable marketing

28.3   Green Marketing

> *"Green marketing is the marketing of products that are presumed to be environmentally safe"*
>
> **–American Marketing Association**

Green marketing is marketing of products and services based on environmental factors or awareness. Green marketing companies seek to go above and beyond traditional marketing by promoting environmental core values with the hope that consumers will associate these values with their company or brand. Engaging in these sustainable activities can lead to creating a new product line that caters to a new target group. Green and environmental marketing emerged due to increasing concerns of consumers for the environment. Businesses focused on the target group of the so called green consumer, who was perceived to be interested in products with lower impacts on the environment for which they were willing to pay more.

Polonsky (1994) defines green marketing as all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs with minimal detrimental impact on the natural environment.

Green marketing faces a fundamental challenge about what constitutes 'green'. There is no public consensus on the dimension of 'green'. Many companies wanted to leverage the green dimension, hence started promoting their products with green claims. Many companies have hardly changed their products but started to claim them to be green. This has led to Greenwashing and green marketing myopia.

28.4 Greenwashing and Green Marketing Myopia

28.4.1 Greenwashing

Greenwashing is a form of promotional activity where green marketing is deceptively used to promote the perception that an organization's products, aims or policies are environmentally friendly. When claims are unclear, marketers can be labeled as green washers and their marketing as greenwash. Being perceived as a Greenwasher seriously can damage a company's credibility. Unfair or deceptive advertising can expose marketers to legal risks and accompanying expense. The impact of greenwash can hit the bottom line if disillusioned customers shift their purchase to more trustworthy competitors. For instance, many marketers make false claims like "harmone-free' poultry, "bio-degradable"clothing, "chemical free" beauty products. Yet they don't live upto their promises

28.4.2 Green Marketing Myopia

Green marketing must fulfill two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be defined as green marketing myopia. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. If the green products are priced very high then again it will lose its market acceptability.

For example, Philips Corporation has fallen into green marketing myopia while introducing CFL (Compact Fluorescent Light) bulb in its original form as 'Earthlight' to communicate the CFL environmental advantage. The benefit of 'CFL' appealed to only the deepest green niche of customers but the majority of customers however asked a simple question, 'What is in it for me?. Philips could not define its business correctly. It thought it was in the 'green business' when it was in the light bulb business. Instead of marketing them as green they could have marketed their long life and excellent energy savings[1].

Companies can avoid green marketing myopia by focusing on the following areas.

- Propose and design environmental products for better performance

- Target appropriate customer segment and deliver expected value of environmental products

- Create awareness about green products and deliver the promised product

- Get product endorsements and eco-certifications from third party to convince customers

- Create environmental product stories on social media and let customers share information about usage of environmental products.

28.5 Green Consumer, Green Products, Eco labels and Green Brands

28.5.1 Green Consumer:

Green consumer is mindful of environment related issues and obligations, and is supportive of environmental causes to the extent of switching allegiance from one product or supplier to another even if it entails higher cost. Green Consumerism will lead to reduced waste in packing, increased energy efficiency, and decreased release of emissions and other pollutants during production and transportations processes. Exhibit 28.1, narrates one interesting green product from Identity, a California based company.

Exhibit 28.1: Eco-Friendly RFID and NFC Tags

Identiv's Eco-Friendly RFID and NFC Tags are non-etched, paper-based transponder inlays that reduce the traditional use of PET-based substrates and byproducts. The tags are manufactured on renewable paper, without plastic layers and harmful chemicals, and boast a low carbon footprint. As the antenna is patterned in an innovative laser-manufacturing process, all excess aluminum is completely recycled, and the paper used is fully repulpable.

Source:https://www.identiv.com/community/2020/01/23/identiv-launches-eco-friendly-rfid-and-nfc-tags/, January 23, 2020

28.5.2 Green Products

Green products are produced through green technology and cause no environmental hazards (Exhibit 28.2). Green products have the following features. Green products,

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Exhibit 28.2: Green Product

- do not harm or pollute the environment

- are made with natural ingredients

- have eco-friendly packaging i.e. reusable, refillable containers etc.

- originally grown

- are recyclable, reusable and biodegradable

- ingredients are under approved chemicals

- are not tested on animals

For example all organic products are green products. Many companies beyond the food industry are embracing organic offerings that avoid chemicals and pesticides to stress ecological preservation. Organic cotton grown by farmers who fight boll weevils with ladybugs, weed crops by hand, and use manure for fertilizer has become a hot product at retail[2].

28.5.3 Eco-Labels

Eco-labels identify overall environmental preference of a product or service within a specific product or service range. Eco-labeling is the practice of marking products with a distinctive label so that consumers know that their manufacture conforms to recognized environmental standards. The Indian eco-label is shown in Exhibit 28.3.

Exhibit 28.3: Ecomark in India

- Bureau of Indian Standards (ISI) has launched the eco-labeling program known as 'Ecomark' for easy identification of environment-friendly products.

- Any product which is manufactured, used and disposed of in a way that significantly reduces the harm it would otherwise cause the environment could be considered as Environmental-Friendly' product.

28.5.4 Green Brands

Green brands are those that consumers associate with environmental conservation and sustainable business practices. A green company acts and claims to act in a way which minimizes damage to the environment. Green brands are becoming increasingly eco-conscious and concerned with reducing the size of their carbon footprint. Infosys is ranked among 'Top 10 greenest brands in India. Exhibit 28.4, briefs about Infosys green practices in terms of its offices.

Exhibit 28.4: Infosys Green Branding Practices

Infosys buildings follow the highest standards of resource efficiency resulting in minimum impact to the environment. In the process, the company also aims to achieve the highest level of green building certification. The LEED Green Building Rating System is a globally accepted benchmark for design, construction, and operation of high-performance green buildings. Its new buildings in Hyderabad were awarded the Leadership in Energy and Environmental Design (LEED) Platinum certification from the USGBC. To make its campuses sustainable and resource efficient, Infosys has followed a two pronged strategy since 2008 - to design new buildings to the highest energy efficiency standards and implement deep retrofits in old buildings. Water efficiency, renewable energy, and energy efficiency are the major parameters considered for LEED accreditation.

Source:https://www.infosys.com/about/corporate-responsibility/environmental/energy/us-green-building-council.html, Accessed on 6th October 2021.

28.6   Reasons for the Growth of Green Marketing

Green marketing has become an accepted norm for many companies to incorporate environmental friendly practices. The reasons for the growth of green marketing are as follows.

28.6.1 New customer Segment

Environmental-friendly customer group has already emerged and they demand green products. Companies find this situation as an opportunity to develop green products and satisfy special niche.

28.6.2 Environmental Protection Laws

Governments across the globe are conscious about environmental protection hence passed many laws to protect environment. Legal protection to customer goods and eco-friendly processes are under severe control. Companies have to comply with multiple environmental laws to produce environmental-friendly products and change processes to reduce carbon emissions.

For example, Indian government enforces many certifications on companies for environmental-friendly products as shown in Exhibit 28.5.

28.6.3 Corporate Social Responsibility

Companies wanted to be seen as responsible corporate citizen because they are embedded in the community. Companies have realized that they have to realize dual objectives such as profit-oriented and environment-oriented to serve customers in the long-run. For example, as of 2021 under Access to Education program of Wipro, nearly 70,000 children benefited from the company's 23 education projects in eight states.[7]

For example, Wipro has introduced 'Green Ware' initiative to cut down e-waste in environment. Wipro has 17 e-waste collection centers in India where products are collected and recycled. 12 Wipro campuses have been certified as green buildings.

28.6.4 Role model initiative

Companies wanted to be the first in introducing environmental-friendly processes and producing green products. This first mover advantage may benefit the company in the short-run but it influences the industry to follow in the long-run. For example, Vivanta hotels follow earth-friendly practices. It adopts green benchmarks that are established at a United Nations Earth Summit and endorsed by 200 countries. Vivanta hotels comply with green benchmarks and are monitored by a leading worldwide certifier, Green Globe.

28.6.5. Cost saving advantages

Green marketing pressurizes companies to re-examine their production processes that not only reduces waste, but also help to find better alternatives for their raw materials. This provides dual benefits in the form of reduced waste and better alternative raw material.

For example, State Bank of India (SBI) has launched 'Green IT project' that uses eco and power friendly equipment in its ATMs. The project has not only saved

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[7] https://wiprofoundation.org/grants/access-to-education/

power costs but has also earned carbon credits. SBI is also entered into green service known as "Green Channel Counter". SBI is providing many services like; paper less banking, no deposit slip, no withdrawal form, no checks, no money transactions form etc. All these transaction are done through SBI shopping & ATM cards.

28.7 Evolution of Green Marketing

The green marketing thinking has been evolving over a period of time. According to Peattie (2001), the evolution of green marketing can be divided into three stages[3]. First stage is termed as "Ecological" green marketing, and during this period all marketing activities are concerned to help environment problems and provide remedies for environmental problems. Second stage is "Environmental" green marketing and the focus is on clean technology that involves designing of innovative new products, which takes care of pollution and waste issues. Third phase stage is "Sustainable" green marketing. Companies involved in 'sustainable' green marketing make decisions relating to the entire process of the company's products, such as methods of processing, packaging and distribution. In sustainable green marketing the dimension of 'sustainability' gives a different rigor to the discipline of marketing. The three stages are shown in figure 28.1.

Figure 28.1: Evolution of Green Marketing

Check Your Progress-1

Indicate your choice of the correct answer from the options given by putting a ✓ mark.

1. -------- is the marketing of products that are presumed to be environmentally safe.

    a) Traditional marketing

    b) Cause marketing

    c) Green marketing

    d) Environmental marketing

2. ------ is a form of promotional activity where green marketing is deceptively used to promote the perception that an organization's products, aims or policies are environmentally friendly.

    a) Marketing myopia

    b) Greenwashing

    c) Green marketing myopia

    d) Deceptive marketing

3. Green marketing must fulfill two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be defined as ------------

   a) Marketing myopia

   b) Green washing

   c) Green marketing myopia

   d) Mega marketing

4. ---------- is the practice of marking products with a distinctive label so that consumers know that their manufacture conforms to recognized environmental standards.

   a) Green branding

   b) Green production

   c) Green consuming

   d) Eco-label

5. Which of the following features do Green products have?

   a) Do not harm or pollute the environment

   b) Natural ingredients

   c) Eco-friendly packaging i.e. reusable, refillable containers etc

   d) All the above

28.8 Sustainability: People, Planet and Profit (TBL)

Sustainability is the ability to meet humanity's needs without harming future generations.

