



[Academic Script]

Contemporary Issues Part-1

Subject:	Business Economics
Course:	B. A. (Hons.), 2 nd Semester, Undergraduate
Paper No. & Title:	Paper – 204 Marketing Management
Unit No. & Title:	Unit – 5 Contemporary Issues
Lecture No. & Title:	Lecture – 1 Contemporary Issues Part-1

Academic Script

1. Introduction

Today, we are going to discuss about some of the newer concepts in the field of marketing.

2. Relationship Marketing

So, it's your birthday week and you have received a greeting card from Raymond!!! Totally unexpected yet surprising....!!! What do you think, Raymond- the brand really remembers your birthday??? But its database does!!!

As there is increased competition, businesses must generate good rapport with customers and this is possible with the help of relationship marketing. Relationship marketing is a customer relationship management strategy designed to encourage strong, lasting customer connections to a brand. The goal is to generate repeat sales, encourage word-of-mouth promotion and gather customer information.

As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages.

Major Concepts of Relationship Marketing

The first concept is **Customer Relationship Marketing or CRM.**

CRM refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle with the goal of improving business relationships with customers.

The second concept is **Customer Lifetime Value or CLV.**

CLV can be defined as the net present value of all the profits that can be attributed to the entire future relationship with the customer.

Levels of Relationship Marketing

There are five different levels of relationship marketing thereby improving customer service and customer satisfaction. These levels are as follows:-

Basic Marketing – The salesperson sells to the final customers. This is also known as direct sales.

Reactive Marketing – The sales person sells the product and encourages the customer to call for any comments or enquiries.

Accountable Marketing – The sales person calls the customers to ensure whether the product is working as per satisfaction and if there is any problem in the product. Furthermore, he also asks the customer for any suggestions / feedback to improve the service / product. Thus, he is taking responsibility for the sale.

Proactive marketing – The Company works continuously with its large customers to help improve performance. The company is agile, real time data driven and adaptable to the ever changing needs of the customers. This is especially seen in financial companies wherein the movement in the financial market and customer feedback induces the company to make changes regularly in how they deal with the customers and improve the products.

Partnership Marketing – The Company works continuously with its large and key customers to improve its performance. An example would include when General Motors stations its salespeople at dealerships to ensure optimal relationship development with the brand.

Importance of Relationship Marketing

1. **Consistent Customer Experience** – Organizations that are aligned across all touch points seamlessly share information and work together to ensure customer needs are addressed with minimum effort. This is particularly important when the consumer is experiencing challenges with the product or service. Resolving customer issues builds trust and improves customer satisfaction.
2. **Customer Feedback** – When there is open communication in an organization, consumer concerns, complaints and compliments are quickly be addressed. By paying attention to positive and negative feedback, organizations can make appropriate adjustments to product or service offerings, ensuring customer satisfaction.
3. **Customer Profitability**– Relevant communications and offers motivate consumers to use the full complement of product and service offerings. Because consumers understand the benefits of the offerings, they are typically more compliant and they remain customers for longer periods of time.
4. **Customer Advocacy** – Consumers who are pleased and enjoy a consistent experience increasingly share information with each other. Increasingly consumers are turning to each other for suggestions and recommendations.
5. **Innovation**– Organizations invite their customers to provide ideas and insights. Consumers are allowed to share, vote and discuss each other’s ideas. Most important, they are kept updated of the status of ideas.

This is in brief about relationship marketing.

3. Holistic Marketing

Holistic marketing concept is a part of the series on concepts of marketing and it can be defined as a marketing strategy which considers the business as a whole and not as an entity with various different parts. According to holistic marketing concept, even if a business is made of various departments, the departments have to come together to project a positive & united business image in the minds of the customer.

Holistic marketing concept involves interconnected marketing activities to ensure that the customer is likely to purchase their product rather than competition. To understand this concept with in a lucid manner let us use an example. An organization has different departments like sales and marketing, accounting and finance, R&D and product development and finally HR and operations. Thus, to implement a holistic marketing concept in the organization, one has to ensure that R&D and product development take the feedback from marketing and sales to launch the product which is most likely to attract customers. On the other hand they need to work closely with accounting and finance to find out the exact budget for the project. Sales and marketing need to communicate to the HR the right kind of people that they need, and finally, admin and operations need to devise a plan to retain these people.

