Marketing Mix

Marketing Mix

- The term ‘marketing mix’ first appeared in the article entitled ‘The Concept of Marketing Mix’ (1948) written by theorist Neil Borden, a professor of marketing and advertising at Harvard Business School.
- He claimed that he was inspired by the research of James W. Culliton who described the role of marketing managers as ‘mixers of ingredients’.
- In 1960, Professor Jerome McCarthy (born in 1928) developed Borden’s theory and kept four main points, namely the 4 P’s (Product, Price, Place and Promotion) in his book Basic Marketing: A Managerial Approach.
- Marketing Mix basically is combination of various elements, which in their totality, constitute marketing system of firm.
- According to Philip Kotler “Marketing Mix is the set of controllable variables that the firm can use to influence the buyer’s response”.

Marketing Mix

- The constituents of marketing mix are said as marketing mix elements. Elements are also referred as decision variables.
- Marketing mix consists of mainly four elements, referred to as “4 Ps”
- Each element is also referred as mix, for example, product mix, price mix, promotion mix, and place mix.
- Each mix contains a set of decisions.

Marketing Mix

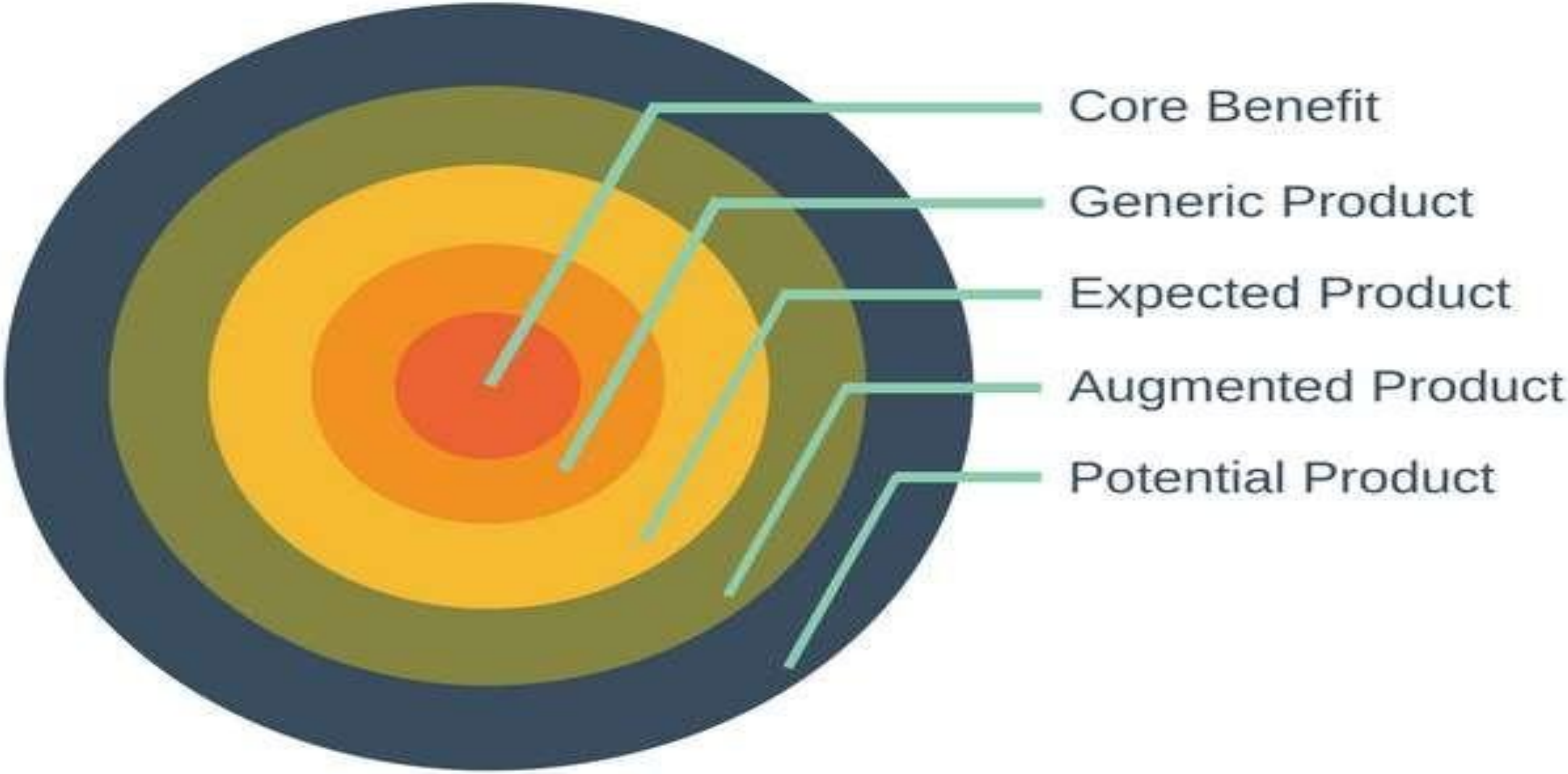
Marketing Mix - Product

- In marketing, a product is anything that can be offered to a market that might satisfy a want or need. It can be described as a bundle of benefits which a marketer offers to the consumer for a price.
- Managing the product includes product planning, product development, product design, product mix, product innovation, standardization and branding.
- According to William J. Stanton "Product is a set of tangible and intangible attributes including packaging, colour, price, manufacturer's prestige, retailer's prestige and manufacturer's and retailer's services which buyer may accept as offering satisfaction of wants and services".
- According to Alderson, W., "Product is a bundle of utilities consisting of various product features and accompanying services"

Steps in New Product Development

1. Idea Generation
2. Idea Screening
3. Concept Testing
4. Business Analysis
5. Product Development
6. Test Marketing
7. Commercialisation
8. Review of Market Performance

Levels of Product



Levels of Product

1. **Core Benefits:** What does the product mean to the customer? For example, a car offers generic benefits of convenience in traveling.

