



# MEASI Institute of Management

## VISION & MISSION STATEMENTS

### VISION

To be an oasis of knowledge to the seeker, to nurture one's creativity and research acumen, and to instill a unique blend of leadership, innovative spirit and empathy in response to the ever-evolving business ecosystem.

### MISSION

- Provide a pedagogy that blends academic rigor and experiential learning.
- Inculcate an entrepreneurial mindset through curated activities.
- Establish a conducive environment for research.
- Foster a culture of innovation and collaboration to progress in a dynamic business landscape.
- Promote humanistic values to produce socially responsible leaders.

## Program Educational Objectives (PEOs)

### PEO 1 – Employability

To develop students with industry specific knowledge & skills to meet the industry requirements and also join public sector undertaking through competitive examinations.

### PEO 2 - Entrepreneur

To create effective business service owners, with a growth mindset by enhancing their critical thinking, problem solving and decision-making skills.

**PEO3 – Research and Development** To instill and grow a mindset that focusses efforts towards inculcating and encouraging the students in the field research and development.

### PEO 4 – Contribution to Business World

To produce ethical and innovative business professionals to enhance growth of the business world.

**PEO 5 – Contribution to the Society:** To work and contribute towards holistic development of society by producing competent MBA professionals.



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## **Program Outcomes**

### **PO1: Problem Solving Skill**

Application of tools & techniques relevant to management theories and practices in analyzing & solving business problems.

### **PO2: Decision Making Skill**

Fostering analytical and critical thinking abilities for data-based decision making.

### **PO3: Ethical Value**

Ability to develop value-based leadership attributes.

### **PO4: Communication Skill**

Ability to understand, analyze and effectively communicate global, economic, legal and ethical aspects of business.

### **PO5: Individual and Team Leadership Skill**

Ability to be self-motivated in leading & driving a team towards achievement of organizational goals and contributing effectively to establish industrial harmony.

### **PO6: Employability Skill**

Foster and enhance employability skills through relevant industry subject knowledge.

### **PO7: Entrepreneurial Skill**

Equipped with skills and competencies to become a global entrepreneur.

### **PO8: Contribution to Society**

Strive towards becoming a global influencer and motivating future generation towards building a legacy that contributes to overall growth of humankind.



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Subject Code	Subject Name	Category	L	T	P	O	Credits	Inst. Hours	Marks		
									CIA	External	Total
434C2C	Marketing Management	Core	Y	-	-	-	4	4	25	75	100
<b>Course Objectives</b>											
C1	To develop an understanding and enhance the knowledge about marketing theories, principles, strategies and concepts and how they are applied.										
C2	To provide with opportunities to analyze marketing activities within the firm.										
C3	To analyze and explore the buyer behavior pattern in marketing situations.										
C4	To understand the branding, pricing and strategies in marketing a product.										
C5	To upgrade the knowledge and awareness of Consumer Rights in the Market.										
UNIT	Details							No. of Hours	Course Objectives		
I	<b>Introduction:</b> Marketing Management Philosophies – What is marketing- The concepts of marketing- Marketing and Services - Digital Marketing – Social Media Marketing – Current marketing challenges; Rural Marketing -E-Rural Marketing - International Marketing - Industrial Marketing.							12	C1		
II	<b>Strategic Marketing–</b> Marketing Management Process–Analysis of Marketing opportunities, Selecting Target Consumers, developing Marketing Mix Analysis of Macro and Micro environment Marketing Research as an Aid to Marketing, Marketing Research Process–Sales Forecasting–Techniques. Marketing Tactics, The Mix Service and Retail Marketing.							12	C2		
III	<b>MIS:</b> Marketing Information Systems- Customer Relationship Management (CRM) Customer Engagement Marketing – Sales force Automation-Marketing Analytics							12	C3		



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IV	<b>Buyer Behavior:</b> Factors Influencing Consumer Behavior–Buying situation– Buying Decision Process– Industrial Buyer Behavior. Market Segmentation: Targeting and Positioning– Competitive Marketing Strategies. Customer Life Cycle -Customer Lifetime Value, Product Portfolio Management.	12	C4
V	<b>Product Policies:</b> Consumer and Industrial Product Decisions, Branding, Packaging and Labelling – New Product Development and Product Life Cycle Strategies, Pricing– Pricing Strategies and approaches. Promotion Decisions: Promotion Mix – Integrated Marketing Communication - Advertising and Sales Promotion - Sales Force Decisions, Selection, Training, Compensation and Control – Publicity and Personal Selling – Distribution Management – Channel Management: Selection, Co-operation and Conflict Management– Vertical, Horizontal and Multi-Channel Systems Consumer Protection– Awareness of Consumer Rights in the Market Place.	12	C5
	<b>Total</b>	<b>60</b>	
<b>Course Outcomes</b>			
<b>Course Outcomes</b>	On completion of this course, students will;	<b>Program Outcomes</b>	
<b>CO1</b>	Understand the fundamental principles of marketing, marketing concepts and ideas.	PO4, PO6, PO7	
<b>CO2</b>	Understand the organization's marketing strategy and marketing environment. Familiar with marketing research with forecasting techniques.	PO4, PO6	
<b>CO3</b>	Understand the buyer behavior and market segmentation and competitive marketing strategies.	PO4, PO6, PO7	
<b>CO4</b>	Think strategically about branding, pricing and marketing issues.	PO3, PO4, PO6, PO7	



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<b>CO5</b>	Familiar with Promotion decisions along with awareness on Consumer Rights in the Market Place.	PO6, PO8
<b>Reading List</b>		
1.	<a href="https://ocw.mit.edu/courses/sloan-school-of-management/15-810-marketing-management-fall-2010/lecture-notes/">https://ocw.mit.edu/courses/sloan-school-of-management/15-810-marketing-management-fall-2010/lecture-notes/</a>	
2.	<a href="https://cpbucket.fiu.edu/mar3023vd1131/syllabus.html">https://cpbucket.fiu.edu/mar3023vd1131/syllabus.html</a>	
3.	<a href="https://www.ama.org/ama-academic-journals/">https://www.ama.org/ama-academic-journals/</a>	
4.	<a href="https://www.emerald.com/insight/publication/issn/0736-3761">https://www.emerald.com/insight/publication/issn/0736-3761</a>	
<b>References Books</b>		
1.	Philip Kotler and Keven Lane Keller, Marketing Management, 15 <sup>th</sup> Edition, Pearson, 2015	
2.	G.Shainesh Philip Kotler, et..al., Marketing Management; Indian Case Studies included, 16 <sup>th</sup> Edition, Pearson, 2022	
3.	Warren J. Keegan, Global Marketing Management, 8 <sup>th</sup> Edition, Pearson, 2017.	
4.	Mullins, Marketing Management: A Strategic Decision Making Approach, 7 <sup>th</sup> Edition, McGraw-Hill, 2010.	
5.	Pillai & Baghawathy, Marketing Management, S.Chand, 2010.	
6.	Gupta Prachi, Aggarwal Ashita, et al., Marketing Management: Indian Cases, 1 <sup>st</sup> Edition, 2017	
<b>Methods of Evaluation</b>		
<b>Internal Evaluation</b>	Continuous Internal Assessment Test	25 Marks
	Assignments	
	Seminars	
	Attendance and Class Participation	
<b>External Evaluation</b>	End Semester Examination	75 Marks
	Total	100 Marks
<b>Methods of Assessment</b>		
<b>Recall (K1)</b>	Simple definitions, MCQ, Recall steps, Concept definitions	
<b>Understand/ Comprehend (K2)</b>	MCQ, True/False, Short essays, Concept explanations, short summary or overview	
<b>Application (K3)</b>	Suggest idea/concept with examples, suggest formulae, solve problems, Observe, Explain	
<b>Analyze (K4)</b>	Problem-solving questions, finish a procedure in many steps, Differentiate between various ideas, Map knowledge	
<b>Evaluate (K5)</b>	Longer essay/ Evaluation essay, Critique or justify with pros and cons	
<b>Create (K6)</b>	Check knowledge in specific or offbeat situations, Discussion, Debating or Presentations	



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	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PO 7	PO 8
CO 1				M		M	M	
CO 2				S		S		
CO 3				M		M	M	
CO 4			M	M		M	M	
CO 5						M		M

S-Strong M-Medium L-Low



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## **MARKETING MANAGEMENT COURSE MATERIAL**



## UNIT I

### INTRODUCTION

#### **What is Marketing?**

Marketing is an enveloping trend in modern competitive world as it contributes greatly for the productivity of firms. The term 'marketing management' consists of two different words, 'marketing' and 'management'. Marketing is an economic process by which the commodities and services are acquired in exchange of money. In management literature, the meaning of 'marketing' denotes to the procedure of distribution of goods or products from the producers to the final consumers. Marketing includes advertising, promotions, public relations, and sales. It is the procedure of introducing and promoting the product or service into the market and enhancing sales from the buying public. Management is meant the coordinating of efforts of other people intended for the fulfilment of the predetermined objectives. Stanley Vance has articulated that the 'management' is normally the decision taking and control upon human activities method by which major objectives could be accomplished.

#### **Concept of marketing management**

Marketing management is significant section of management process which envelops the distribution of marketing activities. According to theorist, Rustom S. Davar, the term marketing management 'means the discovering of the consumers 'needs, converting them into the products or services and the activity of transforming the product or service to the ultimate consumer, so that needs of specific categories or groups of the customers could be so satisfied that by the most favorable utilization of the resources, they could derive the maximum benefits. Bulk of literature has demonstrated that

—Marketing Management is the core procedure to allocate the resources of the organization toward marketing activities. The main role of a marketing manager is to direct expenditures of marketing funds. Marketing management is that branch of the general management which is associated with the direction of activities in order to achieve objects concerned with distribution. It can be established that the marketing management is that managerial or management function which performs the marketing activities. Marketing management is the art and science of selecting target markets and getting, keeping, and growing customers through creating, delivering and communicating superior customer value. According to Kotler, —Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

#### **Scope**





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Marketing is a global phenomenon. The scope of marketing goes beyond satisfying the customer 's need. Marketing system should contribute to the societies overall wellbeing and protection of environment. Marketing management make possible the activities and functions which are involved in the distribution of goods and services. Philip Kotler, explained that —Marketing management is the analysis, planning, implementation and control of programmes designed to bring about desired exchanges with target markets for the purpose of achieving organisational objectives. It depends on designing the organisations offering in terms of the target markets needs and desires and using effective pricing, communication and distribution to inform, motivate and service the market. Marketing management is associated with the developing a definite programme, after careful analysis and forecasting of the market situations and the final implementation of these plans to attain the objectives of the organization. Today marketing management is a topic of growing interest for all organizations. Scope of Marketing are involved in different types of entities such as Goods, Services Experiences, Events, Persons, Places, Properties, Organizations, Information and Ideas.

## The Marketing Management Cycle

In marketing management, the planning cycle is involved in four basic steps. First, Planning is the process of investigating and understanding the surroundings within which the organization functions. This would include studying and gaining an understanding of such things as; competition, legislation and regulation, social and cultural trends, and technology. Both present and developing trends in each of these areas must be identified and monitored. In planning stage, managers are involved in creating documents that outline the organization 's intended response to these environmental variables. Second stage is implementation in which plans are put into action. It is the changeover from expected reality to existing reality. Third stage is the monitoring process which involves tracking plans and identifying how plans related to changes that take place during program operation when more information is acquired. Correction is the fourth stage in which managers take action to return their plan to the desired state based on feedback obtained in the monitoring stage. It can be concluded that the marketing management cycle is composed of planning, implementing, monitoring, and correcting.

These factors have evolved the tool of marketing management.

- **Product:** Goods produced by organizations for the customers are called products. Products can be of two types such as Tangible Product and Intangible Product (Services). A product in a market place is something which a retailer sells to the buyers in exchange of money.



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- **Price:** The money which a purchaser pays for a product is called as price of the product. The price of a product is indirectly proportional to its availability in the market.
- **Place:** Place denotes to the location where the products are available and can be sold or purchased. Shoppers can purchase products either from physical markets or from virtual markets. In a physical market, buyers and sellers can actually meet and interact with each other whereas in a virtual market buyers and sellers meet through internet.
- **Promotion:** Promotion refers to the various techniques and ideas executed by the marketers to generate awareness among end users. Promotion includes various techniques employed to promote and make a brand popular amongst the masses.

## Specific functions of marketing management

This includes market research, advertising, sales promotion, sales planning, sales operation, physical planning.

- **Market research:** Marketing management conduct research to collect the data required to perform accurate marketing analysis. As such, they often conduct market research to obtain this information. Marketers employ a variety of techniques to conduct market research that include:

Qualitative marketing research, such as focus groups and various types of interviews

Quantitative marketing research, such as statistical surveys

Experimental techniques such as test markets

Observational techniques such as ethnographic (on-site) observation

- **Advertising:** It is a mass media tool for marketers in consumer goods markets. Advertising is an impersonal presentation and promotion of ideas, products and services paid by the sponsor.
- **Sales promotion:** It is a short-term incentive to supplement personal selling and advertising. It is used by marketers at the time of launching new products.



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- **Sales planning:** This function involves the planning of right products at correct prices. It includes formulating sales plans, price and quantity determination, packaging and budgeting.
- **Sales operations:** This function is concerned with transferring of product to the customer point.
- **Physical distribution:** Moving and handling of products come under physical distribution. Order processing, inventory, warehouse and transportation are key decision to be accessed in Physical distribution system.

**The following are major factors that reveal significance of the marketing management.**

- Introduction of new products in the market.
- Increasing the production of existing products.
- Reducing cost of sales and distribution.
- Export market.
- Development in the means of communication and modes of transportation within and outside the country.
- Rise in per capita income and demand for more goods by the consumers.

Management studies have shown that marketing management uses various tools from economics and competitive strategy to analyses the industry context in which the firm operates. These include Porter's five forces, analysis of strategic groups of competitors, value chain analysis and others. In competitor analysis, marketers develop detailed profiles of each opponent in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will scrutinize each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.

## **Importance of Marketing Management in Indian Market**

In competitive environment, the industrialization is speedily progressing and effective and well-organized methods of marketing are evolved. Due to the planned economic development, there is huge progress in agricultural and industrial spheres. The production of the private and public sectors has also sufficiently gone up.

In Indian economy, the marketing management has great significance which is described below.



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**Procuring Maximum Results with Minimum Efforts:** In Indian country, the resources are quite limited; hence the industrial units are essentially required to be alert against their productivity. By the minimum efforts, managers have to achieve the maximum results; it could be possible only when they understand the significance of 'marketing'.

**Worth from the Export Market Viewpoint:** To enhance economic development rapidly, it is essential to increase the export trade. The success of our Five Year Plans basically depends upon the possibilities and successes of export trade. The export trade could develop only when professional managers possess the knowledge of the latest techniques of marketing. To develop the export trade, managers must have to expand national market, so that whatever they lose in exports could be met by the domestic markets. In this perspective, the marketing occupies sufficient significance. The exporters must pay greater attention on the marketing research and market analysis. The new marketing devices must be developed so that faith among the customers could be created towards the products.

**Significance from the Rural Regions perspective:** Due to the economic development in Five-Year Plans, there has been the change in the habits and expenses not only among the urban population, but also in the rural area. Due to the Green Revolution, there have been enough changes in the villages. Due to the increase in the people's incomes, today there have been development of the demand for new and comfortable products in the villages. In India, there are enough opportunities for the development of the marketing activities in the rural areas.

**Significance of Marketing Along with Rapid Industrialization:** Since the time when the government had determined about improving the economy of the country by means of the Five-Year Plans, main focus is on the industrialization. The attitudes towards the standard of living of people have been changing and there has been sufficient change in the attitudes and interests, wants of the people and along with the same, the importance of marketing management too has begun increasing.

## **Improving Marketing Management Skills**

In order to enhance management skills, managers must consider following method:

1. Selecting the right market – It is essential to understand how to choose the best market so as to get new consumers and even retain the old ones. A good marketing manager should understand the forces of demand and supply in the market. This helps in meeting the consumers demand at different times. It will help in increasing in sales for a given period of time. When choosing the right market there is various factors that must be considered such as the location and size of the business.



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2. Gains and losses assessment: Understanding the market dynamics is also essential in analysing possibilities of making a gain or incurring a loss in any business.
3. Effective means of communication: Good communication between the marketer and customers is also very important in business. This helps in attracting more potential customers and therefore increasing the volume of sales. It is important to ensure that the business has an effective customer service support team. This ensures that the consumers review on the product is considered.
4. Proper management of all marketing departments: Succeeding in marketing management involves proper running of marketing departments such as sales, pricing, operations and finance.
5. Research on business and the market: It is good to study thorough details about the business that assists in strategizing on the most appropriate ways to market a product. Strategic planning and marketing management should go hand in hand. The major approaches used in strategic planning include; competitor analysis, company analysis and customer analysis. Competitor analysis involves analysing the prices of the competitor products and their nature. This helps the company to prospect the profit.
6. Making strategic decisions: After in depth study and research on business and other market dynamics, it is easy to design practical marketing strategies.

To sum up, marketing management is described as the process of management of marketing programmes to achieve organisational goals and objectives. According to management theorists, it is the art and science of selecting target markets and getting, keeping, and growing consumers through creating, delivering, and communicating better customer value. It involves planning, implementation and control of marketing programmes or campaigns. The main task of marketing management is to simulate and attract demand for product. Marketing management basically associated with the practical application of marketing practices and the use of the resources and activities to fulfil its task to attain the company objectives.

## **Marketing Management Philosophies**

As we know, every company has different idea regarding philosophy of marketing. Some companies concentrate on the large scale production while some concentrate only on the quality of the product etc.