Some key concepts which are important in Holistic marketing are:

Internal marketing – Marketing between and to all the departments in an organization.

Relationship marketing – Building a better relationship with your customers, internal as well as end customers is beneficial for holistic marketing.

Performance marketing – Driving the sales and revenue growth of an organization holistically by reducing costs and increasing sales.

Integrated marketing-For the organization's growth, the products, services and marketing should work in tandem.

Thus Holistic marketing is a concept which is organization wide and helps the growth of the organization with the right marketing of the product. With the rise in competition and the limits placed on customers with finite financial resources, decisions will be complex and the organization will have to implement holistic marketing so that decisions are made by customers in organization's favor.

4. Green Marketing

Go Green! This slogan is widely used by marketers for products and services. Green marketing concept has the focus on the environment.

American Marketing Association, defines Green marketing in three ways,

- 1 Marketing of products that are presumed to be environmentally safe. This is retailing perspective.
- 2 The development and marketing of products designed to minimize negative effects on the physical environment or to improve its quality. This is social marketing perspective.
- 3 The efforts by organizations to produce, promote, package and reclaim products in a manner that is sensitive or responsive to ecological concerns. This is environment perspective.

Generally the belief is that green marketing is only promotion or advertising of products which have words associated like Recyclable, Refillable, Ozone Friendly, and Environmentally Friendly, but in reality it incorporates major activities like product modification, changes in the production process, sustainable packaging, as well as modifying advertising.

Now we shall look at major **4Ps of marketing** with the focus of Green Marketing.

Product:-The Product represents the good or service offered. Green considerations for product include product materials, components and design, product packaging, product recycling or environmental impact, green supply chain management and carbon footprint impacts of product offerings.

Place (Distribution):-Green logistical concerns seek to maximize distribution while minimizing negative impacts on the environment, mostly from a carbon footprint perspective. Managing logistical operations, modes and materials to minimize environmental impact is one of the more difficult tasks associated with green marketing.

Price:-Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

Promotion:-Sales promotion, advertising, personal selling and public relations with eco-friendly touch creates distinguished image for the products. Promotion strategy of Idea Cellular,

where paperless work was promoted is one of the best examples of green marketing campaign.

Benefits of Green Marketing

Looking at importance of green marketing, marketers will have following benefits with the practice.

1. It ensures sustained long-term growth along with profitability.
2. It saves money in the long run, although initial cost is more.
3. It helps the companies to market their products and services keeping the environment aspects in mind. It helps in accessing the new markets and enjoying competitive advantage.
4. Most of the employees also feel proud and responsible to be working for an environmentally responsible company.
5. It promotes corporate social responsibility.

Some of the Green Marketing Practices by Indian Companies are-

- McDonald's restaurant's napkins, bags are made of recycled paper.
- Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year.
- Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution.
- Barauni refinery of IOC is taking steps for restricting air and water pollutants.

- ITC has been 'Carbon Positive' three years in a row (isolating/storing twice the amount of CO2 than the company emits).

5. Service Marketing

According to American Marketing Association, service is "Activities, benefits and satisfactions, which are offered for sale or are provided in connection with the sale of goods".

Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its buyer.

Characteristics of Service

Perishability: Service is highly perishable and time element has great significance in service marketing. Service if not used in time is lost forever. Service cannot be stored.

Intangibility: Unlike product, service cannot be touched or sensed, tested or felt before they are availed. A service is an abstract phenomenon.

Inseparability: Personal service cannot be separated from the individual and some personalized services are created and consumed simultaneously. For example hair cut is not possible without the presence of an individual. A doctor can only treat when his patient is present.

Heterogeneity: The features of service by a provider cannot be uniform or standardized. A Doctor can charge much higher fee to a rich client and take much low from a poor patient.

