UNIT III

- **Targeting, positioning**
- **Channel management**
- **Wholesaler**
- **Retailer**

Targeting

- A target market is a specific group of people with shared characteristics that a business markets its products or services to.
- Companies use target markets to thoroughly understand their potential customers and craft marketing strategies that help them meet their business and marketing objectives.
- TP marketing model (Segmentation, Targeting, Positioning) is a familiar strategic approach in modern marketing. It is one of the most commonly applied marketing models in practice, with marketing leaders crediting it for efficient, streamlined communications practice.
- STP marketing focuses on commercial effectiveness, selecting the most valuable segments for a business and then developing a marketing mix and product positioning strategy for each segment.
- A target market is a specific group of people with shared characteristics that a business markets its products or services to. Companies use target markets to thoroughly understand their potential customers and craft marketing strategies that help them meet their business and marketing objectives.

Target Markets

- **Demographic:** These are the main characteristics that define your target market. Everyone can be identified as belonging to a specific age group, income level, gender, occupation, and education level.

- **Geographic:** This segment is increasingly relevant in the era of globalization. Regional preferences need to be taken into account.
- **Psychographic:** This segment goes beyond the basics of demographics to consider lifestyle, attitudes, interests, and values.
- **Behavioral:** This is the one segment that relies on research into the decisions of a company's current customers. New products may be introduced based on research into the proven appeal of past products

POSITIONING

- Positioning defines where your product (item or service) stands in relation to others offering similar products and services in the marketplace as well as the mind of the consumer.
- A good positioning makes a product unique and makes the users consider using it as a distinct benefit to them.
- The process indicates how you differentiate your product/ service from that of your competitors and then determine which market niche to fill. A company's marketing positioning strategy is affected by plenty of variables related to customers' requirements and motivations, as well as by its competitors' actions.
- Let's see some typical examples of marketing positioning:
- Tesla and Audi position themselves as a luxury status symbol
- Starbucks positions itself as a trusted source of upscale quality coffee and beverage
- McDonald's positions itself as a place to get quick and cheap meals

- Microsoft and Apple position themselves as a tech company that offers innovative and user-friendly products.
- Positioning in marketing is about more than simply adding a category or specialty page on your website. With positioning comes a need to live and breathe that expertise - from generating content to conducting research and branding your company to appeal to your defined target buyer. Therefore, it's essential to create content on your website that provides value for your audience to build trust and brand awareness.

Positioning In Marketing Is A Strategic Process That Involves Creating An Identity/ Image Of The Brand Or Product Within The Target Customers' Minds.

TYPES OF POSITIONING IN MARKETING

- **Pricing**
- **Quality**
- **Differentiation**
- **Convenience**
- **Customer service**
- **User group**
- **Examples of Positioning in Marketing**

Tesla

- **Tesla leaves price out of its branding and instead focuses on the quality of their vehicles. Therefore, Tesla is a luxury brand that is more expensive than its competitors. In addition, Tesla automobiles are long-range, eco-friendly, and electric.**
- **Tesla differentiates itself from other gas-powered luxury and standard electric vehicles because of its high quality. The company established a niche market for itself and a fun brand to match it. CEO Elon Musk has even built himself up as a Tony Stark-like character, and the company promotes its uniqueness through ads and quirky features, such as "Ludicrous Mode."**

Starbucks

- **Coffee consumption in the U.S has been witnessing a downward trend since the 1960's. Hence, Starbucks was extremely cautious in choosing its target market. Starbucks targeted office workers, from the middle to high incomes, who desired to purchase premium products.**
- **The company wants to make itself the "Third Place" - the place between home and work, where customers could gather, relax, and interact with each other. So, they were vigilant about their quality control to meet the high expectations.**
- **In most of their advertising campaigns, they often highlight their identity by showing the following value proposition statements:**
- **The best coffee**
- **The finest milk used**
- **Rich & smooth flavors**
- **Natural & clean**
- **100% recycled paper use**

Nike

- **Nike started their business with a focus on performance and innovation. The company invented the waffle shoe and built their brand targeting serious athletes. Their offerings have now moved beyond shoes, and they offer athletic attire that promotes performance.**
  From their "Just Do It" tagline to the namesake, the Greek Goddess of Victory, the company has positioned itself as the market leader of sports equipment widely, providing high quality and innovative technology.