Sustainability operates on a simple paradigm: Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony,that permits fulfilling the social, economic and other requirements of present and future generations[4].

Majority of global companies have incorporated the sustainability framework into their business decisions. The sustainability framework incorporates three dimensions such as social, environmental and economic. These three dimensions are called as 'Triple Bottom Line (TBL). The TBL takes into consideration of 3Ps: People, Planet and Profit are known as the 'three pillars of sustainability' as shown in figure 28.2. The people dimension comes first among the 'three pillars of sustainability'.

Figure 28.2: 3-Pillars of Sustainability
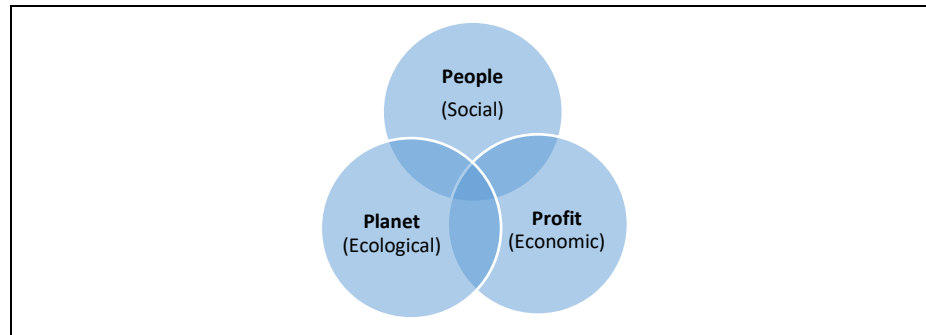
Many of successful companies have adopted the TBL accounting to evaluate their performance in a broader context. TBL accounting has entered into all types of companies viz. for-profit, non-profit and government sector.

- **People:** People refers to humane and fair business practices towards employees and the community and region in which a company runs its activities

- **Planet:** Planet refers to business practices that maintain natural order as much as possible or at least do not harm and minimize environmental impact. The company promotes sustainable business practices.

- **Profit:** Profit refers to the economic value created by the company after subtracting all input costs, including the cost of the capital tied up.

Sustainability means more than being eco-friendly and also means you are in it for the long haul. Sustainability index exists to rate the companies on their sustainability practices but there is no universally agreement on metrics used.

For example, NIKE uses more than 16,000 materials in its products each year. Product creation teams use the NIKE Materials Index (NIKE MSI) to select environmentally better materials. Each material's impacts are assessed in four areas as follows.

- Energy
- Chemistry
- Water
- Waste

Companies that score high on sustainability index typically exhibit high-quality management in that "they tend to be more strategically nimble and better equipped to compete in the complex, high-velocity, global environment"[5]. Consumer interest is also creating market opportunities for companies to develop newer products. For example, organic food is an emerging as a significant opportunity.

A sustainability report should inform customers about an organization's environmental, social and economic performance. Sustainability report follows guidelines of Global Reporting Initiative (GRI). For example, Infosys follows GRL 3.1 framework that provides an update on the responsible business practices across social, economic and environmental parameters.

28.9 Towards Sustainable Marketing

The four types of marketing practices as shown in Figure 28.3 based on two-dimension: Scope and Focus are Relationship marketing, Modern marketing, Green marketing and Sustainable marketing. The features of four types of marketing are as follows.

- **Relationship marketing**: Relationship marketing aims to build mutually satisfying long-term relationships with key customers in order to earn and retain business. The ultimate outcome of relationship marketing develops marketing network with supporting stakeholders such as customers, employees, suppliers, retailers etc. for profitable relationships.

- **Modern marketing**: Modern marketing focuses more on promotional dimension to persuade customers for commercial relationships. It focuses on commercial transactions to generate more profit by focusing on narrow customer segment with a short-term perspective.

- **Green/environmental/societal Marketing:** Green marketing is the marketing of products that are presumed to be environmentally safe. Environmental marketing focuses on clean technology that involves designing of innovative new products, which take care of pollution and waste issues. Societal marketing balances the customer desire, company profit and society interests. This strategy is an eco-friendly marketing approach to satisfy company, customer and society.

Figure 28.3: Towards Sustainable Marketing (Belz & Peattie 2009, 18)
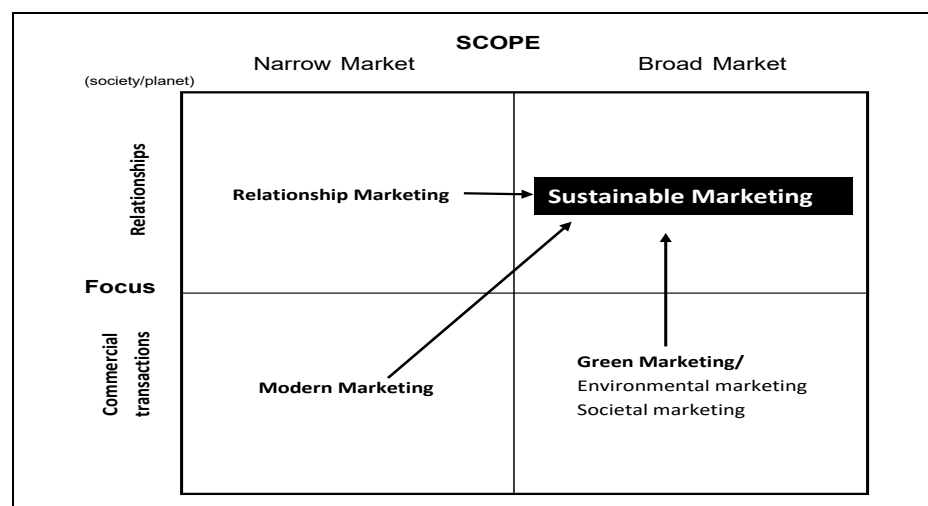
- **Sustainable Marketing:** Sustainable marketing transcends the earlier marketing approaches and leads to sustainable development of all dimensions in a holistic manner.

28.10 Sustainable Marketing

Sustainable marketing is a holistic approach with the aim of satisfying the wants and needs of the customers while putting equal emphasis on environmental and social issues, thus generating profit in a responsible way.

Conventional marketing is about forcing consumers to consume more at the cost of other elements, whereas sustainable marketing is about promoting sustainable consumer behavior. Sustainable marketing promotes environmental, social and economic sustainability along with sustainable consumption.

Since sustainable marketing is holistic in nature, a company's mission and vision has to support sustainable marketing, which can be found in the core values of a company. Designing, producing and delivering a sustainable product is not only the responsibility of the marketing department but requires the collaboration between all departments in a company. Otherwise a company cannot by truly sustainable. Furthermore, consumers increasingly expect not only the company to be sustainable but the whole supply chain. Many companies outsource production to developing countries, which technically frees them of any responsibility. However, in some of these countries child labour and sweatshops are common practice, which reflects badly on the company.

Sustainable marketing operates from holistic perspective with a six-stage process. The framework[6] with six-stages of sustainable marketing is shown in figure 28.4.

Figure 28.4: Six-Stages of Sustainable Marketing (Belz & Peattle 2009, 32)
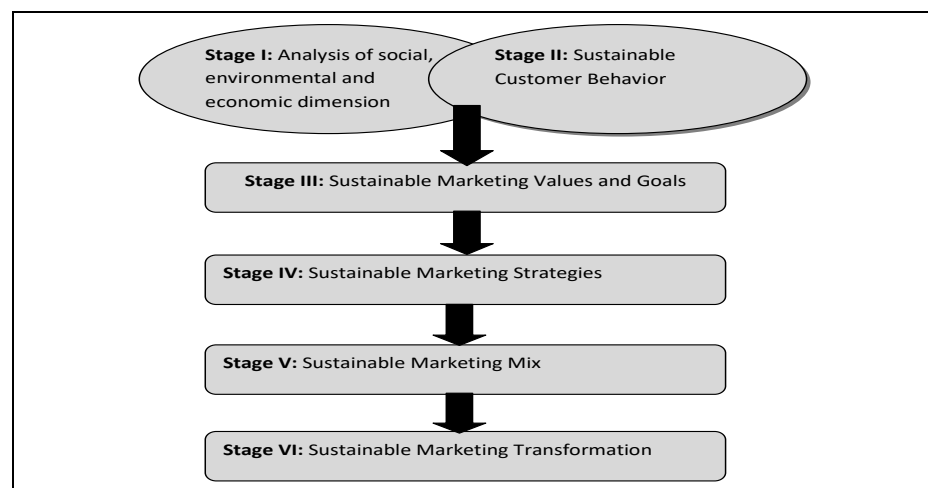
28.11 Stage I. Analysis of Social, Environmental and Economic Dimension

- **Analysis of Social Dimension:** The sustainability of social dimension is concerned with employees, communities and equality. Employees have to be treated equally and should not be discriminated on any grounds such as race, gender, caste, etc. In developing countries, child labour is an accepted norm and workers are often exploited. Therefore it is expected that working conditions in companies and especially factories, are good and workers are treated well. The health and safety of workers during production are vital; neither can a product pose health or safety threats during the use for the consumer. At the same time, companies can bring negative consequences for local communities in the form of air or sound pollution and other externalities. Negative impacts need to be minimized, whereas companies try to bring positive impacts as well, often in the form of community based programs or donations. Furthermore, and in correspondence to sustainable development, poverty alleviation is one main aspect by paying fair prices and ensuring workers' wellbeing.

- **Analysis of Environmental Dimension:** Businesses have to make responsible decisions to reduce negative impacts on the environment. Companies have to focus on the whole life-cycle of a product to minimize environmental damage. Depending on the industry or the product, the biggest impact on the environment can be either during the production, consumption or disposal of a product. Sourcing, material and energy use, emissions during production, waste, packaging and distribution are all taken into account, with the aim to have the lowest possible impact on the environment in all stages. However, the responsibility of the company does not end after the purchase. It is important to measure the product's impact during its use and at the end of its life-cycle and whether it can be recycled or ends up in a landfill. Although, there has been a considerable progress in reducing waste and making products more reusable and recyclable, a desirable shift would be from cradle-to-grave to more cradle-to-cradle product design.

- **Analysis of Economic Dimension:** All efforts go waste if a business does not make profit. Especially if a company is publicly owned, there is another responsibility towards the investors. An economically sustainable business uses resources in a way which allow the business to operate in the long-term while generating profit.