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

2.Basic/ Generic Product: The generic product is a basic version of the product made up of only those features necessary for it to function. For example, in a hotel, this could mean a bed, towels, a bathroom, a mirror, and a wardrobe.

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

Levels of Product

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

5.Potential Product: The potential product includes all augmentations and transformations the product might undergo in the future. In simple language, this means that to continue to surprise and delight customers the product must be augmented.

In the example of a hotel, this could mean a different gift placed in the room each time a customer stays. It could be some chocolates on one occasion.

Levels of Product

Example – Coca – Cola

1. **Core Benefit** - Quench thirst.
2. **Generic Product** - Burnt vanilla smelling, black, carbonated, and sweetened fizzy drink.
3. **Expected Product** – Cold drink with taste.
4. **Augmented Product** - Diet-Coke with zero calories.
5. **Potential Product** - Running competitions. The prizes in these competitions are often things that, “money can’t buy”, such as celebrity experiences. To continue to delight customers over time the competition prizes change frequently.

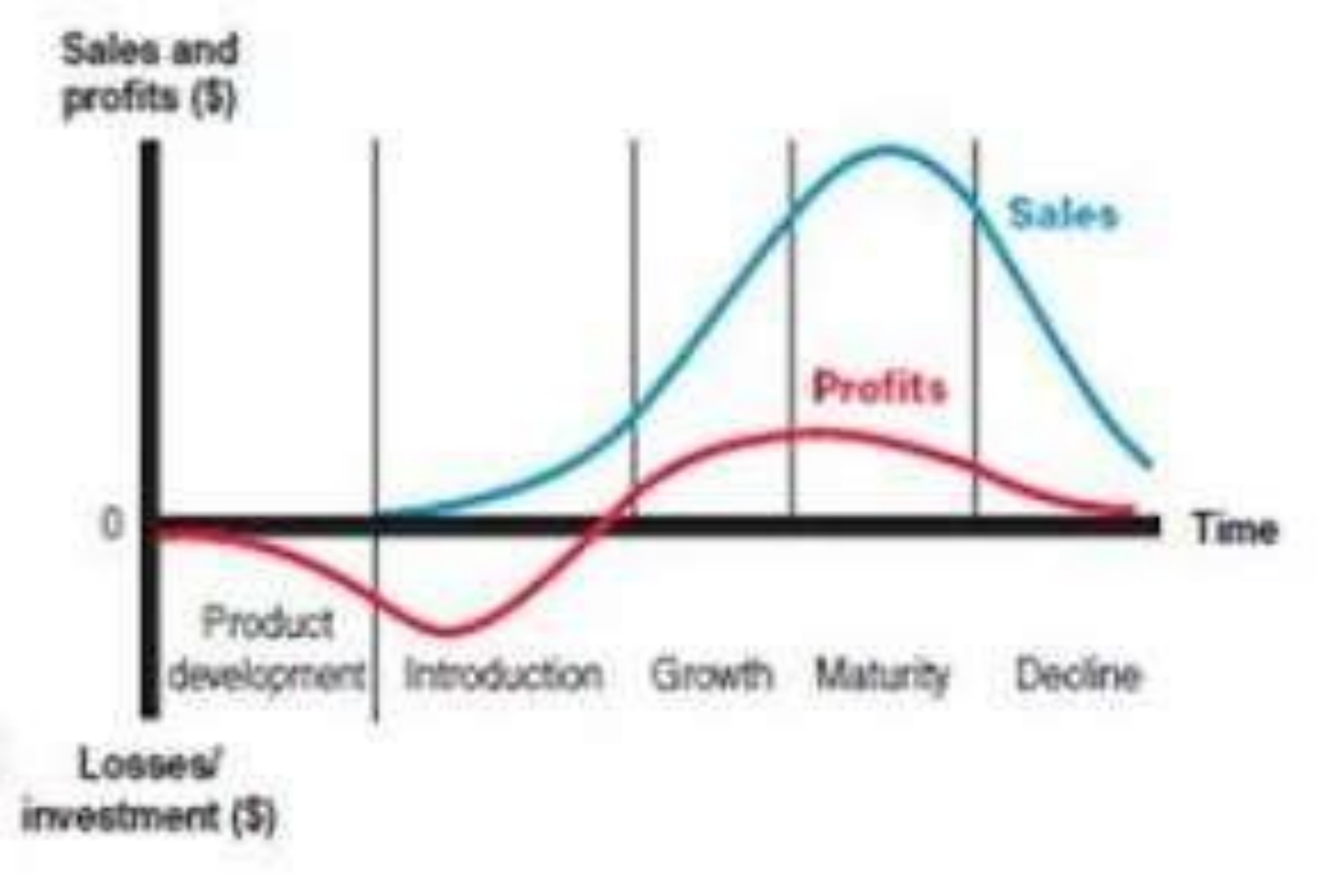
Product Life Cycle

The life cycle of a product is associated with marketing and management decisions within businesses, and all products go through five primary stages:

1. Development
2. Introduction
3. Growth
4. Maturity
5. Decline

Each stage has its costs, opportunities, and risks, and individual products differ in how long they remain at any of the life cycle stages.

Product Life Cycle



Product Life Cycle

Development Stage

The product development stage is often referred to as "the valley of death." At this stage, costs are accumulating with no corresponding revenue.

Some products require years and large capital investment to develop and then test their effectiveness.

Since risk is high, outside funding sources are limited.

While existing companies often fund research and development from revenue generated by current products, in startup businesses, this stage is generally funded by the entrepreneur from their own personal resources.

