TOPIC 1: WHAT IS MARKETING

1. ROLE OF MARKETING AND ITS RELATIONSHIP WITH OTHER BUSINESS ACTIVITIES

(1) done through market research

Marketing

(2) done through 4Ps.

Definition: Marketing is regarded as a management function that aims to identify customer needs and develop strategies to satisfy those needs. The above the mentioned tasks must be done in a profitable manner. This is done using the 4Ps (Product, Price, Place, Promotion) which ensure by getting the right product, at the right price, to the right place at the right time.

Marketing Objectives

Definition: These are targets of the marketing department to help the business achieve its overall corporate objectives. These objectives can include:

1. Increase market share :- done by reducing prices or improving the quality of the product
2. Increase total sales revenue :- company can either increase prices, or increase quantities sold
3. Create brand identity ← done by building USP (unique selling points) or creative advertisements
4. Maintain existing customers → done through offering loyalty programmes like offering memberships and better value propositions.

The link between marketing objectives and corporate objectives

The corporate objectives play a huge part in shaping the marketing objectives. Example: If the corporate objective is profit maximization then the marketing objective would be to either increase sales or create brand loyalty. If the objective is CSR, then the marketing objective might be to establish a good brand identity.

Marketing department and its relationship with other departments [5] or [8] marks

Department	Description
1. Finance	The finance department will use the sales forecasts and construct the cash flows and budgets for the marketing campaigns. In exchange finance will release the amount the firm will use on launching and promoting the product.
2. HR	They are responsible for the recruitment and maintain the marketing staff. Their job is to ensure that the best talent is hired and retained. They would also require to help build a workforce plan to adjust the workforce and train them to meet future business needs.
3. Operations	They need to acquire market research data from the marketing department to make new products and make improvements in the previous ones. Furthermore, they would require the sales forecast data in order to realign their production systems to reduce costs and boost efficiency.

deals with publishing accounts, making budgets and releasing funds for day-to-day activities

Finance: Marketing provides finance with research which helps to make those budget. It gives sales forecast, in return, Finance gives to fund advertisement and for HR activities.

HR: Marketing provide HR with research which helps HR to develop the work force plan and adjust financial and non-financial rewards based on the type of the work, in Return HR gives train workers and ensures that the workers are motivated in the marketing department and are achieving its objectives.

Operations - (production, maintaining quality)
• Marketing gives requirements of the product alongwith the price that consumers are willing to pay.
Operations in return develops the product and highlights the feasibility about product itself.

Definition [3]
[8] or [5] marks.

2. DEMAND AND SUPPLY

I. Demand

Definition: It is regarded as the willingness and ability of consumers to buy goods and services at given prices over a certain period of time. The willingness and ability highlight effective demand and separate it from a want or desire. Law of Demand states that if other things do not change i.e. ceteris paribus, quantity demanded falls as prices rises and vice versa. This marks that demand has an inverse (i.e. negative) relationship with price.

when the prices goes up, the demand goes down.

P↑ Qd↓
P↓ Qd↑

Determinants of Demand [ANY FOUR OF YOUR CHOICE].

Other than price there are several factors that affect the level of quantity demanded:

Factor	Description
1. Fashions and Taste	If the product is in fashion the quantity demanded would go up. Examples include smart watches and smart phones are in fashion hence the demand goes up. However, if the product is out of fashion the demand would fall. Example: Old clothing designs.
2. Income of Consumers	Higher the income, higher the demand. However, it should be noted that when income increases demand for inferior goods fall.
3. Price of substitutes	Substitutes are alternatively demanded goods. Example Pepsi and Coke. If price of Pepsi goes up, Qd for coke will go up.
4. Price of complements	Complements are jointly demanded goods like car and petrol. If price of petrol goes up, Qd for cars would fall.
5. Level of advertising	If level of advertisement goes up, Qd in likely to increase since more consumers would be informed about the product and would be persuaded to buy the product.
6. Government policies	If sales tax increases on a product it would make it expensive, hence reducing the demand, on the other hand if govt. offers subsidy on a product like electric cars that would make them cheaper hence demand would increase.
7. State of the Economy	If the economy is booming it is likely to increase the demand for goods since consumers would have money to spend on goods and services. However, if the economy is in a recession consumer's incomes are falling and they lack confidence in the economy hence reducing demand.

Separate definitions.

II. Supply

Definition: It is regarded as the willingness and the ability of sellers to sell goods and services at various prices over a period of time. Law of Supply states that if others things do not change i.e. ceteris paribus, higher would be the quantity supplied at higher prices and vice versa. This marks that supply has a positive relationship with price.

P↑ Qs↑
P↓ Qs↓

price goes up, the quantity supply increases.

[ANY FOUR]

Determinants of Supply

Factor	Description
1. Cost of Production	If the cost of factors of production goes up suppliers would be reluctant to supply and vice versa.
2. Taxes Indirect Tx	If taxes go up it will increase the cost of production which would decrease the supply and vice versa.
3. Subsidies	If the govt. offers subsidies for developing a product, businesses would be encouraged to produce it.
4. Technology	If level of technology is high, examples include techniques like automation, CAD, CAM are present companies would be encouraged to produce more since they a have a potential to achieve economies of scale.
5. Time	In the short run, it is difficult for suppliers to increase output because arranging factors of production is difficult.
6. Weather	If the weather is favorable specially for agricultural based products supply would be high.
7. Price of other products	If the price of certain products is increasing suppliers might be interested in suppling it since it promises higher returns.

Market Equilibrium ☆

Definition: Equilibrium is a position where there is no tendency of change in market prices and quantity. In demand supply analysis market equilibrium establishes where Quantity demanded becomes equal to quantity supplied.
→ to change

$$Qd = Qs$$

3. FEATURES OF MARKETS

Feature	Description
1. Market Location	A place where the market is situated. This can be local, regional, national and international. Local is when the product is only sold in the area where it is located. Regional is when a business expands to serval other portions of a country. National is when the product is being sold throughout the country and international is when product is sold throughout the globe, this is usually in the case of multinationals.
2. Market Size ☆	The total level of sales of all the producers in the market. This can be in form of volume or the value of goods.
3. Market Growth	The percentage of the total size of a market over a period of time.
4. Market Share	This is the ratio between the sales of the company and the sales industry.
5. Competition direct / indirect	A business faces both direct and indirect competition. Direct is in the case where another rival firm produces the exact same product and competes in the same market. E.g. Nike and Adidas. Whereas indirect competition where a business is competition with another business.

Market Price / Equilibrium :- The price established, after the interaction of demand and supply, and at this price, there is no surplus & shortage

[3] or [8] marks

Product and Customer Orientation

Definition | Product Orientation: This is when the business focuses on producing the product and then try to sell them. This is usually for products that have been made for a long time and have an already established market. Example: Rice, sugar, etc. There are several advantages to this approach: The product is developed

Definition | Customer Orientation: This is when the business focuses on the consumer before developing a product. The businesses conduct market research and market analysis to gauge consumer preferences and then develops the product accordingly.