Apple

- **Apple is literally a textbook example of a strong marketing position strategy. The company builds beautifully-designed and innovative equipment that is different from anything else you've experienced and markets them to resonate with their consumers.**
- **Apple's branding message highlights the same qualities in their customers that they do in their products: if you're an Apple person, you're also imaginative, innovative, and creative.**
- **Like Tesla, instead of price, Apple chooses to invest more in the value their products offer and form connections with their customers.**

6 Steps to create an effective positioning strategy

- Find your current position
- Analyze your competitors
- Develop your unique position
- Create a positioning statement
- Create your tagline
- Test your marketing positioning

Step 1. Find your current position

Are you currently marketing your own product or service just like another item on the market, or are you marketing it as something distinctive?

Your current position in the market gives you essential insight into where to go next. You should understand your current position to analyze your competition further.

Think about the following few questions to state your current position in the market:

What does your brand stand for?

Who are your target consumers?

What are your mission and vision?

What makes you stand out from the rest of the market?

What customers' pain points that your brand can solve?

Keep in mind that we all love connecting with brands that sound and feel authentic to us. Instead of setting up a complicated lingo that no one can understand, just talk human. Begin with researching who your existing and ideal audience is, and use their language.

Related topic: Define your Customer Before Marketing

Step 2. Analyze your competitors

After understanding yourself, it's vital to analyze your competition by performing competitor analysis. Why?

Because you need to see who you are up against to conduct competitor research. It will help you decide what you can do better to gain an edge.

There are many methods for determining your competition, including:

Conduct market research. Do a quick search using relevant keywords and see which companies are listed. Or, you can ask your sales team what sales tactics rivals come up during the sales process.

Use customer feedback. Ask your consumers which businesses or products make them consider before choosing yours.

Take advantage of social media channels. Many free platforms allow users to ask questions about products and services. Search these communities and forums to explore competitors in your niche.

Once you have identified who your competitors are, it's high time to do in-depth competitor research. The ultimate goal is to see how your competition is positioning their brand. So, your research should include:

Products or services your competitors offer

Their strengths and weaknesses

Marketing strategies they are using successfully

Their position in the current market

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Step 3. Develop your unique position

Building a unique position is all about determining what makes you different and what works best for your business.

Chances are, after conducting competitor research, you'll begin to see something. You can realize some businesses that have the same strong and weak points. When you compare your product or service to theirs, you might find one of their weaknesses is your strength.

Develop your unique positionThis is exactly what makes your position unique, and it becomes the perfect starting point for positioning your brand in the market. Remember to note your unique offerings as you compare and dive deep to see what you do better than anyone else.

Step 4. Create a positioning statement

A positioning statement is necessary because this one-or-two-sentence statement declares your brand's uniqueness to your customers in relation to your main competitors.

Some experts recommend answering these questions before creating your positioning statement:

Who is your target audience?

What is your product or service category?

What is the greatest benefit of your product or service?

What is the proof of that benefit?

For example, let's look at Amazon's positioning statement: "Our vision is to be the earth's most customer-centric company; to build a place where people can come to find and discover anything they might want to buy online."

Amazon sells a wide range of products for everyone, although incredibly broad, which is their greatest benefit. And what about the proof? It's all online.

Step 5. Create your tagline

Once you craft a strong positioning statement, you can create a tagline, or better known as a slogan, for using externally for potential customer messaging. Instead of the positioning statement, it is a shorter and more condensed version of what you want your customers to know.

For instance, here are some well-known taglines for your reference:

L'Oreal: "Because you're worth it."

Nike: "Just do it."

Target: "Expect more. Pay less."

Home Depot: "You can do it. We can help."

Southwest Airlines: "The short-haul, no-frills, and low-priced airline."

By doing that, you can easily use it in other marketing efforts to get your business point across, much more effectively than a longer and detailed positioning statement.

Step 6. Test your marketing positioning

Nothing should be left to chance, especially when it comes to your positioning statement. Once it is created, you should spend time testing, experimenting, and gathering feedback from your consumers on whether or not your positioning achieves its goal.

Testings should feature a blend of quantitative and qualitative research, from surveys and polls to focus groups and in-depth interviews. Based on these tests' findings, you can finally solidify your positioning in marketing and adjust your marketing efforts, if necessary!

CHANNEL MANAGEMENT

Definitions of Marketing Channels

- **According to <u>American Marketing Association</u>,**

  "A channel of distribution, or marketing channel, is the structure of intra-company organization units and extra company agents and dealers, wholesale and retail through which a commodity, product or service is marketed."

