

CHAPTER XIV**MARKETING
MANAGEMENT**

14.1 Introduction to Marketing

14.2 Marketing Concepts

14.3 Target Market & Segmentation

14.4 Marketing Mix

14.5 Product

14.6 Price

14.7 Place

14.8 Promotions



Concepts & Issues that emerge from the content

- ❖ Introduction to marketing
- ❖ Marketing concepts
- ❖ Target marketing & segmentation
- ❖ Marketing mix
- ❖ Product
- ❖ Price
- ❖ Place
- ❖ Promotions

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14.1 INTRODUCTION TO MARKETING

What are the definitions available on Marketing?

Marketing is social process by which individuals and groups obtain what they need & want through creating, offering and freely exchanging products and services of value with other.

- Philip Kotler (Old)

The science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.

- Philip Kotler (New)

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

- American Marketing Association (Old)

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

- American Marketing Association (New)

Marketing refers to activities undertaken by a company to promote the buying or selling of a product or service. Marketing includes the advertising, selling and delivering of products to consumers or other businesses.

- www.investopedia.com

The management process through which goods and services move from concept to the customer. It includes

the coordination of four elements called the 4 P's of marketing:

- (1) Identification, selection and development of a product,
- (2) Determination of its price,
- (3) Selection of a distribution channel to reach the customer's place, and
- (4) Development and implementation of a promotional strategy.

- www.businessdictionary.com

Marketing is defined in both social aspect & management aspect. The social aspect indicates the role of marketing in the society which is enhancing & providing a high standard of living, while the



management aspect indicates the role of marketing as an art of selling products. Marketing is something beyond simple selling. It's a wide process that starts & ends with the customer.

What is the importance of Marketing?

To Businesses

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To Customers

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To the Economy

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What are the stages in the evolution of marketing?

1. Direct production
2. Barter system
3. Price system
4. Production concept
5. Product concept
6. Selling concept
7. Marketing concept



8. Customer concept
9. Societal marketing concept
10. Holistic marketing concept

What is a Market?

Traditionally a market is a situation where buyers & sellers meet. The situation can be a physical location or a space based on electronic & information technology.

Ex-



But in Marketing its defined as, the group of consumers or organizations that is interested in the product, has the resources to purchase the product, and is permitted by law and other regulations to acquire the product.

- www.netmba.com

In other words a collection of actual & potential customers found for a given product can be a market.

How can we classify a basic market under modern exchange economy?

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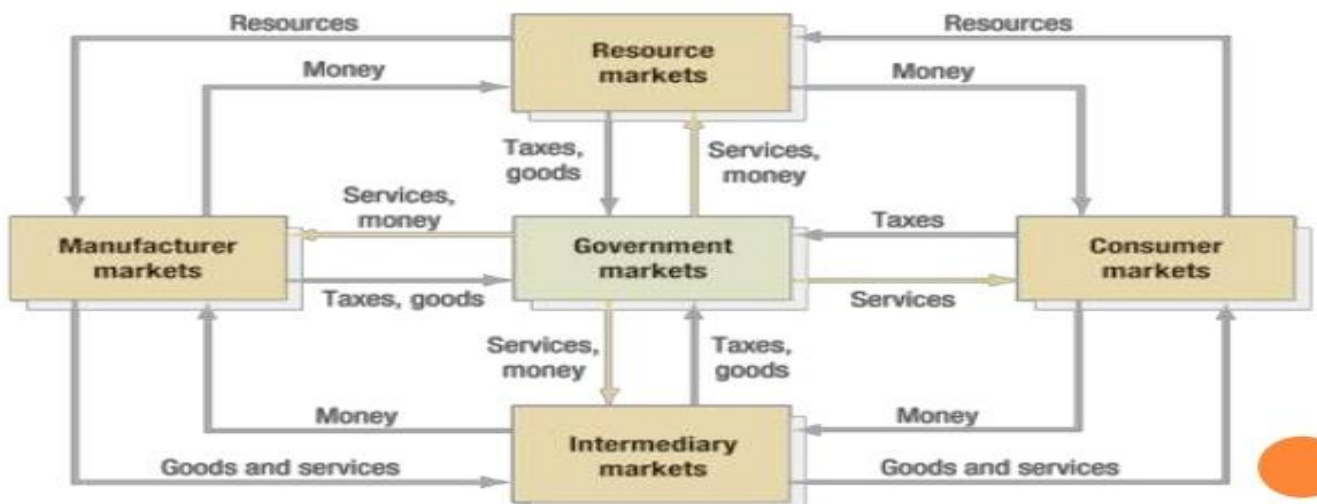
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How can the above be shown in a structure?

STRUCTURE OF FLOW IN A MODERN EXCHANGE ECONOMY:



Explanation of the above diagram;

Structure of Flows in a Modern Exchange Economy Manufacturers go to resource markets (raw material markets, labor markets, money markets), buy resources and turn them into goods and services, and sell finished products to intermediaries, who sell them to consumers. Consumers sell their labor and receive money with which they pay for goods and services. The government collects tax revenues to buy goods from resource, manufacturer, and intermediary markets and uses these goods and services to provide public services. Each nation's economy, and the global economy, consists of interacting sets of markets linked through exchange processes.

How can we classify a market based on customer needs & preferences?

1. Consumer Market

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2. Industrial Market

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How can we classify the market based on existence?

1. Market Place

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2. Market Space

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3. Meta-market

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What are the “Core-concepts of Marketing”?

These are the set of concepts that sets the platform for marketing. Without them marketing cannot exist. 13 of them can be given as follows;

1. Needs, wants & demand
2. Target market, positioning & segmentation
3. Offerings and Brands
4. Marketing Channels
5. Paid, Owned & Earned media
6. Impression & Engagement
7. Value & Satisfaction
8. Supply chain
9. Competition
10. Exchange
11. Transaction
12. Relationship
13. Marketing Environment



What is Needs, Wants & Demand?

Needs

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Wants

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Demand

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What is Target Market, Positioning & Segmentation?

Target Market

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Positioning

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Segmentation

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What are Offerings & Brands?

Offerings

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Brands

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What is a Marketing Channel?

A marketing channel can be defined as an access point or points used by marketers to access their target markets. In other words how & what a marketer will use to reach his identified target market.

3 types of Marketing channels can be;

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What is Paid, Owned & Earned Media?

Media is the medium & mode used by anyone to relay & communicate a relevant set of information to a selected or unselected set of audience. In marketing, 3 types of media can be;



Païd Media

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Owned Media

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Earned Media

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What is Impressions & Engagement?

Impressions

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Engagement

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What is Value & Satisfaction?