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Therefore, under the marketing philosophy, there are following five concepts:

## 1. **Production Concept:**

Production concept lays emphasis on availability and affordability of products. If these two elements are present in marketing, the enterprise will succeed. Accordingly, marketing should aim at the reduction in the cost of production and concentrate on mass production and distribution. This concept holds that potential exchange would be realized when the products are inexpensive and are widely available. However, this concept is not entirely true. Sometimes customers don't always buy products which are inexpensive and easily available. For example, fleet shoes.

## 2. **Product Concept:**

Product concept lays emphasis on 'quality of production' rather than 'quantity of production'. Accordingly, the enterprise should concentrate on product and its continuous improvement over time because customers favour high quality products and are ready to pay higher prices for them.

The enterprises following this concept direct their maximum efforts into creating superior products and improving the existing products. However, the main drawback of this concept is that customers will buy the product only if they require the same. For example, a firm may be dealing in very spacious, luxurious and expensive cars but the customers will demand same only when they really need them and can afford their price.

## 3. **Sales Concept:**

This concept stresses on attracting and persuading customers to buy the product by making aggressive selling and promotional efforts. Thus, the focus of business firms is to ensure the sale of products through aggressive selling techniques such as advertising, personal selling and sales promotion without giving any consideration to customers' satisfaction.

The main aim of selling is to convert the goods into cash by using fair or unfair means. But the buyers cannot be manipulated every time; hence selling can be successful only for short period but not during long period.

## 4. **Marketing Concept:**

According to this concept, customer satisfaction is the key to organisational success. It assumes that a firm can achieve its objective of maximizing profit in the long run only by identifying and satisfying the need of present and prospective buyers in an effective way. Business firms don't sell what they can make; rather they make and sell what customers want.





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This concept is based on the following pillars

- (i) To identify the market or customers who are selected as the target of marketing effort.
- (ii) To understand the needs and wants of customers in the target market.
- (iii) Developing products or services for satisfying the needs of the target customers.
- (iv) To ensure better satisfaction of needs of the target market as compared to competitors
- (v) To do all this at a profit.

## 5. The Social Marketing Concept:

The marketing concept has been criticized by some of the people because of the challenges posed by social problems like environmental pollution, deforestation, population explosion, inflation etc.

This is because any activity which results in customer satisfaction but is harmful for the interest of the society at large cannot be justified. Therefore, the firms must perform the functions of marketing keeping in view the social welfare. For example. No to plastic bags, recycled paper.

## Basic Definitions of Marketing Management

Marketing is a social process where individual and group demands are met through the creating, offering and free exchange of goods and products with others. This social process occurs in a market, the forum of potential and actual consumers of a certain good or service.

Customers are the consumers seeking their needs to be met through a product or service, which the seller can make available. Marketing, then, is the exchange of goods and services between the customer and seller. There are a few factors of marketing to bear in mind:

- Need and want: this is the demand that the seller caters to
- Market offering: the contents of what supplies exist in the market, from which the consumer can satisfy their demands
- Customer value: Customers have two sorts of value in mind when seeking to satisfy their demands. Desired value refers to what the customer wants within a product, and perceived value is the benefit the consumer perceives will be achieved by purchasing the product.



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- Exchange mechanism: this is the method by which a buyer and seller are able to conduct a transaction of goods and services. Typically, sellers provide products or services to buyers for some form of currency.

Is there a difference between selling and marketing? The answer is yes. A few factors can be used to differentiate the former from the latter.

While selling focuses on the transference of possessions and requires the attention to business in order to increase the sale of a good, marketing focuses on consumer satisfaction and organizational competition through which an organization can be the best at satisfying a customer's needs.

In selling, the focus is on the product, and in marketing, the focus is on the need of the consumer.

In the former, the approach is from the inside out, starting from the factory where the production begins, and in the latter, the approach is from the outside-in, and the corresponding approach is to evaluate and enhance the target market where the consumer's needs may be met.

## **Objectives of Marketing management**

With the basics of marketing out of the way, let's delve into the nuances of management, in relation to marketing. Marketing management is the planning, organization, directing and controlling of activities that facilitate the exchange of goods and services in the marketplace.

Marketing management requires ascertaining the target market, ensuring that the number of consumers does not stagnate by actively facilitating growth, and creating superior value for the product that the consumer should purchase from that particular vendor.

### **There are four objectives of marketing management**

- Creating a demand for the product within consumers
- Carving out the market share that will be dominated by the business
- Generating goodwill and a positive public image by successfully satisfying consumers
- Generate profitable volume of sales by satisfying consumers

The management determines what the objectives of the market are. These can be short-term or long-term and are accompanied by a direct approach that facilitates achieving the aims of the organization.





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It is the responsibility of the management to plan how the marketing objectives are to be achieved. Through sales forecasting, formulation of marketing programmes, and marketing strategies, the management can plan and achieve their objectives.

The management then collects and coordinates the means necessary to implement the organizational plan. Here, duties and responsibilities are usually delegated, the powers of various members of an organization are determined.

Once a plan is in place, sales forecasting is ongoing, the product planning, development, transportation & warehousing become key features of facilitating the plan. These steps fall within the coordination responsibility of the marketing manager.

As the management assesses the market and the needs of the consumers, they are equipped and required to provide direction. Through the development of new and innovative markets, the growth and leadership of new employees, guidance, and supervision of employees, the management can provide direction to the organization for success.

The effectiveness of the marketing plan is contingent on the level of control the management has. By determining standards, evaluating marketing performance, and adapting the plan as the situation arises, the management can employ control over the market and be more effective in implementing the marketing plan.

Who's working in the organization and on what is very important for the successful implementation of any marketing plan? Hence, staffing is a crucial element of the marketing management's responsibilities. To hire capable employees, the management usually coordinates with the Human Resources entity of an organization.

The last but pivotal aspect of marketing management is the analysis and evaluation of the organization's performance of the implemented plan. By measuring productivity and the performance of individual employees, the management can increase efficiency within an organization, and make the changes necessary to ensure success in the marketplace.

## **Functions of Marketing Managers**

To gather and analyze information on the exchange of goods and services

- Planning for the market



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- Designing and developing a product that satisfies consumer interest
- Standardizing and grading
- Packaging and labeling
- Branding
- Providing customers with support as needed
- Product pricing
- Promoting and selling products
- Distribution of products
- Transportation of products
- Storing of products

To be successful in the market, it is important to have the appropriate marketing mix, or combination of tools, which can ascertain success in a particular market. The following are elements of the marketing mix:

- The product being sold, which may be tangible or intangible, but is meant to satisfy consumer need
- May be classified as consumer goods or industrial goods
- The place of vending
- The pricing of the product
- The promotion of the product

## Marketing Concepts: 8 Core Marketing Concepts

Philip Kotler, the eminent writer, defines modern marketing as, —Marketing is social and managerial process by which individuals and groups obtains what they needs and wants through creating and exchanging product and value with others. ||

### 1. Needs:

Existence of unmet needs is precondition to undertake marketing activities. Marketing tries to satisfy needs of consumers. Human needs are the state of felt deprivation of some basic satisfaction. A need is the state of mind that reflects the lack-ness and restlessness situation.

Needs are physiological in nature. People require food, shelter, clothing, esteem, belonging, and likewise. Note that needs are not created. They are pre-existed in human being. Needs create physiological tension that can be released by consuming/using products.

### 2. Wants:

Wants are the options to satisfy a specific need. They are desire for specific satisfiers to meet specific need. For example, food is a need that can be satisfied by variety of ways,



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such as sweet, bread, rice, sapati, puff, etc. These options are known as wants. In fact, every need can be satisfied by using different options.

Maximum satisfaction of consumer need depends upon availability of better options. Needs are limited, but wants are many; for every need, there are many wants. Marketer can influence wants, not needs. He concentrates on creating and satisfying wants.

### 3. Demand:

Demand is the want for specific products that are backed by the ability and willingness (may be readiness) to buy them. It is always expressed in relation to time. All wants are not transmitted in demand. Such wants which are supported by ability and willingness to buy can turn as demand.

Marketer tries to influence demand by making the product attractive, affordable, and easily available. Marketing management concerns with managing quantum and timing of demand. Marketing management is called as demand management.

### 4. Product:

Product can also be referred as a bundle of satisfaction, physical and psychological both. Product includes core product (basic contents or utility), product-related features (colour, branding, packaging, labeling, varieties, etc.), and product-related services (after-sales services, guarantee and warranty, free home delivery, free repairing, and so on). So, tangible product is a package of services or benefits. Marketer should consider product benefits and services, instead of product itself.

Marketer can satisfy needs and wants of the target consumers by product. It can be broadly defined as anything that can be offered to someone to satisfy a need or want. Product includes both good and service. Normally, product is taken as tangible object, for example, pen, television set, bread, book, etc.

However, importance lies in service rendered by the product. People are not interested just owning or possessing products, but the services rendered by them. For examples, we do not buy a pen, but writing service.

Similarly, we do not buy a car, but transportation service. Just owning product is not enough, the product must serve our needs and wants. Thus, physical product is just a vehicle or medium that offers services to us.

As per the definition, anything which can satisfy need and want can be a product. Thus, product may be in forms of physical object, person, idea, activity, or organisation that can provide any kind of services that satisfy some needs or wants.



## 5. Utility (value), Cost, and Satisfaction:

Utility means overall capacity of product to satisfy need and want. It is a guiding concept to choose the product. Every product has varying degree of utility. As per level of utility, products can be ranked from the most need-satisfying to the least need-satisfying.

Utility is the consumer's estimate of the product's overall capacity to satisfy his/her needs. Buyer purchases such a product, which has more utility. Utility is, thus, the strength of product to satisfy a particular need.

Cost means the price of product. It is an economic value of product. The charges a customer has to pay to avail certain services can be said as cost. The utility of product is compared with cost that he has to pay. He will select such a product that can offer more utility (value) for certain price. He tries to maximize value, that is, the utility of product per rupee.

Satisfaction means fulfillment of needs. Satisfaction is possible when buyer perceives that product has more value compared to the cost paid for. Satisfaction closely concerns with fulfillment of all the expectations of buyer. Satisfaction releases the tension that has aroused due to unmet need(s). In short, more utility/value with less cost results into more satisfaction.

## 6. Exchange, Transaction, and Transfer:

Exchange is in the center of marketing. Marketing management tries to arrive at the desired exchange. People can satisfy their needs and wants in one of the four ways – self-production, coercion/snatching, begging, or exchanging.

Marketing emerges only when people want to satisfy their needs and wants through exchange. Exchange is an act of obtaining a desired product from someone by offering something in return. Obtaining sweet by paying money is the example an exchange.

Exchange is possible when following five conditions are satisfied:

- i. There should be at least two parties
- ii. Each party has something that might be of value to the other party
- iii. Each party is capable of communication and delivery
- iv. Each party is free to accept or reject the exchange offer



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v. Each party believes it is desirable to deal with the other party

Transaction differs from exchange:

Exchange is a process, not event. It implies that people are negotiating and moving toward the agreement. When an agreement is reached, it is transaction. Transaction is the decision arrived or commitment made.

For example, Mr. X pays Rs. 25000 and obtains a computer. There are various types of transactions, such as barter transactions, monetary transactions, commercial transactions, employment transactions, civic transactions, religious or charity transactions.

Transaction involves following conditions:

- i. At least two things of value
- ii. Agreed upon conditions
- iii. A time of agreement
- iv. A place of agreement
- v. A law (legal system) of contract to avoid distrust

Transfer involves obtaining something without any offer or offering anything without any return. For example, Mr. X gives gift to Mr. Y. Transfer is a one-way process. But, pure transfer is hardly found in practice. One transfers something with some unexpressed expectations. Offer of money to beggar is to get the favour of God.

Donor gives donations and receives honour, appreciation, and special invitation, or even special influence in administration. Gift is rewarded in terms of gratitude, a good behaviour, saying, —thank you or with the expectation that the receiver of the gift will offer the same in the future. Almost all transfers are same as transactions. Transfer and transaction both are important for marketer.

## **7. Relationships and Network:**

Today's marketing practice gives more importance to relation building. Marketing practice based on relation building can be said as relationship marketing. Relationship marketing is the practice of building long-term profitable or satisfying relations with key parties like



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customers, suppliers, distributors, and others in order to retain their long-term preference in business.

A smart marketer tries to build up long-term, trusting, and 'win-win' relations with valued customers, distributors, and suppliers. Relationship marketing needs trust, commitment, cooperation, and high degree of understanding.

Relationship marketing results into economical, technical, social, and cultural tie among the parties. Marketing manager is responsible for establishing and maintaining long-term relations with the parties involved in business.

Network is the ultimate outcome of relationship marketing. A marketing network consists of the company and its supporting stakeholders – customers, employees, suppliers, distributors, advertising agencies, colleges and universities, and others – whose role is considered to be essential for success of business. It is a permanent setup of relations with stakeholders. A good network of relationships with key stakeholders results into excelling the marketing performance over time.

## **8. Market, Marketing, Marketer, and Prospect:**

In marketing management, frequently used words are markets, marketing, marketer, and prospects. A market consists of all potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy this need or want.

Marketing is social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others.

Marketer is one who seeks one or more prospects (buyers) to engage in an exchange. Here, seller can be marketer as he wants other to engage in an exchange. Normally, company or business unit can be said as marketer.

Prospect is someone to whom the marketer identifies as potentially willing and able to engage in the exchange. (In case of exchange between two companies, both can be said as prospects as well as marketers). Generally, consumer or customer who buys product from a company for satisfying his needs or wants can be said as the prospect.

## **Social marketing**

What, exactly, is social marketing? In Social Marketing Report, it's defined as, "the application of commercial marketing techniques to social problems." It means to take the same principles used in selling goods--such as shoes, television shows, or pizza--to convince people to change their behavior.





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Of course, if you are selling blue jeans, you're still trying to influence behavior-- you're convincing people they need to wear your jeans--either for comfort, or for style, or for value. So then, what is the difference between social marketing and commercial marketing?

It's really summed up in one key point: commercial marketing tries to change people's behavior for the benefit of the marketer; social marketing tries to change people's behavior for the benefit of the consumer, or of society as a whole.

## **WHAT IS INVOLVED IN SOCIAL MARKETING? IN A NUTSHELL, WHEN CONDUCTING A SOCIAL MARKETING CAMPAIGN, YOU'LL DO THE FOLLOWING:**

- Identify what behavior you want to change (for example, increase prenatal counselling among expectant mothers).
- Identify your audience: Whose behavior do you want to change? It may be that you want to change the behavior of several different groups; in that case, you may want to influence them in different ways to bring them closer to the desired behavior. Such groups are often separated, or segmented, by age, gender, level of education, or race.
- Identify the barriers to change: through interviews, surveys, focus groups or other methods, you'll want to find out what makes it difficult or unattractive for people to make these changes. Do pregnant women feel uncomfortable at the area clinic, or are they made to feel stupid when they talk to the doctor? Is the clinic too far away? Can they not take the time away from their jobs?
- Reduce the barriers to change. Plan ways to make it easier, more accessible, and more attractive. Can the clinic stay open longer hours? Can physicians and nurses be better trained to discuss problems with women? This step might even be taken a step farther. Your organization might provide incentives for making (and sustaining) changes. Mothers who come to the clinic regularly through their pregnancy might receive coupons for free baby food, for example.
- Pretest your ideas on a small number of people, then modify your plan according to your results.
- Publicize both the benefits of change, and also your efforts to make change easier in a way that will draw people to take advantage of your efforts. Let people know what you're doing to help them--the best program in the world won't be used if people don't know about it. And of course, people need to understand the benefits



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of the behavior change. A pregnant woman will probably want to do what's best for her child, but may not know that she needs extra iron during her pregnancy. It's up to your organization to tell her. And, although it's not technically a part of social marketing, you'll probably want to...

- Assess your results and see if you have created the change you wanted.

The above list represents just the bare bones of a social marketing effort. Each of these points will be discussed in detail later in this section, and in Section Four of this chapter. For a full example of a very successful nationwide social marketing plan, see the Examples section at the end of the main text.

## WHO CAN DO SOCIAL MARKETING?

The bad news is, there is a definite art to it--it's not all something you're born with, and it's not only common sense. After all, people get degrees in this stuff; and major corporations such as Nike or Coca-Cola spend millions of dollars to ensure that their marketing campaigns are state-of-the-art.

Now for the good news: first of all, it's learnable. You may not have been born with phrases like market segmentation floating around in your head, but you can learn what they mean, and how to use them.

Second, it's scalable. Some campaigns are quite large, such as the National High Blood Pressure campaign discussed in the Examples at the end of this section. However, social marketing campaigns can also be quite a bit smaller. That is, you can do it on a local level, when you have limited resources. Just because your group doesn't run the Hyatt Regency, or hasn't resources anywhere in the same ballpark, that doesn't mean you can't take the same principles and put into effect the change that you want to see in your community.

## WHY IS SOCIAL MARKETING IMPORTANT?

So what makes the concept of social marketing particularly important? Perhaps you've been doing your work quite effectively for years without ever even hearing the phrase. That's actually pretty likely; the phrase was only coined about 25 years ago.

There are three major advantages, however, which suggest that social marketing is worthy of your consideration:

- It helps you reach the target audiences you want to reach.
- It helps you customize your message to those targeted audiences; and by doing so,
- It helps you create greater and longer-lasting behavior change in those audiences.





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Bottom line? Social marketing is a good idea because it works.

## **BASIC PRINCIPLES OF MARKETING: THE "4 PS"**

Before we discuss social marketing further, however, it's important to have a grasp on the principles of commercial marketing, since that is what it's based on. As community health workers, or members of non-profit organizations, the idea might seem a bit odd. We're used to a completely different mindset. Terms like "marketing" may conjure up images of big business and corporate greed; they certainly don't make us think of programs to try to help our neighbors.

Even so, your neighbors may not be open to your ideas and programs right off the bat, and you may find yourself having to persuade them. This is what social marketing excels at. The idea may be new for you, or a complete change in how you perceive things. That change, however, may end up being the breath of air your organization needs to become even more effective in changing behavior.