- **According to <u>Philip kotler</u>,**

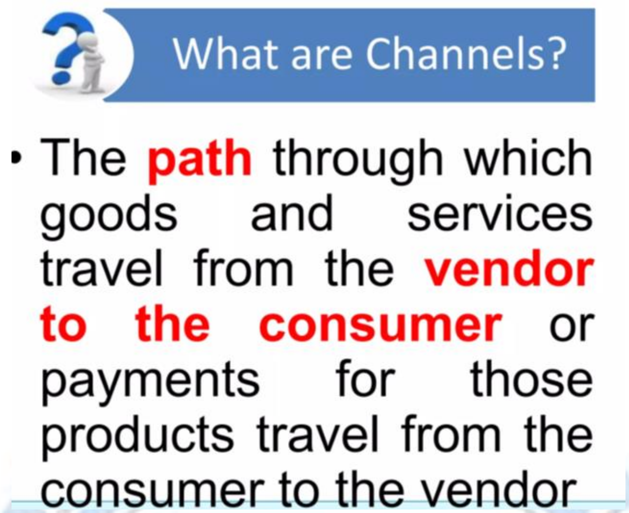
  "Every producer seeks to links together the set of Marketing intermediaries that best fulfill the firm's objectives. This set of marketing intermediaries is called the <u>Marketing Channels.</u> (Also called <u>Trades channel</u> or <u>Channel of Distribution.</u>)"

It is defined as a process where the company develops various marketing techniques as well as sales strategies to reach the widest possible customer base. The channels are nothing but ways or outlets to market and sell products. The ultimate aim of any organization is to develop a better relationship between the customer and the product.

Channel management helps in developing a program for selling and servicing customers within a specific channel. The aim is to streamline communication between a business and the customer. To do this, you need to segment your channels according to the characteristics of your customers: their needs, buying patterns, success factors, etc. and then customize a program that includes goals, policies, products, sales, and marketing program

(1). The goal of channel management is to establish direct communication with customers in each channel. If the company is able to effectively achieve this goal, the management will have a better idea which marketing channel best suits that particular customer base.

The techniques used in each channel could be different, but the overall strategy must always brand the business consistently throughout the communication .



Types of channels

Direct selling

- May use sales man
- No: of customer less
- Customers are limited
- Products are costly