Advantages of Product Orientation	Advantages of Customer Orientation
1. Spend on R&D: The company can spend its resources on R&D rather than wasting it on market research. The investment will R&D will not only help the company develop superior products but also give it a competitive edge. 2. EOS: Since the business knows the product will be a success it can increase the production level to reduce its average costs. Example of necessities like sugar, wheat production etc. dis adv: chances of failure are high because the product doesn't work it will be because of miss calculating consumer preferences. • Product oreintation might end up losing market share if competitors start to invest in MR.	1. Reduce Chances of Failure: Chances of the product's success will increase. Since the customer's preferences were kept into consideration before the production the company will add features and focus more on aspects that appeal to the customers, greatly increasing the chances of success. 2. High Profits: This success will in return increase company profits. This is due to high margins gained on products and due to reduction in wastage that might result in changing the product in the future. 3. Meet customer trends: This will also allow the company to modify its products based the customer trends. Restaurant businesses usually keep a check on customer tastes.

[3] mark

Problems associated with measuring market share and market growth

Problem	Description
1. Market Share	This is because it is not easy to collect data since it is not only expensive and time consuming but usually competitors are not willing to share information. Furthermore the data might me outdated.
2. Market Growth	It is difficult to gather data from all outlets and producers.
3. Defining the market	It is hard to identify what the market is. The problem comes in defining how large does the business define the market. Example: A taxi company finds it difficult to assign its market e.g. is it in the transport market, or in the taxi market.

dis advantage Customer Orientation

- Its an expensive way because valuable resources that could have used elsewhere are being spent on market research which is an irrecoverable cost.
- The market research data might not be accurate and it might be outdated or might involve biases which might lead to incorrect results.

JUST SKIM THROUGH IT

[2] or [3] MARKS

Implications of changes in market share and growth

Market Share	Market Growth
1. Higher market share can lead to higher profits.	1. More potential for the product leading to more businesses entering the market. Leading to lower prices and due to competition.
2. Can lead to better promotion if the brand becomes a market leader.	2. Chances of expansion which can lead to higher profits.
3. More retailers will stock the product further increasing the chances of an increase in market share.	

4. INDUSTRIAL AND CONSUMER MARKETS

Definition | Industrial Market: The industrial market consists of business-to-business sales of goods and services. The goods and services in this market are used to produce other others. Industrial goods are made up of machinery, manufacturing plants and materials, and any other good or component used by other industries or firms. Example: i) Pizza Ovens purchase by Pizza Hut is an industrial good. ii) Investment banks providing services to firms issuing IPO.

Definition | Consumer Market: The consumer market consists of businesses-to-consumer sales of goods and services. Consumer goods are ready for the consumption and satisfaction of human wants, such as clothing or food. Consumer goods are not used in the production of other goods, while industrial goods are. Example: i) The final pizza that the consumers consume is a consumer good. ii) Commercial banks providing services to consumers like pay order, cash withdrawal etc.

5. NICHE VERSUS MASS MARKETING [8]

Marks of [12] combined

members of niche market have unique characteristics

Definition | Niche Marketing: It is catering to a small segment of a larger market by developing products that suits that market's needs. Niche can include luxury brands like Rolex, Whole Foods, Lamborghini and non-luxury brands like Trader Joes.

Reasons:
- large company do not find this market profitable
- large companies are not flexible enough

Advantages	Disadvantages
1. Survival: Small firms are in a better position to survive in this market. This is due to fact that they can offer personalized services which the larger firms fail to provide.	1. Limited amount of sales: Since the market is small. Businesses are likely to remain small in size.
2. High Margins: This market has high prices and high profit margins. This is due to the provision of exclusive products and specific taste of customers that allow the companies to grab this margin.	2. High Risk: Risk is high since they specialize in one product. If the product collapses the whole business might be forced to shut down.
	3. Low/No Economies of Scale. which means higher average cost per unit.

3) Niche markets can help in building of brand names more quickly because the number of customers to reach is less.

Definition | Mass Market: It is catering to the entire market by selling the same product to everyone. These products usually include FMCGs (Fast Moving Consumer Goods) like coke, chips, biscuits. In mass, the producer has high turnover and there are not many variations of demand in the market.

Advantages	Disadvantages
1. Economies of Scale: This is because more products would be produced and high sales. 2. Growth Potential: This market has large number of customers. There is greater potential in the market to grow. 3. Risk spread: Since the company can sell different variations of the same product to the mass market.	1. High Competition: Competition is high which reduces profitability. Since the company would have high promotion costs and lower margins. 2. Not specific: Standardized products which do not meet specific customer needs which leads to low sales.

6. MARKET SEGMENTATION Short questions & definitions → popular.

Definition: Market segmentation is breaking down the market into sub-groups in which each group share a common characteristic. Once these subgroups are identified the company targets different products and services to them. Some firms develop products for just one segment (like Nike develops products for sports) while other develop several products for several segments (Unilever). This helps the business achieve the objective of market orientation. There are THREE ways a market can be segmented:

1. Demographic – Population related
2. Geographic
3. Psychographic
4) Niche
5) Mass

1. Demographic

Definition: This type of segmentation includes all the population related factors.

- Age: The company's design the products' price and promotion methods keeping the age of the target market into consideration. By targeting a specific age the business can closely study the behavior of the segment and make necessary modifications to the product. Examples: Nestle Cerelac targets market for young babies. Honda launched a scooter Spree for age groups 16-22.

- Gender: Gender plays a huge part in how the product would be consumed. Behavior of both men and women about the same product can be different and the company needs to keep it into consideration when designing a product. Examples: Sony launched a pink PlayStation targeted towards female, Dove launch DoveMen targeted towards men.

- Income and Social Class: Income and social class assumes that consumers with similar income and social class will exhibit similar purchasing patterns, motivations, interests and lifestyles and that these characteristics will translate into similar product/brand preferences. Example: Unilever has two brands of ice cream, Walls for the lower middle and Ben & Jerry's for the upper middle.

2. Geographic

Definition: This type of segmentation is done on geographic or regional basis. These variables can be country, region, cities or climate zones. Geographic segmentation may be considered the first step in international marketing, where marketers must decide whether to adapt their existing products and marketing programs for the unique needs of distinct geographic markets. Example:

Engine Oil manufactures like Shell make different grade of oils for different countries. For countries like Canada where the climate is cold a special blend is made that won't freeze at low temperatures.

3. Psychographic

Definition: This type of segmentation is done keeping variables like lifestyle, values, attitudes etc. into consideration. These factors are dependent on social and religious beliefs. Examples: The introduction of Hijab wearing Barbie in the Middle East and Harley Davidson targeting individuals who prefer a rebellious lifestyle are all examples of psychographic segmentation.

Note: For a segment to appeal to a target market it must be measurable, accessible and profitable.