28.12 Stage II. Sustainable Consumer Behavior

Sustainable marketing is fruitful only when sustainable consumer behavior and consumption patterns are practiced. Although sustainable marketing's goal is to

satisfy customers' needs, the consequences for society and the environment, caused by production and consumption, are equally important. Sustainable consumption is about people's ability to satisfy their needs without compromising the ability of other people to do so in future.

More sustainable consumption is necessary, due to the increasing resource depletion and other environmental problems. Responsible consumers exhibit a sustainable consumer behavior in more than one way (see Exhibit 28.5)

Exhibit 28.5: Responsible Consumer

Responsible consumer refers to the role that consumers play in helping society to be more sustainable. Such consumers act as concerned citizens through a variety of activities such as curbing excessive consumption, supporting socially responsible companies by purchasing their products and conversely boycotting products of companies that exhibit irresponsible behavior.

For example, LOHAS, or the "Lifestyle of Health and Sustainability", is an example of a 'responsible' consumer segment that focuses on health and fitness, the environment, personal development, sustainable living and social justice.

Source: http://lexicon.ft.com/term?term=responsible-consumerism

Post-purchase behaviour includes the use and disposal of the product. Sustainable use of the product means efficient usage but also maintenance in order to prolong, the product's lifespan. Sustainable post-use behaviour is about recycling, reusing or remanufacturing products in order to reduce waste which goes to landfills. Another post-use possibility is to resell the product to someone else. Since consumption has been one of the main contributors to environmental problems, conscious consumption or/and ethical consumption are also seen as a means to influence consumer behaviour towards more sustainable consumption.

- **Conscious Consumption**: Conscious Consuming is a social movement that is based around increased awareness of the impact of purchasing decisions on the environment and the consumer's health and life in general.
- **Ethical Consumption:** Ethical consumption is the practice of buying products and services produced in a way that minimizes social and environmental damage, while avoiding products and services deemed to have a negative impact on society or the environment

Since customers have become more socially conscious and committed to safety while spending money, companies can track their investment trends and demand for their products based on Conscious Consumer Spending index (CCS index).

Conscious Consumer Spending Index (CCS Index)
Conscious Consumer Spending Index is a score calculated by evaluating the importance consumers place on buying from socially responsible companies, plus plans to increase the amount spent on and actions they've taken to support such products or services.

Source: http://www.forbes.com/sites/annefield/2013/04/05/consumers-like-social-responsibility-but-they-arent-sure-what-a-social-enterprise-is/

28.13 Stage III. Sustainable Marketing Values and Goals

Corporate sustainability statements, guidelines, and principles are important normative foundations for sustainable marketing values and goals. They are often published e.g. as different codes of conduct that companies have created to avoid harmful publicity and –instead –to strengthen their responsibility image. Codes can range from one-page broad statements to detailed benchmarks and guidelines on how to conduct business practices globally. Voluntary approaches are based either on self-regulation model or a co-regulation one between firms, citizen groups, and governments.

Company code of conduct provides not only a clear formal statement of company values and commitments but also represent a framework within which the very company wants to be evaluated. By creating and monitoring a code of conduct it can be argued, consumers, investors and other important stakeholders can be assured that the company is acting in a responsible way.

Exhibit28.6 delineates some of the sustainability practices of Coca-Cola.

Exhibit 28.6 delineates some of the sustainability practices of Coca-Cola
The Coca-Cola Company has advanced its core sustainability priorities – from water replenishment to sugar reduction to diversity and inclusion – in 2020 despite unprecedented challenges presented by a global pandemic. The company succeeded in returning the equivalent of 160% of water used in finished beverages back to communities and nature as of 2019, and it delivered 15% improvement in water use efficiency. Coca-Cola reformulated nearly 1,000 beverages from 2017 to 2019. This resulted in removing approximately 350,000 tons of added sugar from beverages on an annualized basis in 2019. And currently 88% of the company's packaging is recyclable, and 20% is made from recycled material.

Source: https://www.coca-colacompany.com/news/investor-sustainability-presentation-nov-2020

Sustainability statements and guidelines may help marketing management and employees in strategic and instrumental decision making as well as in setting socio-ecological marketing objectives and goals. On the other hand they send signals to society and market partners along the whole product chain to strive for sustainability.

Sustainability marketing objectives state where the company intends to be at a specific time in the near future. What does it want to achieve, and when and

how are the results to be accomplished. Companies have to follow SMART framework (Specific, Measurable, Attainable, Realistic and Timely) while deciding marketing goals. Sustainable marketing should have not only economic objectives but companies should also have ecological and social objectives. Examples of ecological objectives can be e.g. use of energy (renewable vs. nonrenewable), water and materials as well as production of emissions. Economic objectives can be e.g. increase the revenue and share of sustainable products and services in comparison to conventional one. Besides economic and ecological objectives companies should also set goals for their social impacts. Finding a balance between economic, ecological and social objectives is a demanding challenge.

For example, Unilever Limited has embedded sustainability in its business model. Knorr, Unilever's largest brand, has introduced an on-pack logo –for the Knorr Sustainability Partnership –to help consumers make the choice for sustainably sourced ingredients. Knorr has made great progress on its commitment to source 100% of its agricultural ingredients sustainably. In Knorr's largest market, Germany, these changes are being rewarded with improved brand equity

28.14 Stage IV. Sustainable Marketing Strategy

Marketing strategy reflects corporate strategy based on company vision, mission and values. It is also influenced by the markets the company acts in as well as by the relationships that evolve between the company and its stakeholders. Nowadays investors and financial institutions have certain requirements regarding sustainability. One sign of growing sustainability requirements among financers may be the emerging of different sustainability indexes in the stock markets.

- Sustainability indexes allow investors that integrate environmental, social and governance (ESG) factors into their decision process to easily identify companies for investment.

- For example, the Dow Jones Sustainability Index family tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria.

Companies face strict requirements concerning their standard processes and environmental impact criteria. For example, the International Organization for Standardization (ISO) administers business standards concerning environmental management systems. Social Accountability International (SAI) developed SA8000 standard to manage social requirements such as child labour, forced labour, working conditions, etc.

Companies have to make marketing strategies for segmentation, targeting and positioning of their products to be perceived by customers as sustainable products.
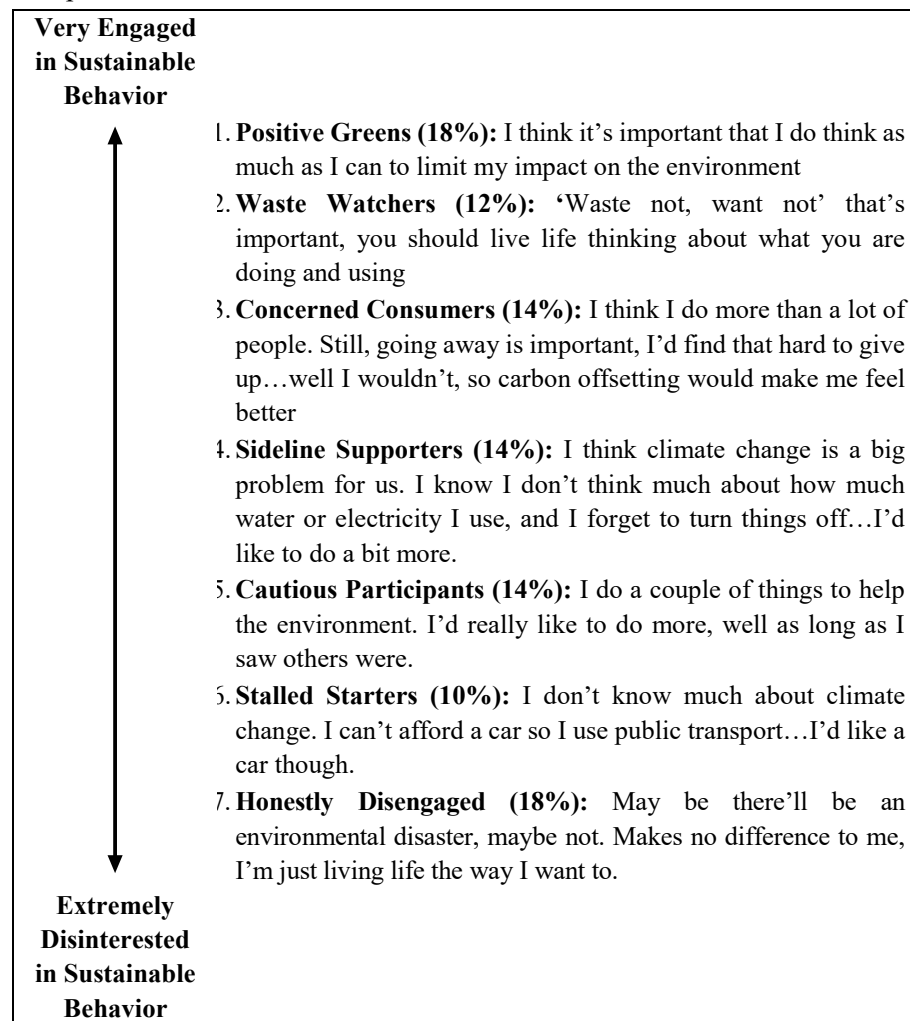
28.15 Sustainable Segmentation, Targeting, Positioning

28.15.1 Sustainable Segmentation

The traditional segmentation variables such as gender, age, income may not influence consumers for sustainable consumption. Responsible consumer behavior and the traditional segmentation variable may not go together. Segmentation is also challenging because environmental awareness and positive attitude towards sustainability may not influence customer into sustainable purchase decision. Companies can segment customers based on their behavior towards sustainability.

For example, DEFRA (Department for Environmental, Food and Rural Affairs, UK) has segmented British population into seven segments based on a continuum scale between 'very engaged' and 'extremely disinterested' in sustainability. The features of each segment and their share in the population are explained below.

Very Engaged in Sustainable Behavior

↑

1. **Positive Greens (18%):** I think it's important that I do think as much as I can to limit my impact on the environment

2. **Waste Watchers (12%):** 'Waste not, want not' that's important, you should live life thinking about what you are doing and using

3. **Concerned Consumers (14%):** I think I do more than a lot of people. Still, going away is important, I'd find that hard to give up…well I wouldn't, so carbon offsetting would make me feel better

4. **Sideline Supporters (14%):** I think climate change is a big problem for us. I know I don't think much about how much water or electricity I use, and I forget to turn things off…I'd like to do a bit more.