Product Life Cycle

Introduction Stage

The product introduction stage is also called “market pioneering stage” This stage requires huge investment

The sales revenue may begin to grow along with the market demand but the rate of growth is slow

Profits may not be available due to low sales volume supplemented by heavy production and distribution costs

Advertisement expenditure is also heavy

The product quality is very important to induce trial

Product Life Cycle

Product Introduction Strategies

Marketing strategies used in introduction stages include:

Rapid Skimming - launching the product at a high price and high promotional level

Slow Skimming - launching the product at a high price and low promotional level

Rapid Penetration - launching the product at a low price with significant promotion

Slow Penetration- launching the product at a low price and minimal promotion

Product Life Cycle

During the introduction stage, the firm aims to:

- Establish a clear brand identity
- Connect with the right partners to promote the products
- Set up consumer tests, or provide samples or trials to key target markets
- Price the product or service as high as it believes it can sell it, and to reflect the quality level it is providing
- Being selective (target a set of consumers) to boost demand.

Product Life Cycle

Growth Stage

In this stage, product is accepted by the consumers

The market demand increases and the size of market

grows Sales increase and so do the profits

Firm may adopt various sales promotional techniques at consumer level, dealer level and sales force level

Advertisement is done on a large scale

Prices have to be fixed keeping in mind the competitors pricing

Product Life Cycle

Product Growth Strategies

Marketing strategies used in the growth stage mainly aim to increase profits. Some of the common strategies to try are:

- Improving product quality
- Adding new product features or support services to grow market share
- Enter new markets segments
- Keep pricing as high as is reasonable to keep demand and profits high
- Increase distribution channels to cope with growing demand
- Shift the marketing messages from product awareness to product preference

Product Life Cycle

Maturity Stage

In this stage, sales turnover reach the highest

level Demand reaches saturation point

There is intense competition and lot of pressure on pricing

Profit margin may reduce

Additional expenditure may be incurred for product modification and improvement

Generally the demand at this stage is stable

Special sales promotional measures may be adopted to stimulate

demand Reminder advertisement may be done at this stage

Product Life Cycle

Product Maturity Strategies

When the firms sales are at its peak, its product/ service enters the maturity stage.

The market is saturated, firms may have to find that they need to change the marketing tactics to prolong the life cycle of products.

Common strategies that can help during this stage are:

- **Market Modification** - Entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
- **Product Modification** - Adjusting or improving the product's features, quality, pricing and differentiating it from other products in the market.

Product Life Cycle

Decline Stage

During this stage, the sales gradually come down. This happens generally because of competitors products being introduced in the market or change in technology etc.

The product no longer gets support in the

market The firm has to further drop the prices

Expenditure on advertisement is almost

negligible

Consumers feel that the existing product is not as per their wants

Product Life Cycle

Product Decline Strategies

During this stage, sales and profits decline due to changesin consumer preferences, technological advances and alternatives on the market.

The strategies that can be adopted are:

- Reduce promotional expenditure on the products
- Reduce the number of distribution outlets that sell them
- Implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it.

Product Life Cycle

Another option is for the firm to discontinue the product from offering is either:

- sell the brand to another business
- significantly reduce the price to get rid of all the inventory.

	Introduction	Growth	Maturity	Decline
Characteristics				
Sales	Low sales	Rapidly rising sales	Peak sales	Declining sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovators	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number

Strategies

Product	Offer a basic product	Offer product extensions, service, warranty	Diversify brand and models	Phase out weak items
Price	Use cost-plus	Price to penetrate market	Price to match or beat competitors	Cut price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go selective: phase out unprofitable outlets
Advertising	Build product awareness among early adopters and innovators	Build awareness and interest in the mass market	Stress brand differences and benefits	Reduce to level needed to retain most loyal customers
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand	Increase to encourage brand switching	Reduce to minimal level

Product Mix

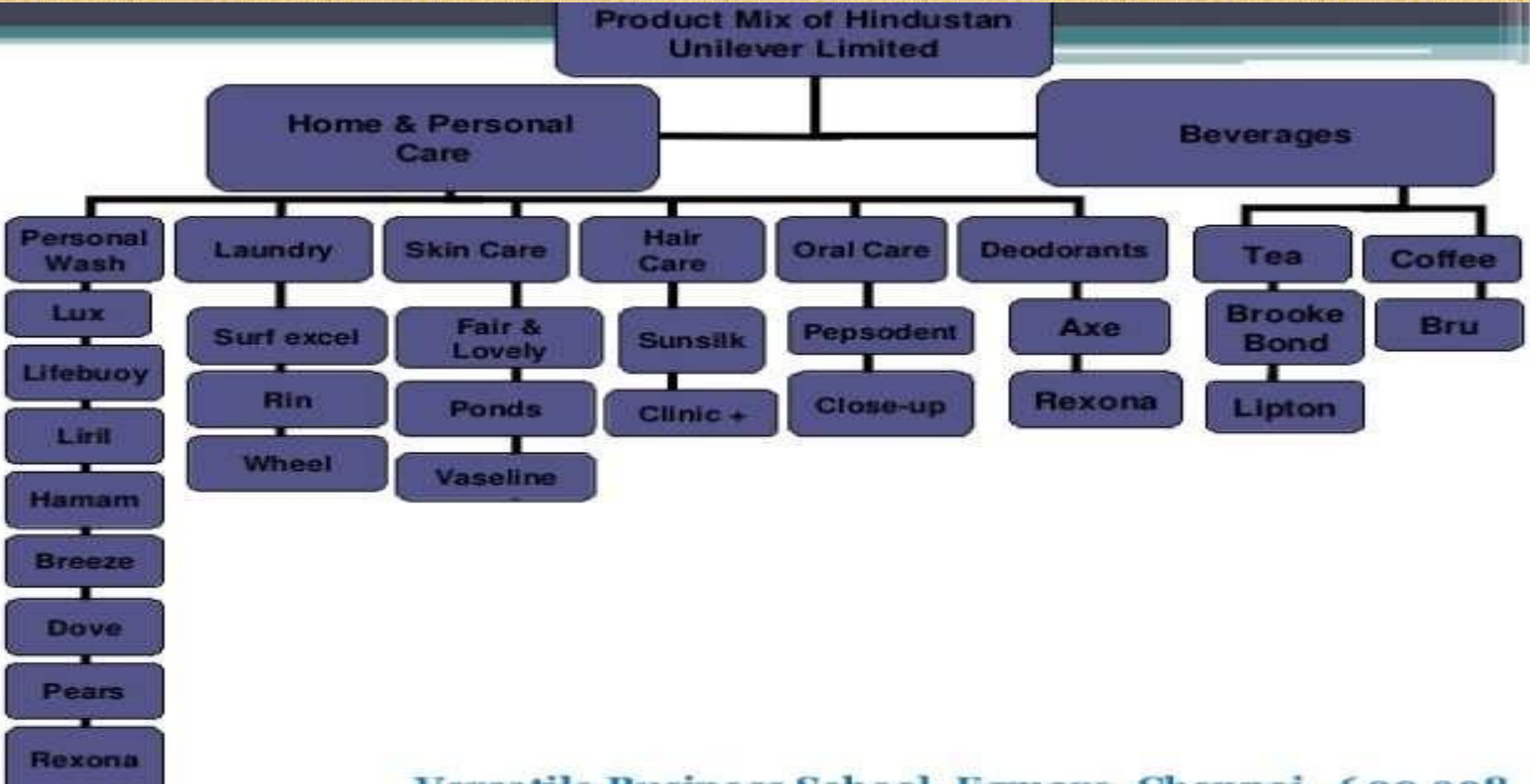
Width: Number of different product lines carried by the company.