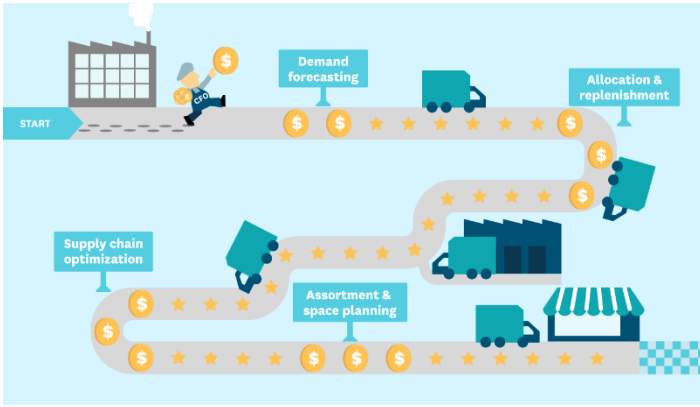
Value

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Satisfaction

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What is Supply Chain?

A supply chain is the network of all the individuals, organizations, resources, activities & technology involved in the creation & sale of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end user.

In other words, a supply chain is a network between a company & its suppliers to produce & distribute a specific product to the final buyer. This network includes different activities, people, entities, information, & resources. The supply chain also represents the steps it takes to get the product or service from its original state to the customer. Supply chains are developed by companies so they can reduce their costs & remain competitive in the business landscape.

What is Competition?

Competition is the rivalry between companies selling similar products & services with the goal of achieving revenue, profit, & market share growth. Competition is the actual & potential rival offerings & substitutes a buyer may consider. Market competition motivates companies to increase sales volume by utilizing the four components of the marketing mix, also referred to as the four P's. These P's stand for product, price, place & promotions.



In economics, competition is a condition where different economic firms seek to obtain a share of a limited good by varying the elements of the marketing mix: product, price, place & promotions.

4 types of competition can be;

- 1. Brand Competition

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- 2. Industry Competition

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- 3. Form Competition

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4. Generic Competition

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What is Exchange?

Exchange can be broadly identified as the act of obtaining something from someone by offering something in return. Here the two parties can be buyer & seller where the exchange takes place on an agreement. The conditions to be fulfilled for an exchange can be;

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What is Transaction?

Transaction is the trade of a product with a value between 2 or more parties. The transaction is the evidence of the exchange that had taken place. The conditions to fulfill for a transaction can be;

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What is Relationship?

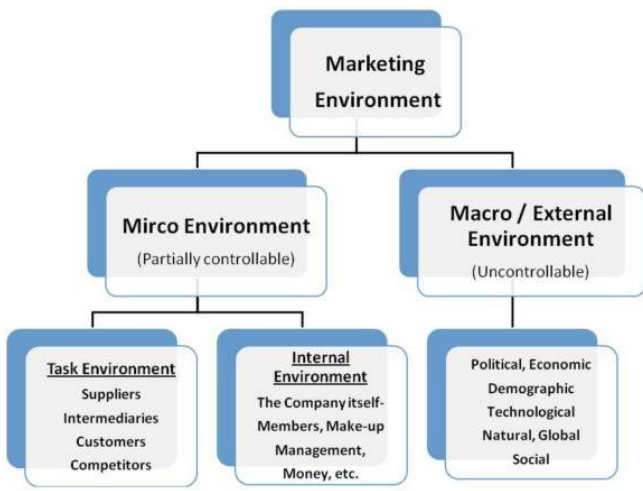
Maintain a long lasting relationship with the customer than just a transaction better known as relationship marketing. This will assure customer loyalty resulting in long term profitability. Relationship is not only with the customer but with all stakeholders in the supply chain mainly suppliers, agents & distributors for a long time, which is a marketing network. Everyone in the channel has an important role to play.



Any exchange & transaction results in a relationship between the 2 parties involved. If better exchange & transaction are to take place, it is important to form a better relationship among each & every party in the distribution channel such as customers, suppliers, distributors as a network. In modern-days, this is referred to as relationship marketing. Building a satisfactory & profitable long term mutual relationship among the main parties that associate with the business organization is called relationship marketing. A good relationship network is an asset to the business.

Relationship marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. It is designed to develop strong connections with customers by providing them with information directly suited to their needs and interests and by promoting open communication.





What is Marketing Environment?

Marketing Environment is the combination of external and internal factors & forces which affect the company's ability to establish a relationship & serve its customers. The marketing environment of a business consists of an internal and an external environment. The external environment can be further classified into 2 as task / functional environment & broad / wide environment & the sub

factors of them in marketing can be as follows;

1. Task / Functional Environment

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2. Broad / Wide Environment

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14.2 MARKETING CONCEPTS

The marketing concept is the philosophy that firms should analyze the needs of their customers and then make decisions to satisfy those needs, better than the competition. These concepts are used by a business to achieve its objectives. This philosophy is the evolution into the marketing concept. The concepts can be;

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1. Production Concept

This concept says that consumers will prefer products that are cheap & widely available. This came up after the industrial revolution that resulted in mass production of standardized products. Here the producer is only concerned of making low cost products & does not consider what the customer actually needs & the products standards.

Ex-

2. Product Concept

This concept believes in producing high quality, superior & reliable products, assuming Consumers will prefer the most quality, performance & features. Here the product is continuously improved overtime, whereby Price levels are very high. Unfortunately the businesses give too much focus on the product & not on what the customer actually wants.

Ex-

3. Selling Concept

This is where the Product is promoted heavily & the Customer is pushed to buy the product. Here the business tries to sell what is made & not what the market actually wants, since it believes in a sales transaction over a long term profitable relationship, thereby resulting in a Short life span & unsatisfied customers.

Ex-

4. Marketing Concept

This is where the business first identify what the customer wants & then produce a product to satisfy that need as perfect as possible. Here the products are tailor-made to the want by giving importance for what the customer actually wants. By doing so, the business is able to build long term profitable relationships due to higher level of customer satisfaction.

Ex-

5. Customer Concept

This is where the business tries to identify what each individual customer wants & then produce a product to satisfy only him & his needs. In simple terms this is the individual version of the marketing concept. Here the product is perfectly fitting the want & therefore the customer is extremely happy, resulting in a long term profitable relationship If it can be successfully done.

Ex-

6. Societal Marketing Concept

This concept says that, the business should not only identify wants better than competitors but in way that enhances & preserves the consumer & society. This concept is integrated with the CSR of the business & believes in giving back something good for the society in addition to supplying a product.

Ex-

7. Holistic Marketing Concept

Holistic marketing concept is a part of the series on concepts of marketing & it can be defined as a marketing strategy which considers the business as a whole and not as an entity with various different parts. This concept is made up of 4 sub-concepts.

A. Internal Marketing

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B. Integrated Marketing

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C. Relationship Marketing

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D. Socially Responsible Marketing

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14.3 TARGET MARKET & SEGMENTATION

What is a Target Market?

A target market refers to a group of potential customers to whom a company wants to sell its products and services. This group also includes specific customers to whom a company directs its marketing efforts. A target market is one part of the total market for a good or service.

Consumers who make up a target market share similar characteristics including buying geography, buying power, demographics, and incomes.

Identifying the target market is an essential step for any company in the development of a marketing plan. Not knowing who the target market is could cost a lot of money and time for a company.



What is Market Segmentation?

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations. Any kind of market can be segmented in to sub sections using various consumer characteristics.