## **DOES THAT MAKE SENSE TO YOU? THEN LET'S GO ON TO SOME OF THE BASIC PRINCIPLES OF MARKETING.**

The essence of all marketing can be summed up in what has been termed the "4 Ps." They are product, price, place, and promotion. Let's look at each in turn.

**Product** -- The product is what you are marketing. For social marketing, the "product" is a certain behavior you are trying to change. It might be ending child abuse and neglect, or stopping people from committing suicide, or convincing people to not throw trash on the ground--or any other behavior that members of your community want to modify.

**Price** -- How much will it cost a person to stop (or take on) a certain behavior? In social marketing, price isn't just a question of dollars and cents. It can also be a question of time (i.e., how long will it take me to find a trash can?), or how much of an effort a behavior change will take. A life-long smoker may be the first person to admit that smoking is an extremely expensive habit, but may still say the costs--in terms of effort, or possible weight gain, or nicotine withdrawal--are too high. He just can't quit.

A good social marketing plan, then will try to reduce these costs. An anti-litter campaign will try to place more trash cans around the city; a smoking cessation group might offer support groups to help with the effort, nutrition counseling to counteract weight gain, and nicotine patches to reduce the pangs of withdrawal.

**Place** -- How difficult is it to change the behavior? What barriers are preventing it? If you are selling blue jeans, you want to have them in stores across the country, not just in one



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small boutique in Snellville, Georgia. Otherwise, people in Oregon won't be able to get them, even if they want to.

Likewise, if you are "selling" teen pregnancy prevention, what barriers make it difficult to prevent those pregnancies? Can teenagers easily obtain birth control, or is it difficult for them to get hold of? Maybe there isn't a good teen clinic in town. Or if there is a clinic available, maybe it's all the way across town, and it's only open on weekdays until 4:00, making it difficult to get to without missing school.

Social marketing efforts make it easier to change behavior by making sure the necessary supports are not only available, but also easily accessible to the most people possible. The less people need to go out of their way to make a change, the more likely they are to make it.

**Promotion** -- Promotion is the last of the "4 Ps," and the one most easily associated with social marketing. Promotion is the advertising you do; be it in television commercials, letters to the editor, or red ribbons tied to car antennas.

Promoting your cause doesn't need to take a lot of money. It can also take place through less costly methods, such as good old-fashioned word of mouth. Convincing people through a one-on-one conversation can be just as effective at changing someone's point of view as the best made commercial, or even more so. (Think about it. Which would make you get a tetanus booster: a television commercial or a suggestion from your doctor?) Word of mouth is a highly desirable part of social marketing.

Remember, though--advertising alone is not social marketing

## E-Marketing

### Definition:

—Achieving marketing objectives through use of electronic communications objectives.

OR

—An external perspective of how the internet can be used in conjunction with traditional media to acquire and deliver services to customers.

### E-marketing planning:



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An e-marketing plan is needed in addition to a broader e-business strategy to detail how the sell side specific objectives of the e-business strategy will be achieved through marketing activities such as marketing research and marketing communications.

Since e-marketing plan is based on the objectives of e-business or business strategy, there is overlap between the elements of each approach particularly for environment analysis, objective setting and strategic analysis.

## **Objective:**

Effective e-marketing plans are based on clearly defined objectives since these will inform the strategies, tactics and help in communicating the strategic aims to the workforce and investors. The value of the objectives can be tested using the widely used SMART mnemonic, i.e. are they specific, Measureable, Achievable, Realistic and time constrained. Examples of SMART e-marketing objectives are as follows:

Reduce cost of routine customer service by 10% to enable focus on delivery of specialized customer service.

Established business-to-business engineering company- increase overall revenue by 5%, through trading sales in new international market.

Establish mobile phone operator-increase customer retention by reducing churn from 25% to 20%.

## **ADVANTAGES OF E-MARKETING**

Following are some of the advantages of e-Marketing:

- Extremely low risk
- Reduction in costs through automation and use of electronic media
- Faster response to both marketers and the end user
- Increased ability to measure and collect data
- Opens the possibility to a market of one through personalisation
- Increased interactivity
- Increased exposure of products and services
- Boundless universal accessibility

## **DISADVANTAGES OF E-MARKETING**

Following are some disadvantages of e-Marketing:

- Dependability on technology
- Security, privacy issues
- Maintenance costs due to a constantly evolving environment
- Higher transparency of pricing and increased price competition



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- Worldwide competition through globalisation

## **Marketing Challenges -The Business Organizations Facing Today**

- Rapidly changing customer needs, wants, and expectations;
- Increasing domestic and global competition;
- Heterogeneous and fragmented market
- Increasing popularity of Internet;
- Rapid technological changes;
- Challenge of selecting among too many options; and
- Challenge of generating leads.

### **Rapidly Changing Customer Needs, Wants, and Expectations**

Today, the needs, wants, and expectations of customer is changing rapidly. It is a great challenge not only for small marketers but for big players too. It requires extensive study of market trends and consumer behaviour while developing new product or updating existing product.

### **Increasing Global and Domestic Competition**

Competition today is global rather than just domestic. Marketers have to compete not only with domestic players but with global players too. The intense and global competition is a great challenge for marketers to deal with.

### **Increasing Popularity of Internet**

With the increase in popularity of Internet a new spectrum of marketing channel is emerged. The worldwide increase in number of Internet users brought a shift from traditional print-based media to new online platforms. It presents a new set of marketing challenges - challenge of deciding how much to allocate to digital v/s print-based media; challenge of using social media marketing largely because of regulatory issues and concerns over its measurability; and challenge of doing more with less money as the rise of Internet made communication cheaper and efficient

### **Challenge of Selecting Among Too Many Options**

The greatest challenge the marketers facing today is simply too many options. Too many potential customer segments. Too many product or service options. Too many communication tools. It is really difficult and challenging for marketers to choose among too many options. The marketers today doesn't suffer from lack of opportunities or options. The picture is totally opposite today. Now they suffer from too many opportunities or options.

### **Diversity and Convergence**



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Indian market: highly diverse due to the demography of Indian population. Diversity: young and old, tech and non-tech savvy, regional disparities, religion. Convergence among different markets.

Example: value of convenience, clarity of voice and no call drop- all seek in a cell phone connection. Price and services of handset and services change according to the segment. Depth of the product mix is shown by large retail stores. Marketer makes his offer available with multiple price options- gives the customer, choice.

## **Catering to the affluent**

Growing segment of affluent customers. Hindustan Times organised the first ever conference on luxury— attended by Cartier, Jimmy Choo, Gucci, Villa Moda, Taj Hotels...Luxury goes beyond materialistic aspect – aspirational, emotional and experiential platform has to be created. Marketer has to continuously innovate on product design and upgrade. Poor markets also need marketing

Poor customer exists in both rural and urban areas. Poor may be: —All those who spend up to US \$ 1 on the basis of PPP —( purchasing power parity) – per person per day on consumption expenditure. 35% of Indian population fell in the group. Adapting marketing programme to this segment, innovation for this market, create means for consumption and funding for this consumption is arranged through self help groups and micro finance in this segment.

## **Engaging customer 24×7**

Average attention of customer has decreased over years. Reason- competition. The noise in the media and distribution outlets is loud. Through television, radio channels, outdoor advertising and print media. Fundamentals to customer acquisition and retention: Creativity, respecting customer's right to privacy. Creating an emotional experience. Consumer communities. Growing trend of consumers coming together to form communities. Offer significant inputs in consumer psychology and consumption behaviour. Internet has facilitated this growth.

## **Ways to Overcome These Challenges**

For the success of any business overall performance is required to be taken care of not only financial performance but also marketing performance. Marketing performance includes - sales volume, market share, and, customer satisfaction. Various marketing challenges makes it difficult for marketing managers to achieve the targeted marketing performance. But, there are ways to overcome such challenges. We are here to share the best possible ways to overcome marketing challenges the business organizations facing today.



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## **Create a Learning Organization**

Business organizations must include learning as a key to improvement in their organizational values. Proper training must be given to marketing employees and it should be considered as an investment rather than as a cost. Marketing managers are required to continually question their own views of the market place. Learning is not an one time activity its a continuous process, ability to learn can be a key competitive advantage for any business.

## **Market Research**

Marketing organizations must invest in market research and they are required to make extensive use of it. Organizations are required to be good at using information about markets, customers, and competitors. Market research must be focused on understanding customer needs, wants, and expectations.

## **Reevaluate the Old Mix - Four Ps to Four Cs**

With the increasing globalization, competition, and popularity of Internet the old marketing mix is facing many new challenges; and to tackle these challenges marketing management must reevaluate the old marketing mix to to new mix by converting four Ps to four Cs.

Product / Customer Needs. Price / Cost to the Users. Place / Convenience. Promotion / Communication.

## **IMPORTANT QUESTIONS:**

1. Define marketing.
2. What are the objectives of marketing?
3. Explain the importance of marketing.
4. State and explain the functions of marketing.
5. Distinguish between marketing and selling.
6. Explain the core concepts of marketing.
7. Define marketing utilities.
8. Explain micro and macro environment of marketing.
9. List out the marketing management concepts.
10. Explain the difference between traditional and integrated marketing.





## UNIT II STRATEGIC PLANNING

### **Importance of a Marketing Strategy in an Organization**

To stay in business, every business needs to convert prospects to closed sales. How a company markets to potential customers is a marketing strategy. A company may have more than one strategy in place at any given time, using various marketing platforms – including networking, digital media and traditional print advertising. Plan your marketing strategies so that you can evaluate the successful campaigns and build upon them, while adjusting or stopping unsuccessful ones.

Marketing strategy planning involves creating a road map for how you will sell your product or service or customers.

### **Start With Situation Analysis**

Before you can develop a plan, you need to determine exactly where your business currently sits. Perhaps your company is meeting revenue goals but wants to scale up or move into new markets. If you aren't meeting goals, take an honest assessment of why. No marketing plan can change things if your sales team is unmotivated or untrained.

Most of this information is in your existing business plan and updated data reports. If the information isn't available, conduct a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis to identify potential problems. Be clear on what you do well and on what makes your company – as well as its products and services – unique.

### **Define the Ideal Customer**

A business owner who says "everyone is my client" is relying on broad marketing concepts that are most likely hurting sales success. Demographic studies show that some consumers buy differently than other consumers – younger consumers respond more to texts and digital ads, whereas older consumers have more traditional buying habits. Take the time to define your ideal customer, based on age, gender, family status and financial status. Once you have a description of the ideal consumer, define how your products solve a need or a desire in that group.

### **Establish Marketing Goals**

Marketing should lead to sales. Define how your marketing efforts improve revenues. Goals can include increasing sales by 10 percent or having an additional 30 percent of online customers buy a second item through shopping cart suggestions. Be very specific with goals so you can measure your success. Set a time frame with timeline



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markers. Timeline markers to track progress so you can make adjustments as you work toward the ultimate goal. For example, if the goal to increase annual units by 1,000 over a 12-month period, then track the progress on a monthly basis.

## **Select Marketing Tools**

Once you know your customer and what you want to do, set your marketing methods. Select from traditional advertising and digital marketing platforms. Also establish the frequency of advertising or "touches" to the customer. A touch is considered any contact with a prospect. It can be a phone call, a text, sales email or postal letter. How you utilize tools is often different for cold versus warm leads. Social media advertising is able to target specific demographics and adjust ad frequency. For example, social media ads allow you to target young mothers searching for car seats.

## **Budget Funds**

Everything costs money, and you want to make sure you have a budget that enables your strategy to succeed but doesn't throw good money after bad – on ineffective strategies. Establish a budget for each strategy. Monitor the results to determine which strategies are the most effective. Be flexible enough to adjust budgets, and move money away from campaigns that aren't working into strategies that working.

## **Marketing Management process**

The marketing management process goes through various stages to ensure the success of a product in an organization. A company is generally in the blind about any new product. In a tough business environment, with a customer who knows everything beforehand because of the presence of online portals and websites, it is tough to plan and launch a new product or a marketing strategy.

Just like movie stars waiting in anticipation for their movies to be released, companies wait in anticipation when a new product is launched. This new product can rock or it can fail in the market. The marketing management process ensures that whatever happens, the product is given its best chance to survive and thrive in the market.

### **1) Conduct market research**

The very first step in the marketing management process starts with conducting a market research. As previously mentioned, if a product is a new launch, then the company is likely to be in the blind for the future prospects of the product. They do not know what product the market needs, should they go for a new product or do a product extension, what will be the expected turnover increase from the new product, etc. Such questions are answered





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by market research. Thus, to even start thinking of launching a new product, market research is necessary.

## 2) **Develop a marketing strategy**

Before making a marketing strategy, you need to know the market. As market research has already been done, marketing strategy forms the second step in marketing management process. The marketing strategy takes several points in consideration. Simple things such as segmentation, targeting and positioning are a part of Marketing strategy. However, tough things like deciding the marketing mix as well as getting the positioning strategy right are also involved. Core competencies like financials and production are also to be analysed during the marketing strategy stage. Taking all these things in consideration, a marketing strategy is formed.

## 3) **Make a marketing plan**

After marketing strategy, a written marketing plan is made. This is the third and a very important step in marketing management process. A written marketing plan is made to analyse where the company is and where it wants to reach in a given time period. The marketing plan actually puts the plan on paper and the marketer can anytime refer to the marketing plan to analyse whether he is on track or not. The marketing plan itself has some pointers which are most important.

**Situation analysis** – Business environment analysis, Internal analysis (SWOT analysis), USP's, core competencies.

**Strategic plan** – A time related strategic plan outlining the pros and cons of the strategy.

**Financials** – Sales forecasts. Expenses forecast. Working capital etc.

**Implementation** – Operations. Customer loyalty. Brand building. Consumer behaviour. Product and pricing decisions.

**Follow up** – After implementation, follow up is done to ensure marketing strategy is on track.

## 4) **Feedback and control**

Step 1, 4 and 5 are interrelated. Once a product is in the market, customers might give further ideas for the improvement of the product. These ideas are usually considered by the marketing department and a market research is conducted to find the validity of the ideas. If the idea is valid, another product can be developed or another marketing strategy implemented. On the other hand, if the product is not received positively, then the control mechanism needs to fall in place and implement an alteration process for the product or in the worst case scenario – take the product out of the market before it affects the brand.

The four steps above complete the marketing management process. With the world becoming a small place due to the advent of the internet, the marketing management process has become simpler. Feedback can be obtained online through simple questions,



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Marketing strategy can be changed by keeping an online brand watch and market research can be done through social networks. However, this does not change the gruelling process which traditional marketing companies like FMCG, Electronics and Automobiles have to adopt.

## Analysis of Marketing Opportunities

### 1. Research your customers and competition

Use market research to analyze your customers and competitors on multiple levels. This will help you evaluate whether the demand for a product/service is real, and whether expanding into a potential new market is worthwhile for your company.

Identify consumers segments that share common characteristics such as age, gender, education, income, occupation, and place of residence, or softer variables such as lifestyle and values. Also consider consumer motivation. What "job" is the customer trying to get done? What barriers may be constraining consumption?

Knowing who your key competitors are and assessing their strengths and weaknesses can also illuminate specific growth strategies and ways to differentiate your products and services.

### 2. Get a high-level view of the market.

However, assessing your customers and competitors is not enough. You also need to obtain a broader understanding of the market as a whole and what the potential of success is in the market.

Otherwise, your organization could be trapped into thinking that a few percentage points increase is enough, where there is actually much more potential. Market researchers are experts at providing the overall objective picture and can help you step away from intra-company thinking.

- When analyzing a market, these high-level questions come into play:
- What is the market size?
- How quickly is the market expanding or contracting?
- How many buyers are there?
- What are the barriers to entry?
- What is the bargaining power of suppliers?
- What is the intensity of the competition?
- Is there a threat of new entrants or substitute products or services?



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### 3. Explore adjacent opportunities.

Pursuing adjacent opportunities can also be a winning strategy.

In a five-year study, researchers analyzed the growth and performance of 1,850 corporations. They found that the companies with the most sustained profitable growth had used a systematic, disciplined approach to expand the boundaries of their core business into an adjacent space. Some companies expanded from one geographic market to another, while others applied an existing business model to adjacent segments.

Take Procter & Gamble's Crest toothpaste brand as an example. In the late 1990s, Crest was floundering, but Procter & Gamble revitalized the brand by moving into two other categories — teeth whitening and brushing — with the introduction of Crest Whitestrips and SpinBrush.

The company used the same channels to reach the same customers with the same marketing framework and added more than \$200 million of new sales for each new brand in one year.

Keeping your finger on the pulse of a market will help you to maintain a proactive approach and profitably outgrow your rivals by finding ways to expand outside your core business.

### 4. Understand the business environment factors.

Another area to explore is the overall business environment, which can have a profound impact on company performance and the ways industries operate.

**The business environment includes factors such as:**

- Technological developments
- Government regulations
- Geopolitical shifts
- Economic indicators
- Trade policies
- Social and cultural norms

As an example, companies in the life science and healthcare sectors currently face a number of potential disruptors that contribute to ongoing uncertainty, as noted by market research firm Kalorama Information, including attempts to repeal and replace the Affordable Care Act, health IT policies, and President Trump's statements about drug pricing.



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Other factors impacting markets include Brexit, rising out-of-pocket spending on healthcare, and physician shortages. Any new business opportunity in these sectors will need to be evaluated in the context of these factors and challenges.

## **5. Find the market research you need fast.**

Gathering and synthesizing information about all these categories can take significant time, effort, and expertise, but market research reports can give you a helpful leg up.

—Off-the-shelf reports, such as those available on MarketResearch.com, can supply you with much of the information you need for a comprehensive understanding of the customer, competition, industry, and business environment. In these reports, you'll find information on market size, market share, market forecasts, information on regulations, consumer demographics, and much more. In addition, many reports explicitly share analysis on key opportunities for future growth, next-generation product innovation, and emerging marketing strategies.