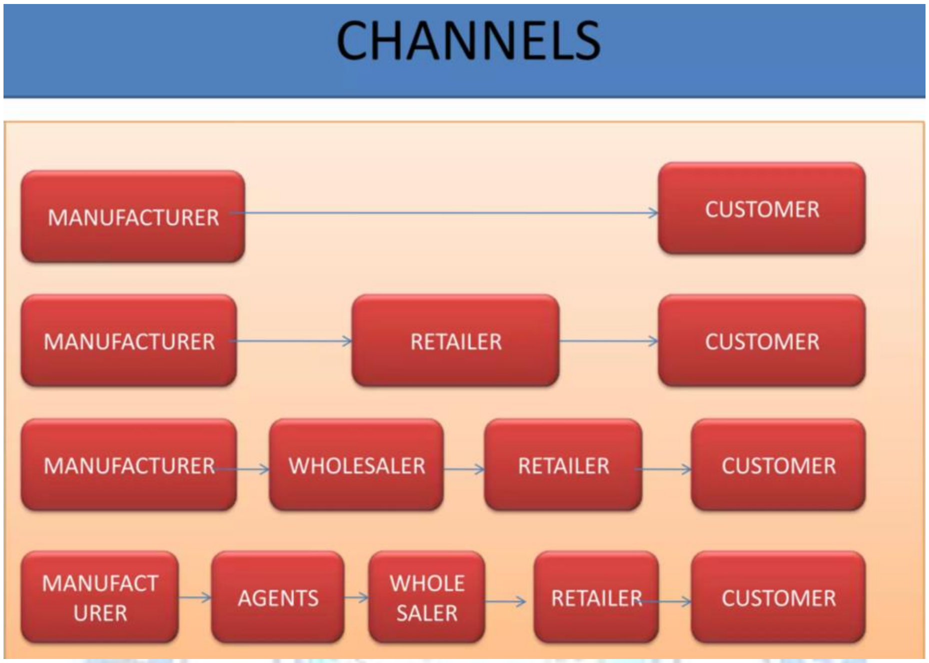
Selling through middle man

manufacture → wholesaler → retailer → customer

- Indirect Selling
- Profit Less
- No: of Customer Is Large
- Paste ,Soap

INTERMEDIARIES

- **What are the 4 types of intermediaries?**
- **There are four main types of intermediary:**
- **AGENTS**
- **WHOLESALERS**
- **DISTRIBUTORS**
- **RETAILERS**
- **A firm may have as many intermediaries in its distribution channel as it chooses. It can even have no intermediaries at all, if it practices direct marketing.**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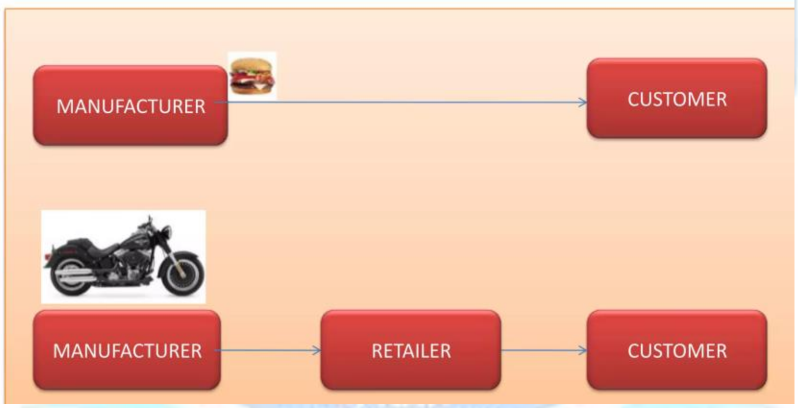
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WHOLESALER

Who is the Wholesaler?

A distributor who provides merchandise to a retailer. Retailers can benefit from a lower price than if they were to purchase individual things when a wholesaler sells their product to them in large quantities. Although a reseller is another option, the wholesaler will often purchase items directly from the manufacturer. In either scenario, the wholesaler receives significant savings for purchasing a huge volume of items. Rarely does the distributor actually make a product; instead, they concentrate on distribution

Characteristics of Wholesaler

Wholesalers have the following characteristics:

- Wholesalers buy products from manufacturers or producers directly.
- They buy products in bulk and dispense them in smaller quantities.
- They provide various iterations of a particular range or product. A paper wholesaler, for example, must stock all types of paper, cardboard, and card.
- Wholesalers may use a variety of representatives or employees to distribute their goods.
- They invest in business products and demand a lot of funds.
- They provide retailers with credit facilities.
- They support the makers or producers financially by making mass purchases.
- Wholesalers typically congregate in a single location. For instance, there are gur mandis (markets for sugar and related goods) and anaj mandis in numerous Indian towns (markets for food grains). Retailers can easily approach cloth or paper merchants because they are grouped together in one place.

Characteristics of Wholesalers

Importance of Wholesaler

Position of the Retailer in the Absence of the Wholesaler- We may come to appreciate someone's absolute necessity much more when they are not present and actively assisting us. This is true in the case of the wholesaler, who acts as a liaison between the manufacturer and the retailer.

Without a wholesaler, the retailer will face the following annoyances:

- He will need to keep massive inventories of a wide range of goods, so he will need enough space and money to do so. Only a few retailers can command both capital and space.
- He'll have to put together stocks from various manufacturers.
- He will have to arrange for their transportation, packaging, and storage, among other things.
- He will be vulnerable to price changes as well as shifts in public preferences and demand. Few shops are willing to take such a significant risk.

Types of Wholesaler

Wholesalers are classified into six types -

1. **Merchants Who are Retailers**

   These are the most commonly used wholesalers in the private label, FMCG, and agricultural industries. Simply put, merchant wholesalers are individuals who buy products directly from manufacturers, store them, and then resell them to customers. They are not restricted to selling only to retail customers or only to online customers, and they can sell through any channel. Any losses incurred during the purchase and resale of the product must be borne by the merchant wholesaler.

2. **Full-service Wholesalers in Retail are Wholesalers.**

   They are most commonly found in engineering or consumer durable products. Full-service wholesalers, as the name implies, provide complete service to the final retailer. These wholesalers, who primarily work in the retail sector, sell the products to a reseller (in this case, a retailer). Except for product service, the full-service wholesaler is in charge of everything

3. **Distributors of Limited Services**

A limited service wholesaler is someone who supplies the company's products but only sells them through a specific channel. He doesn't cover all of the company's channels or has a low turnover rate.

4. Brokers and Agents

Most commonly observed in the chemical or real estate sectors. Brokers do not take any chances. He has the manufacturer or producer on one side and the customer on the other. The broker's job is to close the deal and earn a commission.