5. **Cautious Participants (14%):** I do a couple of things to help the environment. I'd really like to do more, well as long as I saw others were.

6. **Stalled Starters (10%):** I don't know much about climate change. I can't afford a car so I use public transport…I'd like a car though.

7. **Honestly Disengaged (18%):** May be there'll be an environmental disaster, maybe not. Makes no difference to me, I'm just living life the way I want to.

↓

Extremely Disinterested in Sustainable Behavior

A product's success ultimately depends on right segmentation, targeting and positioning. One has to be very cautious while choosing a segmentation parameter.

28.15.2 Sustainable Targeting

Companies have to decide which segment to target for sustainability. It is not fruitful if marketers target only a niche segment like 'positive greens' only. The marketers have to focus on the whole market and not only 'positive greens'. Customer behavior can be influenced through various communication and promotional strategies to persuade 'extremely disinterested and stalled starters' towards concerned consumers, waste watchers and positive greens. Based on the positioning strategy companies can influence various customer segments into sustainable targets.

28.15.3 Sustainable Positioning:

Sustainable products and services signify to the customer a form of special added value in the form of environmental and social benefits. Normally sustainable positioning is more fruitful when products and brands are positioned for a small group of customers who are conscious of socio-environmental factors. Sustainable products are costly and only those who are sensitive to environment issues pay additional premium for the products. Mass market is not attracted to such type of positioning. Expanding the market to mass segments is a challenge.

The objective of sustainable market is that the mass market consumes sustainable products through all product ranges. Therefore, the main emphasis is not necessarily sustainability but is seen as additional benefit. Instead a product is positioned according to other primary benefits, in order to reach consumers who are not concerned with sustainability and which represent the greatest part of the market.

For example, even though clothes are positioned as fashionable a company can promote sustainable benefits in terms of good working conditions, environmentally-friendly raw materials, energy-efficient production processes etc. Once company promotes any of its benefits in a sustainable way, sustainability itself can become a competitive advantage.

28.16 Stage V. Sustainable Marketing Mix

Sustainable marketing mix translates the strategic decisions on to the operative level to deliver a better value proposition in terms of 4Ps: Product, Price, Place and Promotion for sustainability.
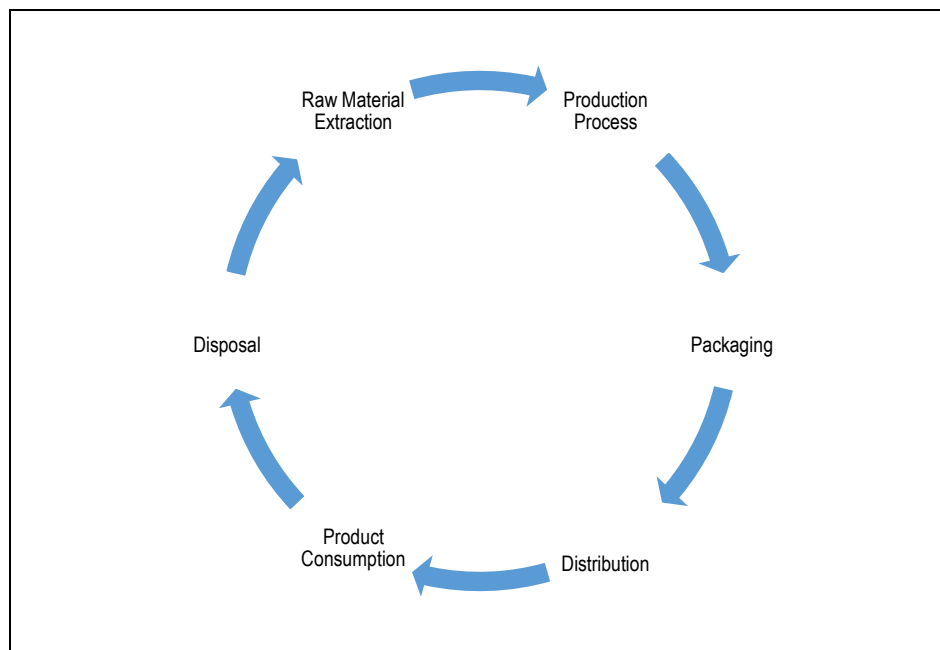
28.16.1 Sustainable Product

Sustainable product is an offer that satisfies customer needs and improves environmental and social performance along the product lifecycle. The Life Cycle Assessment (LCA) helps companies to understand the environmental impact of a product during its life. The LCA passes through raw material extraction, production process, packaging, distribution, product consumption and disposal as sown in Figure 28.5.

Companies have to use sustainable raw materials to protect depletion, energy-efficient production process to minimize emissions, recyclable packaging material to reduce waste, smaller and convenient packages for easy shipment, product solution to satisfy customers and sustainable usage, and trade-back of products. They also use reverse logistics where used products are reused in some way to close the supply loops.

Figure 28.5: Product Life Cycle Assessment

28.16.2 Sustainable Price

Environmental-friendly products appear expensive. Who has to pay the additional costs that are incurred by protecting the environment? There are also certain environmental costs that are difficult to be measured in monetary terms. Sustainable marketing in fact reduces the total cost of the product. For example, sustainable use of product life cycle reduces the cost of the product. By saving raw material and energy, by minimizing the transportation, by recycling components and materials, by reducing waste, etc. a company can make significant savings in its costs.

The cost cutting can be used for marketing penetration and promotional strategies. Research has revealed that when price being the same, customers prefer to buy a 'green product' instead of a conventional product. The product that is seen as the best benefit-cost balance is the one customer makes the choice.

28.16.3 Sustainable Place

Place facilitates easy availability of products to customers. Location and Distribution play a dominant role in reaching customers. Distribution management ultimately decides the sustainability of place. Distribution's main environmental impacts are fuel, emissions, waste, and packaging. The choice of transport mode plays a significant role concerning environmental impact. Rail transport is one third cheaper than road in terms of energy per freight unit and rail track needs 80% less land for construction. The choice of packaging material, the choice of fuel used, effective routing etc. make 'place' more sustainable.

Production, distribution and consumption have become local to shorten distances and reduce fuel consumption. Retailers have become sustainable by energy-efficient fridges, water efficiency, waste reduction, replenishing sustainable products, education customers about sustainable products, etc.

28.16.4 Sustainable Promotion

Sustainable promotion has twin responsibilities: one is to increase sales and the second is to create awareness about environment and sustainable consumption. Sustainable promotion should influence customers to change their lifestyle and consumption habits.

Companies have to walk their talk to promote credibility among potential customers. They have to act in a more responsible way to gain trust and confidence to promote responsible consumption. They can use standard labels and certifications to strengthen trust in their communication. Customers trust labels and certifications due to third party auditing. Sustainable marketing can use traditional promotional mix such as advertising, personal selling, direct marketing, sales promotion and PR with a caution to influence customers for sustainable lifestyle. For example, direct marketing in the form of mail is treated as junk mail and considered often as wastage of paper. The content in the communication and the appeals used have a greater role in promoting sustainable products.

28.17 Stage VI. Sustainable Marketing Transformation

Once sustainable marketing reaches transformative phase, companies truly involve in responsible business and act actively to strengthen sustainability. Once more and more companies bring changes to secure sustainable raw materials and influence customers for sustainable consumption, they reach for a critical mass where sustainability becomes the norm and transformation of sustainable marketing an order.

In sustainable marketing transformation, companies shape not only the public opinion but also different stakeholders and various standards to support sustainability thinking. Sustainable marketing transformation influences the operating environment to support responsible consumption. This orientation helps both the leading companies and smaller companies also to change their activities in tune with social and environmental requirements.

28.18 Advantages of Sustainable Marketing

Sustainable marketing has many advantages to both the customers and the companies. It calls for greater change in customer lifestyle and company modifications. Companies find the following advantages in being a sustainable marketing company[7].

- **Goodwill:** If any company practices sustainable marketing, it gains the trust of the customers and subsequently goodwill and brand image go up in the market.

- **Cost savings:** Sustainable marketing helps the companies in both the short-term and long-term cost savings in order to offer the product at a better price to customers. Cost savings are made through energy, material and waste efficiencies.

- **Newer Segments of Customers:** Sustainable marketing opens up a new group of customers with sustainable behaviors. Sustainable marketing itself acts like a differentiator factor from others.

- **Role Model:** Sustainable marketing practices enhance company image and help the company become a role model for other companies to emulate. Becoming a sustainable marketing company is an arduous task that takes longer time.

- **Employee Retention:** Sustainable marketing companies display more innovation, greater motivation and higher productivity through employee engagement. Employees like to work for sustainable companies even if monitory benefits are a bit low.

- **Risk Mitigation:** Sustainable companies preserve depletion of resources. They look for alternative energy source and become more energy-efficient. Since these companies use energy resources from long-term perspective they avoid facing any unexpected risks.

Check Your Progress-2

Indicate your choice of the correct answer from the options given by putting a ✓ mark.

6. Which of the following is not an element of 'triple bottom line'?

    a) People

    b) Planet

    c) Profit

    d) Product

7. Which of the following features based on Focus-Scope matrix does sustainable marketing have?

    a) Focus: Relationships; Scope: Broad Market

    b) Focus: Relationships; Scope: Narrow Market

    c) Focus: Commercial transactions; Scope: Broad Market

    d) Focus: Commercial transactions; Scope: Narrow Market

8. What is the order followed by the six stage framework of sustainable marketing?

    a) Sustainable marketing transformation - Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing values and goals – sustainable marketing strategies – sustainable marketing mix

    b) Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing values and goals – sustainable marketing strategies – sustainable marketing mix – sustainable marketing transformation

    c) Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing values and goals – sustainable marketing mix – sustainable marketing strategies – sustainable marketing transformation

    d) Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing strategies – sustainable marketing values and goals – sustainable marketing mix – sustainable marketing transformation

9. ----------consumption is the practice of buying products and services produced in a way that minimizes social and environmental damage.

    a) Ethical consumption

    b) Unconscious consumption

    c) Emotional consumption

    d) None of the above

10. The statement "I think it's important that I do think as much as I can to limit my impact on the environment" belongs to -------------segment?

    a) Positive greens

    b) Waste watchers

    c) Concerned consumers

    d) Cautious participants

11. The statement "I don't know much about climate change. I can't afford a car so I use public transport…I'd like a car though" belongs to the following segment.

    a) Honestly disengaged

    b) Stalled starters

    c) Cautious participants

    d) Sideline supporters

12. The Life Cycle Assessment (LCA) helps companies to understand the environmental impact of a product during its life. Which of the following stages does LCA pass through?

    a) Raw material extraction – disposal - production process – packaging – distribution - product consumption

    b) Raw material extraction – distribution - production process – packaging – product consumption - disposal

    c) Raw material extraction - production process – packaging – distribution - product consumption - disposal

    d) Raw material extraction - production process – distribution – packaging - product consumption - disposal

13. Which of the following are the advantages of sustainable marketing?

    a) Goodwill

    b) Cost savings

    c) Newer segments of customers

    d) All the above

28.19   Summary

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing companies promote environmental core value with the hope that consumers will associate these values with their company or brand. Companies perceive that green consumers are interested in products with lower impacts on the environment for which they are willing to pay more. Many companies have started to claim them to be green without making any changes in products as a green wash. Some companies have started overemphasizing environment at the expense of customer satisfaction or vice versa have fallen into green myopia.