Advantages and Disadvantages of Market Segmentation [11] or [12] marks

Advantages	Disadvantages
1. Focused Approach: This leads to a focused approach and the business can target its market precisely. This leads to better product development. (Different 4Ps)	1. High R&D: Since the company will be creating several variations research and development costs might go up.
2. Different Strategies: Helps the company design different marketing strategies for different groups. This saves company's resources and time trying to sell to the whole market.	2. High Advertising Budget: Company's advertising budget might go up due to marketing several different products.
3. Allows Price Discrimination: It is possible since the same products can be sold at different prices in different geographic markets which would add to profits.	3. High risk of failure: If the company focuses on one segment and specializes a segment, the company would be unable to meet changes in the purchasing habits. → For niche markets specially

TOPIC 2: MARKET RESEARCH

1. INTRODUCTION TO MARKET RESEARCH

Definition | Market Research: It is regarded as the process of collecting, recording and analyzing data about customers, competitors and the market. It helps a business in developing the 4Ps and have a market oriented approach. It aims to understand customer characteristics, develop consumer profiles, identify customer's wants and needs.

Advantages	Disadvantages
1. Reduces Risk: Market research helps reduce the risk associated with new product launches. The company can identify customer needs and develop the products accordingly. MR also assists in brand positioning and testing the products to gauge response.	1. Not accurate: The data collected might not be accurate. Researches are subject to several biases which can include sample biases, questionnaire bias etc.
2. Adjust strategies: This gives a better insight into the future changes in the market. The company can speculate needs and start to adjust their strategies from today.	2. High Cost: Cost of collecting data is high. Companies like Nielson charge several thousand dollars to help collect the data.
3. Modify 4Ps: MR also helps the business to keep track on the progress of the existing products and make relevant changes to the 4Ps with the changes in trends.	3. Time Consuming: The process is time consuming. Some researches take so much time that the data becomes obsolete for the decision.
4. Competitive Edge: Helps gives the business an edge over its competitors. Information on consumer tastes and preferences can give a business a head start in planning its strategies.	

2. METHODS OF INFORMATION GATHERING

There are TWO main methods of data collection:

1. Primary Research / Field Research
2. Secondary Research / Desk Research

1. Primary Research / Field Research

Definition: Primary research is regarded gathering first hand data about markets (size, trends, competitors, customers, likely sales etc.) The purpose is to produce new information which directly related to the business. Methods to collect this data can be both Qualitative* and Quantitative*.

* Qualitative: Research into the motivation behind consumers behavior
* Quantitative: Research that leads to numerical results which can be analyzed statistically

Methods to conduct primary research

Method	**Description**
1. Focus Groups Qualitative	This is a qualitative research technique in which a group of individuals are asked about their attitude towards a product, service or advertisement etc. The group members discuss openly and the researchers to simulate the discussion. The advantages of this technique are that it offers discussion opportunity which leads to more accurate conclusions than surveys, there are more ideas and views generated and can help secure feedback about new products. The disadvantages of this technique are that it might be time consuming and their might be a risk of the researchers influencing the discussion which might lead to a bias.
2. Observation and Recording Quantitative	This is a quantitative research technique in which the marketers observes and record how consumers behave. Example: They can observe sales trends, observe individuals in shops to understand their behavior etc. The advantages of this technique are that it is quick and cost effective. The disadvantages are that observation only gives the trend, not the reason and individuals know they are being observed they might modify their behavior.
3. Test Marketing Quantitative	This is a quantitative research technique in which the marketers launch a product a specific area and the researchers observe the success before a full-scale launch. Based on the results the product, price, place and promotion techniques are modified. The advantages are that the risk is reduced with a new product and a better product can be developed. The disadvantage is that it is not always representative of the entire population.
4. Consumer Surveys Qualitative & Quantitative	This is a research technique in which the individuals are asked for their opinion. These surveys can be conduct on paper or through the internet. They carry both qualitative and quantitative questions. When conducting the survey, the researchers must ensure that the correct sample is selected, there should be unbiased and clear questions, the right method is used (in-person or through the internet) and the results should be analyzed as accurately as possible.

Advantages and Disadvantages of Primary Research

Advantages	Disadvantages
1. The information is more up-to-date since it collected when needed.	1. The information is expensive to collect. Market research firms like Nielson thousands of dollars to collect the data.
2. The information is more relevant since it is being collected keeping a specific problem in mind.	2. This information is time consuming. It takes time to conduct surveys, focus groups and then analyze the results.
3. The data is confidential since this is not available to competitors.	3. The data might be subject to biases specially in focus groups and market testing.

2. Secondary Research / Desk Research

Definition: Secondary research is regarded as using information that is already published and available. It is also known as desk research. It is usually conducted before primary since it is cost effective and less time consuming. Methods to conduct secondary research are as follows:

Method	Description
1. Government Publications	These include data on population, social and economic trends, average family expenditure etc.
2. Trade Organization	These organizations carry data on their respective markets. Example data on cars can be obtained from Motor association, data on health can be obtained from Health association in the country.
3. Market Intelligence Reports	These are detailed reports done by specialist agencies on a specific market. These reports are expensive however small business owners can obtain them at local libraries.
4. Newspapers and Publications	Newspapers and marketing journals provide valuable insight into the market. Examples include, Aurora in Pakistan for advertising, Economist for politics and economy, Financial Times for IT etc.
5. Past company records	Company records from previous years like sales data, customer feedback, etc. can help the company plan activities/
6. Internet	(See below)

Advantages and Disadvantages of collecting information through the internet

Introduction: The Internet is increasingly seen as an effective method of collecting market research information. Visitors to sites can be asked to complete electronic questionnaires often with incentives offered and data can be collected when visitors sign up for membership. Online marketing research has grown considerably in recent times with surveys, and online focus groups providing primary data. Internet can also be used to collect secondary data by obtaining competitors performance online through social media and their website, reading government publication on their official websites and staying updated on the world economy through websites like CNN, BBC, Business Insider etc.

Advantages	Disadvantages
1. Web research has proven to have several advantages over offline surveys and focus groups, the most obvious being speed and low cost of execution. It is relatively low in cost in the sense that participants from all over the world can engage with a discussion with no travel or living expenses costs.	1. Restricted Internet access may make it difficult to get responses from a broad cross section of a society, rural marketing campaigns may be difficult, access to products orientated for example to young children e.g. 4 to 10 years, there may also be a problem controlling who is in the sample, the researcher is not able to see the participant, how can you measure respondent's expressiveness?
2. Online surveys substantially reduce paper work, postage, phone charges, labor costs and printing expenses. Also speed of execution and response rate can be better as responses can be made in a person's own space and at their convenience.	2. There is the privacy/ethics question, will researchers sell emails and responses to other parties, or open up respondents to unsolicited messages etc.

3. Once completed, results are available to researchers immediately, can use graphics and visual aids.	3. It also needs knowledge of software to set up questionnaires and methods of processing data and requests may deter visitors from your website

Advantages and Disadvantages of Secondary Research

Advantages	Disadvantages
1. It is cost effective to collect since all the research is already done all the company has to do is acquire it. 2. It is less time consuming since doesn't involve methods like focus groups and market testing. 3. Comparison is easy since the data is available from different sources.	1. The data might be outdated and not relevant to the current marketing problem. 2. Not suitable in case of new products. 3. There is no guarantee of the accuracy of the data.