Service Marketing Mix—The service marketing mix consists of 7 P's as compared to the 4P's of a product marketing mix. The service marketing mix assumes the service as a product itself.

The extended service marketing mix places 3 further P's which include People, Process and Physical evidence which are necessary for optimum service delivery. Let us discuss the same in detail now.

Product – The product in service marketing mix is intangible in nature. Like physical products such as soap or a detergent, service products cannot be measured. Tourism industry or the education industry can be an excellent example. At the same time service products are heterogeneous, perishable and cannot be owned. The service product thus has to be designed with care. Generally service blue printing is done to define the service product. For example – a restaurant blue print will be prepared before establishing a restaurant business. This service blue print defines exactly how the product (in this case the restaurant) is going to be.

Place – Place in case of services determine where is the service product going to be located. The best place to open up a petrol pump is on the highway or in the city. A place where there is minimum traffic is a wrong location to start a petrol pump. Similarly a software company will be better placed in a business hub with a lot of companies nearby rather than being placed in a town or rural area.

Promotion – Promotion is a critical factor in the service marketing mix. Services are easy to be duplicated and hence it is generally the brand which sets a service apart from its competitor. You will find a lot of banks and telecom companies promoting themselves rigorously because competition in this

service sector is generally high and promotions is necessary to survive. Thus banks, IT companies, and telecom companies place themselves above the rest by advertising or promotions.

Pricing – Pricing in case of services is rather more difficult than in case of products. If you were a restaurant owner, you can price people only for the food you are serving. But then who will pay for the ambience you have built up for your customers? Who will pay for the band you have for music? Thus these elements have to be taken into consideration while pricing. Generally service pricing involves taking into consideration labor, material cost and overhead costs. By adding a profit markup you get your final service pricing.

Here onwards we will look at the extended service marketing mix.

People – People is one of the important elements of service marketing mix. People define a service. If you have an IT company, your software engineers define you. If you have a restaurant, your chef and service staff defines you. If you are into banking, employees in your branch and their behavior towards customers define you. In case of service marketing, people can make or break an organization. Thus many companies nowadays are involved into specially getting their staff trained in interpersonal skills and customer service with a focus towards customer satisfaction. In fact many companies have to undergo accreditation to show that their staff is better than the rest which is a USP in case of services.

Process – Service process is the way in which a service is delivered to the end customer. Let's take the example of two

very good companies – McDonald's and FedEx. Both the companies thrive on their quick service and the reason they can do that is their confidence on their processes. On top of it, the demand of these services is such that they have to deliver optimally without a loss in quality. Thus the process of a service company in delivering its product is of utmost importance. It is also a critical component in the service blueprint, wherein before establishing the service, the company defines exactly what should be the process of the service product reaching the end customer.

Physical Evidence – This is the last and an important element in the service marketing mix. As said before, services are intangible in nature. However, to create a better customer experience tangible elements are also delivered with the service. Take an example of a restaurant which has only chairs and tables and good food, or a restaurant which has ambient lighting, soulful music along with good seating arrangement and this also serves good food. Which one will you prefer? The one with the better ambience. That's physical evidence. Several times, physical evidence is used as a differentiator in service marketing. Imagine a high end private hospital and a government hospital. The private hospital will have plush offices, modern equipment and well dressed and trained staff. Same cannot be said for a government hospital. Thus physical evidence acts as a differentiator.

This is all about the service marketing mix which is also known as the extended marketing mix.

Major Service Industries

Transportation services, Communication services, wholesale and trade, Retailing, Financial services (banking, insurance, real estate etc.), Tourism services, Health services Legal services, Education are the examples of service industries.

6. Political Marketing

Political marketing is a relatively new terminology in mainstream political science literature. Political marketing implies the usage of marketing tools, techniques and methods in political process. In other words, political marketing is the outcome of the marriage between marketing and politics.

According to Martin Harrop political marketing is not just about political advertising, party political broadcasts and electoral speeches but it covers the whole area of party positioning in the electoral market.