Customers have become environment conscious by becoming green consumer and companies have also started producing green products with eco labels to satisfy customers. Few of the reputed companies have become green brands by making green processes as core strategy. Green marketing is growing due to various reasons such as proliferation of new customer segment, environmental

protection laws, corporate social responsibility, role model initiatives and cost saving benefits.

The green marketing is evolved through three stages such as ecological green marketing, environmental green marketing and sustainable green marketing. The 'sustainability dimension' has entered marketing discipline to realize triple bottom line known as 3Ps: People, Planet and Profit to balance 'social, ecological and economical' dimensions. Sustainable marketing transcends the earlier marketing approaches to realize triple goals: environmental, social and profit, the three pillars of sustainability.

Sustainable marketing operates through six stages: analysis of social, environmental and economic dimension; sustainable consumer behavior; sustainable marketing values and goals; sustainable marketing strategies; sustainable marketing mix and sustainable marketing transformation. The advantages of sustainable marketing are goodwill, cost savings, newer segments of customers, role model, employee retention and risk mitigation.

28.20 Glossary

- **Conscious Consumption**: Conscious Consuming is a social movement that is based around increased awareness of the impact of purchasing decisions on the environment and the consumer's health and life in general.

- **Eco labels:** Eco-labels identify overall environmental preference of a product or service within a specific product or service range. Eco-labeling is the practice of marking products with a distinctive label so that consumers know that their manufacture conforms to recognized environmental standards.

- **Ethical Consumption:** Ethical consumption is the practice of buying products and services produced in a way that minimizes social and environmental damage, while avoiding products and services deemed to have a negative impact on society or the environment.

- **Green brands:** Green brands are those that consumers associate with environmental conservation and sustainable business practices. A green company acts and claims to act in a way which minimizes damage to the environment.

- **Green consumer:** Green consumer is mindful of environment related issues and obligations, and is supportive of environmental causes to the extent of switching allegiance from one product or supplier to another even if it entails higher cost.

- **Green marketing myopia:** Green marketing must fulfill two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be defined as green marketing myopia.

- **Green marketing:** Green marketing is the marketing of products that are presumed to be environmentally safe.

- **Green products:** Green products are produced through green technology and cause no environmental hazards

- **Greenwashing:** Greenwashing is a form of promotional activity where green marketing is deceptively used to promote the perception that an organization's products, aims or policies are environmentally friendly.

- **Organic products:** Organic products avoid chemicals and pesticides to stress ecological preservation while being produced in a natural way.

- **Responsible consumer:** Responsible consumer refers to the role that consumers play in helping society to be more sustainable. Such consumers act as concerned citizens through a variety of activities such as curbing excessive consumption, supporting socially responsible companies by purchasing their products and conversely boycotting products of companies that exhibit irresponsible behavior.

- **Sustainability index:** Sustainability index allows investors that integrate Environmental, Social and Governance (ESG) factors into their decision process to easily identify companies for investment.

- **Sustainability:** Sustainability is the ability to meet humanity's needs without harming future generations.

- **Sustainable consumption:** Sustainable consumption is about people's ability to satisfy their needs without compromising the ability of other people to do so in future.

- **Sustainable marketing:** Sustainable marketing is a holistic approach with the aim of satisfying the wants and needs of the customers while putting equal emphasis on environmental and social issues, thus generating profit in a responsible way.

- **Sustainable product:** Sustainable product is an offer that satisfies customer needs and improves environmental and social performance along the product lifecycle.

- **Triple Bottom Line:** The sustainability framework incorporates three dimensions such as social, ecological and financial. These three dimensions are called as 'Triple Bottom Line (TBL). The TBL takes into consideration of 3Ps: People, Planet and Profit are known as the 'Three pillars of sustainability'.

28.21 Self-Assessment Test

1. What is green marketing? How does Greenwashing damage green marketing?

2. Distinguish greenwashing and green myopia. How can companies avoid green myopia?

3. Explain green consumer, green product, eco label and green brand with suitable examples.

4. Explain the reasons for the growth of green marketing.

5. What is sustainability? What are the 3-pillars of sustainability?

6. What is sustainable marketing? Do you agree that marketing discipline is moving towards sustainable marketing?

7. Discuss the framework with various stages of sustainable marketing.

8. What are the advantages of sustainable marketing?

28.22 Suggested Reading / Reference Text Books

1. Philip Kotler, Kevin Lane Keller, Alexander Chernev, Marketing Management, 16th edition Pearson 2021

2. Ravi Pulani Muthu, Dr.Meera Meenakshi Sundaram, Green Marketing, Evincepub Publishing, 2021

3. Katherine White, David J.Hardisty, and Rishad Habib, The Elusive Green Consumer, **www.hbr.org**, July-August 2019

4. Tensie Whelan and Randi Kronthal-Sacco, Research: Actually, Consumers Do Buy Sustainable Products, **www.hbr.org**, June 2019

28.23 Answers to Check Your Progress

1. **(c) Green Marketing**

   Green marketing is the marketing of products that are presumed to be environmentally safe.

2. **(b) Greenwashing**

   Greenwashing is a form of promotional activity where green marketing is deceptively used to promote the perception that an organization's products, aims or policies are environmentally friendly.

3. **(c) Green marketing myopia**

   Green marketing must fulfill two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be defined as green marketing myopia.

4. **(d) Eco-label**

   Eco label is the practice of marking products with a distinctive label so that consumers know that their manufacture conforms to recognized environmental standards.

5. **(d) All the above**

   Green products have the following features.

   - Do not harm or pollute the environment

- Natural ingredients
- Eco-friendly packaging i.e. reusable, refillable containers etc
- Originally grown
- Recyclable, reusable and biodegradable
- Ingredients are under approved chemicals
- Not tested on animals

6. (d) Product

The following are three element of 'Triple bottom line'.

- People
- Planet
- Profit

7. (a) Focus: Relationships; Scope: Broad Market

Sustainable marketing displays the following features based on Focus-Scope matrix.

- Focus: Relationships; Scope: Broad Market

8. (b) Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing values and goals – sustainable marketing strategies – sustainable marketing mix – sustainable marketing transformation

The six stage framework of sustainable marketing has the following order.

- Analysis of social, environmental and economic dimension - sustainable consumer behavior – sustainable marketing values and goals – sustainable marketing strategies – sustainable marketing mix – sustainable marketing transformation

9. (a) Ethical consumption

Ethical consumption is the practice of buying products and services produced in a way that minimizes social and environmental damage.

10. (a) Positive greens

The statement "I think it's important that I do think as much as I can to limit my impact on the environment" belongs to the positive greens segment.

11. (b) Stalled starters

The statement "I don't know much about climate change. I can't afford a car so I use public transport…I'd like a car though" belongs to the 'stalled starters' segment.

12. (c) Raw material extraction - production process – packaging – distribution - product consumption - disposal

The Life Cycle Assessment (LCA) helps companies to understand the environmental impact of a product during its life. The LCA passes

through "raw material extraction - production process – packaging – distribution - product consumption - disposal" stages

13. (d) All the above

The various advantages of sustainable marketing are goodwill, cost savings, newer segments of customers, and role model in the market.

Unit 29

Marketing Analytics

Structure

29.1   Introduction

The earlier unit introduces the concept of green and sustainable marketing and their role in marketing decisions

This unit deals how marketing intelligence is useful to any organization.

Marketing Intelligence refers to a business function when the organizations start collecting relevant data and start analyzing them and also start making decisions on the basis of this analysis. This includes feedback from the customers, use of technology, review of competitor strategy and its analysis. To conduct Market Intelligence effectively organizations are now investing in Information and Technology, piloting new research based projects, forecasting megatrends and planning ahead on the insights provided.

Companies have large set of data. Problem is not in data collection but, in its analysis. Companies have to work on a set of complex data to find the best fitment for the customers. It requires buoyant and velocity in data integration, data quality, metadata management, application deployment, analysis and reporting. All this comes together to make BIG DATA.

29.2   Objectives

At the end of the session the student will be able to

- Define Marketing Intelligence

- Differentiate marketing intelligence with competitive and business intelligence

- Explain Big Data

- Outline the significance of big data and analytics in the marketing context.

29.3   Marketing Intelligence

29.3.1 What is marketing intelligence?

Marketing Intelligence is a set of Competence, Information& Appliances used on the process of collecting, storing, preserving the market information and using the same for the business purposes. The key elements of Marketing Intelligence are –

- Market Demand

- Deriving a definite set of data base having Address, phone, email of the customers

- Updating of data at regular intervals

- Customary Database Design

- Process for handling with Data Dealers

29.3.2 Definition of Marketing Intelligence –

We can define Marketing Intelligence as the primary extraneous data which is collected and evaluated by experts of business and markets in contemplation of using the same for important marketing verdicts.

By accumulating and evaluating the data about the markets under the current situation, companies gain valuable acumen for flourishing their business.

According to S.L.Cornish the definition of Marketing Intelligence is –

"the process of acquiring and analyzing information in order to understand the market (both existing and potential customers); to determine the current and future needs and preferences , attitudes and behavior of the market ; and to assess the changes in the business environment that may affect the size and nature of the market in future."