The importance of market segmentation is that it allows a business to precisely reach a consumer with specific needs & wants. In the long run, this benefits the company because they are able to use their corporate resources more effectively & make better strategic marketing decisions.

The purpose of market segmentation is that it enables a business to precisely give consumers exactly what they want to see, how they want to see it. Companies that do not have a segmenting strategy and target to an entire mass market tend not to work out.

The bases used to segment a consumer market can be;

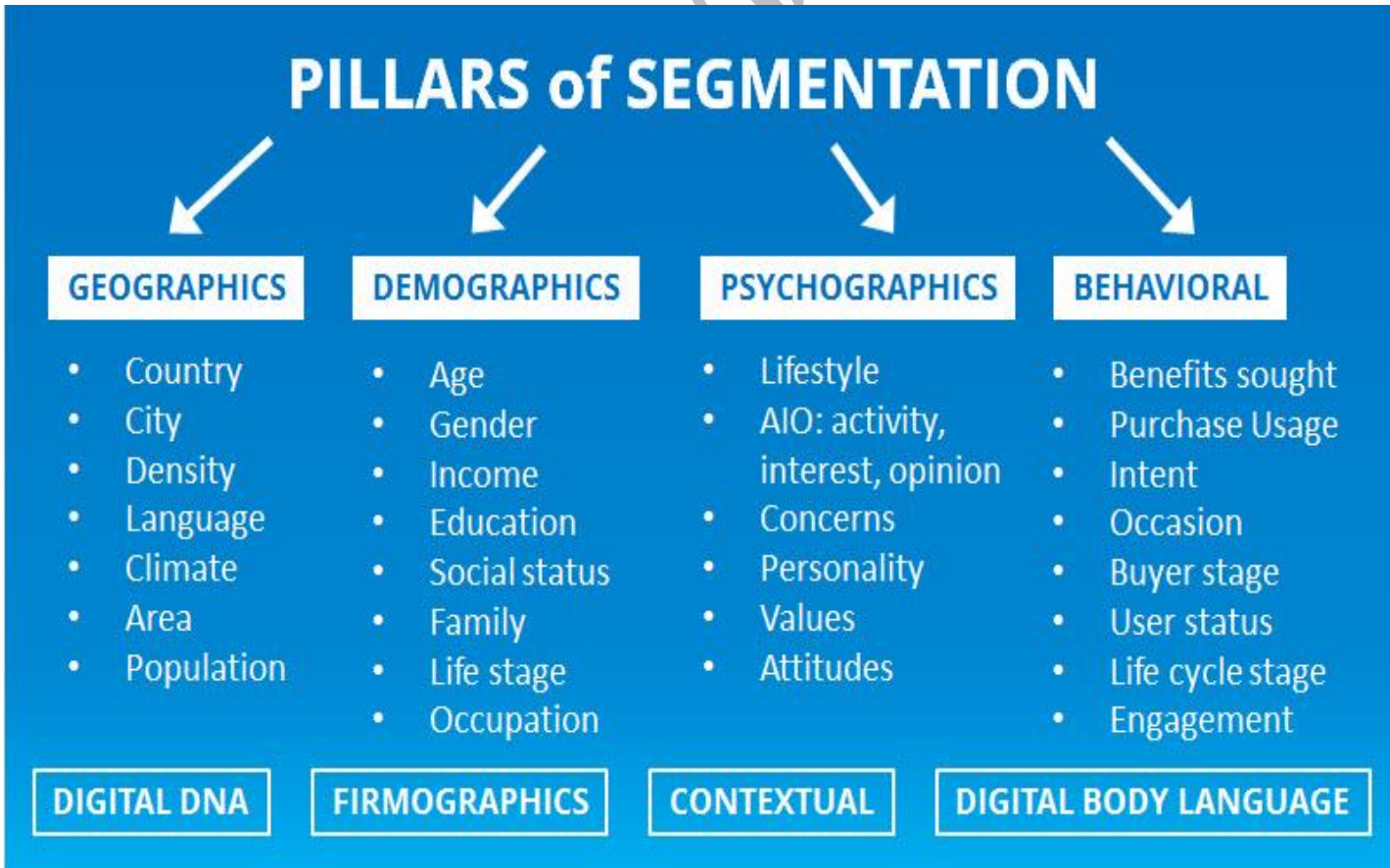
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What are the requirements to be fulfilled for an effective market segmentation?

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What are the benefits of Market Segmentation?

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What are the limitations of Market Segmentation?

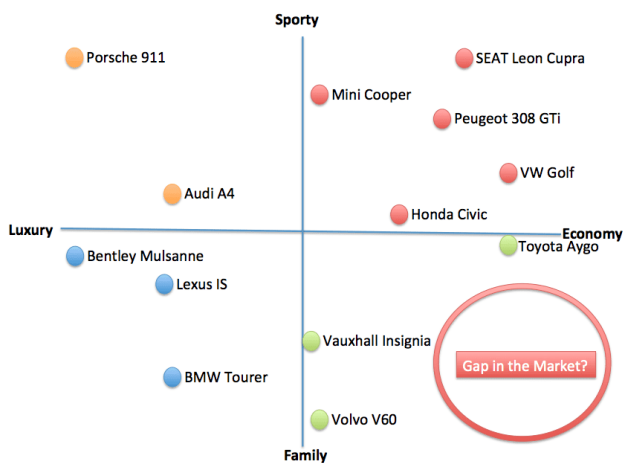
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What is Market Positioning?

Positioning refers to the place that a brand occupies in the minds of the customers and how it is distinguished from the products of the competitors. In marketing and business strategy, market position refers to the consumer's perception of a brand or product in relation to competing brands or products. Market positioning refers to the process of establishing the image or identity of a brand or product so that consumers perceive it in a certain way.

A positioning statement is about communicating how your brand is different from the competing brands. The purpose behind positioning is to create an appealing image that leverages a brand's unique strengths. Marketers may also create positioning statements for companies and individual products.

Ex-

Ways of positioning a Market can be;

- ✓ Including various features & benefits to the product.
- ✓ Providing a high service compared to competitors.
- ✓ Positioning the product in the customers' mind deeply using various promotional strategies.



Ex-

What is Niche Marketing?

A niche market is a subset of a larger market with its own particular needs or preferences, which may be different from the larger market & may yet to be fulfilled. A niche market is the subset of the market on which a specific product is focused. The market niche defines the product features aimed at satisfying specific market needs, as well as the price range, production quality & the demographics that it is intended to target. It is also a small market segment.

Niche marketing is an advertising strategy that focuses on a unique target market. Instead of marketing to everyone who could benefit from a product or service, this strategy focuses exclusively on one group—a niche market—or demographic of potential customers who would most benefit from the offerings.

A marketing approach for a good or service with features that appeal to a particular minority market subgroup. A typical product marketed using a niche strategy will be easily distinguished from other products, and it will also be produced and sold for specialized uses within its corresponding niche market.