3. SAMPLING

Definition: This is an activity where a group of individuals are selected assuming that they are representative of the entire target market. Sampling is done because the company doesn't have the time or the resources to research the entire market and secondly because sometimes consumers are difficult to identify, this usually in case of generic products. There are THREE main sampling techniques:

Technique	Description
1. Random Sampling	All members of the target population have an equal chance of being selected. Advantage is that chances of bias is removed however it can be time consuming. Random sampling should be used in products that are equally popular with everyone. These usually include FMCGs like Lays, Coke, Cereal etc.
2. Stratified Sampling	It is the method where a population is divided into smaller, homogenous sub-groups, known as strata, and random samples are taken from each stratum. It is argued that this method improves the representativeness of the sample by reducing sampling error. It can produce a weighted mean rather than an arithmetic mean of a simple random sample of a population.
3. Quota Sampling	Quota sampling is where the population is defined by segments showing similar characteristics – e.g. if population is 52% female – then 52% of the quota sample should be female. The advantages of quota sampling: 1. It is easier to organize than random sampling. 2. It is cheaper to collect than random sampling. 3. It is more reliable than random sampling. 4. It is particularly useful for collecting immediate reaction to an event.

Limitations of Sampling

1. Imperfect sample design and sample size may be too small
2. Inadequate budget to determine the sample, as it could be very expensive
3. Some sampling may be tedious and time-consuming

4. Untrained/inadequate interviewers
5. Biased, ambiguous questions

4. MARKET RESEARCH RESULTS

The results from the market research much ensure the following elements:
1. Can the results be trusted to be accurate – this shows research validity
2. Would the research give the same results it was repeated – This shows reliability.

It depends on THREE things:
1. How the information was collected
2. Sample Size
3. Accuracy of the findings

Ans) (1) Validity by checking out the credibility of the resource [Secondary research data].
2)

Interpretation of information

In order to make the collected information easy to understand the market research team creates tables, bar graphs, pie charts, line graphs, histograms etc. to display this information. Along with these the team usually conducts statistical analysis on the data obtained. These analyses might include calculation of:

Analysis	Description
Mean	Mean is the regarded as the sum of values divided by the number of values.
Mode	Mode is regarded as the most occurring value
Median	Median is the midpoint of a range of data. Should be used when there are extreme values in the data.

5. COST EFFECTIVENESS OF MARKET RESEARCH

Market research is an expensive activity and larger the market research budget, larger the sample size and hence more accurate however a business might find conflicting demands as other departments might want to invest the money into other operations like HR might want to spend the money on training, Operations might want better quality control equipment.

When deciding how much to spend on market research the firm should always look at the cost vs. the benefit. Larger the return the more the business would be willing to spend. However the managers should ensure that the data is collected in a cost effective way.

- Get the cheap research method like internet.
- Define a budget
- Rely more on secondary data rather primary data
- Hire train proffessionals, to avoid errors in the research
- Ensure that research expenditure is covered through additional sales.

3 Major Questions — 1) General Questions
4Ps — every single one can be tested

• Detailed and extensive
• Not lengthy.

TOPIC 3: THE MARKETING MIX

Something

1. THE ELEMENTS OF THE MARKETING MIX (THE 4PS)

(+) they are used to satisfy the customer needs and wants.

The 4P's are a profit making model written from the perspective of the business

Definition: It is a combination of four marketing variables namely product, price, place and promotion which should be adjusted in accordance with the changing market conditions. The marketing department tries to ensure that all the 4Ps fit together and should not counteract the other. The 4Ps include:

4Ps	Description
1. Product	In order to produce the right product, the quality, the design, etc. have to be perfect. This might be a change to an existing product or a new product.
2. Price	The marketing department needs to set a right price keeping the price elasticity of demand into consideration. If the price is too low the consumers might think it is of poor quality, it is too high consumers might think it is overpriced.
3. Promotion	It helps in telling and convincing the consumer to buy a specific brand using media and sales promotion schemes.
4. Place	This tells which channels of distributions should be adopted to distribute the product. and other share other 3P's (+) the three P's

2. THE ROLE OF THE CUSTOMER (THE 4CS)

written from the perspective of consumers.

Definition | 4Cs: The 4Cs are a combination of four variables Customer solution, Cost, Communication and Convenience that enables a business to plan its marketing strategy in a customer-centric way as compared to the traditional 4Ps which are too firm and product centered.

1. How the 4Cs relate to the 4Ps

4Ps	4Cs
Product	Customer Solution
Price	Cost
Promotion	Communication
Place	Convenience

4Cs	Description
1. Customer Solution	This highlights that a business cannot just develop a product and expect it sell. Successful businesses have a customer oriented approach where goods and services are developed keeping in mind what customers need.
2. Cost to customer	This highlights that instead of price the businesses should focus on all the costs that a consumer needs to pay. These can include his travel to the store, delivery charges, financing costs etc.
3. Communication	This highlights that businesses should consider generating communication instead of promotion. Promotion is one way whereas communication involves interaction. This helps to promote the product and generate feedback.
4. Convenience	This aims at providing the customers easily accessible information about the products, demonstrations and allow multiple ways to buy the product.

> Refer to the 4C'S whenever question on CRM

2. Ways in which customer relations can be improved

Q Discuss how can the business maintain its relationship with its customers

Definition | Customer relationship management (CRM): It is an approach to managing a company's interaction with current and future customers. The aim is to keep the existing customers and attract new ones. CRM aims to gather information on customers about their preferences and adjust the 4Ps accordingly. The aim of CRM is to Designed to increase loyalty to the company's brand and products. This can be achieved in the following ways:

Advantages and disadvantages and evaluation written on register.

Method	Description
1. Suggestions	Company's achieve this by targeted marketing in which suggestions are based on past purchases. Example Amazon suggest related purchases and offers discounts on products if bought in a bundle
2. Customer Service	Companies can also launch customer service which helps the customers acquire information on the products features and clear confusion. This is only possible with a well-trained workforce and technology embedded customer service. Example: Amazon's speedy Omnichannel customer support allows Amazon to stay ahead of its competition.
3. Social Media	Social media can also be used to communicate with customers and generate real-time feedback.
4. Per-Sale and after sale service	Companies can offer pre-sale and after sale service. This will not only generate a point of differentiation but also maintains loyalty. Example Volkswagen offers free maintenance program entitled "Carefree Maintenance".
5. Discounts and loyalty points	Companies can reward loyal customers by offering loyalty discounts, offering loyalty points that customers can redeem later on. This offers a twofold advantage: Firstly, the potential for sales and profits would go up by repetitive purchase. Secondly it will create a group of loyal customers who will act as sales people for the brand by spreading good word of mouth.

However, customer relationship should be done keeping the following factors into consideration:

1. The methods would be less effective if rival firms start doing the same thing. Since CRM will no longer be a point of differentiation the potential for high sales and profits is reduced.

2. In order for the firm to establish effective CRM an effective workforce needs to be recruited trained and motivated to achieve the desired results.

3. Costs might become significant which can involve from training and motivation employees to deploying customer management software and maintaining customer databases.