We can sum up that Marketing Intelligence is the knowledge collected from the market to evaluate the information categorically for authentic and sanguine data to be put through an analytical decision making process which helps in finding out –

- Market Opportunity
- Market Penetration Strategy
- Market Development Metrics

29.3.3 Use of Marketing Intelligence –

a. Market entry opportunity for any new or existing product

b. Prepare market expansion plans

c. Implementation of market infiltration strategy

d. Entering in foreign markets

e. External Focus on current trends of markets and consumer behavior

f. Analyze these new trends

g. Deduct new threats at an early stage

h. Helps in improved market selection and position

i. Allows for a rapid move/ profitable information and avert cloning of products

j. Closing of Market

29.3.4 Base for Marketing Intelligence –

The main base for Marketing Intelligence in any organization is PEOPLE. So now we need to understand who these people are –

- Manufacturers
- Distributers
- People involved in Channel Marketing
- Clients

Along with these people there are some important factors which are required for Marketing Intelligence –

- Consumer Trends
- Reactions from Different people

Thus we can sum up that Marketing Intelligence is made up of –

Hard Core Data

Marketing Research ⟶ Marketing Intelligence ⟵ Interaction
with
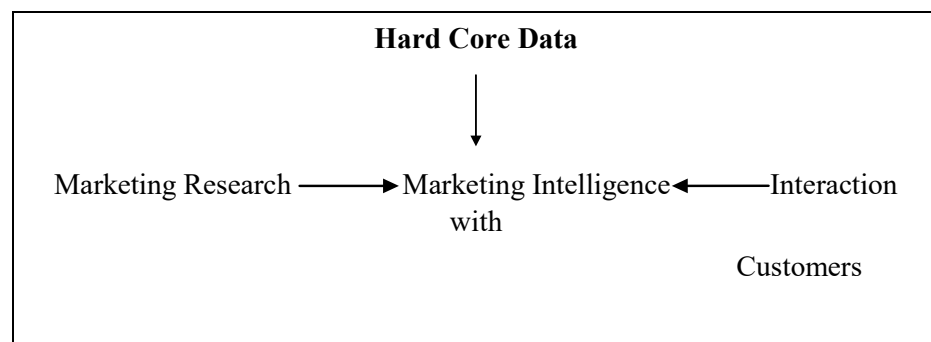
Customers

- Hard Core Data –Is the primary data collected from the market.

- Marketing Research – Analysis of the data collected as per the requirement of the organization.

- Interaction with Customers – It is important for the company to interact with customers and take their feedback especially on the products and Services provided by the company.

29.3.5 Marketing Intelligence Vs Business Intelligence –

Some people tend to confuse Marketing Intelligence with Business Intelligence. But, there is a whole lot of difference between the two – (Table 29.1)

Table – 29.1 (Marketing Intelligence Vs Business Intelligence

Marketing Intelligence	Business Intelligence
Analysis of external Factors affecting the business.	Self-analysis of Business
Focus on Quantity and Quality	Focus on Quality
Focus on what is going on in the market as a whole	Focus on Total Sales Vs Total Production
Focus on competition	Nothing to do with competition
Cloud base service provider	Software options
Data of all departments i.e. – HR/Marketing / Accounts / Operations is available in a colossal data base which is incorporated in Marketing Intelligence	Data is stored in a processor at one place for different departments separately.

For example, Proctor & Gamble has been using marketing intelligence and marketing analytics to understand customers and competitors to deliver innovative products. P&G even collaborates across industry to enhance marketing intelligence and cross-fertilize ideas to serve its customers better.

29.3.6 Market Intelligence Vs Marketing Intelligence

People think that Market Intelligence and Marketing Intelligence are same. When we search on internet by default both the topics are covered under the same heading, but in actual they are not (Table 29.2). Here are the reasons for the same-

Table – 29.2: Market Intelligence Vs Marketing Intelligence

Market Intelligence	Marketing Intelligence
Provides ongoing, holistic knowledge of all aspects of the marketplace	Focuses on – • customer preferences, *Contd. .....*

	• drivers of customer behavior • brand loyalty • satisfaction rates
Represents three Face of Market – • Information • Communication • Process	Includes – • Financial dynamics • Value chain • Product management
Gather Data of one aspect of Marketing	Integrates information on various platforms

29.3.7 6 Essential Marketing intelligence techniques to target relevant audience:

- Market entry research
- Market assessment research
- Competitor's intelligence research
- Needs assessment research
- Branding research
- Market Segmentation research

29.4   Competitive Intelligence

Competitive intelligence is a method of keeping an eye on the products and services of the competitor, their strategies and the method of implementing them, their advertisement and their promotional tools. Competitive Intelligence can be collected through different tools such as –

- Keeping a check on their websites
- Interaction with competitors customers
- Going through the competitors product manual or literature
- Visiting competitors outlets / stores / showrooms
- Product Pricing, location convenience, product quality, product characteristics and company reputation all contribute to Competitive Intelligence.

Competitive Intelligence is a year round process. It can't be done for 2-3 months and then stopped. It is a complex and rigorous process done for different products and as a whole at the same time.

29.4.1 What is Competitive Intelligence?

Competitive Intelligence is a process of supervising –

- Present and forthcoming competitors.
- Present and prospective activities
- Effect of companies policies and strategies on the competitors
- How various companies in the industry respond to the competition
- Reinventing new strategies continuously

29.4.2 What is competitive intelligence and what it is not?

Table 29.3 provides the details of competitive intelligence.

Table 29.3: What is competitive intelligence and what it is not?

What competitive intelligence is	What competitive intelligence is not
A flow of information through which decision can be made from any point	Espionage
A tool for management to deduct early opportunities and threat	Clairvoyance
Handover moderate appraisement	Database search
Insight for all departments of the company	Web searching
Short term and long term process	Software
Used by world class companies	Excel spread sheet

29.4.3 Definition of Competitive Intelligence

Competitive Intelligence is a process on gathering and evaluating competitor's strength and weakness in a conscientious manner. Competitive Intelligence can be grouped in two types of activities –

- Short term
  - Increasing short term revenue and market share
- Long term
  - Facing risks and deciding upon key strategies of the company

Competitive Intelligence means understanding what is happening in the marketing environment and learning from the competitor's strategies and policies and designing your own strategies to lead the market. Finding new opportunities and setting up new trends. Competitive Intelligence empowers the company to anticipate and face new challenges with confidence.

According to , Ben Gilad, PhD, "Competitive intelligence is the gathering and analysis of information from human and published sources about market trends and industry developments that allows for advanced identification of risks and opportunities in the competitive arena."

According to Prescott and Gibbons *"Competitive intelligence is a formalized, yet continuously evolving process by which the management team assesses the evolution of its industry and the capabilities and behavior of its current and potential competitors to assist in maintaining or developing a competitive advantage".*

> SCIP, the Society of Competitive Intelligence Professionals, defines it as follows:
>
> The legal and ethical collection and analysis of information regarding the capabilities, vulnerabilities and intention of a business competitor.

29.5 Differences among Competitive Intelligence, Marketing Intelligence and Business Intelligence

Competitive Intelligence process helps the companies to –

- Recognize the organizations basic requirements and understand the competitive panorama.
- Gauge the company's current data collateral and its reference to marketing efficiency.
- Explore operational brilliance in your consumer data.
- Route this brilliance into an evolution to device consumer focused strategies.
- Corollary to the above results must lead to an amaranthine enhancement process.

Table 29.4 provides the difference between competitive intelligence, marketing intelligence and business intelligence.

Table 29.4: Difference between Competitive Intelligence, Marketing Intelligence and Business Intelligence

Competitive Intelligence	Marketing Intelligence	Business Intelligence
Focus on Competitors as their products , new market to be entered , strategies	Focus on Market as demand supply , brand , positioning , target customers	Helps the company in decision making process *Contd. .....*

Competitive Intelligence	Marketing Intelligence	Business Intelligence
Refers specifically to specific company competitor	Contributes in creating • Marketing strategy • Budget Policy • Initiate Promotion Program • Incentive Program • Sales Forecast • Inventory Management	Includes – • Sales data • Production data • Financial data
Closely related to competitors	Closely related to market decisions	Closely related to business KPI (Key Performance Indicator)

29.5.1 Relationship between Competitive Intelligence and Marketing Strategy

• Competitive Intelligence leads to successful Marketing strategy.

• Competitive Intelligence helps in tailoring the Marketing Strategy to the current requirements of the customers.

• Competitive Intelligence also helps in gathering information about what competitors are thinking about your own Marketing Strategy and how are they combating your moves.

• Competitors' weakness is your company's advantage.

Check your Progress – 1

Indicate your choice of the correct answer from the options given by putting a ✓ mark.

1. Find the odd one out

   Marketing Intelligence decision making process helps in finding out

   (a) Market Opportunity

   (b) Market penetration strategy

   (c) Market development matrix

   (d) Steal competitor's secret agenda by hook or crook

    (e) Target Market

2. Marketing intelligence is not made up of

    (a) Hard core data

    (b) Marketing research

    (c) Competitive Intelligence

    (d) Outdated data

    (e) Analysis of external factors

3. Say , True or False

    a. Competitive Intelligence is done only in 2-3 months of a year – True/False

    b. Competitive Intelligence is a process of understanding present & future customers – True / False

    c. Competitive Intelligence is not espionage – True / False

    d. Competitive Intelligence , Marketing Intelligence and Business Intelligence all are same – True / False

4. Competitive Intelligence leads to

    (a) Successful marketing environment

    (b) Successful market segmentation

    (c) Successful market analysis

    (d) Successful Market targeting

    (e) All the above

29.6 Big Data

With the growing markets and products, expectations and demand of customers in terms of dialogue with the brand has increased. One campaign cannot satisfy the needs for all the customers. Companies now launch campaigns through various channels to meet the wide variety of demand of the customers. Now to do all this and send a correct message to the correct linked customer is not an easy task. It takes lots of data and data analysis to go for a right campaign .Recourses have to be utilized in a flawless manner to meet the needs of the customers and also to balance the return on investment. Best probable decisions have to be taken for this *Big Picture*. This data helps the companies not only in the marketing processes but also to enhance customer experience and increase profitability.

29.6.1 Market scenario of Big Data –

The growth of Big Data has been fast. The global market for big data was $208 billion in 2020 and is projected for a steady compound annual growth rate of 10%, reaching $450 billion by 2026, according to Expert Market Research.

This shows the growing importance of Big Data and its massive needs along with the enhanced need of data interpretation tools. There is even greater demand for new data base management tools, new hardware devises, software techniques and new service technology to meet and satisfy the gigantic market demand.

In the last few years Big Data has become a primary tool of marketing for many big companies. Companies are using big data as a supporting tool for marketing and giving expert opinions.