Marketing mix- 4P's (1)



14.4 MARKETING MIX

The marketing mix has been defined as the "set of marketing tools that the firm uses to pursue its marketing objectives in the target market". Thus the marketing mix refers to four broad levels of marketing decision, namely: product, price, place & promotions.

The marketing mix is the combination of elements used by a business to enable it to meet the needs and expectations of customers. It is called a marketing mix because each element of the marketing mix is related to the others.

The Marketing Mix

Product	Price	Promotion	Place
<ul style="list-style-type: none"> • Product variety • Quality • Design • Features • Brand Name • Packaging • Sizes • Services • Warranties • Returns 	<ul style="list-style-type: none"> • List price • Discounts • Allowances • Payment period • Credit terms 	<ul style="list-style-type: none"> • Sales promotion • Advertising • Sales force • Public relations • Direct marketing 	<ul style="list-style-type: none"> • Channels • Coverage • Assortments • Locations • Inventory • Transport

Source: Adapted from Kotler et al. (2009).



What are the 7 P's of the Service Marketing Mix?

1. Product
2. Price
3. Place
4. Promotions
5. People
6. Process
7. Physical Evidence



How Marketing Mix is important for successful marketing?

- ✓ Increased sales turnover by presenting a product to the market in a way that satisfies consumer needs & wants in optimum level better than competitors.
- ✓ Consumers are attracted by pricing the product in a way that enables to face competition.
- ✓ Consumers can be induced to purchase the product by promotional strategies.
- ✓ Distributing products in a convenient manner that enables the consumer to buy the product very easily & conveniently.
- ✓ All the variables in the marketing mix helps to fulfill the marketing aims of the organization.

14.5 PRODUCT



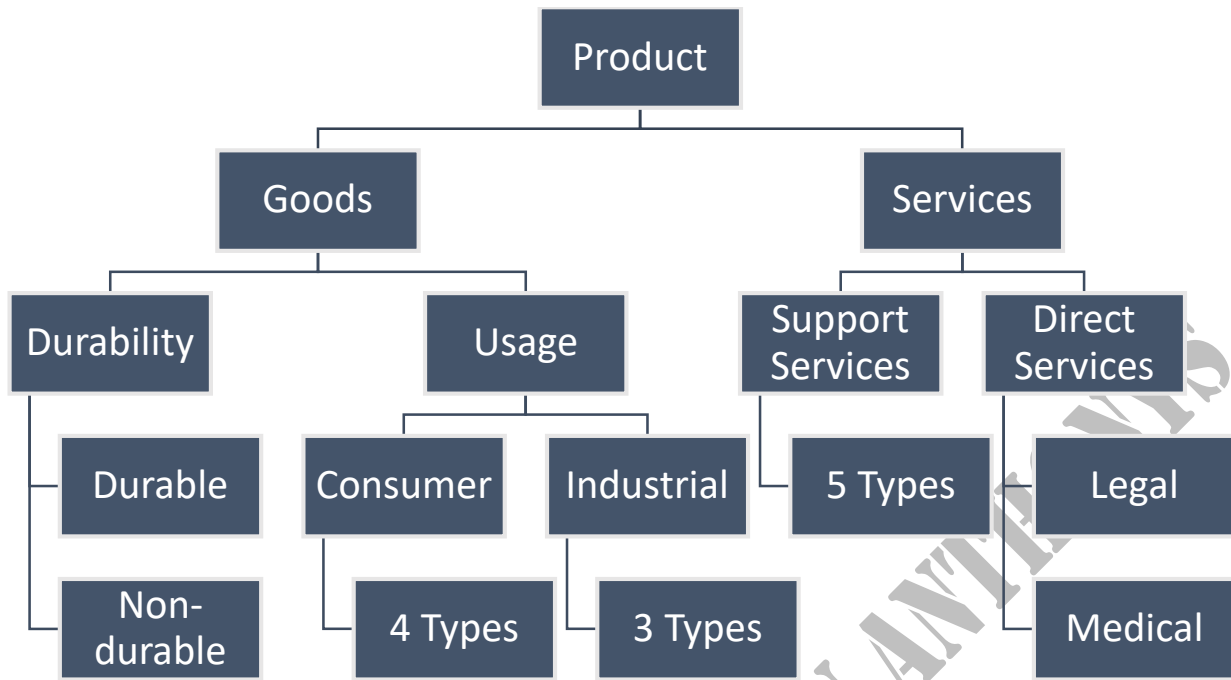
Product refers to the item actually being sold & this product can be a good or service. Anything presented to the market with the purpose of fulfilling the human needs & wants is known as a product. It is a factor of performance, features, design, competition, & production issues. The product must deliver a minimum level of performance; otherwise even the

best work on the other elements of the marketing mix won't do any good.

A business starts with a need. It is this need of a particular market that the business should provide a solution to. The solution is called a product which is usually a good or service which the business provides using its resources. As a result a business has to spend considerable time & money to develop the quality & features of the product that will respond to the target market's needs & wants.

Even though a product is basically a good or service, the complex classification of a product can be as follows;

1. Physical goods
2. Services
3. Ideas
4. Places
5. People
6. Activities
7. Organizations
8. Events
9. Experiences
10. Information



Refer theory booklet number 1 for the details of the above classification.

What is Product Mix?

The product mix is basically a set of all products & items that a particular company offers for sale. The Product Mix also called as Product Assortment, refers to the complete range of products that is offered for sale by the company. In other words, the number of product lines that a company has for its customers is called as product mix. The bundle / portfolio of products presented by a certain seller for sale is known as product mix. A product mix has a width, length, depth & consistency.