3. MARKETING MIX – PRODUCT

Definition | Product: It is the end result of a production process sold on the market to satisfy a customer need. Products can be industrial or consumer goods and services. Industrial are the ones made for other businesses where as consumers are made for the final consumers. Example Industrial Ovens for Pizza Baking vs Pizza itself.

Tangible and Intangible attributes of a product

Definition. Tangible features of a product are measurable features that can be compared with other products. Example: Audi a luxury car brand. Audi's tangible features are the superior engineering and design.

Definition. Intangible features of a product are subjective opinion about the product, these cannot be measured or compared easily. Example: Audi's intangible features are that it acts as social currency and presents luxury.

New Product Development

Some companies regularly need to come up with new products to stay competitive while others can modify the previous products. Technology companies usually need to come with new products as compared to FGCGs to stay competitive. However, it should be noted that new products have a higher cost in terms of R&D and chances of failure are more.

Product differentiation and USP (Unique Selling Point)

Definition. The USP of a product is what sets it apart from its competitors. It can be price, quality, customer service etc. Example M&Ms "The milk chocolate melts in your mouth, not in your hand." M&M candy shell keeps the chocolate inside from oozing out and dirtying your hands is a plus for customers. This has several advantages:

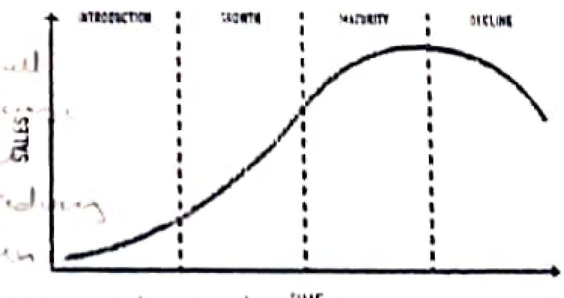
Advantage	Description
1. Premium Prices	It helps the company charge a higher price since the product is providing a higher utility to the customers.
2. Builds Brand	USPs help build brands. At the very heart of a brand is a USP. This is what the brand tries to instill in its every product.
3. Generates word of mouth	It Facilitates Powerful Word-Of-Mouth. People like to talk about things that are different and unique. By having a well communicated USP, you are making it easy for your existing clients to spread the word about your business in an accurate and consistent manner. It effectively gives your client a short and sweet "sales pitch" to share with people they know

Product Life Cycle

Definition. A product life cycle highlights the various stages that a pass through its life time, from launch to withdrawal from the market. It consists for mainly four stages, introduction, growth, maturity, decline.

DRAWBACKS PD & USP

• Building PD & USPs are difficult specially for small markets, because ... are expensive and require large sums of which reducing profit ... in the short run



USP and PD are only beneficial if they can't be copied by the competitors

Product life cycle and the marketing mix (4Ps)

STAGE 1 – Introduction

This is the stage where the product is launched after development. Sales are low and the product will have major initial problems. In this stage, the product is trying to survive in the market. The relevant 4Ps are as follows:

Product	Price	Promotion	Place
A basic version of the product is launched to gauge the response of the market.	The business might choose a skimming or a penetration strategy. Skimming is used if the product is luxury or technology e.g. the iPhone related product whereas penetration would be used if the competition is high and the product is generic e.g. Lays	The business will tend to use informative advertisement in order to make the consumers aware of the product's arrival. Usually multiple mediums like social media, TV, billboards are used collectively to maximize reach.	Restricted outlets since the demand is low. If the product is luxury brand then high-class outlets otherwise will distribute in one city.

STAGE 2 – Growth

This the stage where the product has survived and customers have accepted the product. Sales start to go up and firm is in a position to enjoy economies of scale and the product begins to have a foothold in the market.

Product	Price	Promotion	Place
From the feedback in the introduction stage the company starts to make improvements and developments to satisfy consumers.	A suitable pricing strategy would be to either increase the price or adopt a cost-plus pricing technique	The business should rely on persuasive advertising that reminds consumers to make repeat purchase, establish brand loyalty and build brand identification.	The businesses would be encouraged to open outlets in multiple parts of the town and if the growth is sharp might even consider moving to major cities.

STAGE 3 – Maturity

This stage is also known as saturation. Here the sales have reached their max and even though the profits are high there is no significant growth in sales. Here the business adopts extension strategies. These strategies aim to lengthen the life of a product by prolonging the maturity stage. The 4Ps are form of extension strategies.

Q Discuss is it beneficial to use extension strategies to extend the life of the product? [12].

Product	Price	Promotion	Place
New models, colors, variation of the product are introduced. Example: Kellogg's relaunched Nutri Bar by making product improvements to the recipe and a wider range of flavors, repositioning the brand as 'healthy and tasty'.	The pricing strategy would be competitive to prevent new firms from entering and maintain the current market share.	The advertisements will focus on building the brand image and highlighting the positive difference with the competitor's brand.	The company plans to expand into new markets. This is sometimes in the form of a nationwide launch and something results in the brand moving to international markets.

STAGE 4 – Decline

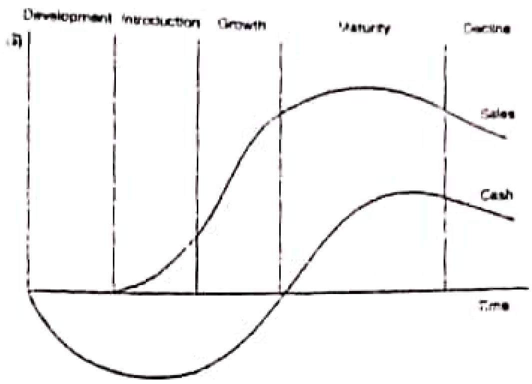
This is the final stage in the product life cycle. Here the sales and profits are falling. There are better products in the market or the product is obsolete. Company will plan to replace the product with a better one or shutdown the operation completely.

Product	Price	Promotion	Place
The company plans to replace the old products with new ones and withdraw from certain markets where the company is not profitable.	The company lowers prices to get rid of stock.	The advertising would be limited and aim to inform about low prices. Sales promotion schemes like Buy one get one free are launched.	The company plans to eliminate unprofitable outlets to save resources.

Advantages of Product Life Cycle

1. Plan 4Ps: A PLC can help a company plan out the 4Ps. Since the 4Ps need to change with every stage of the cycle. (Write everything mentioned above)

2. Adjust Cash Flows: This also gives insight of how the cash flow of the businesses would vary with the respective stages. In the introduction phase cash flow is negative since a lot of money is spent on R&D and sales are zero. As the product moves into the introduction phase marketing expenses increase drastically. Sales have started and cash flow sees an upward trend. This trend continues till maturity. In maturity cash flow is most positive since sales are at their max and marketing expenses would be low due to established brand name. Lastly the product declines resulting in a reduction in cash flow. This is due to fallings prices, product obsolesce, changes in the customer tends or better products by competitors.



3. Balanced Product Portfolio: This can also help the business have a balanced product portfolio. This concept allows the company keeps on introducing new products to balance out the fading ones. This helps maintain stable cash flows and maintain the company's brand image.