5. Small Offices and Divisions

Although there are various types of wholesalers, branches and small offices are traditional ways for businesses to start selling their products in a specific area. A branch is sometimes referred to as a type of wholesaling because it collects bulk orders from end customers and ensures supply as well as client reorders.

6. Specialized Wholesalers

These are wholesalers who specialize in a single product. A used car wholesaler, for example, may sell directly to consumers or to other used car dealers. He is an expert in used cars and is well-versed in all aspects of selling or restoring used vehicles to customers. Some wholesalers specialize in a specific product and are well-known for it.

Those mentioned above were among the various types of wholesalers in the market. As e-commerce sales increase, the demand for wholesalers in developing countries is decreasing.

DISTRIBUTORS

Product distributors are professionals who buy products to store and sell through a specific channel. They handle the movement of goods and services to the customer and often are the intermediaries between a manufacturer or company and the consumer. Distributors work in collaboration with one or more companies at a time to market, transport and sell items in various ways. A distributor can enhance a company's market and expose it to a larger audience of consumers, and sometimes offer service, technical support or warranty on behalf of an item or company.

Using distributors can be a simple or complex process, depending on the method used. Sometimes, a company or product manufacturer overlaps distribution methods. Distributors can help a product or company grow, reaching markets through their established networks you might not otherwise gain, and can be individual agents or a business firm. Also, some distributors serve specialized market segments or product genres, such as computer or technology wholesalers and car dealer wholesalers that work with certain brands.

Including distributors, there are four main intermediaries involved in the distribution process:

- Distributors: Distributors oversee sales and marketing of a product and establish strong relationships with manufacturers. They fulfill and deliver orders, though they also sell on behalf of the producer and study market trends and consumer activity to best plan future orders, shipment and sales. Distributors can sell to wholesalers, retailers and agents.
- Wholesalers: Wholesalers fulfill retail orders and purchase items in bulk to sell later, which often costs less initially. They buy from manufacturers and distributors and focus primarily on the storage and delivery of goods for the consumer market. They act as a trader in buying and selling of goods and rarely interact directly with consumers.
- Retailers: Retailers sell products and items to consumers online or in brick-and-mortar storefronts, and they buy from manufacturers and distributors with the goal of serving as an outlet to purchase products for resale. Retail outlets are the most common place for customers to make a purchase, whether at outlet stores, department stores or online retailer platforms. Customer service in retail selling is imperative, and retailers often grow their offerings to be competitive, like providing home delivery service.
- Agents: Agents, or brokers, handle contracts and special shipments and often represent manufacturers or product inventors. They get involved in marketing aspects and focus on handling the customer relationship on behalf of the producer. They sell to wholesalers and retailers, too, though this is often the most complex distribution method, mainly because more entities get involved.

7 TYPES OF DISTRIBUTORS

It is helpful to know about different types of distributors and how you can use them when you want to grow your business, expand into new markets or find cost savings in your existing distribution strategy. Here are seven types of distributors to consider:

1. **Direct**

With direct distribution, the producer of a product directly sells to a consumer. It is often the simplest distribution method, with no intermediary between the product manufacturer and the consumer, though it can also be costly depending on your location, product and ability to distribute your goods. Benefits of direct distribution include creating a trust with the customer, controlling the consumer experience and providing excellent customer service.

Direct distribution, known as a one level channel, often sells to consumers through:

- Manufacturing plants
- Mail order methods
- E-commerce website
- Storefronts, booths and shops
- Door-to-door sales

Direct distribution is the shortest sales path to a customer, and it works well for some industries, like automobile, technology and agricultural businesses. For example, if you purchase a laptop computer directly from the manufacturer website and it ships to you, it is likely no distributor was in the middle arranging the sale and shipping.

2. **Indirect**

Indirect distribution uses other channels besides the direct to consumer method. It can be helpful for manufacturers with limited lines of products or financing or when retailers and wholesalers specialize in certain goods and promotional support. Manufacturers can involve one more more indirect channels to create a larger distribution network to reach more customers. Indirect distribution can have a variety of paths, including:

- Producer to retailer to consumer, like many ready-made garments, electronics and food items
- Producer to wholesaler to consumer, like industrial goods sold to government agencies
- Producer to wholesaler to retailer to consumer, like most goods used on a daily business where competition is high among other brands
- Producer to agent to wholesaler to retailer to consumer, often for a particular geographic location or area, like agricultural goods

3**. Exclusive**

Exclusive distribution is the approach of using limited sales outlets only available in specific locations or stores with the mindset of creating rarity and exclusivity of an item or brand. It is most common for marketing and distributing luxury brands, though a variety of brands and products use exclusive distributors sometimes. For example, a high-end luxury shoe brand may have flagship stores in major metropolitan areas only, and customers make a special trip to purchase. Exclusive distribution deals allow greater control over contract negotiations, rates and product distribution because fewer entities are involved.