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Length

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Depth

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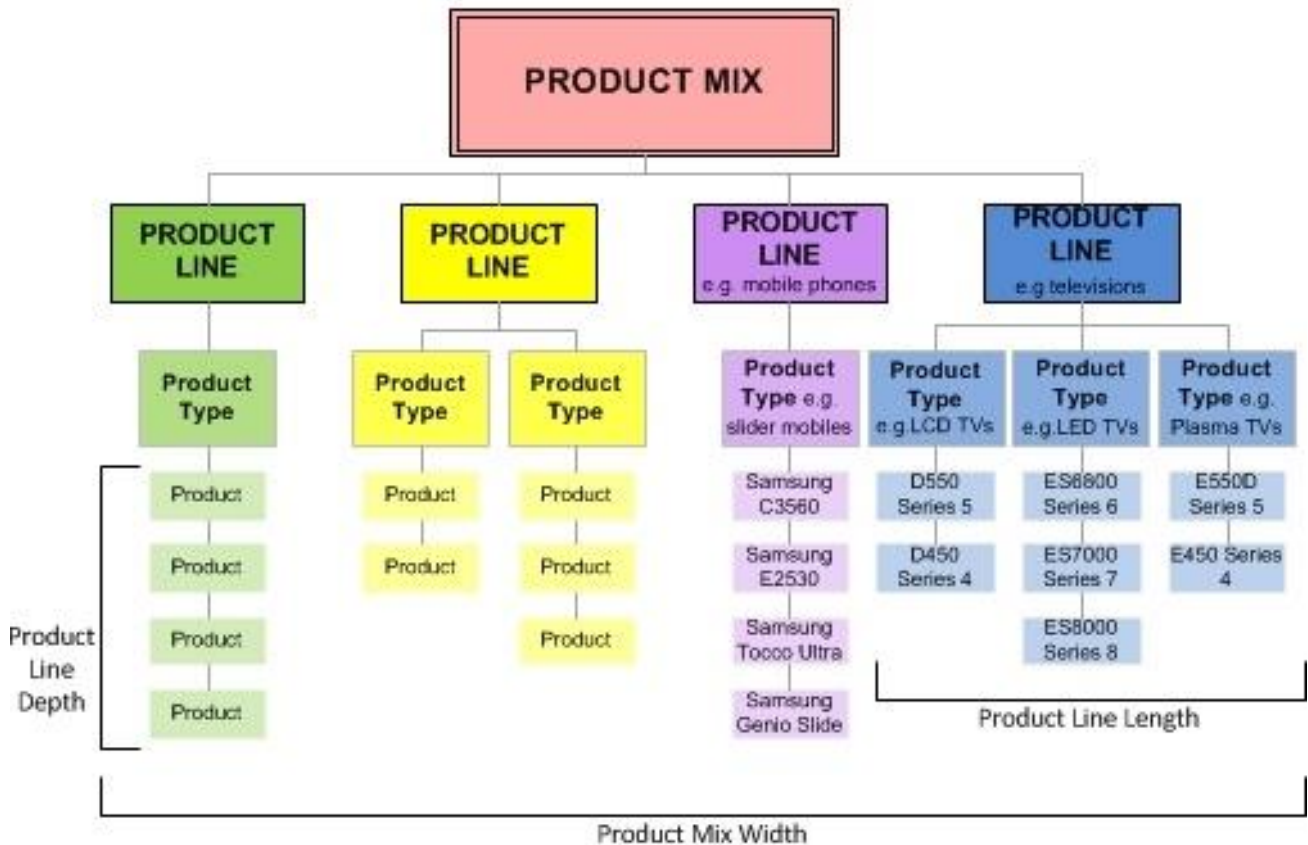
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Consistency

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What are Product Levels?

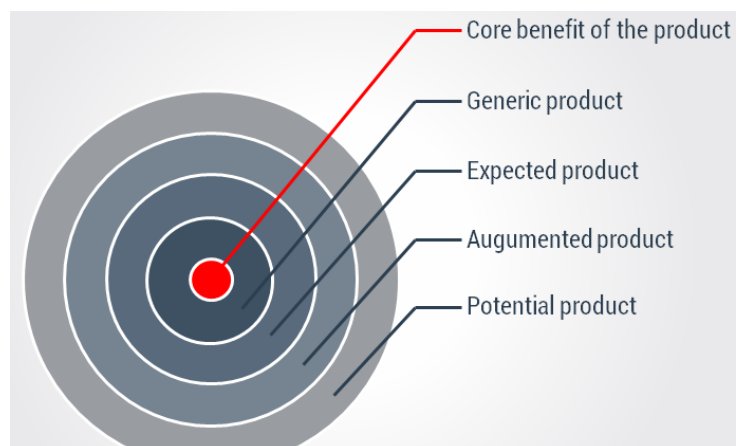
No matter how well costs are driven or held down, no product can be profitable unless it sells. Therefore all products must satisfy customer needs & wants. As all customers are different & seek different benefits from products, businesses would ideally tailor their products to satisfy each customer's wants & needs. However, for many businesses this is not achievable, so they need a way of classifying products in a structure aligned to customer segments, as defined by their needs and wants. The more flexibility a business has to configure products to different customer segments at minimal cost, the more segments they can target with the core product. Which is why it is vital to develop new products with flexibility as a key feature.

Philip Kotler, an economist, devised a model that recognizes customers have five levels of need, ranging from functional or core needs to emotional needs. The model also recognizes that products are merely a means to satisfy customers' varying needs or wants. He distinguished three drivers of how customers attach value to a product:

Need: a lack of a basic requirement.

Want: a specific requirement of products to satisfy a need.

Demand: a set of wants plus the desire & ability to pay for the product.



Customers will choose a product based on their perceived value of it. Satisfaction is the degree to which the actual use of a product matches the perceived value at the time of the purchase. A customer is satisfied only if the actual value is the same or exceeds the perceived value. Kotler attributed five levels to products:

1. Core benefit

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2. Basic product

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3. Expected product

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4. Augmented product

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5. Potential product

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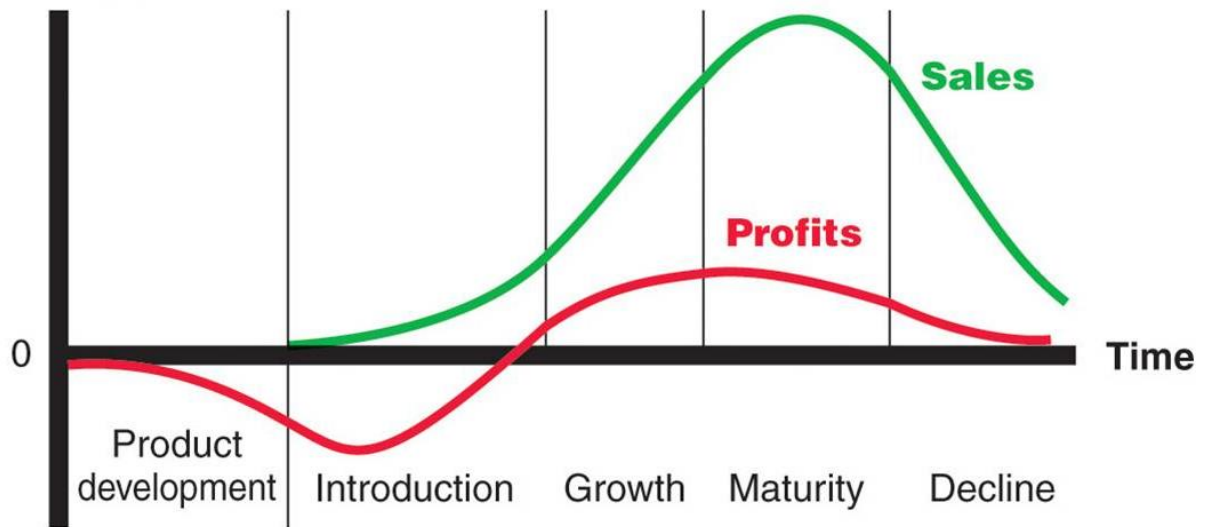
What is Product Life Cycle?

Product life cycle is the progression of an item through the five stages of its time on the market. The five life cycle stages are: Development, Introduction, Growth, Maturity & Decline. Every product has a life cycle & time spent at each stage differs from product to product.

In simple terms, the product life cycle is an important concept in marketing. It describes the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.