Evaluation: PLC can aid the business to plan strategies and is a valuable tool to see the progress of a product. However, it is not advisable to use it predict future because it assumes that the product will follow a certain life stage. It rules out the possibility that the product might instantly crash due to an external reason like changes in fashion, govt. intervention etc. It is an important guide but should always be used with sales forecast and managements experiences.

Product Portfolio and Product Portfolio Analysis

Definition | Product Portfolio: The range of products and services a firm has is known as its product portfolio.

Definition | Product Portfolio Analysis: It is examines the market position of a firm's products. Portfolio analysis is a process of looking at the units/products/services/ elements of a business to understand the businesses effectiveness and vulnerabilities and to reach the marketing objectives. Boston Matrix is a method of product portfolio analysis that examines the predicts of a business in terms of their market share and the market growth. This helps the business identify which products to invest into which ones to avoid.

[illegible] the performance on market growth & [illegible]

Advantage	Description
1. Tool for marketing	It is a tool for a more informed marketing/corporate strategy
2. Reduces Risk (helps to remove risk from the market)	It involves the examination of products/services with low margins and/or volatility and the removal of them from the portfolio – remove risk to the business.
3. PLC positioning	In the context of the product life cycle concept/model, you examine where each product/service is positioned.
4. Resource Allocation	An important tool to aid decision-making – helps to steer resources towards the most productive areas.
5. Strengths and Weaknesses of the product mix	Reveals the strengths and weaknesses of the product/service mix.

This helps the company to compare their product portfolio against competitive brands, to analyse their effectiveness. The weaknesses are removed and the strengths are [illegible] to [illegible] progress.

4. MARKETING MIX – PRICE

Definition: This is the amount charged for the product. This helps the business decide its demand, profits and image in the market.

1. Price Elasticity of Demand (P.E.D.)

Definition: The responsiveness of demand due to a change in price.

$$PED = \frac{\textit{Percentage Change in Quantity Demanded}}{\textit{Percentage Cahnge in Price}} = \frac{\frac{Qd2 - Qd1}{Qd1}}{\frac{P2 - P1}{P1}}$$

PED > 1 – Elastic – Demand more responsive to change in Price
PED < 1 – Inelastic – Demand less responsive to change in Price

Solved Example: (M/J 2016) | Q1

Table 1: Data for Candle A

	Sales (units) per month	Price
Before change	500	$5
After change	750	$4

(i) Refer to Table 1. Calculate the price elasticity of demand for Candle A when the price is reduced from $5 to $4. [3]

Answer:

$$PED = \frac{\textit{Percentage Change in Quantity Demanded}}{\textit{Percentage Cahnge in Price}} = \frac{\frac{Qd2 - Qd1}{Qd1}}{\frac{P2 - P1}{P1}}$$

$$= \frac{\frac{750 - 500}{500}}{\frac{4 - 5}{5}} = -2.5$$

A product would be more price inelastic when it is a necessity. Since people would be forced to buy it. Furthermore, competition would also place an important part. If competition is low PED inelastic. Lastly level of loyalty and type of products. Products that have a strong brand image and are luxuries are more inclined to have inelastic demands.

Advantages	Disadvantages
1. Set Prices: PED will help the business decide what price to charge to each segment in the market. Inelastic should be charged higher where elastic should be charged lower. 2. Adjust Prices: Example if the company wants to increase sales revenue of a product that has elastic demand, reducing the price would be a better option. Whereas for products with an inelastic demand increasing the price would lead to increase in revenue. Options like better image and other tactics might prove to be more beneficial as well.	1. Ceteris Paribus: Since the concept assumes that other things remain constant which is impossible in today's dynamic business environment. 2. Outdated: The data might be outdated which may lead to false results. 3)

3) PED also helps to predict the change in the no. of units sold, which can help the Business plan its strategy for other departments as well.

2. Pricing Decision

Before an appropriate pricing strategy is chosen by the firm the company looks at several factors These include the cost of production, competitions in the market, prices of competitors, P.E.D and the type of product (New or existing). Following are the pricing strategies can a business can use:

1. Competitive
2. Penetration
3. Skimming
4. Price discrimination
5. Dynamic Pricing
6. Cost-based Pricing

1. Competitive Pricing

Definition: The firm will set its price based on the price set by its competitors. This approach is adopted when there is a market leader and the firm has to follow it or firms charge a similar price to avoid price wars, the latter is used in the case of homogenous products like coke, oil etc. This method enables to maintains sales the product is not over or underpriced however it might be possible if the competitors are extremely low prices to drive companies out of the market.

2. Penetration Pricing

Definition: It is the practice of offering a low price for a new product or service during its initial offering in order to lure customers away from competitors. If the product is successful, the price is increased over time. Example: FMCGs, Mobile Services etc.

3. Skimming Pricing

Definition: Is the practice of setting prices high in the start and then lowering them with time. This is usually in the case of new products that are unique, highly differentiated and have high research costs. Example includes: iPhone, pharmaceutical drugs etc.

4. Price discrimination

Definition: The action of selling the same product at different prices to different buyers, in order to maximize sales and profits. Example in Airlines charging people based on their need. This is only possible when both markets have different PEDs and the firm must be able to separate markets and prevent resale.

Advantages	Disadvantages
1. Increase Revenue: This will enable some firms to stay in business who otherwise would have made a loss. For example, price discrimination is important for train companies who offer different prices for peak and off peak. 2. R&D: Increased revenues can be used for research and development which benefit consumers and build the company's brand.	1. Higher Prices: Some consumers might end up paying higher price forcing them to discontinue the product. 2. Government Intervention: If the company is a monopoly it can abuse most consumers by asking them to pay higher prices for the same thing than others. This might force government intervention in to the business.

3. Avoid congestion: Price discrimination is one way to manage demand. Price discrimination gives an incentive for some people to go later in the day. This means that those who have to travel at rush hour benefit from less congestion.	3. Re-sell: If consumers find a way to purchase in the market with a lower price and sell it in a market at a higher price, all the benefits would be removed.

5. Dynamic Pricing

Definition: Offering goods at a price that changes according to the level of demand and the customer's ability to pay. This is usually done in e-commerce where the company tracks customer data and prices shown depend on the person's ability. This is popular in airline tickets.