Length: Total number of items in the product mix of the company.

Depth: Assortment of size, color and models offered in each item of a product line.

Consistency: It refers to the relationship of various product line either in their end use, production requirement, distribution channel or other way.

Product Mix of HUL



Packaging

- Packaging is the science, art, and technology of enclosing or protecting products for distribution, storage, sale, and use.
- Packaging also refers to the process of design, evaluation, and production of packages.
- It can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use.
- Packaging can also differentiate one brand of product from another brand.
- Because the product packaging can contain company names, logos and the color scheme of the company, it helps consumers to identify the product as it sits among the competitor's products on store shelves.

Purpose of Packaging

- Physical Distribution - The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration temperature etc.
- Barrier Protection – Barrier from oxygen, water vapor, dust, etc., is required for products.
- Containment – Small objects are grouped together in one package for reasons of efficiency.
- Information Transmission – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product.
- Marketing – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product.

Purpose of Packaging

- Security –Packages can be made with improved tamper resistance to deter tampering
- Convenience – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal.
- Portion control – Single serving or single dosage packaging has a precise amount of contents to control usage.
- Facilitates Purchase Decision - Packaging may also contain ingredients and nutritional information about the product
- Differentiation – A key role of packaging is differentiation

Types of Packaging

- Primary packaging is the material that first envelops the product and holds it. This usually is the smallest unit of distribution or use and is the package which is in direct contact with the contents.
- Secondary packaging is outside the primary packaging, perhaps used to group primary packages together.
- Tertiary packaging is used for bulk handling, warehouse storage and transport shipping.

Packaging as a Marketing Tool (Silent Salesman)

- Effective packaging can actually help a company attract consumers to their product.
- It can be the tool that sets apart their product in a vast sea of options that the consumer has at their disposal.
- A good packaging can actually add to the perceived value of a product.
- Packaging is an integral marketing strategy to glamorize a product in order to attract the consumer's attention.
- Product packaging works as a silent salesman because consumers often make a psychological connection with it.
- Packaging may appeal to consumers if it represents something that's important to them or

Labelling

Labelling is the display of label in a product.

A label contains information about a product on its container, packaging, or the product itself.

Labelling is any written, electronic, or graphic communications on the packaging or on a separate but associated label.

It also has warnings in it.

For e.g. in some products, it is written that the products contain traces of nuts and should not be consumed by a person who is allergic to nuts.

Labeling is also an important part of the brand of the product and the company.

It helps the product stand out in the market, and identifies it as a part of a particular brand.

Importance of Labelling

Labellingis essentialas it helps to identify the product and also grab the attention of a customer

It can be combined with packagingand can be used by marketers to encourage potential buyers to purchase the product.

Labels communicate how to use, transport, recycle or dispose of the package or product.

Labelling is also used to exaggerate the product.

This kind of labeling helps a viewer to differentiate the product from the rest in the shelves of the market.

A person can find out about the ingredients of a product. This helps to spread awareness among the customers about the item they are consuming and labeling also helps to mention ingredients.

Importance of Labelling

Labeling is another very important factor in a product. It should show the correct information about the product. This is all the more important in products such as pharmaceuticals.

Labeling should also contain information relating to whether the product has harmful chemicals, especially if it is a product that is meant for children.

Product Guarantee and Warranty

A warranty is a promise by a manufacturer that a certain product is free from defects and that it will perform optimally as required.

Warranty is thus a commitment from a manufacturer to its customers that if the product breaks or if there is any problem in the product, the manufacturer will provide free repair for the product.

But the manufacturer does not commit replacement. He commits only repair.

Warranty is generally given for products which are known to have frequent breakdowns and are mechanical in nature - Example washing machines

A guarantee, though similar to a warranty, is an assurance by the manufacturer that a certain product is of high quality and will withstand the test of time.

Product Guarantee and Warranty

Guarantees are given for products which are sturdy and robust and are unlikely to break down easily.

Although guarantees are also given for mechanical product, the mechanical product should be high value or highly engineered. Example: Heavy engineering products.

Both warranties and guarantees are used to give customers assurance that they are purchasing quality products that are free from defects.

It can also be used to enhance a brand's reputation or serve as a competitive differentiator for the consumer.