## **What is the marketing mix?**

Once a firm has defined its target market and identified its competitive advantage, it can create the marketing mix, which is based on the 5Ps discussed earlier, that brings a specific group of consumers a product with superior value. Every target market requires a unique marketing mix to satisfy the needs of the target customers and meet the firm's goals. A strategy must be constructed for each of the 5Ps, and all strategies must be blended with the strategies of the other elements. Thus, the marketing mix is only as good as its weakest part. For example, an excellent product with a poor distribution system could be doomed to failure. An excellent product with an excellent distribution system but an inappropriate price is also doomed to failure. A successful marketing mix requires careful tailoring. For instance, at first glance you might think that McDonald's and Wendy's have roughly the same marketing mix. After all, they are both in the fast-food business. But McDonald's targets parents with young children through Ronald McDonald, heavily promoted children's Happy Meals, and in-store playgrounds. Wendy's is targeted to a more adult crowd. Wendy's has no playgrounds, but it does have flat-screen TVs, digital menu boards, and comfy leather seating by a fireplace in many stores (a more adult atmosphere), and it has expanded its menu to include more items for adult tastes.

## **Product Strategy**

Marketing strategy typically starts with the product. Marketers can't plan a distribution system or set a price if they don't know exactly what product will be offered to the market. Marketers use the term product to refer to goods, services, or even ideas. Examples of goods would include tires, MP3 players, and clothing. Goods can be divided into business goods (commercial or industrial) or consumer goods. Examples of services would be hotels, hair salons, airlines, and engineering and accounting firms. Services can



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be divided into consumer services, such as lawn care and hair styling, or professional services, such as engineering, accounting, or consultancy. In addition, marketing is often used to —marketll ideas that benefit companies or industries, such as the idea to —go greenll or to —give blood.ll Businesses often use marketing to improve the long-term viability of their industries, such as the avocado industry or the milk industry, which run advertising spots and post social media messages to encourage consumers to view their industries favorably. Thus, the heart of the marketing mix is the good, service, or idea. Creating a product strategy involves choosing a brand name, packaging, colors, a warranty, accessories, and a service program.

Marketers view products in a much larger context than is often thought. They include not only the item itself but also the brand name and the company image. The names Ralph Lauren and Gucci, for instance, create extra value for everything from cosmetics to bath towels. That is, products with those names sell at higher prices than identical products without the names. Consumers buy things not only for what they do, but also for what they mean.

## **Pricing Strategy**

Pricing strategy is based on demand for the product and the cost of producing that product. However, price can have a major impact on the success of a product if the price is not in balance with the other components of the 5Ps. For some products (especially service products), having a price that is too low may actually hurt sales. In services, a higher price is often equated with higher value. For some types of specialty products, a high price is expected, such as prices for designer clothes or luxury cars. Even costume jewelry is often marked up more than 1000 percent over the cost to produce it because of the image factor of a higher price. Special considerations can also influence the price. Sometimes an introductory price is used to get people to try a new product. Some firms enter the market with low prices and keep them low, such as Carnival Cruise Lines and Suzuki cars. Others enter a market with very high prices and then lower them over time, such as producers of high-definition televisions and personal computers.

## **Place (Distribution) Strategy**

Place (distribution) strategy is creating the means (the channel) by which a product flows from the producer to the consumer. Place includes many parts of the marketing endeavor. It includes the physical location and physical attributes of the business, as well as inventory and control systems, transportation, supply chain management, and even presence on the web. One aspect of distribution strategy is deciding how many stores and which specific wholesalers and retailers will handle the product in a geographic area. Cosmetics, for instance, are distributed in many different ways. Avon has a sales force of several hundred thousand representatives who call directly on consumers. Clinique and



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Estée Lauder are distributed through selected department stores. Cover Girl and Coty use mostly chain drugstores and other mass merchandisers. Redken products sell through hair salons. Revlon uses several of these distribution channels. For services, place often becomes synonymous with both physical location (and attributes of that location such as atmospherics) and online presence. Place strategy for services also includes such items as supply chain management. An example would be that an engineering firm would develop offices with lush interiors (to denote success) and would also have to manage the supplies for ongoing operations such as the purchase of computers for computer-aided drafting.

## **Promotion Strategy**

Many people feel that promotion is the most exciting part of the marketing mix. Promotion strategy covers personal selling, traditional advertising, public relations, sales promotion, social media, and e-commerce. These elements are called the promotional mix. Each element is coordinated with the others to create a promotional blend. An advertisement, for instance, helps a buyer get to know the company and paves the way for a sales call. A good promotional strategy can dramatically increase a firm's sales.

Public relations plays a special role in promotion. It is used to create a good image of the company and its products. Bad publicity costs nothing to send out, but it can cost a firm a great deal in lost business. Public relations uses many tools, such as publicity, crisis management strategy, and in-house communication to employees. Good publicity, such as a television or magazine story about a firm's new product, may be the result of much time, money, and effort spent by a public-relations department. Public-relations activities always cost money—in salaries and supplies. Public-relations efforts are the least —controllable of all the tools of promotion, and a great deal of effort and relationship-building is required to develop the ongoing goodwill and networking that is needed to enhance the image of a company.

Sales promotion directly stimulates sales. It includes trade shows, catalogs, contests, games, premiums, coupons, and special offers. It is a direct incentive for the customer to purchase the product immediately. It takes many forms and must adhere to strict laws and regulations. For example, some types of contests and giveaways are not allowed in all the states within the United States. McDonald's discount coupons and contests offering money and food prizes are examples of sales promotions.

## **Marketing Environment**

Marketing activities are influenced by several factors inside and outside a business firm. These factors or forces influencing marketing decision-making are collectively called





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marketing environment. It comprises all those forces which have an impact on market and marketing efforts of the enterprise. According to Philip Kotler, marketing environment refers to —external factors and forces that affect the company's ability to develop and maintain successful transactions and relationships with its target customers.

The marketing programme of a firm is influenced and shaped by a firm's inwardly need to begin its business planning by looking outwardly at what its customers require, rather than inwardly at what it would prefer to produce. The firm must be aware of what is going on in its marketing environment and appreciate how change in its environment can lead to changing patterns of demand for its products.

## **Scanning the Environment:**

Marketing activities do not take place in a vacuum, isolated from all external forces. In fact all marketing operations are conducted in a highly complex, dynamic and changing environment. According to Philip Kotler, —A company's marketing environment consists of the factors and forces outside marketing that affect management's ability to build and maintain successful relationships with target customers.

The marketing environment offers both opportunities and threats. Successful companies know the vital importance of constantly watching and adapting to the changing environment. A company's marketers take the major responsibility for identifying significant changes in the environment.

More than any other groups in the company, marketers must be the trend trackers and opportunity seekers. Although every manager in an organisation needs to observe the outside environment, marketers have two special aptitudes. They have disciplined methods — marketing intelligence and marketing research — for collection of information about the marketing environment.

They also spend time in the customer and competitor environment. By conducting systematic environmental scanning, marketers are able to revise and adapt marketing strategies to meet new challenges and opportunities in the market place.

Marketing as a function is basically all about matching the offerings of the organisation to the outside world, in particular, the market-place. Not surprisingly, many functions within marketing, such as selling, product development and market research, concern themselves with issues, problems and opportunities outside the organisation, and focus on responding to outside events and circumstances. Kotler identifies in this external role the need for marketers to develop an 'outside-in' perspective, an ability to work on external cues and stimuli to the profit of the whole organisation.



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Environment scanning is a constant, important activity of successful companies. This process includes gathering, filtering and analyzing information related to the marketing environment. It also includes monitoring the changes taking place in the environment and forecasting future status of each factor.

Such analysis helps to spot opportunities and threats in the environment, and pinpoints the ones that are specifically relevant to the company. The company's marketing people have the responsibility for scanning and identifying significant changes or trends in the marketing environment.

As we know that marketing research and marketing intelligence system are the methods used by companies for environment scanning and gathering vital information about changes. Customers' behaviour and competitors' activities are also important factors to be watched in the environment. Successful companies know the vital importance of constantly scanning and adapting to the changing environment. The environment continues to change at a rapid pace.

## **Importance of Environment Analysis:**

The following are the benefits of environment analysis:

1. It helps in marketing analysis.
2. It can assess the impact of opportunities and threats on the business.
3. It facilitates the company to increase general awareness of environmental changes.
4. It is possible to develop effective marketing strategies on the basis of analysis.
5. It helps to capitalize the opportunities rather than losing out to competitors.
6. It facilitates to understand the elements of the environment.
7. It helps to develop best strategies, in the light of analyzing —what is going around the companyll.

## **Need for Environment analysis:**





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Environmental analysis attempts to give an extensive insight as to the current market conditions as well as of impact of external factors that are uncontrollable by the marketers. These variables play an important role in convincing potential customers regarding changes in market trends, market conditions etc.

Facilitating the corporation's strategic response to the changes taking place in environmental factors is the ultimate purpose of environment analysis. The firm has to come up with alternative programmes and strategies in line with environmental realities. This is possible only with proper environment analysis.

It helps strategic response by highlighting opportunities, the pursuit of which will help the firm to attain its objectives. It helps to assess the attractiveness and probability position of these opportunities, and helps to prepare a shortlist of those which are relevant to the firm and which can be pursued by it

Spotting the opportunities and threats is the central purpose here. It is in the environment that the firm finds its opportunities; it is in the environment that it finds the treats it has to encounter, and, it is by tapping the opportunities present and countering the threats embedded therein that the firm achieves its growth objective. The starting point is thus to spot the opportunities and threats.

## **Concept of Micro and Macro Environment:**

A marketing oriented company looks outside its premises to take advantage of the emerging opportunities, and to monitor and minimize the potential threats face by it in its businesses. The environment consists of various forces that affect the company's ability to deliver products and services to its customers.

### **The marketing environment is made up of:**

1. Micro-environment and
2. Macro-environment.

We discuss them in detail:

#### **1. Micro-environment:**

The micro-environment of the company consists of various forces in its immediate environment that affect its ability to operate effectively in its chosen markets.



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This includes the following:

- (a) The company
- (b) Company's Suppliers
- (c) Marketing Intermediaries
- (d) Customers
- (e) Competitors
- (f) Public

A brief explanations are given below:

## **The Company:**

In designing marketing plans, marketing management takes other company groups into account – Finance, Research and Development, Purchasing, Manufacturing, Accounting, Top Management etc. Marketing manager must also work closely with other company departments. Finance is concerned with funds and using funds to carry out the marketing plans.

The R&D Department focuses on designing safe and attractive product. Purchasing Department is concerned with supplies of materials whereas manufacturing is responsible for producing the desired quality and quantity of products. Accounts department has to measure revenues and costs to help marketing know-how. Together, all of these departments have impact on the marketing plans and action.

## **Internal Environment (Within the Co.):**

The marketing management, in formulating plans, takes the other groups into account:

1. Top Management
2. Finance
3. R&D



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4. Manufacturing
5. Purchasing
6. Sales Promotion
7. Advertisement etc.

## **The Organisation's Marketing Environment**

Environmental forces are dynamic and any change in them brings uncertainties, threats and opportunities for the marketers. Changes in the environmental forces can be monitored through environmental scanning, that is, observation of secondary sources such as business, trade and Government, and environmental analysis, that is, interpretation of the information gathered through environmental scanning.

Marketers try to predict what may happen in the future with the help of tools like marketing research and marketing information or marketing intelligence system, and continue to modify their marketing efforts and build future marketing strategies. The company should think about the consumer and work in harmony to provide customer value and satisfaction.

## **Company's Suppliers:**

Suppliers provide the resources needed by the company to produce its goods and services. They are important links in the company's overall customer —value delivery system. Supplier developments can seriously affect marketing. Marketing managers must watch supply availability – supply shortages or delays, labour strikes and other events can cost sales in the short run and damage customer satisfaction in the long run. Marketing Managers also monitor the price trends of their key inputs. Rising supply costs may force price increases that can harm the company's sales volume.

In business-to-business marketing, one company's supplier is likely to be another company's customer and it is important to understand how suppliers, manufacturers and intermediaries work together to create value. Buyers and sellers are increasingly co-operating in their dealings with each other, rather than bargaining each transaction in a confrontational manner in order to make supply chain management most effective and value-added products are sold to the target markets.

## **Marketing Intermediaries:**



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Intermediaries or distribution channel members often provide a valuable link between an organisation and its customers. Large-scale manufacturing firms usually find it difficult to deal with each one of their final customers individually in the target markets. So they chose intermediaries to sell their products.

Marketing intermediaries include resellers, physical distribution firms, marketing service agencies, and financial intermediaries. They help the company to promote, sell, and distribute its goods to final buyers. Resellers are distribution channel firms that help the company to find customers for goods. These include whole-sellers and retailers who buy and resell merchandise. Selecting and working with resellers is not easy. These organisations frequently have enough power to dictate terms or even shut the manufacturer out of large markets.

## **Physical distribution:**

Firms help the company to stock and move goods from their points of origin to their destinations. Working with warehouse and transportation firms, a company must determine the best ways to store and ship goods, and safety marketing services agencies are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets.

When the company decides to use one of these agencies, it must choose carefully because those firms vary in creativity, quality, service and price. Financial intermediaries include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods. Most firms and customers depend on financial intermediaries to finance their transactions.

## **Customers:**

Consumer markets consists of individuals and households that they buy goods and services for personal consumption. Business markets buy goods and services for further processing or for use in their production process, whereas reseller markets buy goods and services to resell at a profit.

Government markets are made up of government agencies that buy goods and services to produce public services or transfer the goods and services to others who need them. Finally, international markets consist of the buyers in other countries, including consumers, producers, resellers and governments. Each market type has special characteristics that call for careful study by the seller.



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## **Competitors:**

No single competitive marketing strategy is best for all companies. The company's marketing system is surrounded and affected by a host of competitors. Each firm should consider its own size and industry position compared to those of its competitors. These competitors have to be identified, monitored and outmaneuvered to gain and maintain customer loyalty.

Industry and competition constitute a major component of the micro-environment. Development of marketing plans and strategy is based on knowledge about competitors' activities. Competitive advantage also depends on understanding the status, strength and weakness of competitors in the market.

Large firms with dominant positions in an industry can use certain strategies that smaller firms cannot afford. But being large is not enough. There are winning strategies for large firms, but there are also losing ones. And small firms can develop strategies that give them better rate of return than large firms enjoy.

## **Public:**

General public do take interest in the business undertaking. The company has a duty to satisfy the people at large along with competitors and the consumers. A public is defined as —any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives.

Public relations is certainly a broad marketing operation which must be fully taken care of. Goodwill, favourable reactions, donations and hidden potential fixture buyers are a few of the responses which a company expects from the public. Kotler in this regard has viewed that —companies must put their primary energy into effectively managing their relationships with their customers, distributors, and the suppliers, their overall success will be affected by how other publics in the society view their activity. Companies would be wise to spend time monitoring all their publics understanding their needs and opinions and dealing with them constructively.

Every company is surrounded by seven types of public, as shown below:

1. Financial—banks, stock-brokers, financial institutions.
2. Media—Newspaper, magazines, TV.



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3. Government—Government departments.
4. Citizen—Consumer Organisations; environment groups.
5. Local—neighbourhood residents, community groups.
6. General—General Public, public opinions.
7. Internal—Workers, officers, Board of Directors.

## **2. Macro Environment:**

The macro-environment consists of broader forces that not only affect the company and the industry, but also other factors in the micro-environment.

The components of a macro-environment are:

- (a) Demographic Environment
- (b) Economic Environment
- (c) Physical Environment
- (d) Technological Environment
- (e) Political Environment
- (f) Legal Environment
- (g) Social and Cultural Environment

### **A. Demographic Environment:**

Demography is the study of population characteristics that are used to describe consumers. Demographics tell marketers who are the current and potential customers, where are they, how many are likely to buy and what the market is selling. Demography is the study of human populations in terms of size, density, location, age, sex, race, occupation and other statistics.



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Marketers are keenly interested in studying the demography ethnic mix, educational level and standard of living of different cities, regions and nations because changes in demographic characteristics have a bearing on the way people live, spend their money and consume.

For example, one of the demographic characteristic is the size of family. With the number of small families increasing in India, the demand for smaller houses and household items has increased significantly. Similarly, the number of children in a family has reduced significantly over the years. So, per child spending in a family has increased significantly.

According to the World Health Organisation, young people in the age group of 10-24 years comprise 33% of the population and 42% of our population consists of age group, 0-24 years. Teen-agers in the age group below 19 years comprise 23%. The senior citizen age group above 65 years comprise only 8% of total population. About 58% of the working population is engaged in agricultural activities, with highest, that is 78% in Bihar and Chattisgarh and lowest 22% in Kerala.

Since human population consists of different kinds of people with different tastes and preferences, they cannot be satisfied with any one of the products. Moreover they need to be divided in homogeneous groups with similar wants and demands. For this we need to understand the demographic variables which are traditionally used by marketers, to segment the markets.

## **Income:**

Income determines purchasing power and status. Higher the income, higher is the purchasing power. Though education and occupation shapes one's tastes and preferences, income provides the means to acquire that.

## **Life-style:**

It is the pattern of living expressed through their activities, interests and opinion. Life-style is affected by other factors of demography as well. Life-style affects a lot on the purchase decision and brand preferences.

## **Sex:**

Gender has always remained a very important factor for distinction. There are many companies which produce products and services separately for male and female.





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## **Education:**

Education implies the status. Education also determines the income and occupation. With increase in education, the information is wider with the customers and hence their purchase decision process is also different. So the marketers group people on the basis of education.

## **Social Class:**

It is defined as the hierarchical division of the society into relatively distinct and homogeneous groups whose members have similar attitudes, values and lifestyle.

## **Occupation:**

This is very strongly associated with income and education. The type of work one does and the tastes of individuals influence one's values, life-style etc. Media preferences, hobbies and shopping patterns are also influenced by occupational class.