Sales and profits (\$)



Losses/
investment (\$)

The 5 stages of the product life cycle in detail can be;

1. Product development stage

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2. Introduction stage

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3. Growth stage

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4. Maturity stage

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5. Decline stage

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What are the assumptions made when preparing the product life cycle?

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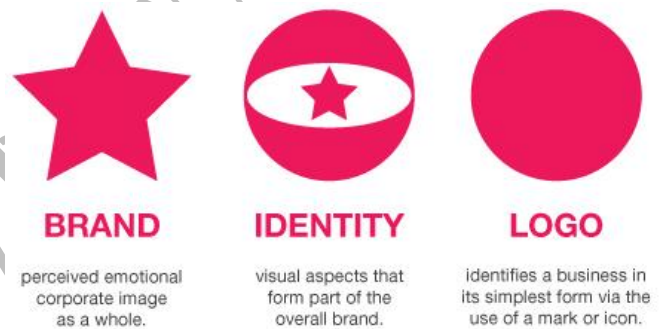
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What is Product Identity?

This is the specialty of a product that helps it to be differentiated / identified from other products. Product identity is the overall personality of a product. It is common for customers to describe products using the same words used to describe people. As such, marketing teams often think of products as having a personality & identity in the market. For example, a product might be trustworthy, reliable or stylish. The 2 most commonly used approaches for brand identity can be;

1. Brand
2. Package



What is a Brand?

A Brand is a product or service that adds features, qualities & differences that differentiate it in some way from the other products designed to satisfy the same need. In other words, a brand is a name, term, sign, symbol, design or a combination of them, intended to differentiate the goods or services of one marketer or group of marketers from those of competitors. A Brand can be;

1. Brand Name
2. Brand Mark
3. Trade Mark

BRANDING
is the way that your customer perceives you



What are the qualities of a good brand?

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What are the types of Brands found?

1. Family Brand

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2. Individual Brand

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3. Private Brand

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4. National Brand

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What are the types of Brand Loyalty?

1. Brand Insistence

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2. Brand Preference

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3. Brand Recognition

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4. Brand Evangelism

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What are the advantages of a Good Brand?

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What are the disadvantages of a Bad Brand?

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What is Packaging?

This is the process & activities involved in designing & producing the wrapper, container, bottle, box etc for a product. A package can be classified into 3 as;

1. Primary package



- 2. Secondary package
- 3. Transportation package

The package can vary from product to product. It contains brand name, shape, color, & other distinctive features. The package was originally used for protection & convenience, but today it's used for Marketing as a marketing tool.



What are the reasons for packaging?

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What are the factors considered when designing a package?

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What does the word "PACKAGE" stand for?

P
A
C
K
A
G
E



What is the 3 C's Model?

High Price

- No possible demand at this price

Ceiling Price

- Customer's Demand

Orienting Price

- Competition

Floor Price

- Cost

Low Price

- No possible profits at this point

What are the Pricing Objectives found?

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What are the Pricing methods found?

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

What are the Pricing Strategies found?

1. Psychological pricing
2. Geographical pricing
3. Promotional pricing
4. Discriminatory / differentiated pricing
5. Product mix pricing

The Pricing Methods in Detail

Mark-up Pricing

This is simply adding a standard mark up or margin to the product’s cost. This is considered the most common & used by many businesses, since easy to understand & calculate. The method is popular among producers & sellers of FMCG’s.

- ✓ Mark up – Profit expressed as a percentage of cost
- ✓ Margin – Profit expressed as a percentage of selling price

Ex-



Target Return Pricing

This is where the business would set a price to earn a percentage of return on investment (ROI) whereby ultimately the business’ expected ROI can be achieved. It can be calculated as follows;

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Ex-

Perceived Value Pricing

This is where the business would set a price based on customer’s perception. In other words, how much the customer thinks it should be or the price the customer has on his mind for a given product. Following are the elements that make up “Perceived Value”.



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Value Pricing

This is where the business sells a high quality product for a low price in order to attract large no- of value conscious customers. Here the company does not reduce its product quality but simply strives to become a low cost producer to sell at lower prices & make profits through it. Therefore the business needs to re-

engineer its operations in order to become a low cost producer. This is a strategy adopted by many companies around the world today due to intensified competition where modern advanced technology & continuous research & technology has been adding it.

Ex-



Going-rate pricing

This is where the business would charge a price equal or closer to what the competitor charges.

This pricing is very common in perfect market conditions, where the business may not have the total liberty of charging a price they want due to the higher level of competition. Here a Slight premium or discount may be applicable in the average market price.

Ex-

Auction Type Pricing

This is where a price will be decided based on a competition either between buyer & seller, between buyers or between sellers where bids will be placed. Here the following 3 types of Auction type pricing can be found;



- 1. English Auctions

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- 2. Dutch Auctions

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- 3. Sealed Bid Auctions

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Group / Bulk pricing

This is where a business will be charging a fairly low price per unit when large quantities of a given product type or category is purchased. (Similar to a discount) Such pricing measures are taken by sellers to encourage buyers to buy more in quantity. This method is very common among whole sellers.

Ex-

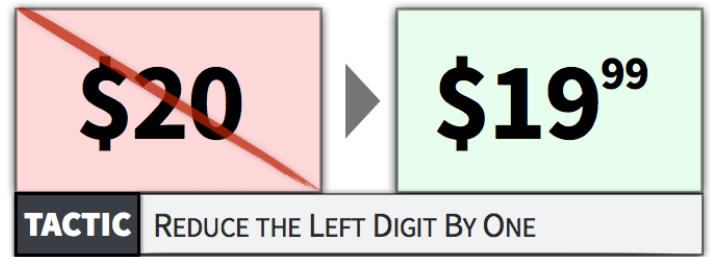


The Pricing Strategies in detail

Psychological Pricing

This is where the seller would charge a price on psychological blueprint, Ego sensitivity & Quality of mental image of the buyer towards the product. Here the seller tries to get an advantage of what is in the buyer's mind. In other words, Psychological pricing is the practice of setting prices slightly lower than rounded numbers, in the belief that customers do not round up these prices, & so will treat them as lower prices than they really are. This was introduced by BATA in Sri Lanka.

Ex-



Geographical Pricing

This is where the seller would charge different prices in different locations for the same or similar product. This happens mainly due to taxes applicable & the distribution costs associated with the product. This is very common for imported products in a country.

Ex-

Promotional Pricing

This is where the seller would charge special prices with a discount or provide special benefits for the purchase than normal during special times or events in order to increase sales. This kind of pricing is applicable usually only for a limited time period & thereby encouraging the customer to purchase.

Ex-



Discriminatory / Differentiated Pricing

This is where the same product will be charged different prices due to changes in features & varieties, changes in time & locations in order to attract different customer groups. This is done because some customers are willing to pay a premium price for differentiation & value addition compared to the normal. This is very common in the services industry.

Ex-

Product Mix Pricing

This is where the seller would charge one price for a product which is a collection of many products that comes as 1 pack. These products are also known as Price packs. The individual products in those packs are common, similar & complimentary goods which are related in usage.