Product Guarantee and Warranty

Example, When Amazon Kindle was launched, it was a completely new concept in the market and there was a 1 year guarantee on the product. Kindle was known to have a soft screen and its screen breaking was a problem. However, Kindle knew what percentage of their customers will suffer from this problem. Due to the guarantee in place, many customers got direct replacement of their Amazon Kindle therefore motivating more people to adopt Kindle faster.

Mont Blanc has lifetime guarantee of their product. It is so confident about its product, that if anything happens to the product which is not resolved by the company, they offer free replacement to the end customer.

Role of Brands

The American Marketing Association defines a brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.” Lets see, in detail, the role of brands and scope of branding.

Role of Brands

A brand is a product or service which help the organization differentiate their products or services from others.

The role of brand is critical for the organization as it translates into loyalty and higher margins in the long run.

Role of Brands

The differentiation of a brand can be:

Related to Product Performance. E.g. Gillette, Sony

- Functional
- Rational
- Tangible

Related to Brand Identity. E.g. Coca-Cola, Gucci, Tommy Hilfiger

- Symbolic
- Emotional
- Intangible

Building a brand helps both the consumer and the manufacturer creating a win-win situation for both the parties

Role of Brands

Benefits of Brand to the Consumer

It helps to identify the source of manufacturer of the product simultaneously assigns a responsibility towards an organization for and branded product. the

Experience of customers with products of same brand help them to quickly decide whether they will want to go with their purchase decision or not making their decision easier.

Brands bring with them a certain level of quality assurance.

Role of Brands

Benefits of Brand to the Firm

For a firm, the brand provides legal protection towards unique features or aspects of the product.

Brand loyalty helps organization to retain their existing customers when diversifying from one line of products to other.

It provides security of demand and creates barrier for other manufactures to easily tap existing customers.

Firms can charge a premium for owning a brand boosting profit on every sale.

Product can be copied, but brand cannot. Once a brand is established, it's the invaluable asset for an organization.

A well established brand adds towards the overall value of the firm while calculating its net worth.

Scope of Branding

A brand is a perceptual entity that is rooted in reality but reflects the perceptions and perhaps even the idiosyncrasies of consumers.

Brand is something that residesin the minds of consumers. Therefore the scope of branding expands beyond boundaries.

The concept of branding can be applied to:

- Physical Goods – e.g. Parle-G biscuits, Tata Tea, Maruti SX4
- Services – e.g. Indigo Airlines, ICICI Bank
- Stores – e.g. Future Retail, Central, 99 Store, Amazon
- Person – e.g. Sachin Tendulkar, Amitabh Bacchhan
- Place – e.g. Gujrat Tourism, Incredible India
- Organization – e.g. The Rolling Stones
- Idea – e.g abortion rights, freedom of speech

Marketing Mix - Price

Price is the amount charged for a product or service. It can be defined as the economic value of product normally expressed in form of money.

It is one of the most important elements in the marketing mix. Fixing the price of the product is a tricky job.

Many factors like demand for a product, cost involved, consumer's ability to pay, prices charged by competitors for similar products, government restrictions etc. have to be kept in mind while fixing the price.

In fact, pricing is a very crucial decision area as it has its effect on demand for the product and also on the profitability of the firm.

The price of product should be set in such a way that buyers can pay and company can earn adequate profits.

Marketing Mix - Price

In caseof price-sensitive customers on onehand and the prestige-sensitive customers on the other hand, the pricing decisions become vital in marketing

Price mix includes the decisions regarding:

- Determining manufacturing (variable and fixed) costs the product
- Studying pricing policies and strategies of the close competitors
- Terms of credit to be allowed to customers.
- Deciding on level or margin of profits
- Identifying and analyzing various relevant factors influencing pricing decisions
- Pricing policies/strategies in different stages of product life cycle