According to Kavanagh political marketing is set of strategies and tools to trace and study public opinion before and during an election campaign, to develop campaign communications and to assess their impact.

There certain differences between political marketing and typical marketing practices which include:

1. Unlike every other purchasing decision, all voters make their choice on the same day. Moreover, although there are similarities between opinion polls and brand shares' tracking methods, the latter are based on actual purchasing decisions while the former are based on hypothetical questions.
2. Voting choice, unlike any other purchasing decision, has no direct or indirect individual costs attached to it.

3. Voters have to live with the collective choice even though it may not have been their preference
4. In elections winner takes all.
5. Political parties and candidates are complex intangible products which the voters cannot unbundle and thus they have to decide on the totality of the package.
6. In many countries it is very difficult to form a new and successful party with the help of marketing alone.
7. In most mainstream marketing situations, brand leaders tend to stay in Front.
8. Political arena, unlike the commercial world, is highly charged with ideas, emotions, conflict and partisanship.
9. The use of negative advertising does not apply to mainstream marketing.

Functions of Political marketing

Functions of political marketing are pre- requisites for successful political marketing management. According to political marketing theorist, there 8 generic functions of a successful political marketing which includes the following:

Product Function: In political marketing practice, there should be an exchange between political parties and electorate in the electoral market. Like mainstream marketing each political party has to offer some product which they wanted to sell in the market. Here party wants to market its product which is the promise of a good government. In some cases, the product may be image of the candidate, an ideology or certain specific foreign policy. Hence the entire marketing process is designed to market the product. In USA, the main product function of Democratic Party was to sell Brand Obama and a good governance based on change.

Distribution Function: The distribution function refers to the conditions regarding the availability of exchange offer to the exchange partner. The function has two aspects- campaign delivery and offering delivery. The campaign delivery function provides the electorate with access to all relevant information about the political product.

Cost Function: One of the main functions of mainstream marketing is to sell a product which is cost effective compared to other products in the market so that customer gets greater monetary satisfaction. The voter should receive all the information regarding the product without spending money for it.

Communication Function: Communication involves the function of informing the primary exchange partner of the offer and its availability. It is often seen as the heart of political marketing. For a political party, it implies, providing political content, political ideas and future programs but also aiding the interpretation and sense making of a complex political world.

News Management Function: This function is closely linked to communication function. But news management function is targeted to secondary exchange partners or intermediaries of which media is an important part. In other words it is the management of publicity of the candidate and the party. Public relation activities, media management, online advertising campaign management etc are news management functions.

Fund Raising Function: In mainstream marketing fund raising is not an issue. But political marketing management cannot survive without fund raising. In fact the success of other functions largely depends on fund raising function. In order to provide the political candidate with appropriate resources, a

distinct fund raising function needs to be addressed. A political party depends to a varying extent on membership fee, donations, etc.

Internal Cohesion Management Functions: Besides the external management aspects, internal structure and functions of the political party also needs to be managed professionally. The function is concerned with relationship with party members and activists as well as the spoke persons. The internal marketing functions play a critical role in creating internal stability and therefore the credibility of the party regarding its outside image.

Hope today's session was useful and interesting.

7. Summary

The topic covers Relationship Marketing which is a strategy to manage customer relations so as to forge strong and lasting customer connections to the brand and generate repeat sales and increase customer life time value. The topic also deals with Holistic Marketing orientation of an organization which involves interconnected marketing activities between various functional departments of an organization so as to yield maximum revenues. Today one of the most talked about contemporary and emerging issue in marketing is Green Marketing. The topic has strategic importance these days as environmental concerns are growing and how the marketing mix could be adapted to contribute towards a green planet. Today, in developing and developed economies, the tertiary sector is contributing more to GDP than the primary and the secondary sector and therefore service marketing has assumes a whole new dimension. The topic covers the characteristics of services and the marketing

mix of services along with the extended marketing mix variables of people, process and physical evidence. The most contemporary issue on the block is political marketing and today political parties across the world are using marketing strategies to further their campaigns and connect with voters.