Related: Distribution of Sales: What It Is, Models and Advantages

4**. Intensive**

This distribution method aims to penetrate the market thoroughly by selling in as many sales outlets as possible. For example, a garden hose manufacturer might stock their product at all retail stores of any size during the spring and summer seasons, without needing to be choosy about what type of retailer they work with. Intensive distribution often involves:

- Supermarkets
- Shopping malls
- Department stores
- Warehouses
- Big-box retailers
- E-commerce websites

Intensive distribution most often happens with affordable and commonly used products, like gum, soft drinks, candy bars, household products and food items. It provides the most consumer reach, continued buyer trust and also offers an opportunity for substitution buying, where a customer purchases a similar item rather than the one they were initially looking for. For example, buying one brand of soda, toothpaste or coffee over another because it is in stock or on sale. 6-Step Guide To Becoming a Distributor

5. **Selective**

Selective distribution setup is a good middle ground between exclusive and intensive distribution options, and many industries or businesses use it. It balances selecting specific locations or selling opportunities with having more presence in the market than exclusive distribution. It offers you a fair amount of control, a higher feeling of consumer exclusivity compared to intensive distribution while still having greater consumer reach.

Selective distribution is often for a certain product and its fit within a store. For example, a high-end watch company may partner with a luxury department store to have more reach outside of its own flagship store, but selectively chooses not to partner with big-box or warehouse stores that could diminish its luxury appeal.

6. **Dual**

Dual distribution combines both direct and selective methods to reach a larger market audience. For example, a well-known cell phone manufacturer may have its own storefront locations while still partnering with cellular service stores that sell package plans and hardware. The benefit of dual distribution is growing your market influence while still maintaining direct customer sales.

7**. Reverse**

Reverse distribution flows from the consumer back to a company, rather than the other way around. It typically follows a path of going from a consumer to an intermediary and then to a business, and is most often used for recycling, refurbishing or disposal of items. While reverse distribution is the least frequently used type of distribution, it is a growing method and business and doesn't actually have a producer. Here are some examples of reverse distribution and its uses:

- Reusing products, like industrial or construction materials, shipping containers and some electronics
- Refurbishing products, like computers, electronics and certain furniture or clothing
- Recycling products, like paper, plastic and glass
- Disposing of products, like waste and organic material

RETAILERS

When buyers buy a product and sell it to the final customers for their consumption, and not to any supplier or wholesaler, this is known as Retail. The retailers are the mediator between wholesaler and customers. They purchase goods from the wholesaler and sell them to the ultimate customers in small quantity.

Retailers offer a wide variety of goods and are in direct communication with a large chain of suppliers, giving them an opportunity to manufacture and develop more sustainable goods.

A retailer does not manufacture any product they sell, but they are the final link in the distribution chain and the one who connects and delivers the goods and services directly to the customers.

Importance of Retailer:

- **Provide Assortments-** Supermarkets or small Kirana shops sell different product items manufactured by different companies. These places enable and give choices to customers to pick from a vast assortment of goods, sizes, brands, and prices at one location.
- **Breaking Bulk Orders-** Manufacturers and wholesalers sell the products in bulk to the retailers. The retailers then sell it to the customers in smaller and more useful quantities. This activity of breaking bulk order into tiny amount according to customer's requirement is known as breaking bulk.
- **Holding Inventory-** The significant action accomplished by the retailer is maintaining an inventory, so the items are available whenever the customers want. This action allows the customer to buy products in a small quantity as required.
- **Providing Services-** Retailers implement services that make customers shopping journey favourable. Example, retailers showcase all the products so that the customers can see and buy them. Retail store's employee salesperson to assist the customers.

Key Points of Retailer:

- It creates a high annual sale and has a huge impact on the economy.
- Creates employment and offers wide varieties of career opportunity.
- Offers widespread categories of products and services.
- Retail service can improve a product's image.
- Spread information to customers through display, signs, and sales personnel.