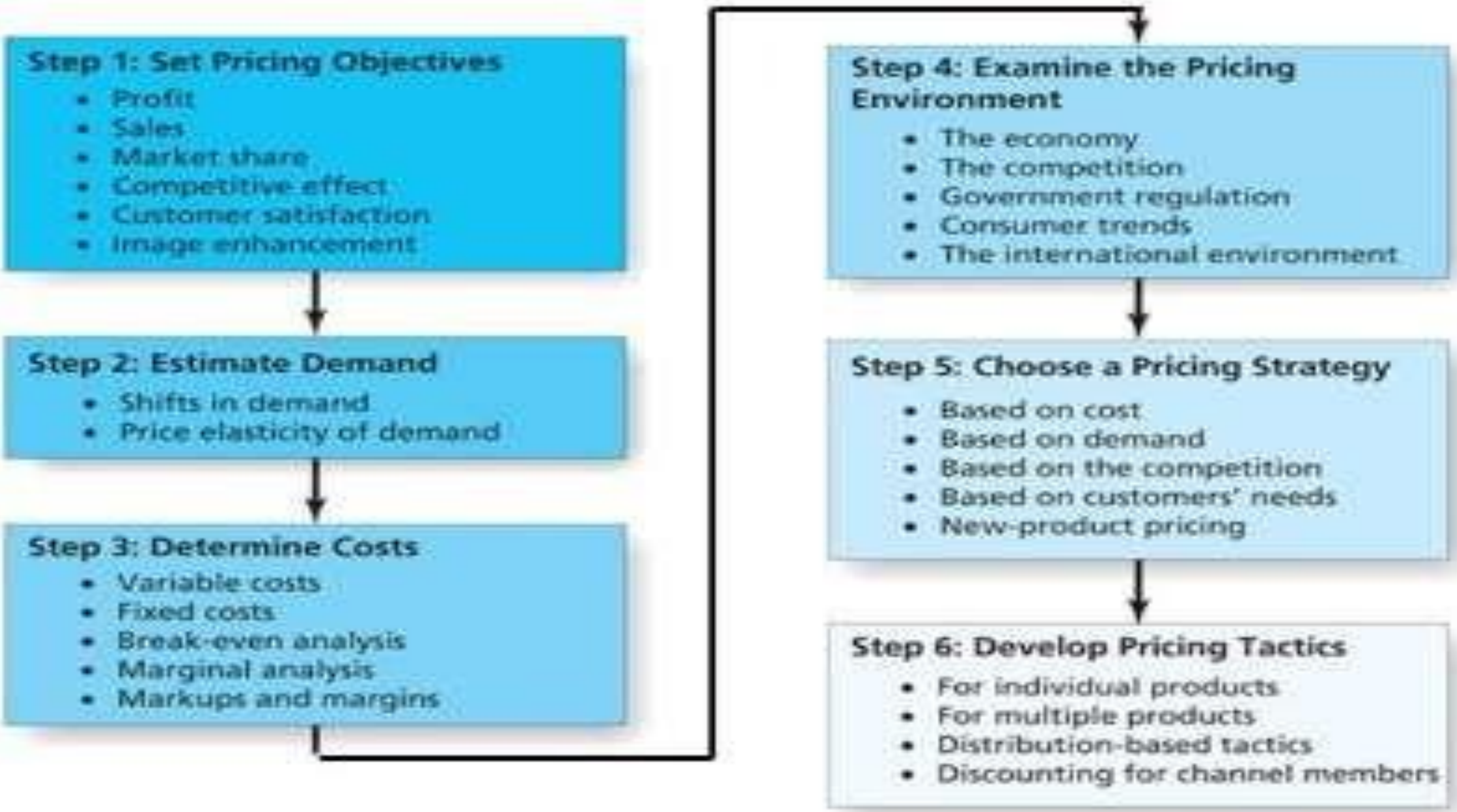
Marketing Mix - Price

The underlying factors that determine a company's price decisions can be categorized as internal factors and external factors:

Internal factors include company's marketing objectives, marketing mix strategy, and costs

External factors consist of market environment, demand, competition

Procedure (Steps) for Setting Prices



Pricing Strategies

Skimming Strategy: High price is charged for a product initially till the time competitors allow and thereafter prices may be dropped. The idea is to recover maximum money before the product or segment attracts more competitors who will lower profits for all concerned. E.g. Apple mobile phone

Penetration Pricing: Price is set artificially low to gain market share quickly. This is done when a new product is being launched. It is understood that prices will be raised once the promotion period is over and market share objectives are achieved. E.g. Reliance mobile phones

Demand Pricing: Also called demand-based pricing, or customer-based pricing. This pricing method uses consumer demand of a product or service as the main element of setting a price for a product or service. It is affected by consumer demand, based on the perceived value of a product or service

Pricing Strategies

Psychological Pricing: This is a common pricing technique used by marketers. A minor difference in prices is a huge difference for customers. For example, an item whose price is listed as Rs. 199 may be seen as much cheaper than a product or service priced at Rs. 200.

Competitive Pricing: Also called the strategic pricing, this is a method that uses the prices set by competitors. More or less using competitor's price is considered to price its own products.

Cost-Plus Pricing: When setting the cost-plus price, the marketer takes the cost of the raw materials and the cost of production and add them to the overhead costs of a product or service. To this total, he may add a markup percentage (profit margin) and this total sum is the cost-plus price.

Pricing Strategies

Discount Pricing: A pricing strategy that offers products and services at a reduced price. Discount prices can come in the form of seasonal discounts, loyalty rebates etc.

Geographic Pricing: This pricing strategy is one where different prices are charged in different geographical locations or markets for the t same product or service.

Price Bundling: This is a strategy used when two or more products or services are priced together as a package, with a single price.

Marketing Mix - Place

Goods are produced to be sold to the consumers, to be made available to the consumers at a place where they can conveniently make purchase.

There is a chain of individuals and institutions like distributors, wholesalers and retailers who constitute a firm's distribution network (also called a channel of distribution).

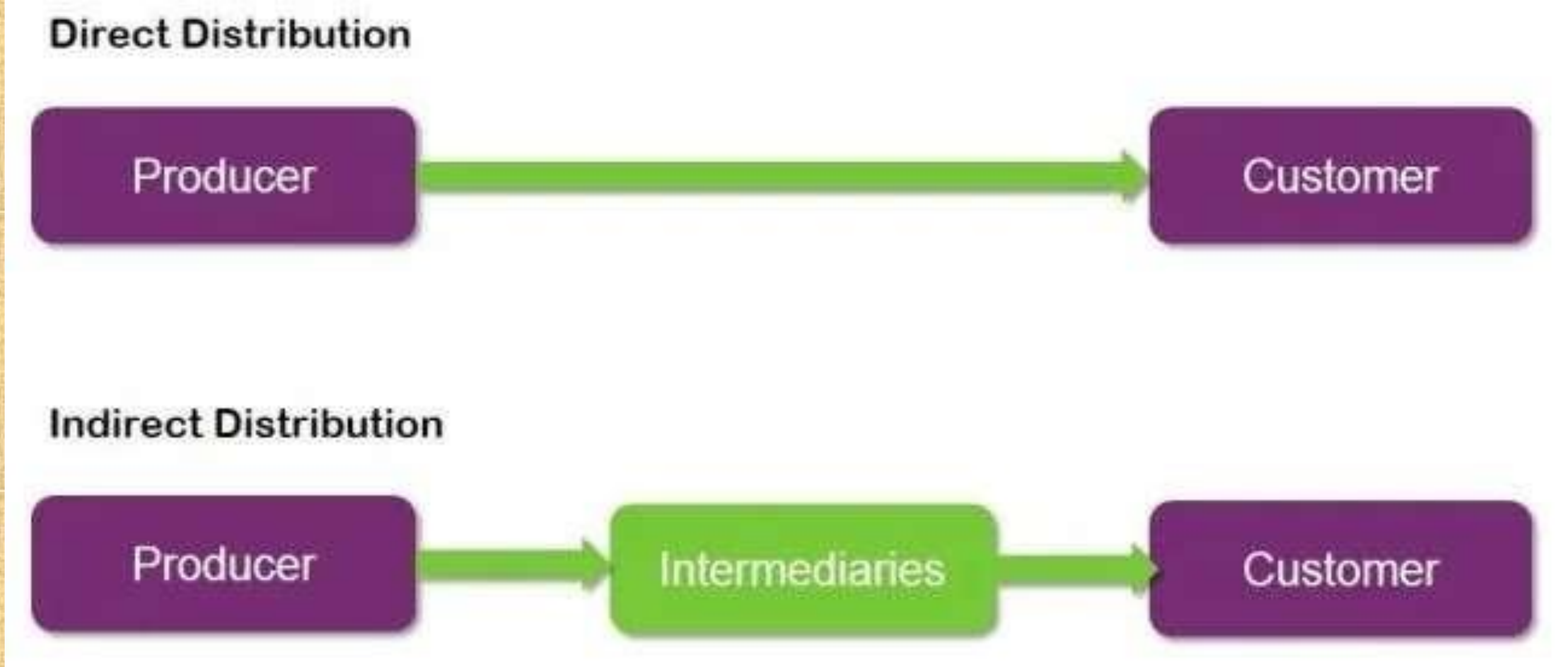
A channel of distribution is a path traced in the direct or indirect transfer of ownership of a product as it moves from producers to consumers.