## **Age:**

Demographic variables help in distinguishing buyers, that is, people having homogenous needs according to their specific wants, preferences and usages. For instance, teenagers usually have similar needs. Therefore, marketers develop products to target specific age groups.

The youth are being targeted through advertisements and promotional campaigns, stores are being designed with 'youthful' features, youth events are being sponsored, and even new technology is developed with their tastes in mind.

The age groups that attract the attention of marketers can be classified as:

### **(i) Infants:**

The population of India is growing at an alarming rate. The rate of infant deaths has declined considerably due to the advancement in medicine. Although infants are consumers of products, their parents are the decision makers. The size of a family is decreasing and the average income of family is increasing.

### **(ii) School going teens:**



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In this segment, there is a great demand for school uniforms, bags, shoes, books, stationary, confectioneries, food, albums, bicycles and other similar products.

## (iii) Young Adults:

Marketers target the young adults in the age group 18-30 years with products like motorbikes, music systems, clothes, sports cars etc. Two-wheeler manufacturers in India target this segment of people. In the last five years, various companies like, Bajaj, Hero-Honda, Kinetic, TVS etc. have introduced a large number of models to attract young adults.

## (iv) Adults (35-45):

Consumers, in this age group, are more health conscious and look for stability and financial independence. The industries that are benefited by them are: Pharmaceuticals, personal products, fitness products, gym equipment's, cars, home appliances, consumer durables, banks, insurance companies, etc. Marketers push products specifically designed for this age group.

## (v) Senior Citizens:

This consumer group boosts the demand for health care services, select skin care products, financial planning etc.

## (vi) Women:

Women constitute nearly 50% of India's population. They are actively taking up professions. This shift in their role has generated a greater demand for childcare and convenience products that save time in cooking, cleaning and shopping.

Marketers are trying to come up with products that are easier to handle, less heavy, convenient to use etc. The change in the role of women is paving the way for a change in the role of men. Advertisements portray men cleaning, cooking and caring for their children, which was unthinkable in the past.

## **B. Economic Environment:**

Economic environment is the most significant component of the marketing environment. It affects the success of a business organisation as well as its survival. The economic policy of the Government, needless to say, has a very great impact on business. Some categories of business are favourably affected by the Government policy, some adversely affected while some others remain unaffected. The economic system is a very important



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determinant of the scope of private business and is therefore a very important external constraint on business.

The economical environmental forces can be studied under the following categories:

(i) General Economic Conditions:

General Economic Conditions in a country are influenced by various factors. They are:

1. Agricultural trends
2. Industrial output trends
3. Per capita income trends
4. Pattern of income distribution
5. Pattern of savings and expenditures
6. Price levels
7. Employment trends
8. Impact of Government policy
9. Economic systems.

(ii) Industrial Conditions:

Economic environment of a country is influenced by the prevalent industrial conditions as well as industrial policies of a country.

A marketer needs to pay attention to the following aspects:

1. Market growth
2. Demand patterns of the industry
3. Its stage in product life cycle.

(iii) Supply sources for production:



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Supply sources required for production determines inputs which are available required for production.

They are:

1. Land
2. Labour
3. Capital
4. Machinery and equipment etc.

Economic environment describes the overall economic situation in a country and helps in analysis GNP per capita rate of economic growth, inflation rate, unemployment problems etc.

### **C. Physical Environment:**

The physical environment or natural environment involves the natural resources that are needed as inputs by marketers or those that are affected by marketing activities. Environmental concerns have grown steadily in recent years. Marketers should be aware of trends like shortages of raw materials, increased pollution, and increased governmental intervention in natural resources management. Companies will have to understand their environmental responsibility and commit themselves to the 'green movement'.

Potential shortages of certain raw materials, for examples, oil, coal, minerals, unstable cost of energy, increased levels of pollution; changing role of Government in environment protection are a few of the dangers the world is facing on physical environment forces. Other aspects of the natural environment which may increasingly affect marketing include the availability and cost of raw materials, energy and other resources, particularly if those resources and energy come from non-renewable sources.

### **D. Technological Environment:**

The technological environment is the most dramatic force now facing our destiny. Technological discoveries and developments create opportunities and threats in the market. The marketer should watch the trends in technology. The biggest impact that the society has been undergoing in the last few years is the technological advancement, product changes and its effects on consumers.



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Technology has brought innumerable changes in human lives, be it in the field of science, medicine, entertainment, communication, and travel or office equipment. Name any field, and one can see changes in product or efficiency and faster services.

One of the most dramatic forces shaping people's lives is technology. Technology has released such wonders as penicillin, open-heart surgery and birth control pill. It has released such horrors as the hydrogen bomb, nerve gas, and the sub-machine gun. Every new technology is a force for —creative destruction. Transistors hurt the vacuum tube industry, xerography hurt the carbon paper business, autos hurt the railroads, and television hurt the newspapers.

Instead of moving into the new technologies, many old industries fought or ignored them and their business declined. Yet it is the essence of market capitalism to be dynamic and tolerate the creative destructiveness of technology as the price of progress.

Technology essentially refers to our level of knowledge about 'how things are done'. That is understanding this aspect of the marketing environment is much more than simply being familiar with the latest hi-tech innovations. Technology affects not only the type of products available but also the ways in which people organize their lives and the ways in which goods and services can be marketed.

Computer-aided design (CAD) and computer-aided manufacturer (CAM) have shortened the time required for new products to reach the market and increased the variety of products that can be produced cost effectively. The benefits of CAD/CAM are clearly evident in the car industry. Mass production is in standardized models. Computer systems have also contributed substantially to the growth of various forms of direct marketing such as direct mail, direct response marketing etc

## **E. Political Environment**

The political environment consists of factors related to the management of public affairs and their impact on the business of an organisation. Political environment has a close relationship with the economic system and the economic policy. Some Governments specify certain standards for the products including packaging.

Some other Governments prohibit the marketing of certain products. In most nations, promotional activities are subject to various types of controls. India is a democratic country having a stable political system where the Government plays an active role as a planner, promoter and regulator of economic activity.



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Businessmen, therefore, are conscious of the political environment that their organisation face. Most Governmental decisions related to business are based on political considerations in line with the political philosophy following by the ruling party at the Centre and the State level.

Substantial number of laws have been enacted to regulate business and marketing to protect companies from each other, to protect consumers from unfair trade practices, to protect the larger interests of society against unbridled business behaviour. Changing Government agency enforcement and growth of public interest groups also bring in threats and challenges.

## F. Legal Environment:

Marketing decisions are strongly affected by laws pertaining to competition, price-setting, distribution arrangement, advertising etc. It is necessary for a marketer to understand the legal environment of the country and the jurisdiction of its courts.

The following laws affected business in India:

1. Indian Contract Act 1872
2. Factories Act 1948
3. Minimum Wages Act 1948
4. Essential Commodities Act 1955
5. Securities Contracts Regulation Act 1956 (SEBI Act)
6. The Companies Act 1956
7. Trade and Merchandise Act 1958
8. Monopolies and Restrictive Trade Practice Act 1969
9. The water (Prevention and Control of Pollution) Act 1974
10. The Air (Prevention and Control of Pollution) Act 1981
11. Sick Industrial Companies (Special Provisions) Act 1985



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12. Environment Protection Act 1986
13. Consumer Protection Act 1986
14. Securities and Exchange Board of India Act 1992
15. Different Taxation Laws.

## **G. Social and Cultural Environment:**

Socio-cultural forces refer to the attitudes, beliefs, norms, values, lifestyles of individuals in a society. These forces can change the market dynamics and marketers can face both opportunities and threats from them. Some of the important factors and influences operating in the social environment are the buying and consumption habits of people, their languages, beliefs and values, customs and traditions, tastes and preferences, education and all factors that affect the business.

Understanding consumer needs is central to any marketing activity and those needs will often be heavily influenced by social and cultural factors. These cover a range of values, beliefs, attitudes and customs which characterize societies or social groups. Changes in lifestyle of people affect the marketing environment.

As health problems in people have increased because of significant changes in their lifestyle, they have become concerned about their food. They prefer to eat low fat, low or no cholesterol food. This is specially true for people above 40 years. To a great extent, social forces determine what customers buy, how they buy, where they buy, when they buy, and how they use the products.

In India, social environment is continuously changing. One of the most profound social changes in recent years is the large number of women entering the job market. They have also created or greatly expended the demand for a wide range of products and services necessitated by their absence from the home. There is a lot of change in quality-of- lifestyles and people are willing to have many durable consumer goods like TV., fridge, washing machines etc. even when they cannot afford them because of their availability on hire-purchase or instalment basis.

Culture influences every aspect of marketing. Marketing decisions are based on recognition of needs and wants of the customer, a function of customer perceptions. These help in understanding of lifestyles and behaviour patterns as they have grown in the





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society's culture in which the individual has been groomed. Thus a person's perspective is generated, groomed and conditioned by culture.

## **Marketing environment can also be classified as:**

(i) Controllable Forces and

(ii) Uncontrollable Forces.

(i) Controllable forces:

Controllable forces consist of marketing policies and marketing strategies. Marketing policies are framed by the firm depending on its marketing philosophy. The top management is responsible for framing broad policies. Marketing strategies are developed by middle level management.

Internal forces are inherent to the firm and can be controlled by the management. Marketing mix elements are the tools often used to harmonise the internal variables with that of external variables. The controllable factors are well within the grip of the firm and comparably easy to adjust them to suit the changes.

These factors are combined into what we have referred to earlier as Marketing Mix. For instance, if the price appears to be on the higher side a decision to reduce it for a short term or even a long term is possible and could be implemented as quickly as possible. Off- season prices or discounts are examples in this connection.

(ii) Uncontrollable forces:

Various elements called uncontrollable variables affect an organisation and its marketing efforts. It is now recognized by all that even a well conceived marketing plan may fail if adversely influenced by uncontrollable factors. The offering of the firm and the impact of the uncontrollable environment interact to determine the firm's level of success or failure in reaching its objectives.

The external forces are divided into micro-environment and macro-environment. The micro-environment consists of the suppliers, marketing intermediaries, customers etc. while the macro-environment consists of the demography, socio- cultural, political, economical, technical, legal environments etc.

Examples of Threats are:



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1. Electronic type-writer with memory replaces manual type-writer.
2. Twin blade shaving system replaces razor shaving system.
3. Fuel efficient small cars against old model cars.
4. Entry of MNCs into Indian market increased competition.

Examples of opportunities are:

1. Marketing opportunities to produce cheap small cars.
2. Marketing opportunities to introduce fully automatic washing machines in the areas where husbands and wife's are working.
3. Marketing opportunities to start business in low cholesterol food items.
4. Dismantling of price controls and introduction of market-driven price policy.

## Marketing Research

Definition: The Marketing Research is the systematic collection, analysis, and interpretation of data pertaining to the marketing conditions. The basic reason for carrying out the marketing research is to find out the change in the consumer behavior due to the change in the elements of the marketing mix (product, price, place, promotion).

The marketers need to know about the changing trends in the market viz. Changes in the customer's tastes and preferences, the new products launched in the market, prices of the competitor's product, the close substitutes of the product, etc.

## Marketing Research Process

To begin with the marketing research, following steps has to be followed:

**Define the Problem**-The foremost decision that every firm has to undertake is to find out the problem for which the research is to be conducted. The problem must be defined adequately because if it is too vague, then it may result in the wastage of scarce resources and if it is too narrow, then the exact conclusion cannot be drawn. In order to define the problem appropriately, each firm must have a clear answer to the questions viz. What is to be researched (content and the scope)? And Why the research is to be done (decisions that are to be made)?



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**Develop the Research Plan**– This step involves gathering the information relevant to the research objective. It includes:

**Data Sources:** The researcher can collect the data pertaining to the research problem from either the primary source or the secondary source or both the sources of information. The primary source is the first-hand data that does not exist in any books or research reports whereas the secondary data is the second-hand data which is available in the books, journals, reports, etc.

**Research Approaches:** The Secondary data are readily available in books, journals, magazines, reports, online, etc. But the primary data have to be collected and to do so, the following research can be conducted:

**Observational Research:** The researcher can collect the information by just observing the happenings in the market and sometimes having a friendly conversation with the customers to know about their purchase experiences.

**Focus Group Research:** It is a form of group discussion wherein six to ten people gather and discuss the common topic given by the moderator. A moderator is a person who conducts the group discussion and is skilled in group dynamics. He also keeps the discussion focused on the topic so that relevant information can be obtained from the group members.

**Survey Research:** These are the descriptive research generally conducted to know the about the customer's knowledge about the product, their preferences, and satisfaction level. The best way to conduct surveys is through the Questionnaires.

**Behavioral Data:** The customer's actual purchases at the store reflects its behavior and the choice of products. Thus observing what customers are buying gives more accurate information about the customer rather than the planned answers given by them in the surveys.

**Experimental research:** This is done to find out the cause and effect relationships. This research is undertaken to study the effects of change in the customer's behavior due to the change in the product's attributes.

**Sampling plan:** Once the research approach is decided, the researcher has to design a sampling plan and have to decide on the following:

The sampling Unit i.e. whom, shall we survey?

The sample size, i.e., How many units in the population shall be surveyed?

The sampling procedure, i.e. How the respondents shall be chosen?

**Contact Methods:** The researcher has to choose the medium through which the respondents can be contacted. The respondents can be reached via emails, telephone, in person or online.

**Collect the Information:** This is one of the most expensive methods of marketing research. At this stage, the researcher has to adopt the methods to collect the information, he may find it difficult to gather the correct information because of the respondent's biasedness, unwillingness to give answers or not at home.



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**Analyze the Information:** Once the information is collected the next step is to organize it in such a way that some analysis can be obtained. The researchers apply several statistical techniques to perform the analysis, such as they compute averages and measures of dispersion. Also, some advanced decision models are used to analyze the data.

**Present the Findings:** Finally, all the findings and the research are shown to the top management level viz. Managing director, CEO, or board of directors to make the marketing decisions in line with the research.

**Make the Decision:** This is the last step of the marketing research, once the findings are presented to the top level management it is up to them either to rely on the findings and take decisions or discard the findings as unsuitable.

Thus, marketing research is done to gather all the relevant information about the market and design the marketing strategies accordingly.

## Service Marketing Mix – 7 P's of marketing

The service marketing mix is also known as an extended marketing mix and is an integral part of a service blueprint design. The service marketing mix consists of 7 P's as compared to the 4 P's of a product marketing mix. Simply said, the service marketing mix assumes the service as a product itself. However it adds 3 more P's which are required for optimum service delivery.

The product marketing mix consists of the 4 P's which are Product, Pricing, Promotions and Placement. These are discussed in my article on product marketing mix – the 4 P's.

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

### Service Marketing Mix

#### 1) Product

The product in service marketing mix is intangible in nature. Like physical products such as a 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 heterogenous, perishable and cannot be owned.



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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.

## **2) 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. Read more about the role of business locations or Place element.

## **3) Promotion**

Promotions have become 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 counterpart. You will find a lot of banks and telecom companies promoting themselves rigorously.

Why is that? It is because competition in this service sector is generally high and promotions is necessary to survive. Thus banks, IT companies, and dotcoms place themselves above the rest by advertising or promotions.

## **4) 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 nice ambiance 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 costing. Generally service pricing involves taking into consideration labor, material cost and overhead costs. By adding a profit mark up you get your final service pricing. You can also read about pricing strategies.

Here on we start towards the extended service marketing mix.

## **5) People**

People is one of the 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



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their behavior towards customers defines 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. Definitely a USP in case of services.

## **6) Process**

Service process is the way in which a service is delivered to the end customer. Lets take the example of two very good companies – Mcdonalds 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.

## **7) Physical Evidence**

The last element in the service marketing mix is a very important element. 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, nice music along with good seating arrangement and this also serves good food. Which one will you prefer? The one with the nice ambience. That's physical evidence.

Several times, physical evidence is used as a differentiator in service marketing. Imagine a private hospital and a government hospital. A private hospital will have plush offices and well dressed staff. Same cannot be said for a government hospital. Thus physical evidence acts as a differentiator.

## **Tactical Marketing vs. Strategic Marketing**

### **Tactics vs. Strategy**

In simple terms, a strategy is a plan for reaching a specific goal, while a tactic is the means you use to reach the goal. In business, a strategy is a broad goal, such as increasing sales or market share or creating an particular image for your business. Tactics for creating an





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image or brand might include using price to establish you as affordable or high-end. When creating marketing plans, start with broad strategies and support them with specific tactics.

## **Strategic Marketing Goals**

Strategic marketing consists of selling your product in such a way that you achieve a goal. Goals can include increasing sales, revenues, market share, segmenting the market or creating a new brand or position in the marketplace. An example of a marketing strategy would be to maintain your existing revenues with less advertising or using fewer locations. Even though strategic marketing goals might be conceptual, try to make them as specific as possible.

For example, instead of setting a goal of increasing sales, set a goal of increasing sales by a certain percentage or among a specific market segment, such as women, seniors or parents. Part of strategic marketing includes adjusting your price, position and actual product or service to help you achieve your goals.

## **Implementation and Tactical Marketing**

Once you have goals, including specific strategies for achieving your goals, determine how you will implement your strategies. If you want to increase your revenues, one tactic might be to raise your prices in conjunction with rebranding a product or service as upscale. If you want to increase market share among health-conscious consumers, you might start sponsoring sporting events or advertising in health and fitness magazines.

## **Know Your Customers**

To create tactics to support your marketing strategies, create detailed profiles of your customers. Learn the age, gender, marital status, geographic location, educational level, parental status and other information about your current customers, as well as customers you want to attract. Without this information, it will be difficult to create strategies and even more difficult to tactically implement them. Knowing your customer demographics will help you choose the right marketing channels, such as advertising media, to reach your customers.

## **Retail Marketing: Meaning and Types of Major Retail Outlets!**

Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, kiosks, vending machines, or other fixed locations. In contrast, direct marketing to consumers attempts to complete a sale through phone, mail, or web site sales.