29.6.2 What is Big Data?

Big Data actually means BIG, VERY BIG.

Put simply, big data is larger, more complex data sets, especially from new data sources. These data sets are so voluminous that traditional data processing software just can't manage them. But these massive volumes of data can be used to address business problems you wouldn't have been able to tackle before.[8]

29.6.3 How big the BIG DATA is?

Amid the COVID-19 crisis, the global market for Big Data estimated at US$130.7 Billion in the year 2020, is projected to reach a revised size of US$234.6 Billion by 2026, growing at a CAGR of 10.2% over the analysis period. Solutions, one of the segments analyzed in the report, is projected to record 9.4% CAGR and reach US$170 Billion by the end of the analysis period. After a thorough analysis of the business implications of the pandemic and its induced economic crisis, growth in the Services segment is readjusted to a revised 11.8% CAGR for the next 7-year period.

29.6.4 Revolution of Big Data

Table 29.5 provides the details of revolution of big data.

Table 29. 5: Revolution of Big Data

Decade	Data As	Usage
50s to 60s	Data as a product	Market entry to win market.
70s to 80s	Data as a by Product	Entered in the minds of the customer and competition starts .

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[8] https://www.oracle.com/in/big-data/what-is-big-data/

90s to 2000	Data as an asset	Companies who had data had advantage on other companies.
2010 and ahead	Data as a foundation	Companies who had data got opportunities to create new markets and find new growth opportunities.

29.6.5 Definition of Big Data

The first definition of Big Data was given around 11 years ago in 2003, by *Doug Laney* who for the very first time defined Big Data as *three Vs – Volume, Velocity and variety.*

> *According to the Microsoft Enterprise Insight Blog, "Big data is the term increasingly used to describe the process of applying serious computing power – the latest in machine learning and artificial intelligence – to seriously massive and often highly complex sets of information."*

Big data refers to the ever-increasing size, source, speed and skepticism of data. For many organizations, big data is the basic sequence of the new business landscape which is an essential part of data in the world in which we live in.

The term "big data" not only refers to the data itself; it also refers to the challenges, *capabilities and competencies associated with storing and analyzing such huge data sets to support a level of decision making that is more accurate and timely than anything previously attempted – big-data-driven decision making.*

All this makes it very clear that in coming time businesses will be either masters or servants of Big Data Technology. The pressure to use this technology will help the managers to either sail through and become leaders or to muddle in data business and fall down.

29.6.6 4S of Big Data

- Size of Data
- Source of Data
- Speed of change
- Sharpness of Data

29.6.7 Steps for Big Data in every company- the four As

- Accumulate – Collect the data
- Align – Segregate as per the needs of the customer.
- Audit – Analyze the same
- Adjudge – and take the information required as per the needs of the customer

So, big data helps to-

- Measure customer engagement.
- Identify customer purchaser.
- Identify customer engagement.
- Gain customer loyalty and retain the customer.
- Increase marketing performance.
- Encourage organizations to adopt data driven market solutions
- Unravel the mysteries of data proliferation and channel fragmentation.
- Navigate the business world to enlightened companies, find intelligent workers and educate the customers
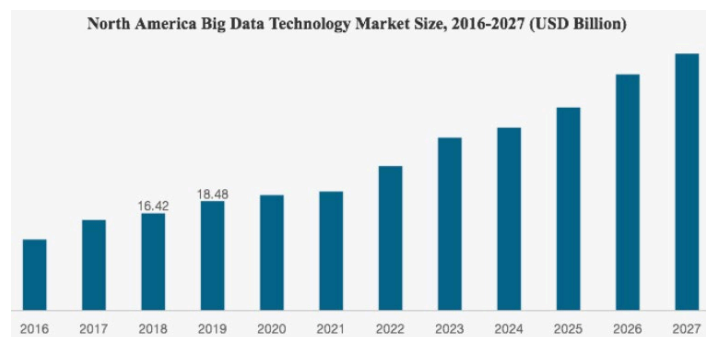
29.6.8 Big Data principles that will guide the future of Global Marketing Strategies –

- Companies using Big Data will surpass their competitor in every financial field.
- Big Data drives sales growth with more effective marketing procedures.
- Big Data is all about network connectivity.
- Big Data provides accurate and workable observations for better results.
- Big Data works scientifically, from insight to outcome.

Big data is growing in a fascinating manner. It is difficult for any business to ignore the same.

By using Big Data companies find an advantage for themselves in prospecting, pricing selling and winning important deals. Figure 29.1, below depicts North America's Big Data Technology Market Size, 2016-2027(USD Billion).

Figure 29.1: North America Big Data Technology Market Size (2016-2027)

Source: https://www.globenewswire.com/en/news-release/2021/08/25/2285993/0/en/North-America-Big-Data-and-Business-Analytics-Market-Is-Expected-to-Reach-169-91-Billion-by-2028-Says-AMR.html, August 25, 2021

29.6.9 Top ten big data big data analytics companies 2020.

Table 29.6 provides the top 10 nig data players.

Table 29.6: Top 10 big data companies of 2020

Company	Rank
IBM	**1**
Salesforce	**2**
Oracle corporation	**3**
SAP	**4**
VMWare	**5**
Alteryx	**6**
Tableau Software	**7**
Cloudera	**8**
Informatica	**9**
Qlik	**10**

Source: https://blog.bizvibe.com/blog/top-data-analytics-companies

Limitations in use of Big Data –

- Lack of funds to invest in Big Technology.

- Lack of conceivable tools for measuring effectiveness.

- Inefficiency of the senior management to take full advantage of the Big Data.

- Insufficient team of data scientist and data analyst.

- Problem of inaccurately defining problems into actionable data.

- Difficulty in collecting and interpreting data.

29.7 Analytics Model

Analytical models are those mathematical models that have a closed form of solution, i.e. the solution to the equations used to describe changes in a system can be expressed as a mathematical analytic function.

For example,

A model of personal savings assumes that –

- Fixed yearly growth rate - r,

- savings - (S)

- it also implies that time rate of change in saving d(S)/dt is given by, d(S)/dt= r (S) **eqn. 1**

The analytical solution to this differential equation is

S=So EXP(r t) **eqn. 2**

Where

So - is the initial savings,

t- is the time.

EXP (x) - is Euler's number, e, raised to the power x.

This equation is the analytical model of personal savings with fixed growth rate.

Analytical Models are more esthetically pleasing since an inspection of the mathematical function can give information about the system's behavior without the need for graphing or generating a table of values.

29.7.1 Types of Analytics Models

There are three basic types of Analytics Models used for defining various Marketing Strategies –

- Clustering Models
- Propensity Models
- Collaborative Models

All these three models have sub models which are depicted in the figure given below –

29.7.1.1 Clustering Models –

Clustering Models are mainly used for customer segmentation. We let the algorithms create market segments rather than the marketer .These algorithms are able to segment customer based on many variables than human being can ever imagine. Clustering algorithms are mainly used in

- Behavioral clustering

  - Informing companies how people behave while purchasing.
  - Knowing how frequently they buy.
  - Knowing how much they spend.
  - What is the time interval between two purchases?

- Product based clustering

    - What different grouping of products people buy from?

    - This information is helpful in deciding which product offer or email content should be sent to which set of customers.

- Brand based clustering

    - Tells what brands customers are going in for.

    - This helps in deciding marketing pitch to a set of customers.

For example, Avis Budget Group uses Marketing Analytics to cluster customers in order to deliver customized service as shown in the Exhibit 29.1.

Exhibit 29.1: Avis Budget Group: Marketing Analytics

- Avis Budget Group is a leading car rental company in Europe, Africa, the Middle East and Asia, with a network of more than 2,800 locations.

- Avis uses Analytics tools to create targeted and cost-effective email campaigns and build customer retention through timely and relevant contact.

- Analytics develop customer profiles and segment relevant data more accurately based on data mining. This helps in clustering customers.

- Application of predictive analytics has reduced the cost of email marketing as a percentage of revenue (CPR) almost by half.

- Avis sends 18 million emails each year to every customer based on individualized choices.

Source: http://public.dhe.ibm.com/common/ssi/ecm/en/imc14516usen/ IMC14516USEN.PDF

29.7.1.2 Propensity Models –

Propensity Models most truly anticipates customer's future behavior.

- **Predictive life time value**

    - Algorithms predict consumer behavior .the moment a purchase is done, it is compared to many more purchases done in the past and a high degree of accuracy is predicted for a life time of behavior.

- **Predictive share of wallet**

    - Company can estimate the percentage of a person's category spend you currently have achieved. For example a customer spends $100 on groceries, is this 10% or 90% of their grocery spending for a given year?

- This allows the companies to know where their future revenue potential lies within your existing and new customer base and plan a marketing campaign around the same.

- **Propensity to engage**
  - Predicts how likely it is for a customer to click on e mail links being send.

- **Propensity to unsubscribe**
  - How likely it is that a customer will unsubscribe from email list at any given point of time.

- **Propensity to convert**
  - Likely hood of any offer that is accepted by the customer.

- **Propensity to buy**
  - These models tell the companies that which set of customers are ready to make their purchase.
  - For example for any retail store having a grocery they let them know that all working class buyers will purchase grocery during the first and second week of the month and thus helps them to store inventory and channelize logistics.

- **Propensity to churn**
  - This model tells the companies that which set of customers are at the risk of being lost. The companies can then design models to bring back that set of customers.

> **For example**, FedEx TechConnect uses customer analytics to understand the level of customer satisfaction based on MAPP metric as shown in the Exhibit

Collaborative Models this is also called model of recommendation. This model recommends the companies which set of customers liked what.

- **Sell up recommendation**
  - On the basis of the past performance of the company it can recommend products to the customer before he makes a purchase mostly done in online shopping.

- **Cross sell recommendation**
  - This recommendation is also done at the time of purchase but to buy a better version of a product. For example while shopping on net we most often see, *customers who brought this product also tend to buy .....*

- **Next sell recommendation**
  - This recommendation is typically made after a customer has already purchased a product .for example if a customer buys a microwave , they can be offered microwave useable products such as utensils , accessories etc.

29.7.2 Rules for Effective Marketing Analytics

- Rock and Roll with ambiguity

- Look to meta models

- Consider analytics a creative force

- Empower the analytics department

- Embrace new data

- Understand that big data is actually quantum data

- Invest in technology

- Adopt a future focus

29.8   Advertising Analytics

Companies invest a lot in advertising and especially online advertising these days. But they also have to know how these advertising programs are performing. They need to look across all channels of marketing including search, display, social, affiliate, email etc and how they affect conversion rates and return. In today's scenario mobile and display campaigns advertising are also being measured.