Ex-



14.7 PLACE / DISTRIBUTION

PLACE

How does the customer act or buy?
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- Location of purchase
- Ease of transaction
- Access to distribution channels
- Sales force
- Competitor approaches

This is the market or location where the business can successfully sell its products to its target market. It normally depends on the type of product & method of desired purchase for the customer. The process of getting the products reached from producer to consumer is referred to as distribution.

In the marketing mix, the process of moving products from the producer to the intended user is called place. In other words, it is how your product is bought & where it is bought. This movement could be through a combination of intermediaries such as distributors, wholesalers & retailers.

What are the factors considered when deciding place?

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Why Place is important for a Business?

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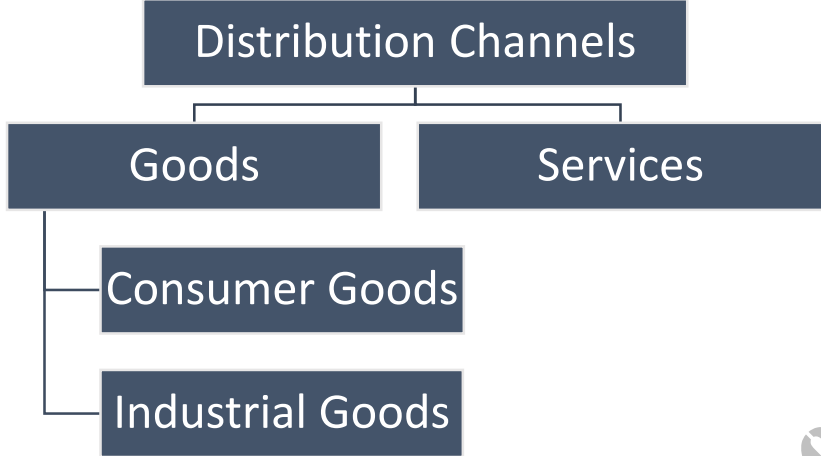
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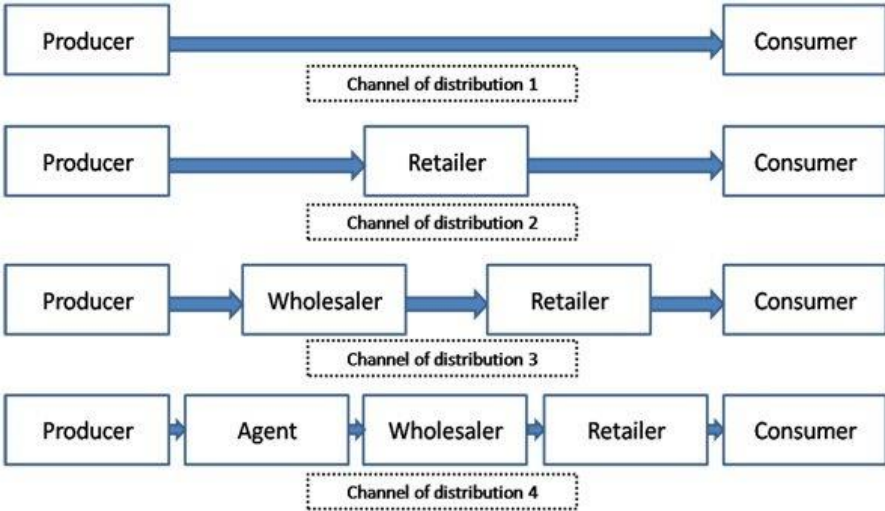
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What is a Distribution channel?

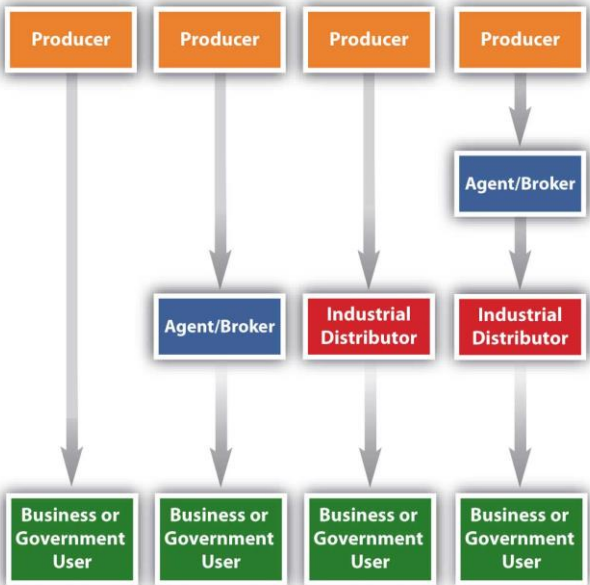
In simple terms distribution channel is the process of how a product would reach the customer from the producer. In other words, a distribution channel is the path through which products pass to get from the producer to the consumer. Distribution channels may be direct, from the producer directly to the consumer. They may also be indirect, in which goods travel from the producer, through an intermediary or intermediaries, to the consumer. A distribution channel can be classified as follows;



Distribution Channels - Consumer Goods



Distribution Channels - Industrial Goods



Distribution Channels - Services



Ex- How services are delivered to customers by the providers

<p>Providers of health</p> <ul style="list-style-type: none"> ✓ Hospitals ✓ Clinics ✓ Channeling centers ✓ Dispensaries ✓ Pharmacies ✓ Mobile clinics ✓ Ambulances 	<p>Providers of Musical Entertainment</p> <ul style="list-style-type: none"> ✓ Singers ✓ Albums ✓ Live performances ✓ TV ✓ Radio ✓ Movies ✓ Ringing tones
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What are the distribution channel strategies available?

1. Intensive

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2. Selective

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3. Exclusive

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4. Integrated

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What are the services provided by intermediaries?

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14.8 PROMOTIONS

Promotions is the process of creating awareness & communication of information with regards to a product or related issues to actual & potential customers in the target market. In other words, promotion refers to any type of marketing communication used to inform or persuade target audiences of the relative merits of a product, service, brand or issue. Promotions are very crucial & if not the 1st 3P's in the marketing mix are useless.



Here the business will be using the “Promotions Mix” or “Communication Mix”;

- ✓ Advertising
- ✓ Sales Promotions
- ✓ PR & Publicity
- ✓ Direct Marketing
- ✓ Personal Selling
- ✓ Events & experiences



Advertising

- Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.
- Examples: broadcast, print, internet, mobile

Sales Promotion

- Short-term incentives to encourage the purchase or sale of a product or service.
- Examples: discounts, displays, coupons, demonstrations

Personal Selling

- Personal presentation by the firm's sales force for the purpose of making sales and building customer relationships.
- Examples: sales presentations, trade shows, incentive programs

Public Relations

- Building good relations with the company's various publics by obtaining favorable publicity, building good corporate image, and handling or heading off unfavorable rumors, stories, and events.
- Examples: press releases, sponsorships, events, web pages

Direct Marketing

- Direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships.
- Examples: catalogs, direct-response TV, kiosks, the Internet, mobile marketing

What is the Promotions Process?