Channel is pipeline through which the goods flow on its way to the consumers.

Distribution channels can be defined as the set of interdependent marketing institutions participating in the marketing activities involved in the movement the flow of goods or services from the primary producers to ultimate consumers.

Marketing Mix - Place

The organization has to decide whether to sell directly to the consumer or through the distributors/wholesaler/ retailer (Intermediaries).



Marketing Mix - Place

Direct Distribution Channel

In the direct channel method, the manufacturer directly sell the goods to the customers.

There is no involvement of intermediaries in this distribution. Hence it is also called “zero level distribution”.

The manufacturer distribute their products mainly by setting up retail outlets and internet selling.

To adapt this method, the manufacturer has to recruit field sales team and the sales representatives are responsible for the sales.

The companies using direct distribution channel has higher profits than the companies using indirect distribution channels.

Marketing Mix - Place

Indirect Distribution Channel

Indirect distribution channel may be divided into 3 types according to the usage of intermediaries or channel methods - one level, two level and three level channel.

In one level channel manufacturer sells the goods directly to a retailer. Mostly this channel is used by expensive watches and FMCG products.

In the two level channel, the manufacturer sells the goods to a wholesaler, the wholesaler to a retailer and then to the customer. The wholesales purchases large volumes from the manufacturer and then distribute them to retailers in small volumes. This channel is mainly used to sell soaps, sugar, cigarette etc.

In the three level channel, one more level is added to two level channel in the form of agents. This agents reduce the distance between the manufacturers and wholesaler. This is suitable for very big companies

Marketing Mix - Place

Place mix ensures that the right products can be made available to the right consumers, in the right way, at the right time and at the right place, and in the right form.

Channel Management decisions involve:

- Studying geographical concentration of customers
- Analyzing types of distribution channels and channel members
- Selecting suitable channel of distribution.
- Physical distribution including transportation, communication, warehousing, inventory control, insurance, banking, etc.
- Developing and adopting logistics management for effective distribution of goods.

Marketing Mix - Place

Importance of Distribution Channels

- Persuading and influencing the prospective buyers to favor a certain products and its maker [personal selling /sales promotion].
- The distribution channels can perform many functions like transportation, storage, selling, scale of operation and advertising better than the manufacturers.
- Large manufacturing companies can reduce their costs and time required to reach their products with the help of distribution channels.
- Participate actively in the creation and establishment of market for a new product.
- Providing feedback information
- Offering credit to retailers and consumers.

Marketing Mix - Place

Types of Middlemen

1.Wholesalers: They are the people who buy in bulk from the producers and sell in small quantities to the retailers.

2.Retailers: They are the people who buy in small quantities from the wholesalers and sell to the ultimate consumers

3.Agents: They are the middlemen who do not take any title to goods. They render all services required in marketing. They represent either the seller or the buyer and receive commission for their work.

4.Brokers: Like agents, brokers also represent either the buyer or the seller. They do not usually have physical control over the goods in which they deal. Example: share brokers. They get 'brokerage' for their work.

5. Dealers: They are the business houses that resell goods.

6. Distributors: They are the same as wholesalers.

Marketing Mix - Place

Functions of Middlemen

1. Middlemen are the furnishers of valuable information to the producers about consumer behaviour, the changes in tastes and fashions, etc.
2. Middlemen allow the manufacturers to concentrate on production only and relieve them from the botheration of marketing.
3. Middlemen render financial help to manufacturers.
4. They make available the goods according to the consumers' needs, fashion, tastes, etc.
5. Middlemen are an important link between the producers and consumers.

Middlemen play a very important role in the business activities and to maintain the regular chain of supply of goods from the manufacturers to

Marketing Mix -Promotion

If the product is manufactured keeping the consumer needs in mind, is rightly priced and made available at outlets convenient to them but the consumer is not made aware about its price, features, availability etc., its marketing effort may not be successful.

Promotion is an important ingredient of marketing mix as it refers to a process of informing, persuading and influencing a consumer to make choice of the product to be bought.

Promotion mix deals with those activities directed to increase sales volume. It is also known as market communication.

Promotion mix involves all those efforts directed to increases sales of products on a continuous basis.

It includes providing information to customers, inspiring them to buy, and offering incentives.

Marketing Mix -Promotion

Market promotion is concerned not only with raising sales volume, but it is also a tool for establishing long-term relations with the parties involved and is a matter of image, reputation, and goodwill for the company.

Promotion is done through means of personal selling, advertising, publicity and sales promotion to provide information to prospective consumers about the availability, characteristics and uses of a product.

It arouses potential consumer’s interest in the product, compare it with competitors’ product and make choice.