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Retailing occupies a key role in the world of economy. Retailing involves all the activities incidental to selling to ultimate consumers for their personal, family, and household use. It does this by organizing their availability on a relatively large scale and supplying them to the customers on a relatively small scale.

A retailer is any person/organization instrumental in reaching the goods, or merchandise, or services to the end users. A retailer is a must and cannot be eliminated. Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, kiosks, vending machines, or other fixed locations. In contrast, direct marketing to consumers attempts to complete a sale through phone, mail, or web site sales.

## **Types of Major Retail Outlets:**

### **Departmental Stores:**

A departmental store offers several product lines such as clothing, home furnishing and household goods under one roof. Each line operates as a separate department. For example, Akbarallys.

### **Speciality Stores:**

A specialty store concentrates on a narrow product line or a specialized product line; for example, footwear and jewellery.

### **Supermarket:**

A supermarket provides relatively large low-cost, low-margin, high-volume, self-service operation; for example. Big Bazar.

### **Convenience Stores:**

A convenience store is conveniently located in suburban areas and charges a slightly higher price and provides groceries and non-food items.

### **Discount Stores:**

A discount store offers standard merchandise at low price with low margin and high volume.



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## **Factory Outlets:**

A factory outlet is opened and operated by manufacturers, and sells surplus or discounted goods.

## **Shopping Malls:**

Shopping malls are the new format of retail outlets. They provide several products under one roof. They also provide means of entertainment such as mini theatre and food courts.

## **IMPORTANT QUESTIONS**

1. Define marketing mix.
2. Discuss- —comparing transaction-based marketing and relationship marketing.
3. State and explain the various approaches to the study of marketing. Which one would you recommend?
4. Define E-Marketing.
5. List out models of e-business or e-marketing.
6. Explain advantages and disadvantages of E-Business
7. Define Marketing Strategy.
8. Define Strategic management planning.
9. Discuss the marketing planning process.
10. Explain Market segmentation and target marketing.
11. Define the Marketing environment.
12. Explain the types of the Market environment.
13. Discuss the importance of Marketing environment.
14. Define the Marketing Research.
15. Discuss the Features of Marketing Research.
16. List out the steps in Marketing Research Process.
17. Explain importance of Marketing Research.
18. Define the Sales Forecasting.
19. Discuss the Sales forecasting technique.
20. Explain the types and tackiest of sales forecasting
21. Define the Sales Forecasting.
22. Discuss the Sales forecasting technique.
23. Explain the types and tackiest of sales forecasting



## **UNIT III**

### **BUYER BEHAVIOR**

#### **Factors influencing consumer Behavior**

Consumer purchasers are influenced by strongly by cultural, social, personal and psychological characteristics as shown below

#### **Buying Behaviour**

We can say that following factors can influence the Buying decision of the buyer:

- a. Cultural
- b. Social
- c. Personal
- d. Psychological

#### **1. Cultural Factors**

Cultural factors exert the broadest and deepest influence on consumer behavior. The marketer needs to understand the role played by the buyer's culture, subculture, and social class.

##### **a. Culture**

Culture is the most basic cause of a person's wants and behavior. Human behavior is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from the family and other important institutions. A person normally learns or is exposed to the following values: achievement and success, activity and involvement, efficiency and practicality, progress, material comfort, individualism, freedom, humanitarianism, youthfulness, and fitness and health.

Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country. Failure to adjust to these differences can result in ineffective marketing or embarrassing mistakes. For example, business representatives of



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a U.S. community trying to market itself in Taiwan found this out the hard way. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. It turned out that the trip was scheduled a month before Taiwan elections, and that green was the color of the political opposition party. Worse yet, the visitors learned after the fact that according to Taiwan culture, a man wears green to signify that his wife has been unfaithful. The head of the community delegation later noted, —I don't know whatever happened to those green hats, but the trip gave us an understanding of the extreme differences in our cultures. International marketers must understand the culture in each international market and adapt their marketing strategies accordingly.

## **b. Subculture**

Each culture contains smaller subcultures or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Here are examples of four such important subculture groups.

## **c. Social Class**

Almost every society has some form of social class structure. Social Classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions. Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles.

## **2. Social Factors**

A consumer's behavior also is influenced by social factors, such as the consumer's small groups, family, and social roles and status.

### **a. Groups**

Many small groups influence a person's behavior. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (faceto- face) or indirect points of comparison or reference in forming a



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person's attitudes or behavior. Reference groups to which they do not belong often influence people. Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviors and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices.

The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Manufacturers of products and brands subjected to strong group influence must figure out how to reach opinion leaders—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.

Many marketers try to identify opinion leaders for their products and direct marketing efforts toward them. In other cases, advertisements can simulate opinion leadership, thereby reducing the need for consumers to seek advice from others.

The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects. Purchases of products that are bought and used privately are not much affected by group influences because neither the product nor the brand will be noticed by others.

## **b. Family**

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services.

Husband-wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles.

Such changes suggest that marketers who've typically sold their products to only women or only men are now courting the opposite sex. For example, with research revealing that women now account for nearly half of all hardware store purchases, home improvement retailers such as Home

Depot and Builders Square have turned what once were intimidating warehouses into female friendly retail outlets. The new Builders Square II outlets feature decorator design centers at the front of the store. To attract more women, Builders Square runs ads targeting women in Home, House Beautiful, Woman's Day, and Better Homes and Gardens. Home Depot even offers bridal registries.



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Similarly, after research indicated that women now make up 34 percent of the luxury car market, Cadillac has started paying more attention to this important segment. Male car designers at Cadillac are going about their work with paper clips on their fingers to simulate what it feels like to operate buttons, knobs, and other interior features with longer fingernails. The Cadillac Catera features an air-conditioned glove box to preserve such items as lipstick and film. Under the hood, yellow markings highlight where fluid fills go.

Children may also have a strong influence on family buying decisions. For example, it ran ads to woo these —back-seat consumers in *Sports Illustrated for Kids*, which attracts mostly 8- to 14- year-old boys. —We're kidding ourselves when we think kids aren't aware of brands, says Venture's brand manager, adding that even she was surprised at how often parents told her that kids played a tie-breaking role in deciding which car to buy. In the case of expensive products and services, husbands and wives often make joint decisions.

### c. Roles and Status

A person belongs to many groups—family, clubs, organizations. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the persons around them.

### 3. Personal Factors

A buyer's decisions also are influenced by personal characteristics such as the buyer's age and lifecycle stage, occupation, economic situation, lifestyle, and personality and self-concept.

#### a. Age and Life-Cycle Stage

People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage. Traditional family life-cycle stages include young singles and married couples with children.

#### b. Occupation



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A person's occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas white-collar workers buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services.

A company can even specialize in making products needed by a given occupational group. Thus, computer software companies will design different products for brand managers, accountants, engineers, lawyers, and doctors.

### **c. Economic Situation**

A person's economic situation will affect product choice. Marketers of income-sensitive goods watch trends in personal income, savings, and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition, and reprice their products closely.

### **d. Lifestyle**

People coming from the same subculture, social class, and occupation may have quite different lifestyles. Life style is a person's pattern of living as expressed in his or her psychographics. It involves measuring consumers' major AIO dimensions—activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person's social class or personality. It profiles a person's whole pattern of acting and interacting in the world.

Several research firms have developed lifestyle classifications. It divides consumers into eight groups based on two major dimensions: self-orientation and resources. Self-orientation groups include principle-oriented consumers who buy based on their views of the world; status-oriented buyers who base their purchases on the actions and opinions of others; and action-oriented buyers who are driven by their desire for activity, variety, and risk taking. Consumers within each orientation are further classified into those with abundant resources and those with minimal resources, depending on whether they have high or low levels of income, education, health, self-confidence, energy, and other factors. Consumers with either very high or very low levels of resources are classified without regard to their self-orientations (actualizers, strugglers). Actualizers are people with so many resources that they can indulge in any or all self-orientations. In contrast, strugglers are people with too few resources to be included in any consumer orientation.

### **e. Personality and Self-Concept**





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Each person's distinct personality influences his or her buying behavior. Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices. For example, coffee marketers have discovered that heavy coffee drinkers tend to be high on sociability. Thus, to attract customers, Starbucks and other coffeehouses create environments in which people can relax and socialize over a cup of steaming coffee.

Many marketers use a concept related to personality—a person's self-concept (also called self-image). The basic self-concept premise is that people's possessions contribute to and reflect their identities; that is, —we are what we have. Thus, in order to understand consumer behavior, the marketer must first understand the relationship between consumer self-concept and possessions. For example, the founder and chief executive of Barnes & Noble, the nation's leading bookseller, notes

## 4. Psychological Factors

**A person's buying choices are further influenced by four major psychological factors: motivation, perception, learning, and beliefs and attitudes.**

### a. Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. Most of these needs will not be strong enough to motivate the person to act at a given point in time. A need becomes a motive when it is aroused to a sufficient level of intensity. A motive (or drive) is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologists have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—have quite different meanings for consumer analysis and marketing.

### b. Maslow's Theory of Motivation

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend much time and energy on personal safety and another on gaining the esteem of others? Maslow's answer is that human needs are arranged in a



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hierarchy, from the most pressing to the least pressing. Maslow's hierarchy of needs is shown in Figure. In order of importance, they are physiological needs, safety needs, social needs, esteem needs, and self-actualization needs. A person tries to satisfy the most important need first. When that need is satisfied, it will stop being a motivator and the person will then try to satisfy the next most important need. For example, starving people (physiological need) will not take an interest in the latest happenings in the art world (self-actualization needs), nor in how they are seen or esteemed by others (social or esteem needs), nor even in whether they are breathing clean air (safety needs). But as each important need is satisfied, the next most important need will come into play.

### **c. Perception**

A motivated person is ready to act. How the person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. Perception is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, the average person may be exposed to more than 1,500 ads in a single day. It is impossible for a person to pay attention to all these stimuli. Selective attention—the tendency for people to screen out most of the information to which they are exposed—means that marketers have to work especially hard to attract the consumer's attention.

Even noted stimuli do not always come across in the intended way. Each person fits incoming information into an existing mind-set. Selective distortion describes the tendency of people to interpret information in a way that will support what they already believe. Selective distortion means that marketers must try to understand the mind-sets of consumers and how these will affect interpretations of advertising and sales information.

### **d. Learning**

When people act, they learn. Learning describes changes in an individual's behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

### **e. Beliefs and Attitudes**



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Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A belief is a descriptive thought that a person has about something. Buying behavior differs greatly for a tube of toothpaste, a tennis racket, an expensive camera, and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. Figure shows types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands.

## **DIFFERENCE BETWEEN CONSUMER BUYING & INDUSTRIAL BUYING**

### **INTRODUCTION TO BUYER BEHAVIOR**

Robinson, Faris & Wind states that when understanding the Industrial Buying Behavior a permanent process of problem solving and decision – making must be taken into consideration. All members in a business who become involved in such a buying process are centered to specify group – These processes and group members may vary when purchasing different kinds of products and services.

An important part of the marketing process is to understand why a Customer or Buyer makes a purchase. Without such an understanding, business finds it hard to respond to the customer's needs and wants. Marketing theory traditionally splits analysis of buyer or customer behavior into TWO broad group of analysis – Consumer Buying and Industrial Buying.

### **INTRODUCTION TO INDUSTRIAL BUYING**

Industrial purchasing stands for more than half of the whole economic activity in Industrialized countries. Hardly any consumer has the buying authority as organization and any given end product is made up by many industrial purchase that is important to understand how industries perform buying activities.

Industrial buying behavior is in essence the arrangement of how Industrial Organizations purchase goods and services. This area is essential for the understanding of the consumer needs and must be taken into consideration for successful suppliers.

### **INTRODUCTION TO CONSUMER BUYING**

The study of how and why people purchase goods and services is termed as Consumer Buying.



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The term covers the decision making processes from those that precede the purchase of goods and services to the final experience of using the product or services.

Models of Consumer Buying Behavior draw together the various influences on the process of the buying decision. They attempt to understand the proverbial —Black box (Buyer's mind) of what happens within the consumer between his/her exposure to marketing stimuli and the actual decision to purchase.

## CONSUMER BUYING PROCESS

- 1) Recognition of need
- 2) Information Search
- 3) Evaluation of Alternatives
- 4) Purchase decision
- 5) Post Purchase Behavior

## INDUSTRIAL BUYING PROCESS

- 1) Problem Recognition
- 2) General need description
- 3) Product specification
- 4) Supplier search
- 5) Proposal solicitation
- 6) Supplier selection
- 7) Order routine specification
- 8) Performance review

## DIFFERENCE BETWEEN CONSUMER BUYING & INDUSTRIAL BUYING

### Consumer Buying

- The buying behavior of individual and household who buy goods & services for personal consumption is known as Consumer buying.
- In Consumer Buying, buying is done as required.
- In Consumer Buying, product specification takes place.
- In this there can be at a time buying of products.
- Consumer buying are those who purchase items for their personal consumption.
- In this less Dollars & Items are involved in sales.
- In this buyers prefer to buy a total solution to their problem from one seller. (system buying)



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- Consumer Buying is done in order to satisfy the needs of the consumers.
- In Consumer buying, purchase volume is small.
- In Industrial Buying, purchase volume is large.
- In Consumer Buying, the number of customers are many.
- In Consumer Buying, the location of buyer is Dispersed.
- In Consumer Buying, the nature of consumer Buying is more personal.
- In this the nature of buying influence is single.
- In Consumer Buying, there are many buyers in the market.
- In consumer Buying , importance of one person as a buyer is there.
- Consumer Products are considered as daily used Products.
- Consumer buying is very quick process. It doesn't requires any type of data or presentations.
- In this repeat sale is allowed.
- Sales promotion is not there.
- In Consumer Buying individual and family involvement takes place.
- Consumer buying includes many purchasing procedures.
- In Consumer Buying the products are standard and with detailed specification.
- Consumer products are :- eatable products, usable products etc.

### Industrial Buying

- This buying is the decision – making process by which formal organizations establish the need for purchased products and services and identify, evaluate, and choose among alternative brands & suppliers.
- -Webster & Wind
- In Industrial Buying, buying is to be done in bulk or in large potential.
- In this, product specification dose not take place because of the large potential revenue of such products.
- In this at a time buying can never be done.
- In this no demand or order is to be kept before in advance far the purchase of goods.
- In this buyers have to make only few simple decisions about the products while making a purchase.
- In this before buying demand for the products is to be kept forward as an order then only this buying for the products is possible.
- In this buyers faces many critical decisions in making purchase.
- In this buyers prefer to buy a total solution to their problem from more than one seller.
- Industrial Buying are those who purchase items on behalf of their business or organization.
- In this more Dollars & Items are involved in sales.



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- Industrial Buying can not satisfy the consumer's need but can satisfy the needs of industrialists. It does the production of those products which can satisfy the needs of consumers.
- In Industrial buying, the number of customers are fewer.
- In Industrial buying, location of buyer is Geographically concentrated.
- In Industrial Buying, the nature of industrial buying is more professional.
- In this the nature of buying influence is multiple.
- In Industrial Buying, there are fewer potential buyers in the market.
- In Industrial Buying, there is little importance for one person buying.
- Industrial Products are not considered as daily used Products.
- Sales promotion is there.
- Industrial buying requires more and proper scientific data as well as presentations.
- In this repeat sale is not allowed.
- In Industrial Buying group decisions and many buying influences takes place.
- Industrial Buying includes impulse, planned or experiential procedures.
- In Industrial Buying the products are with technical complexity. They are standard or customized.
- Industrial products are :- raw materials, fabrication parts and materials, installation, accessories, equipments etc.

## CONCLUSION

From over all , we conclude that without industrial buying production can not be done. If the production is not done than consumer will not be able to get their wanted and needed things. If they will not get the things, they will not do the buying, i.e. consumer buying will not be done.

Thus we can say that without Industrial buying, Consumer Buying can not be done. As Industrialists always try to fulfill the needs of consumers.

## Types of Industrial buying situations

**NEW BUY** = a customer purchases a product for the first time, which means the buying decision is heavily involved due to both organizations being unfamiliar with each other. They will likely proceed through all 6 steps of the formalized B2B process, and involve many people in the buying decision.

**MODIFIED REBUY** = buyer has purchased a similar product in the past, but has decided to change some specifications (price, quality level, customer service level, options, etc.). Current vendors have an advantage in acquiring the sale in a modified rebuy situation, as long as the modification isn't stemming from the buyer's disappointment with the previous iteration.





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**STRAIGHT REBUY** = when the buyer simply buys additional units that have been already purchased in the past. Most B2B purchases are done in this category

The variances across these 3 buying decisions necessitates unique marketing and selling strategies for every new business that comes in the B2B area.

**THE MOST COMPLEX** = the new buy, due to the need for the buying firm to change its current practices & purchases - this takes much time & effort. Buying centre members will most likely spend more time at each stage of the B2B buying process (sort of like the extended decision-making process in B2C, due to higher risk)

With Modified Rebuys, buyers spend way less time at each stage of the B2B buying process, so it's similar to the limited decision-making in B2C too.

With Straight Rebuys, the buyer is often the only member of the buying centre involved in the process, as the rest of the firm already knows what's up with the current order (it's the same thing they've ordered forever). It's similar to a habitual purchase in the B2C market.

## Main Types of Consumer Buying Behaviours

### 1. Complex Buying Behaviour

Customers go through complex buying behaviour when he/she is highly involved in the purchase process and know the significant differences between different brands. Consumers showcase complex behaviour pattern when they are purchasing an expensive, infrequently bought and risky product. Such a customer does not know much about the product but needs to learn a lot before investing.