- ✓ Pre-selling
- ✓ Selling
- ✓ Consuming
- ✓ Post Consumption

What is the importance of Promotions?

- ✓ To introduce new products to consumers.
- ✓ To increase the sale of existing products.
- ✓ To inform the target customers by communicating various information about the products.
- ✓ To face the competition successfully with other competitive products.
- ✓ The success of other variables of the marketing mix depends on the success of promotion.
- ✓ To enhance the image of the firm.
- ✓ To increase the potential demand.

What is advertising?

Advertising is any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor. In other words, a paid communication message intended to inform people about something or to influence them to buy or try something.



What are the qualities of advertising?

- ✓ Public Presentation
- ✓ Pervasiveness
- ✓ Amplified Expressiveness
- ✓ Impersonality

What are the types of advertising?

1. Testimonial advertising

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2. Lifestyle advertising

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3. Informative advertising

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4. Repetitive advertising

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What are “Jingles” & “Slogans”?

Jingles

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Slogans

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What are the objectives of advertising?

1. To Inform

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2. To Persuade

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3. To Remind

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4. To Encourage

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What are the advantages & disadvantages of advertising mediums?

Communication medium	Main advantages	Main disadvantages
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptance; high believability	Short life; poor reproduction quality; small "pass-along" audience
Magazines	High geographic and demographic selectivity; credibility and prestige; high-quality reproduction; long life; good pass-along readership	Long ad purchase lead time; some waste in circulation
Television	Combines sight, sound, and motion; appealing to the senses; high attention; high reach	High absolute cost; high clutter; fleeting exposure; less audience selectivity
Radio	Mass use; high geographic and demographic selectivity; low cost	Audio presentation only; lower attention than television; non-standardized rate structures; fleeting exposure
Outdoor	Flexibility; high repeat exposure; low cost; low competition	Limited audience selectivity; creative limitations
Brochures	Flexibility; full control; can dramatize messages	Overproduction could lead to runaway costs
Direct mail	Audience selectivity; flexibility; no ad competition within the same medium; personalization	Relatively high cost; "junk mail" image
Newsletters	Very high selectivity; full control; interactive opportunities; relative low costs	Costs could run away
Telephone	Many users; opportunity to give a personal touch	Relative high cost; increasing consumer resistance
Internet	High selectivity; interactive possibilities; relatively low cost	Increasing clutter

Source: Kotler&Keller, Marketing Management, 14th Ed, Prentice Hall, 2012, p.513.

What are the advantages of advertising to a customer?

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What are the disadvantages of advertising to a customer?

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What is Sales Promotions?

Sales promotions are a set of short term small benefits given to encourage the customer to buy more products. This is done to stimulate the purchase desire for a given product. In simple terms, Sales promotion is a tool designed to be used as a short-term tactic to boost sales.

3 types of sales promotions can be;

Consumer promotion – motivate the consumers to buy more

Ex-

Trade promotion – motivate the intermediaries to buy & sell more

Ex-

Business & sales force promotion – motivate the organization & its sales force to sell more (internal)

Ex-

What are the common sales promotions tools used?

- ✓ Seasonal price off
- ✓ Samples
- ✓ Coupons
- ✓ Price packs
- ✓ Cash refund
- ✓ Gifts
- ✓ Sweepstakes
- ✓ Free trials
- ✓ Product warranties
- ✓ Tie-in-promotion
- ✓ POP displays
- ✓ Allowances
- ✓ Free goods
- ✓ Price off
- ✓ Trade shows & conventions
- ✓ Sales contests
- ✓ Specialty advertising



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What is Public Relations (PR)?



Public relations in simple terms is a variety of programs designed to promote & protect the business’ image & its individual products. Public Relations or PR is a practice of maintaining and shaping the image of an individual or an organization to the public in such a way that a favorable point of view is developed for the concerned entity.

In other words, an activity designed to help an organization and its public, such as customers, employees, government, suppliers, etc. who are directly or indirectly associated with the firm, adapt mutually to each other.

A public is a group that has an actual or potential interest on the business. The Public Relations functions are;

- ✓ Press relations
- ✓ Product publicity
- ✓ Corporate communications
- ✓ Lobbying
- ✓ Counselling

What are the Marketing Public Relations (MPR) tools?

- ✓ Publications
- ✓ Events
- ✓ Sponsorships
- ✓ News
- ✓ Speeches
- ✓ Public service activities
- ✓ Identity media

What are the activities of MPR?

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What is Direct Marketing?

This is where the business directly reaching the customer & fulfilling their needs & wants without the use of intermediaries. Here not only the cost will reduce but can serve the customer better. In simple terms, direct marketing is a form of advertising where organizations communicate directly to customers through a variety of media. This is also known as direct response marketing.

The direct marketing tools are;

- ✓ Direct Mail
- ✓ Face-to-face selling
- ✓ Catalog marketing
- ✓ Tele-marketing
- ✓ E-marketing

What are the specific features of direct marketing?

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What are the benefits of direct marketing to a customer?

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What are the benefits of direct marketing to a seller?

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What is Personal Selling?

Personal selling is the business using its sales force to demonstrate, influence & get orders from customers. In simple terms, Personal selling is where businesses use people (the "sales force") to sell the product after meeting face-to-face with the customer. The sellers promote the product through their attitude, appearance and specialist product knowledge. They aim to inform and encourage the customer to buy, or at least trial the product.

Sales force is the set of individuals of a particular business, who are responsible for selling & marketing activities. Their designations can be; sales person, sales rep, sales agent, sales delegate, sales consultant etc

The functions of the sales force can be;

- ✓ Prospecting
- ✓ Targeting
- ✓ Communication
- ✓ Selling
- ✓ Servicing
- ✓ Gathering
- ✓ Allocating



What are the qualities & qualifications of the sales force?

- ✓ Education
- ✓ Internship
- ✓ Specialization
- ✓ Fraternization
- ✓ Contribution

What are the Personal Selling tools used?

- ✓ Trade conventions & stalls
- ✓ Sales meetings
- ✓ Sales presentations
- ✓ Sampling

Why Personal Selling is preferred for selling industrial goods?

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What is Events & Experiences?

Event marketing is the experiential marketing of a brand, service, or product through promotional events. It typically involves direct interaction with a brand's representatives. Experiential marketing is a strategy that engages consumers using branded experiences. Sometimes referred to as “live



marketing” or “event marketing experience,” the idea is to create a memorable impact on the consumer. The methods used are;

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STEPPING INTO GOOD TO GREAT MOMENT
 ICON PROUD TO ANNOUNCE CIMA LECTURE PANEL

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02. DASUN MENDIS
03. RAKITHA JAYATUNGA
04. IMRAN HASHIM
05. MALINDU UDAWATTA
06. FAREEN SALAHUDEEN

07. NABEEL NILAM
08. SHAVINDA EDIRISURIYA
09. PASINDU WIJERAMA
10. SUGIRTHAN ALAGESAN
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