Integrated Marketing Communication (IMC)

Integrated Marketing Communications refers to integrating all the methods of brand promotion to promote a particular product or service among target customers.

According to the American Marketing Association," Integrated Marketing Communication is a planning process designed to assure to that all brand contacts received by a customer or prospect for a product, service, or an organization are relevant to that person & consistent over time."

"IMC is planning a systematic way in order to determine the most effective and consistent message for appropriate target audiences."

In IMC, all aspects of marketing communication work together for increased sales and maximum cost effectiveness.

Integrated Marketing Communication (IMC)

It is essential for organizations to promote their brands well among the end- users not only to move ahead of competitors but also survive in the long run.

Brand promotion increases awareness of products and services and eventually increases their sales, yielding high profits and revenue for the organization.

To understand integrated marketing communication, it is important to understand the meaning of brand communication

Brand communication is an initiative taken by organizations to make their products and services popular among the end-users.

Brand communication goes a long way in promoting products and services among target consumers.

The process involves identifying individuals who are best suited to the

Components of Integrated Marketing Communication (IMC)

1. Advertising

Advertising is one of the most effective ways of brand promotion.

It helps organizations reach a wider audience within the shortest possible time frame.

Advertisements in newspaper, television, Radio, billboards help end-users to believe in the brand and also motivate them to buy the same and remain loyal towards the brand.

Advertisements not only increase the consumption of a particular product/service but also create brand awareness among customers.

Marketers need to ensure that the right message reaches the right customers at the right time.

Components of Integrated Marketing Communication (IMC)

Advertising helps create and maintain brand equity.

Brand equity is an intangible asset that results from a favorable image, impressions of differentiation, or consumer attachment to the company, brand, or trademark.

Aaker defines brand equity as a set of assets and liabilities linked to a brand, its name and symbol, that add value or subtract from the value provided by a product or service to a firm and/or to that firms customers.

Brand equity translates into greater sales volume, and/or higher margins, thus greater competitive advantage.

Brand equity is established and maintained through advertising that focuses on image, product attributes, service, or other features of the company and its products or services.

Components of Integrated Marketing Communication (IMC)

Aaker explains further that the assets and liabilities can be grouped under five categories:

i) brand loyalty

ii) name awareness

iii) perceived quality

iv) brand associations in addition to perceived quality and

v) other proprietary brand assets such as patents, trademarks and channel relationships.

Components of Integrated Marketing Communication (IMC)

2. Direct Marketing

Direct marketing enables organizations to communicate directly with the end- users.

Various tools for direct marketing are emails, text messages, catalogues, brochures, promotional letters and so on.

Through direct marketing, messages reach end-users directly.

3. Sales Promotion

Brands (Products and services) can also be promoted through discount coupons, loyalty clubs, membership coupons, incentives, lucrative schemes, attractive packages for loyal customers, specially designed deals and so on.

Brands can also be promoted effectively through newspaper inserts, danglers, banners at the right place, glorifiers, wobblers etc.

Components of Integrated Marketing Communication (IMC)

4. Interactive/ Internet Marketing

The newest growing global media channel for communicating and selling directly to customers is Internet.

Internet has many marketing functions such as building demand, conducting transactions, filling orders, providing customer service and it provides advertisers a cost-effective way of reaching its customers

Internet has two key features:

Individualization: Internet users have control over the amount of information they want to access and this leads advertisements and promotions that are relevant to the consumers interactivity.

Interactivity: allows users to perceive whatever information they decide to perceive and for a company it gives the ability for a two-way communication

Components of Integrated Marketing Communication (IMC)

5. Personal Selling

Personal selling takes place when marketer or sales representative sells products or services to clients.

Personal selling can be defined as “a two-way communication between a potential buyer and a salesperson that is designed to accomplish at least three tasks: identify the potential buyer’s needs, match those needs to one or more of the firm’s products or services, convince the buyer to purchase the product”

Personal selling is one of the most effective forms of promotion because it allows the salesperson to approach a customer or a prospect the way they see fit.

Personal selling goes a long way in strengthening the relationship between the organization and the end-users.

Components of Integrated Marketing Communication (IMC)

6. Public Relation

Public relations means "building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumours, stories and events"

Public Relations helps in:

- Introducing new products or services.
- Disseminate product features about existing products.
- Celebrating special events to promote the company, product or service.
- Strengthening an advertising campaign or establishing relationships with important customers and prospects.

Components of Integrated Marketing Communication (IMC)

7. Sponsorship

Sponsorship as a way to reach customers has been growing rapidly

American Marketing Association (AMA) defines sponsorship as "advertising that seeks to establish a deeper association and integration between an advertiser and a publisher, often involving coordinated beyond the-banner placements".

Through sponsorship it is possible to gain top-of-mind awareness (TOMA) among customers.

The best place to gain brand awareness is during sports events due to the large media coverage

Sponsorship can strengthen brand image by improving perceptions in order to build, change or improve brand image

Marketing Mix

Mr. Ram is the manager (product development) in a coffee processing company “Modern India Coffee Ltd”. The company introduced innovative products to cater to changing needs of its customers. Mr. Ram travelled extensively to feel the pulse of different segments of coffee drinkers. He himself was very fond of drinking coffee. His friends knew that Ram did not prefer to drink coffee provided in five star hotels, because it was expensive and it did not meet Rams expectation of quality. He gave up drinking coffee during the tours.

Mr. Ram realized that the problem of not getting good coffee was a common problem for coffee lovers. His scientific mind started to analyze this and Modern India Coffee Ltd. Introduced a new product ‘coffee tablets’ developed by Mr. Ram. These tablets were so designed that one tablet added to hot water would produce a cup of coffee without leaving any residue in the cup.

Marketing Mix

The Company decided to adopt introductory low price for these tablets and planned a national launch. However, the chairman felt that necessary marketing research should be undertaken before launching the product

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