Consumer Buying Behaviours, Account Profiling, Consumer Buying Decision Process, Contact Discovery, Factors That Influence The Buying Decision, Influencing Customers Buying Decisions, Sales outsourcing companies in India, Sales Support Services

### 2. Dissonance-Reducing Buying Behaviour

Occasionally the consumer is highly, involved in a purchase but he/she sees very little difference in the brands. The high involvement shown is due to the kind of product which can be expensive, infrequent, or risky. But in this case since the brand differences are not pronounced the buyer would buy fairly quickly. Dissonance occurs when they feel they have made a wrong choice but later on get convinced with their purchase.

### 3. Habitual Buying Behaviour





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Consumers who showcase the habitual buying behaviour have very little involvement in the product or brand category. They simply go to the store and reach for their preferred brand. Since they keep reaching for the same brand, this shows a habitual pattern, and not strong brand loyalty.

## 4. Variety-Seeking Buying Behaviour

Some buying conditions are categorized by very low consumer involvement, but see noteworthy brand differences. In this category of buyers, it has been often observed that they switch a lot of brands. Consumer might choose a brand for some set of beliefs, but without making much evaluation, once they use the product they tend to evaluate it and when next time they go out to buy the product they would reach for some other brand out of boredom or even for a wish for different taste. Here brand switching occurs for the sake of variety and not for dissatisfaction.

## SEGMENTING AND TARGETING

### Meaning of Market Segmentation

The process of grouping customers in markets with some heterogeneity into smaller, more similar or homogeneous segments. The identification of target customers groups in which customer groups in which customers are aggregated into groups with similar requirements and buying characteristics.

Market segment – A group of individuals, groups or organizations sharing one or more similar characteristics that cause them to have relatively similar product needs and buying characteristics.

### Requirement for Market Segmentation

The market segmentation is intended to increase competency, sales volume and profit ability of the organization. To get success, the following requirement should be fulfilled.

**Measurable:** Segmentation of market is operational only when the information on the buyer's need and characteristics are measurable. Customer response based on quantifiable information is simply measureable. Otherwise marketing program cannot be articulated and implemented.

**Accessible:** the market segment should be accessible through exciting marketing institutions such as middlemen, advertising media, company sales forces- with a minimum of cost and wasted efforts.



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**Profitable:** Each segment should be big to be lucrative. It must be able to create enough demand for the company's product. It should attract the targeted customers scattered into different parts of the world.

**Stable:** Market segmentation should be adequately stable over a time period to cover the investment made in segmentation.

Heterogeneous needs and characteristics: The effective segmentation of marketing requires different in buyer's characteristics. Differentiation in product needs and buyers' characteristics help the organization for market segmentation to divide total market.

## Segmenting the Market

Numerous studies have described segmentation as the process of dividing the market into groups of customers or consumers with similar needs. The more thoroughly the needs match up, the smaller the segment tends to be, but the higher the best customers are expected to be prepared to pay to have a product that more exactly meets their needs (Blythe, 2003). Segmentation allows marketers to recognize different groups of customers whose behaviours significantly differ from others. This enables companies to modify their marketing mix, to furnish to particular needs of different market studies (Kotler, Armstrong, Saunders, & Wong, 2002).

There are numerous segmentation that include Geographic segmentation, population density or climate, demographic segmentation that is markets segmented by age, sex, size and family type, psychographic segmentation like markets segmented by life-style variables and behavioural segmentation such as markets segmented by purchase occasion, benefits sought, user status. These four segmentation will depend on many factors such as "the type of product, the nature of demand, the method of distribution, the media available for market communication, and the motivation of the buyers" (Chisnall 1985).

## Market Segmentation bases/types

**Geographic segmentation** is a marketing strategy that divide segment according to geographic region such as nations, states, regions, counties, cities, or neighbourhoods. Marketers will modify marketing programs to fit the needs of individual geographic areas, localizing the products, advertising, and sales effort to geographic differences in needs and wants. Marketers will thoroughly study the population density or regional climate as factors of geographic segmentation.



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**Demographic segmentation** variables are basically a personal statistics such as income, gender, education, location (rural vs. urban, East vs. West), ethnicity, and family size. Some consumers want to be seen as similar to others, while a different segment wants to stand apart from the crowd. Fundamentally, demographic segmentation involves dividing the market on the basis of statistical differences in personal characteristics, such as age, gender, race, income, life stage, occupation, and education level (Anon 2002). Marketers can focus on customers' age because user needs and wants vary with their age although they still want to learn the same types of courses. In order to familiarise the new ideas in market, it is significant to look at the design of the courses and what will be the learning outcomes to meet the user demands of different age group. Income is another popular basis of segmentation. Customers will be more attractive towards the less cost. We need to understand this point that in marketing the courses that appeal directly to the customer is relatively low prices.

## **Behavioural Segmentation**

Another variable for segmentation is behaviour. According to Lancaster and Reynolds, behavioural segmentation is based on actual customer's behaviour towards products. It has the advantages of using variables that are closely related to the product itself. Such as brand loyalty, benefits sought, occasions like holidays, events which stimulate point for marketing. Lancaster & Reynolds stated that the customers can be divided into number of groups according to their loyalty, or their propensity to repurchase brand again is called brand loyalty. Some consumers are fond of brand such as they tend to stick with their favoured brands even when a competing product is on sale. Some consumers are "heavy" users while others are "light" users.

There are many forms of Behavioural segmentation. Buying on occasions is the first form of behavioural segmentation. Products such as chocolates and premium foods will get selling on festivals. Similarly, confectioneries will get selling when there is a party. Thus these products are generally targeted by behavioural segmentation. Good example of targeting buying on occasions is Hallmark greeting cards for all occasions. The primary targeting of symbol was that be it any occasion, you will find the right kind of card for you. Thus you have the perfect option to express yourself. Benefits sought are another form. Several products are targeted towards the benefits sought by the customer. Loyalty is also type of behaviour segmentation. There are two ways to grow a business. First is to acquire new customers and second is to retain your existing customers. The more loyal customer is to marketer, the more customer base will increase. That's one more kind of behaviour which marketers target. The strategy for brand loyal customers is very different from that used for acquiring new customers. The example of behavioural segmentation by loyalty is observed in the hospitality segment wherein airlines, hotels, restaurants and others give their best to provide the best service possible such that they can retain their customer.



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The hospitality sector is the one with the best loyalty programs ever. Thus the loyalty of the customer can also be used for behavioural segmentation. In Usage rate type, the usage can be demonstrated in the form of heavy usage, moderate usage or lesser usage. Another example of usage rate segmentations is in the electronics as well as the FMCG industry in industrial buying. FMCG and electronics works on the basis of a channel with dealers and distributors. In these segments, the maximum discount goes to the one who buys the maximum whereas others get lesser profits as they also get lesser discounts.

**Psychographic segmentation** is based on the notion that the types of products and brands an individual purchases will replicate that person's personality and patterns of living. It promotes the product using celebrities, such as football team in order to create a big image in front of users. Everyone has different life style, they have their own opinions but it could be influenced by other people personalities. This is benefit for us because for example, if David Beckham is learning the team building strategies from our institute then the user influencing his fans to join in the same course.

Marketers can also segment on benefits sought, essentially bypassing demographic explanatory variables. Such as, some consumers prefer scented soap and a segment likely to be attracted to brands such as Irish Spring, while others choose the unscented soap. The premium customers are prepared to pay to have a product that more exactly meets their needs (Blythe, 2003).

## Process of Market Segmentation

Market segmentation is implemented into many phases.

**Survey:** Market segmentation originally starts in the market survey. The market survey is usually in a large scale and this is an expensive part. This survey is conducted to recognize the need of the market and to study the characteristics of market. In survey product attributes desired by customers, brand awareness, product usage pattern, demographics features (sex, age, income, family, size) psychographics (consumer's personality, buying oriented and media graphic (news, radio, and TV programmers) are studied.

**Analysis:** After conducting survey, all information has to be tabulated and analysed. Marketers must have to use two tools to analyse the information. They are factor analysis and cluster analysing. Factor analysis is used to isolate highly correlated variables and cluster analysis is used to locate homogeneous clusters of needs and character factor.



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**Profiling:** In this stage all the identified clusters are profiled about attitude, age, sex, need, personality, behaviour, psychographics, and demographics. It involves identifying similarities and dissimilarities among the clusters of demand for the product.

**Evaluate market segment and selection of target market:** In this stage the marketer has to foresee demand for each component and has to analyse competitive position of the company. Prediction of segment size and assessment in potential corporate goals are included in it. Through segment evaluation, company can enter into more than one segment and it can also adopt separate marketing program for each of the target markets.

**Development of positioning strategy and establishing a marketing plan:** After the selection of market segment, it must be positioning for its own product for making target market more accessible and company should develop overall marketing plan about product, distribution, price and promotion.

## Benefits of Market Segmentation

Organizations make best efforts to ensure that their marketing has positive impact on consumers. In tough competition environment, it is difficult for a mass marketing strategy to succeed. Customers are becoming more diversified and firms are continually differentiating their products relative to competitors. When the focus is on segmented markets, the company's marketing can better match the needs of that group. Market segmentation enables organizations to focus their resources more efficiently and get success in business. Marketing, product and brand managers are constantly being asked to increase their return on investment. They are looking for new information about their markets, and new ways to approach them. Market segmentation focuses on that subdivision of prospects that have the utmost potential of becoming customers and generating income. Companies who segment their markets match their strengths and offerings to the groups of customers most likely to respond to them. The objective of market segmentation is to produce a commercial advantage. Once a commercial advantage is obtained, marketing decisions become considerably safer and more powerful. Through segmentation, marketers can apply more specific characterizations to each group, as each group no longer encompasses the entire market. Psychographic segmentation offers good understanding into the consumer as a person, which is more likely lead to the identification of underlying needs and motives. As a result, psychographic segmentation should deliver a much better understanding of the consumer, which in turn should create more valid and responsive segments and subsequent marketing programs. Segmenting by demographics is easy for everybody to understand, from management, to sales and customer service staff. It can be more easily built into an internal marketing plan. There are many factors which can be responsible for market segmentation. Amandeep





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singh (2011) have shown in study that earlier demographic factors were considered for segmentation but they are no longer operative for segmentation in FMCG sector.

## **Challenges of Market Segmentation**

Currently, market segmentation has emerged as the vital source for growing a business. But there are numerous issues challenging market segmentation. Transforming the needs of market segments into financial services, product features, and delivery channels is a major challenge. Financial service offers need to assess their own capacity and strategic objectives to discover the appropriate balance between developing products that meet universal needs versus serving the distinct needs of specific segments, and individuals.

## **Targeting**

When segmentation process is completed on the different groups and classes, Organizations will have to select targets. Target market comprises of set of buyers who share common needs or behaviour characteristics that company decides to serve. Kotler visualized targeting is the best way to approach marketing problems, the "framework for strategic success in the marketplace" (Kotler 1991). It is established that there is no single strategy that can suit all consumer groups. Therefore it is necessary to develop specific strategies for target markets. Targeting evaluates the desirability of each segment of its buying power, size, growth of the market, competitiveness. Defending a target market requires market segmentation, "the process of pulling apart the entire market as a whole and separating it into manageable, disparate units based on demographics". After that marketers choose or come up with a particular strategy or a product itself for each targeted segment. Target marketing makes the promotion, pricing and distribution of the products or services in a particular segment. Target marketing offers a focus to all marketing operations. Theoretical literature denoted that Market targeting helps businesses come up with tailor made products and marketing campaigns to address the needs of the different market groups, but companies need to factor in the current market environment, buyer preferences, competitor actions etc. to launch their targeting plan.

Market targeting is associated with choosing one's target market. A business must go through following step-by-step approach: Evaluate market segments. Companies must realize the segment size, growth pattern, segment attractiveness, competitors operating in that segment and company objectives. Marketers need to choose whether or not the segment has the ability to offer a long-term appeal and basis for development.

Selecting target market segments: A business can either target the buyers largely or in narrowly. Based on this perception, marketers can create mass marketing strategies, differentiated, concentrated or micromarketing strategies.



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**Choosing a Targeting Strategy:** As per product life cycle stage, company resources, market variability, competitor's strategies, and business can select targeting strategy. In competitive business environment, companies must see to it that they involve the consumers in all phases of product development and buying process. It is important to reach out to them and know their preferences before adopting a targeting strategy.

**Socially responsible market targeting:** While formulating a market targeting plan, it is important to ensure that it is parallel with the social and legal policies and sensitivity of the markets.

## Target Markets

**There are three general strategies to choose target markets:**

**Undifferentiated Targeting:** This approach refers to the market as one group with no individual segments, therefore using a single marketing strategy. This strategy may be beneficial for a business or product with little competition where you may not need to tailor strategies for different preferences. Mass/undifferentiated marketing is concerned with selling a single product to the whole market. This strategy is based on the statement that, in respect to the product in question, customers' needs are very similar if not identical. The advantage for the company is that it can produce on a large scale, benefiting from low unit production costs via economies of scale. These lower costs can be passed on to the consumer in the form of lower prices. The limitation of mass marketing is that consumers are less interested in standardised products and often willing to pay best prices for products that provide for their specific needs.

**Concentrated Targeting:** This approach involves in selecting a particular market place on which marketing efforts are targeted. Company focuses on a single segment so you can concentrate on understanding the needs and wants of that particular market intimately. Small companies benefit from this strategy as focusing on one segment enables them to compete effectively against larger firms. Niche/concentration marketing is associated with targeting one particular, well-defined group of customers (a niche) within the overall market. Niche markets can be targeted successfully by small firms who have comparatively small overheads and, therefore, do not need to accomplish the volume of sales required by big competitors. The major drawback of niche markets are that the potential for sales growth and economies of scale may be limited, and company survival may be affected if sales decline.

**Multi-Segment Targeting:** This approach is used when marketers need to focus on two or more well defined market segments and want to develop different strategies for them. Multi segment targeting offers many benefits but can be expensive as it involves greater input from management, increased market research and increased promotional strategies.





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Differentiated/selective marketing is related with targeting each segment with a product with its own marketing mix designed to match the needs of the consumers within the segment.

**Customized marketing:** In some markets, the requirements of individual customers are exclusive and their purchasing power is more to make designing a separate marketing mix for each customer a viable option. Many service providers such as advertising, marketing research firms, architects and solicitors vary their offerings on a customer to customer basis. Before choosing a particular targeting strategy, marketers must do cost benefit analysis between all available strategies and determine which will suit your situation best.

## Process of Choosing Target Market

It must ensure that target market is not identical to segmentation. Segmentation is the first step of the target market. Target market has different basis of segmentation. It is necessary to analyse each segment as a separate marketing opportunity and constantly evaluate the worth of each segment. Marketers must estimate whether the segment is Distinguishable, Measurable, Sizable, Accessible, Growing, Profitable, compatible with the firm's resources, check if the firm has the differential advantage and distinctive capability for serving the selected segments. Finally, they must choose those segments which are the most appropriate for the company.

## Market Positioning

This is the act of designing a company's offering and image to occupy a distinctive place in the target market's mind. I.e. The act of creating a difference between a company's offer from those of competitors.

Positioning is the process of establishing and maintaining a distinctive place in the market for the organizations' product or brands. Positioning starts with the product, but positioning is not what you do to a product. Positioning is what you do to the mind of the customer. You should concentrate on the perception of the customer and not the reality of the product. Positioning then is how the product is perceived and evaluated by the target market, relative to competing products. To the consumer perception is reality. That is why it is said that a marketing battle is fought in the minds of consumers. Marketers who attain a superior position in customers' minds have won the marketing battle.

A difference is worth establishing to the extent that it satisfies the following criteria.

- 1) Important: - The difference delivers a highly valued benefit to a sufficient number of buyers.
- 2) Distinctive:- The difference is delivered in a distinctive way
- 3) Superior: The difference is superior to other ways of obtaining the benefit.



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- 4) Pre-emptive: The difference cannot be easily copied by competitors.
- 5) Affordable - The buyer can afford to pay for the difference.
- 6) Profitable - The Company will find it profitable to introduce the difference.

## **Positioning strategies:-**

- 1) Attribute positioning -A company positions itself on an attribute e.g. size, number of years in existence.
- 2) Benefit positioning -The product is positioned as the leader in a certain benefit.
- 3) Use or application positioning -Positioning a product as the best for some use or application.
- 4) User positioning -Positioning a product the best for some user group e.g. Bic pen, food for consumption.
- 5) Competitor positioning -The product claims to be better in some way than a named competitor.
- 6) Product category positioning -The product is positioned as the leader in a certain product category
- 7) Quality or price positioning. -The product is positioned as offering the best value

As companies increase their number of claims for their brands, they risk disbelief and loss of clear positioning. Companies must avoid four major **positioning errors**.

- 1. Under Positioning -When buyers have only a vague idea of the brand The brand is seen as just another entry in a crowded marketplace. E.g. When Pepsi introduced its clear crystal Pepsi in 1993 (U.S.A.) customers were distinctively unimpressed. They didn't see 'clarity' as an important benefit of a soft drink.
- 2. Over Positioning -Buyers may have too narrow a image of the brand. These buyers might think that suits at Sir Henry's start at 15000/= when in fact it offers affordable suits started at 3000/=
- 3. Confused Positioning -Buyers might have a confused image of the brand resulting from the company making too many claims or changing the brands positioning too frequently e.g. Omo, Zain
- 4. Doubtful Positioning -Buyers might find it hard to believe the brand claims in view of the products features, price or manufacturers.

## **COMPETITIVE MARKETING STRATEGIES**

Without a competitive strategy, your business will have a tough time attracting customers. But unfortunately, there's no one-size-fits-all strategy that you can implement, because every business faces different challenges within different markets. However, Harvard professor Michael Porter, identified four major types of competitive strategies that businesses often implement, to varying degrees of success. Although your business may



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not use every element of these strategies, understanding their core principles can help you evaluate the effectiveness of your existing competitive strategy.

## **Cost Leadership Strategy**

Cost leadership is a tough strategy for small businesses to implement, because it requires a long-term commitment to selling your products and services at a cheap price. The challenge, however, is that you also have to produce these products and services at a low cost, otherwise, you lose your profit margin. Large businesses that can make their products cheaply and sell them at a discount while still generating a profit, can drive competitors out of the market by consistently offering the lowest prices.