Gone are the days when dancing-lady silhouettes promised "weird old tips" and customers used to believe it. Now analytical algorithms can throw anything on the wall and ensure that they stick. Ad-optimizing technologies, filter-defying product placement, search-based ad serves, real-time media bidding, and location-based features for mobile devices—are all eagerly embraced by ROI-obsessed marketers.

> *The days of correlating sales data with a few dozen discrete advertising variables are over. Many of the world's biggest companies are now deploying analytics models, a set of capabilities that can chew through terabytes of data and hundreds of variables in real time to reveal how advertising touch points interact dynamically. This results in 10% to 30% improvements in marketing performance.*

Advertising Analytics focuses on taking advantage from the limitless data available with the companies, cloud computing and next generation analytics methods. This confluence allows the companies to make more predictive decisions and move beyond the traditional methods of advertising like marketing mix, digital attribution etc.

Advertising Analytics provide spotlight on –

- Geographical Audience Segmentation Analysis
- Consumer Insights of Purchasing and Lifestyle Activity

- ▪ Viewership/Media Consumption Metrics (TV, Online & Social)
- ▪ Advertiser Competitive Media Spend Analysis
- ▪ Customized Vertical Category Analysis

> *Marketers now have an unprecedented ability to fine-tune their allocation decisions while making course corrections in real time - Wes Nichol*

Influenced by Big Data, Cloud Computing and Analytical Models, Advertising Analytics provide new vision in marketing strategies and its effect on revenue. This shift of Advertising analytics is based on 3 major components –

- • **Acknowledgement**
  - ▪ Quantifies the contribution of each factor of advertising.
- • **Escalation**
  - ▪ Uses predictive analytics tool to run scenarios for advertising planning.
- • **Allotment**
  - ▪ Redistribution of marketing resources in real time scenario.

 "Green Dust" advertisement good for refurbished items launched in 2012 was an instant hit among the Indian customers. Be it house hold items to cell phone , tablets , desktops , laptops to cameras , TVs, ACs all have been in demand for Indian consumers .So the moment this advertisement hit the Indian TV screens , people started searching for "Green Dust" on internet and some of them even watched the video of "Green Dust" on You Tube . Next morning many of those viewers recognize the bill board of "Green Dust" on their way to office. Some of them even open the mail sent from the company. And thus the sales starts materializing for na online store. This is result of Advertising Analytics churning hundreds of gigabits of data with different variables every day.

Advertising Analytics relies on practical quantitative and qualitative applications to provide company with customized research to maximize ROI. Quantitative applications gives companies precise analysis of television viewership, online activity, views into the competitive media landscape etc. Qualitative applications gives companies precise analysis of consumers, geographies and social media habits to help companies make a more informed decision during the media planning process.

Advertising Analytics does not work in isolation. If a company doesn't analyze the factors dynamically it will be left behind in the business.

29.8.1 Steps of Implementing Advertising Analytics

- • Organizations should take wide efforts to embrace Advertising Analytics.
- • Organizations should appoint an analytics – minded person to supervise Advertising Analytics.

- Organizations should have a list of priority activities and should keep a regular check on data inventory.

- Organizations should start with small sample start – ups in a specific geographical or product group before going big.

- Test aggressively and feed the results back in the system.

Today nobody wants to watch advertisements on their TV Screens. They want applications and interactive games on their cell phones as various apps. All major movies being released in this current scenario use these advertising analytics practices to promote their movies.

The world is changing expeditiously. Advertising models should reflect these changes. Companies should invariably keep on reviewing and revising their path in light of strategies, models, ever changing market conditions, competitor drives and the expectations and behaviors of the customers .A part of Advertising Analytics also says that organizations should keep on monitoring and reviewing their analytical processes and models to ensure that they are in coordination with changing business conditions.

We can now say that advertising has today become a total science which comes with fresh creative ideas and these ideas really sell in the market. All this provides an assurance that as long as the companies are selling their product, customers will need persuasion and thus there will be newer creativity in the advertisements. Exhibit 29.2 provides details about how Coco Cola China used advertising analytics.

Exhibit 29.2: Advertising Analytics Example – Coca Cola China

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Coca cola in China has launched a new advertisement. In this advertisement viewers are asked to download an app on their smart phone

- Use their smart phones to "chok" bottle caps flying across their TV screens

- Well-timed waggle of the phone would catch a cap on the phone's screen, earning points

- These points are redeemed later for sweepstake entries.

- This mobile integration is complicated-

- People had to download a special app to play

- The timing of the ads had to be announced in advance so that players would be ready.

- It all came together and worked.

The app was downloaded 380,000 times in its first month, and exposure to the ad (on TV, YouTube, and Weibo combined) exceeded 9 million views.

Check your Progress – 2

5. From 1990s to 2000 data was considered as –

   (a) Product

   (b) By product

   (c) Asset

   (d) Foundation

   (e) Building

6. Say True or False

   a. Clustering model focus on customer segmentation - True / False

   b. Prosperity model focus on present customer behavior - True / False

   c. Collaborative model recommends customers for purchase - True / False

   d. Dance with ambiguity is one of the effective rules of marketing analysis - True / False

7. Coca Cola in China launched a new advertisement which is a classic example of Advertising Analytics required customers to use -

   a. Cell Phone

   b. TV

   c. both Cell Phone & TV

   d. App

   e. Remote

8. Fed Ex Tech has launched a new app called MAPP for customers to track their consignment. MAPP is known as –

   a. Managing to Achieve the People Promise

   b. Managing to Achieve the Purple Promise

   c. Managing to Achieve the People Purple

   d. Managing to Achieve the Promise People

   e. None of above

29.9   Summary

Marketing information is every day changing .The utility of marketing information is prevalent in gathering and analyzing crucial information from the market and determining new market dynamics for any organization.

It helps the organization to understand the relevant needs and demands of customer and satisfy the customer in a better manner than their competitors. This helps the companies to increase their market share and increase its profits and revenues.

One can also gather information about the competitor by watching their advertisements, going through their websites, reading their blog and tracking other social media activities. One can also visit their retail outlets to understand the kind of experience they are providing to their customers.

29.10 Glossary

Bytes – In most computer systems, a byte is a unit of <u>data</u> that is eight binary digits long. A byte is the unit most computers use to represent a character such as a letter, number, or typographic symbol (for example, "g", "5", or "?"). A byte can also hold a string of bits that need to be used in some larger unit for application purposes (for example, the stream of bits that constitute a visual image for a program that displays images or the string of bits that constitutes the machine code of a computer program).

CI – Competitor Intelligence

Exabyte – An exabyte (EB) is a large unit of computer data storage, two to the sixtieth power bytes. The prefix exa means one billion, or one quintillion, which is a decimal term. Two to the sixtieth power is actually 1,152,921,504,606,846,976 bytes in decimal, or somewhat over a quintillion (or ten to the eighteenth power) bytes. It is common to say that an exabyte is approximately one quintillion bytes. In decimal terms, an exabyte is a billion gigabytes.

Giga bytes – A gigabyte (GB) is a measure of computer data storage capacity and is "roughly" a billion bytes. A gigabyte is two to the 30th power, or 1,073,741,824 in decimal notation. The term is pronounced with two hard Gs. The prefix, "giga" comes from a Greek word meaning "giant."

KPI – Key Performance Indicator

ROI – Return on Investment

Tera bytes – A terabyte (TB) is a measure of computer storage capacity that is 2 to the 40th power or approximately a trillion bytes (that is, a thousand gigabytes). The prefix tera is derived from the Greek word for "monster".

Zeta bytes – A zettabyte is a measure of storage capacity and is 2 to the 70th power bytes, also expressed as 10^{21} or 1 sextillion bytes. One zettabyte is approximately equal to a thousand exabytes or a billion terabytes.

29.11   Self-Assessment Test

1. What do you understand by Big Data? How can you relate the importance of Big Data in your daily life style? Please explain with examples.

2. Give five Examples of Advertising Analytics which you have used in your daily routine?

3. Define three basic Analytics models.

4. What is the relationship between Competitive Intelligence and Marketing Strategy? Explain with examples.

5. What is Marketing Intelligence? Give top Trends of MARKET Intelligence prevailing in the market.

29.12   Suggested Readings/ Reference Material

1.   Benjamin Gilad and Magnus Hoppe, The Right Way to Use Competitive competitive Intelligence, June 2016
2.   Edward Curry. The Elements of Big Data Value: Foundations of the Research and Innovation Ecosystem. Springer; 1st ed. 2021
3.   Dawn E. Holmes. Data: A Very Short Introduction. Oxford University Press. 2018
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5.   Big Data, Analytics, and the Future of Marketing & Sales by David Court, JeskoPerrey, Tim McGuire, Jonathan Gordon, Dennis pillecke. 2014
6.   MARKET INTELLIGENCE AND ITS APPLICATIONS IN ACCOUNTING AND ACCOUNT MANAGEMENT   - Economics and Finance Review Vol. 1(3) pp. 55 – 58, May, 2011 ISSN: 2047 – 0401
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29.13   Answers to Check Your Progress Questions

1. **(d) Steal competitor's secret agenda by hook or crook**

    Marketing intelligence helps companies to identify marketing opportunities, to make marketing strategies like penetration strategy, to

design market development matrix and to identify target market through ethical means of data collection. Stealing competitor's information is an unethical practice.

2. **(d) Outdated data**

    Marketing intelligence includes hard core data, competitive intelligence, marketing research and analysis of external factors affecting the business. Outdated data is not useful.

3. **(a) False, (b) True, (c) True, (d) False**

4. **(e) All the above**

    Competitive Intelligence helps to understand marketing environment better, to make effective market analysis, to do market segmentation on right parameter and to make an effective market targeting.

5. **(a) False, (b) True, (c) False (d) True**

6. **(c) Asset**

    Big dataentered into the market in 60's and become an asset in the last decade of 19th century.

7. **(c) App**

    This Coca Cola advertisement in China was an instant hit with almost 3 million users using the app in 1st month.

8. **(b) Managing to Achieve the Purple Promise**

    MAPP is another classic example of Advertising Analytics where customers can track their consignment on their cell phone.

Marketing Management

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Block 5: Additional Topics In Marketing Management