6. Cost-based Pricing

Definition: This method involves adding a specific mark-up in the price of the good to calculate the final price. This factor would be affected based on the above-mentioned factors. Lower the competition higher would be the mark-up. The price can be calculated using the following formulae:

Cost + Mark-up = Price

Example: Cost to make a single unit of pen is $10. The firm wants to make a profit/markup of 10% on each unit. Calculate the price. Answer: 10 + (10% x 10) = 11 (Selling Price)

Solved Example: (O/N 2013) | Q2

Table 3: Unit cost for some products to be sold in the shop

School bag (plain black)	$10
Sports jacket (variety of sizes)	$35
Shorts (variety of sizes)	$8
Sport socks (per pair)	$6
Plastic folder (pack of 5)	$7

i) Paula plans to add 20% to the unit cost of each item in order to calculate the selling price. Using Table 3, calculate the selling price for a sports jacket. [2]

Answer: $35 + (20% x $35) = $42

MARKETING MIX – PROMOTION

Definition: Promotion gives the consumer the information about the rest of the marketing mix. It tells them about what the product is, what is the price and where is it available. There are THREE objectives:

1. Inform Customers: Tell them about product modifications, new offers, new releases
2. Persuade Customers: Highlight product benefits as compared with the competitors
3. Reassure Customers: Reassure the buyers that they did the right thing

A promotion mix is comprises of SEVEN elements:

1. Advertising
2. Sales Promotion
3. Personal Selling
4. Public Relations (PR)
5. Direct Mail
6. Branding
7. Merchandising

1. Advertising

Definition: It is a paid for means of communication. It is done through different media like newspapers, radio, televisions internet etc. The choice depends on several factors like resources available, target market, nature of the product etc. Example: Mass products like FMCGs should be advertised on TV whereas a luxury item should be advertised in a specialist magazine. However advertising can be ineffective if the customers are bombarded with different ads, therefore choosing the right media is highly significant to get results. Furthermore they might prove to be expensive example TV.

2. Sales Promotion

Definition: These are attempts to boost sales using techniques like promotion offers, price cuts, BOGOF. However they might cost the company as giving gifts or price cuts might reduce profits. Hence it is only a short-term solution and factors like the cost, impact on sales and brand image should be considered.

3. Personal Selling

Definition: This is based on face-to-face contact with customers. This method allows for two-way communication and the firm can answer any questions of the customers. Therefore this is effective in the case of services like insurance, mortgages or in the case of industrial products like high-tech machines etc. However it can be expensive if the salesforce is expensive and can only reach a limited number of customers.

CON: declines brand image and naturally lose profit.

4. Public Relations (PR)

Definition: This involves contact with media and various groups that firm deals with. It attempts to send of particular messages about the firm or its products. Unlike advertising where the firm has to pay in PR the firm creates a story or event to attract attention that they do not have to pay for. This involves press releases, handling customer complaints and organizing events to promote messages. Sponsorships is a common way of doing it. The advantage is that might be cheaper than traditional media however sometimes the media doesn't cover the event as intended which might lead to incorrect information.

PRo

CONS – You can't control the purpose of the message

5. Direct Mail

PRO: cheaper than any other form of advertisement.

Definition: Direct mail encompasses a wide variety of marketing materials, including brochures, catalogs, postcards, newsletters and sales letters. Major corporations know that direct-mail advertising is one of the most effective and profitable ways to reach out to new and existing clients. However some consumers might tend to ignore it.

6. Branding & → Seperate Essay on this [12].

Definition | Branding: is the strategy of differentiating products/services from those of competitors by creating an identifiable image for and clear expectations about a product/service. Branding is done by creating brands.

(A)

branding activities include advertisements, unique packaging etc.

Definition | Brand: A brand is a symbol, name, image or trademark that distinguishes the product from its competitors. Brands usually highlight the tangible and the intangible features of a product It is important for promotion in the following ways:

Advantages	Description
1. Brand Image	It creates images and product personalities that consumers identify with and so better respond to advertising and sales promotions that persuades them to buy. You can build association of guarantee.
2. Awareness	Increased awareness and recognition of products/services facilitates communication with actual or potential customers which leads to more sales.
3. Inelastic PED	Reduces the price elasticity of demand as customers demonstrate a preference for a well-known brand and so increases customer loyalty.
4. Repeated Purchase	Distinguishes products/services and increases chances of brand recall and repeat purchasing. May allow for the establishment of a 'family' of branded associated products/services.

You can create family of brands.

~~Note~~: Competition of brands with a well-established brand might lead to wastage of resources. (1) Secondly if the brand is associated with the wrong things otherwise it might lead to loss of sales. Hence it should be noted that the importance undermined given other changing factors such as personal or country wide economic recession where price becomes more important than brand image can reduce the effectiveness. (3)

CONS

7. Merchandising BL market

Definition: This involves using the name of a product on a rage of other items like CDs, T-Shirts, posters, mugs, point of sales display etc. This can make the shopping experience better and can generate impulse buying however there will be cost of displaying both in terms of money and time.

2nd Merch. – The purpose of merchandising is to improve recall of the brand.

Tested as separate question, or you can use them as evaluation comment for a general essay on promotion

Choosing the promotional mix

The composition of promotional mix is dependent on numerous factors:

Factor	Description
1. The nature of the product	If the product is an industrial product personal selling is better whereas FMCG TV is better.
2. Marketing Expenditure Budget	The amounts business allocates on marketing activities like promotion. With a small marketing budget a firm advertise on newspaper and not TV.
3. Available options	If a certain type of method is illegal a country then other methods should be explored. Example: Advertising Tobacco is illegal in Pakistan, hence the company's use sponsorships.
4. Size of Audience	If the audience is large then TV and national newspapers are better.
5. Profile of Target market	If the target market is high end then specialist magazines and sponsorships would be better.
6. Message to be communicated	If the purpose is to give detail then written is better, however if it to create an impulse then visual is more appealing.

Extension :- packing performs several functions in the marketing mix ranging from product to promotion

Packing [5] [8]

Definition: Packing is regarded as the physical container or wrapping for the product. Packing is an important element in the product and its promotion. Following are the functions packing:

Function	Description
1. Protection	It helps protect the product from damage and spoil. These can include bubble wraps for machinery, tetra packing for milk and juices.
2. Promotion	Packing is integral for promotion. Attractive packing catches the consumer's eye and can generate an impulse to buy. This also helps in strengthen the brand image. Examples Perfumes companies spend a large amount of money just on the design and packaging.
3. Easy to Transport	It makes it easy to transport and use the product. Example: Ikea's flat packing helps its customers to transport the product.
4. Promote other products of the company	Tool to advertise other products of the company. Several companies like Nestle, Knor advertise their other products on the packaging. Example: On Nestlé's plain yogurt they mention "Also try our fruit yogurt".
5. Information about the product	Packing also gives details about the ingredients or how to use the product. This is an important tool for the business in deciding a particular product when purchasing the product.

Above the line and Below the line Promotion

word to word.

Definition | Above the line: Refers to mainstream advertising such as television and posters. The aim is to pull customer

Definition | Below the line: It refers to other promotional activities such as free gifts, discounts, special offers. These factors push the consumers into buying the product.

5. MARKETING MIX – PLACE

Definition: Place helps to build convenience for the customers to access the product.

Place revolving around the

Definition: Distribution channels are the means by which the product is passed from the place of production to the customer or retailer. There are THREE distribution channels:

Type and main features	Examples of products or services	Possible benefits	Possible drawbacks
1 Direct selling: no intermediaries. Can be referred to as 'zero-intermediary' channel.	▪ mail order from manufacturer ▪ airline tickets and hotel accommodation sold over the internet by the service providers ▪ farmers' markets – selling produce directly to consumers (DAIRY)	▪ no intermediaries, so no mark-up or profit margin taken by other businesses ▪ producer has complete control over the marketing mix – how the product is sold, promoted and priced to consumers ▪ quicker than other channels ▪ may lead to fresher food products ▪ direct contact with consumers offers useful market research	▪ all storage and stock costs have to be paid for by producer ▪ no retail outlets limits the chances for consumers to see and try before they bu[y] ▪ may not be convenient for consumer ▪ no advertising or promotion paid for by intermediaries and no after-sales service offered by shops ▪ can be expensive to deliver each item sold to consumers
2 One-intermediary channel. Usually used for consumer goods but could also be an agent for selling industrial products to businesses. single level channel	▪ holiday companies selling holidays via travel agents ▪ large supermarkets that hold their own stocks rather than using wholesalers ▪ where the whole country can be reached using the one-level route, e.g. a small country	▪ retailer holds stocks and pays for cost of this ▪ retailer has product displays and offers after-sales service ▪ retailers often in locations that are convenient to consumers ▪ producers can focus on production – not on selling the products to consumers	▪ intermediary takes a profit mark-up and this could make the product more expensive to final consumers ▪ producers lose some control over marketing m[ix] ▪ retailers may sell product from competitors too, so there is no exclusive outle[t] ▪ producer has delivery costs to retailer
3 Two-intermediaries channel. Wholesaler buys goods from producer and sells to retailer. ~~direct~~ (DUAL) You use an agent with wholesaler when you sell internationally. both single and direct	▪ in a large country with great distances to each retailer – many consumer goods are distributed this way, e.g. soft drinks, electrical goods and books	▪ wholesaler holds goods and buys in bulk from producer ▪ reduces stock-holding costs of producer ▪ wholesaler pays for transport costs to retailer ▪ wholesaler 'breaks bulk' by buying in large quantities and selling to retailers in small quantities ▪ may be the best way to enter foreign markets where producer has no direct contact with retailers	▪ another intermediary takes a profit mark-up – may make final good more expensive to consumer ▪ producer loses further control over marketing mi[x] ▪ slows down the distribution chain

Opening Statement: ... influence the 4P's and the 4C's

6. USING THE INTERNET FOR THE 4PS/4CS

1. Product/Customer

The internet can be used to collect market research data. The companies do this by collecting customer feedback on social media platforms and encourages visitors to give reviews on their website. If the product is itself Internet-based, even better the company can offer trial versions, demos, upgrades. Features like online catalogues and product description ease the decision-making process for the customers. This also helps customers to compare products before they buy.

2. Price/Cost

Definition: Dynamic pricing can be used in internet. Offering goods at a price that changes according to the level of demand and the customer's ability to pay. This is usually done in e-commerce where the company tracks customer data and prices shown depend on the person's ability. This is popular in airline ticket

- Internet helps to develop new product.
- It helps in conducting market research.

3. Promotion/Communication

1. Online advertising: The companies place adverts on websites and target consumers. These adverts target customers based on their interests. This is done by tracking consumer browsing data. Google Ads are one of the ways these companies target customers. Companies also use email marketing updating their customers about the latest offers, new arrivals etc. Example Abercrombie and Fitch emails its customers about new arrivals and clearance sales.

2. Social media: Social media websites like Facebook provide brands to establish fan pages through which they can communicate with their audiences. This helps the brands engage with your community easily and strengthens customer relations. They also provide valuable real-time page insights and historical data which can help the business improve its strategy.

Add line:- the aim of viral marketing is to improve the brand rather than just highlight the product features

Smartly separate Questions.

3. Viral marketing: Internet has also allowed brands to do viral marketing which is the use of social media and text messages to increase brand awareness or sell products. These can be in the form of videos, games, e-books etc. Example: Dove's campaign "Real Women, real rewards". This promotional video generated record-breaking online interest, yielding more than 114 million views the first month. This was thanks in part to the Unilever brand's efforts to spread its message worldwide: Dove uploaded the video in 25 languages to 33 of its official YouTube channels, reaching consumers in more than 110 countries.

4. Place/Convenience

→ 12 marks separate Essay.

1. E-commerce: This is regarded as buying and selling of goods and services over the internet using computer networks. The companies use this to create convenience for the customers. Today e-commerce is being used for both B2B and B2C orders. Example: Amazon.com. There are several opportunities and threats to the business and consumers:

Adv) • Viral marketing campaigns are cost effective as large scale media buying is not required

• Viral marketing helps to build the brand rather than product which can have a greater impact on the sales in the long run.

Since its mainly done on the internet its easier to keep track with progress in the form of number of views, the number of

Disadv •) Viral marketing does not target particular sector of population and company develops different image if the brand is associated with unknown groups.

• Some consumers might treat these campaigns as spams and tend to avoid them.

• The focus of the campaigns is to build the brand and might not generate sales if the customers are not able to understand the message

Any 4 4 advantages and disadvantages

Benefits	Limitations
It is relatively inexpensive when compared to the ratio of cost and the number of potential consumers reached.	Some countries have low-speed Internet connections and in poorer countries, computer ownership is not widespread.
Companies can reach a worldwide audience for a small proportion of traditional promotion budgets.	Consumers cannot touch, smell, feel or try on tangible goods before buying – this may limit their willingness to buy certain products online.
Consumers interact with the websites and make purchases and leave important data about themselves. (refer communication)	Product returns may increase if consumers are dissatisfied with their purchases once they have been received.
The Internet is convenient for consumers to use – if they have access to a computer. (refer convenience)	The cost and unreliability of postal services in some countries may reduce the cost advantage of Internet selling.
Accurate records can be kept on the number of clicks or visitors and the success rate of different web promotions can be quickly measured.	The website must be kept up-to-date and user-friendly – good websites can be expensive to develop.
Computer ownership and usage are increasing in all countries of the world.	Worries about Internet security – e.g. consumers may wonder who will use information about them or their credit card details – may reduce future growth potential.
Selling products on the Internet involves lower fixed costs than traditional retail stores. (The only cost the company has to bear is for their website and its servers)	
Dynamic pricing – charging different prices to different consumers – is easier.	

2. Distribution (download of digital products): Ecommerce allows for products like apps, e-books, audio books, music etc. to be downloaded right from the online stores. This reduces the purchase time and increases convenience for the consumers.

7. CONSISTENCY IN THE MARKETING MIX:

Definition | Integrated Marketing Mix: This highlights that the marketing decisions should always complement each other such that the consumers have a consistent message about the product. This can be achieved by maintaining consistency among the 4Ps. Example: If the product is high end, then the it should be of high quality, should have a premium price, should be promoted through specialist magazines and placed in specialist stores and expensive outlets.

Note: This is always the conclusion of a marketing questions.

Evaluations (E-commerce) • Depends on the type of the business. Its recommended for smaller businesses due to low cost but only provides a support to large business.

• Depends on the company's targets markets, its more effective in the case of young adults who are internet users.

• Depends on the country the firm is located. Its more successful in developed countries as compare to developing ones.

• E-commerce is cost effective in the short run but as the website has more users the cost will start to increase rapidly. As long as the additional sales are with the extra cost, this method is recommended.