## **Differentiation Strategy**

Identifying an attribute or characteristic that makes your product or service unique is the driving factor in a differentiation strategy. For example, a company that produces dental drills that make no sound could market itself to dentists as a silent drill that helps reduce the fear that patients have when they hear that drill sound. If your business is able to differentiate its products or services in the minds of buyers, it can reap the rewards of higher sales volume based on the perceived value, which your business offers, but your competitors do not.

## **Cost Focus Strategy**

A cost focus strategy is similar to a cost leadership strategy, but the major difference is that in a cost focus strategy your business targets a very specific segment of the market and offers that market the lowest prices available. For example, a company that sells energy drinks could target a city that has a high percentage of people that compete in extreme sports and sell those drinks at a much lower price than its competitors could. The fact that this segment of the market is much more likely to buy energy drinks is a major factor in the company deciding that lowering its prices would be advantageous.

## **Differentiation Focus Strategy**

Like the cost focus strategy, the differentiation focus strategy targets a very specific segment of a market, but rather than offering the lowest prices to the buyers in that market, a business offers something unique that competitors aren't offering. For example, a boutique that sells clothes for people that are four feet tall or shorter would be pursuing a differentiation focus strategy by catering to a very narrow and unique segment of the clothing market. Instead of spending money on making clothes for everyone, the boutique would be able to focus on designing clothes that are only suited for very short buyers.

## **Understanding the customer life cycle and customer lifetime value (CLV)**



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The customer life cycle comes from the practice of CRM where it's traditionally used to map the different stages a customer goes through from considering a product, service or solution to the actual buy and, at least as important, the post-purchase stages (where customer retention, customer loyalty and advocacy come in). It is used in different business functions, including marketing and the management/optimization of the customer experience.

The Customer Lifetime Value (CLV) is a prediction of the total value (mostly expressed in net profit) generated by a customer in the future across the entire customer life cycle. CLV also comes from a CRM and database marketing background. However, it's used more often in customer-centric and integrated marketing and in a customer experience context, whereby the focus is on long-term customer relationships, as is the case in the end-to-end customer experience.

Using the customer life cycle and customer lifetime value offers several benefits, among others regarding budgeting, segmentation, prioritization and different circumstances where the —health of the organization can be forecasted – and improved. No wonder it's also high on the agenda of C-level executives and that the CLV is one of the domains where predictive analytics using big data play an increasing role. Last, but not least, CLV and the customer life cycle play a role in marketing ROI as you'll read below.

**Phases of the customer life cycle** (later other elements were added that were more based upon the customer interaction), and to be more precise, the actions we can take in order to engage them through the customer life cycle, as follows:

**Reach:** trying to get the attention of the people we want to reach.

**Acquisition:** attracting and bringing the reached person into the influence sphere of our organization.

**Conversion:** when the people we reach or have a more established relationship with, decide to buy something from us.

**Retention:** trying to keep the customers and trying to sell them more (cross-selling, up-selling).

**Loyalty:** we would like the customer to become more than a customer: a loyal partner and even a 'brand advocate', nowadays also often including so-called influencers

**The Customer Lifetime Value (CLV)** is a prediction of the total value (mostly expressed in net profit) generated by a customer in the future across the entire customer life cycle  
The customer life cycle in a connected reality



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It's important to understand your prospects and customers throughout their entire journey and life cycle, and, at least, to know what happens with them through all contact moments and touch points between them and your company (and the people working for and in it).

The customer life cycle hasn't changed that much but the ways to achieve reach, acquisition, conversion, retention, loyalty, advocacy have. There are more options for both customers and marketers. And at the same time more challenges. The same goes for the measurement of the customer lifetime value.

Still, having an overall view and matching the different stages in the customer life cycle with the direct and indirect signals, needs and emanations of intent, in alignment with the brand dimension, is crucial. It goes beyond the individual marketing campaign, channel and tactic. And it's one of the reasons we like to look at customers as people in a connected perspective. It's also one of the reasons why marketing automation, in combination with CRM, became so popular. However, we see that in general there is still a lot of focus on using such tools (that are getting new names for a reason) in a disconnected and often limited and campaign-centric way.

When we look at the overall customer life cycle it's clear that there are several threads running across each stage and thus also each layer of the proverbial funnel: think about the use of content that meets customer intent and needs (content marketing), for instance. Content marketing can hardly be called a marketing discipline as such as content plays a role in all stages, from reach to advocacy and beyond. The same goes for social media marketing. And, yes, even email marketing and some more traditional forms of marketing. The list goes on indeed. When we look at individual touchpoints first and then about tactics and channels, we can start having a more integrated view as well and connect the dots of business goals, buying journey, sales cycle, customer experience, channels, content and the key part of the equation: the customer.

## What is Product portfolio?

### Definition of Product Portfolio

Product Portfolio can be defined as the compilation of products and services offered by the company to the target market. It comprises of all the set of products offered right from the ones that were launched and offered during the inception of the brand to the ones that are launched currently along with ones that are in the pipeline.

A product portfolio is comprised of all the products which an organization has. A product portfolio may comprise of different categories of products, different product lines and finally the individual product itself. Management is needed on all the three levels of a product



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portfolio. You need managers for managing individual products, managing product lines and finally the top level management which manages the complete portfolio.

Lets look at an organization from a macro angle. An organization is comprised of a number of different departments, all focused towards one goal – the betterment of the organization. In the same manner, your product portfolio should be such that each and every product in the portfolio is focused towards one goal – Bringing the organization on top by optimally using the resources available.

As an organization is comprised of different products, it becomes difficult to manage all of them. Thus there needs to be a hierarchy. This is where product portfolio management steps in.

**Product Portfolio management** is one of the most crucial elements of the entire business strategy as it helps the company to attain its overall business objectives and plan the future line of products accordingly.

It works as a significant tool for the corporate financial planning of the firm and also for the investors conducting the equity research analyzing the return on investments.

The thorough analysis of the Product Portfolio can provide the management of the company with crucial information such as stock type, growth prospects of the brand, products that are high on profit margins, income contribution by each and every product offered to the market, market share of every product, operational risks, and market leadership.

Many a time, there are too many projects underway and there are seldom that is right for the company to attain the profits. And here is the main role of Product Portfolio management to analyze which projects are well aligned with the overall strategy and objectives of the business and will be the cash cows and the ones that don't feel relevant is taken off from the portfolio.

## IMPORTANT QUESTIONS

1. Define the Buyer behaviour.
2. Explain the consumer behaviour model.
3. Discuss the organisational buying behaviour process.
4. Describe consumer decision process.
5. List out the steps in consumer adoption process
6. Define Market Segmentation
7. Outline the Bases of Market segmentation





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8. Discuss the types of market segmentation
9. List out the steps in market segmentation.
10. Define Market Strategy.
11. Discuss the important factors of marketing strategy.
12. Explain types of marketing strategy.
13. Describe the nature of the market strategy and planning.
14. List out the Marketing Strategic analysis tools and techniques.





## **UNIT IV**

### **PRODUCT POLICIES**

#### **PRODUCT DECISIONS**

##### **4 Types of Product policy decision**

One of the important elements of marketing mix is Product. Any firm is known by the product it is offering. The other elements of marketing mix are based on it. So it is very important that the firm must have a sound product policy. It is a competitive tool in the hands of the marketer. It involves four types of product policy decisions. These are:

##### **I) Individual product decision:-**

a) **Product attribute:** it consists of the quality, feature, style and design of the product. Quality of the product assures the customer that the manufacturer is giving the customer a good quality product. Feature helps the consumer in differentiating the product from other products in the market. Style and design of the product helps in bringing the attention of the customers towards the product.

b) **Product branding:** the product must have its own unique brand name. Only then the customer will be able to differentiate the product from the other products. Brand name also helps the marketers in promoting the product and making consumer brand conscious.

c) **Product packaging:** packaging means the outer cover which contains the product. Like a tooth paste has two covers first in shape of tube and another cardboard cover put the tube in it. It is generally said that Packaging act as a silent salesman because product packaging helps the customer to get the knowledge about the product quality, quantity, weight, price etc.

d) **Product labeling:** labeling on the product is very essential as it gives the consumer information regarding the manufacturer's name, place, date of manufacturing, expiry date, calories, carbohydrates, nutritional value etc.

e) **Product support services:-** these are the services which are provided to the customer after selling the product to the customer like after sale services, installation etc.

##### **II) Product line decision:-**

Product line means group of product which are closely related to each other. In product line decision the marketer makes the decision regarding the product line length, means the



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number of products in the product line. The product line may be short which means the marketer can increase the profit by adding a new product or there may be long product line. There are two ways of adding the product.

- a) **Product line stretching:** it means adding a new product by stretching the product line by upward, downward or both ways.
- b) **Product line filling:** it means when the company add a new product within existing range of products.

### III) **Product mix decision:-**

it means total products produced and sold by the company. Like amul produces, milk, milk powder, ghee, butter, cheese spread etc. product mix includes:

- a) **Product mix width:** it means how many products the company is offering. Like tea, butter, cheese etc.
- b) **Product mix length:** it means no. of items in each product line. Like 5 kind of shampoo, 7 kind of washing powder etc.
- c) **Product depth:** it refers to different items in each product line. Like a company is offering different kind of soap eg. X, y, z. etc.
- d) **Product consistency:** refers to how closely related the various products in end use.

### IV) **Product positioning decision:-**

It the way by which the marketer communicate the information of the product to the prospective buyer. It can be done on the bases of price or size or usage of the product.

## **Product Classification – Types of Products**

There are three fundamental types of product classification which are durable and non durable products and pure services. Durable products are those products, which are used for longer period of time, such as Freezer, Car, Mobile Phones, Shoes, and TV, etc. No durable products are those products, which we need to use quickly as these products expired after some specific period of time. Such as all the vegetables, fruits, and juices, etc.

Pure services include those benefits that are intangible or inseparable in nature and are offered for sale to customers. Ownership of nothing is transferred because these products



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are experiential in nature. Accountant, Doctors, Lawyer, and Teaching, etc are the best examples that indicates the term pure services.

These all products are purchased by either industrial buyer or final consumer. The consumer products are purchased by final consumers for personal consumption. The industrial products are purchased by the organizations for their usage in the processing operations & administration. Moreover the industrial products are used mostly which includes consumables like raw materials or paper clips that can be transformed into finished products.

## **Product Classification – Types of Products**

Product classification that is also known as different types of products. These types of products or product classification are as below in three different forms.

- Consumer Products
- Industrial Products
- Persons, Organizations, Ideas & Places

Each one is discussed in detail below.

### **Consumer Products**

Those products that are purchased by final consumers for personal consumption are called consumer products. The way of purchasing these products provides the basis for the marketer to further classify these products. The following is an important classification of these consumer products on the basis of the manner of purchase & manner of marketing.

### **Convenience Products**

Those consumer products that are purchased immediately & frequently with little efforts and comparison are called convenience products. Examples of convenience products include the following.

- Candy
- Newspapers
- Soap
- Fast Food etc.

The convenience products are placed at the front locations of the stores in abundance quantity so that they are easily available to the customers. The price of these products is kept lower.

### **Shopping Products:**



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This type of product is purchased less frequently & careful comparison is made by the customer on the price, quality, sustainability & style. In case of purchase of shopping products, increased time & effort is made by the customers in collection of information & comparison making. Following are some of examples of shopping products.

- Clothing
- Furniture
- Major Appliances
- Used Cars
- Hotel & Motel Services

These products are distributed in fewer outlets by the marketer along with the strong sales support services that assist customers in their comparison making.

## **Specialty Products:**

Specialty products are those consumer products that have brand identification or unique characteristics and an important group of customers are happy to purchase these products. Following are some of examples of specialty products.

- Specific brand & kinds of cars
- Photographic equipment with high price
- Designer clothes
- The services of legal or medical specialist

The customers of such products can make enough effort with them for reaching relevant dealers. However, they do not compare the specialty products normally.

## **Unsought Products:**

Those consumer products that are either not known to the customers or they are known, but customers do not usually consider them to purchase. The important innovations are usually included in the category of unsought products because the customers get the awareness through advertisement. Following are the examples of unsought products.

- Life Insurance
- Blood donation to Red Cross
- A lot of personal selling, advertising & marketing efforts are required for unsought products.

## **Industrial Products:**

Those products that are purchased that are buying for further processing or for use in operating a business are called industrial products. So the main difference between industrial and consumer product is based on the purpose of purchase of the product. For



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example, if a lawn mower product is purchased for use around the house, then this lawn mower is categorized in the consumer product. But if the same lawn mower is purchased for use in landscaping business, then this is categorized as an industrial product. Following are some of the three product classification of industrial products.

## **Material & Parts:**

Raw materials, natural products & manufactured materials are included in the category of material & parts. Farm products & natural products are included in raw material part like cotton, wheat, vegetables, fruits, fish, crude petroleum, iron etc. Component materials & component parts are included in the manufactured area like yarn, wires, cement, iron, tires, small motors etc. Manufactured material & parts are mostly sold to the industrial users directly. Major marketing factors employed in this category are price & service. The advertising & branding is not so much important. Also the demand of the industrial products is derived demand, which is derived from the consumer demand.

## **Capital Items:**

Those industrial products that assist the production & operation of customer are called capital items like accessory equipment's & installations. Building & fixed equipment's are included in the installations. Office equipment & portable factory equipment are included in the accessory equipment. Accessory equipment's have much shorter lifetimes & they are only helpful in the process of production.

## **Supplies & Services:**

Supplies contain repair & maintenance items and operating supplies like nails, paint, lubricants, pencil, paper, coal etc. The supplies are regarded as the industrial convenience products because they are purchased with little effort & time. Business advisory services and repair & maintenance services are included in business services category. These services are given under some contract.

## **Persons, Organizations, Ideas & Places:**

The marketing entities named persons, organizations, ideas & places are also included in the category of products recently. The organization sells itself by carrying out certain activities like creating, maintaining & changing the behavior & attitude of customers for an organization. Similarly, people also perform certain activities for development, maintenance & change of behavior & attitude towards certain people through person marketing. Similarly the ideas & places are also regarded as products.



## **PRODUCT LIFE CYCLE STRATEGIES (PLC) AND CHARACTERISTICS – MANAGING EACH PLC STAGE**

The Product Life Cycle contains five distinct stages. For the four stages introduction, growth, maturity and decline, we can identify specific product life cycle strategies. These are based on the characteristics of each PLC stage. Which product life cycle strategies should be applied in each stage is crucial to know in order to manage the PLC properly. We will now go into these four PLC stages in detail to identify characteristics of the stages and product life cycle strategies for each.

### **Introduction stage – Product Life Cycle Strategies**

The introduction stage is the stage in which a new product is first distributed and made available for purchase, after having been developed in the product development stage. Therefore, the introduction stage starts when the product is first launched. But introduction can take a lot of time, and sales growth tends to be rather slow. Nowadays successful products such as frozen foods and HDTVs lingered for many years before entering a stage of more rapid growth.

Furthermore, profits in the introduction stage are negative or low due to the low sales on the one hand and high-distribution and promotion expenses on the other hand. Obviously, much money is needed to attract distributors and build their stocks. Also, promotion spending is quite high to inform consumers of the new product and get them to try it.

In the introduction stage, the focus is on selling to those buyers who are the most ready to buy (innovators).

Concerning the product life cycle strategies we can identify the proper launch strategy: the company must choose a launch strategy that is consistent with the intended product positioning. Without doubt, this initial strategy can be considered to be the first step in a grander marketing plan for the product's entire life cycle.

The main objective should be to create product awareness and trial.

To be more precise, since the market is normally not ready for product improvements or refinements at this stage, the company produces basic versions of the product. Cost-plus pricing should be used to recover the costs incurred. Selective distribution in the beginning helps to focus efforts on the most important distributors. Advertising should aim at building product awareness among innovators and early adopters. To entice trial, heavy sales promotion is necessary. Following these product life cycle strategies for the first PLC stage, the company and the new product are ready for the next stages.





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## **Growth stage – Product Life Cycle Strategies**

The growth stage is the stage in which the product's sales start climbing quickly. The reason is that early adopters will continue to buy, and later buyers will start following their lead, in particular if they hear favourable word of mouth. This rise in sales also attracts more competitors that enter the market. Since these will introduce new product features, competition is fierce and the market will expand. As a consequence of the increase in competitors, there is an increase in the number of distribution outlets and sales are augmented due to the fact that resellers build inventories. Since promotion costs are now spread over a larger volume and because of the decrease in unit manufacturing costs, profits increase during the growth stage.

The main objective in the growth stage is to maximise the market share.

Several product life cycle strategies for the growth stage can be used to sustain rapid market growth as long as possible. Product quality should be improved and new product features and models added. The firm can also enter new market segments and new distribution channels with the product. Prices remain where they are or decrease to penetrate the market. The company should keep the promotion spending at the same or an even higher level. Now, there is more than one main goal: educating the market is still important, but meeting the competition is likewise important. At the same time, some advertising must be shifted from building product awareness to building product conviction and purchase.

The growth stage is a good example to demonstrate how product life cycle strategies are interrelated. In the growth stage, the firm must choose between a high market share and high current profits. By spending a lot of money on product improvements promotion and distribution, the firm can reach a dominant position. However, for that it needs to give up maximum current profits, hoping to make them up in the next stage.

## **Maturity stage – Product Life Cycle Strategies**

The maturity stage is the stage in which the product's sales growth slows down or levels off after reaching a peak. This will happen at some point, since the market becomes saturated. Generally, the maturity stage lasts longer than the two preceding stages. Consequently, it poses strong challenges to marketing management and needs a careful selection of product life cycle strategies. Most products on the market are, indeed, in the maturity stage.

The slowdown in sales growth is due to many producers with many products to sell. Likewise, this overcapacity results in greater competition. Since competitors start to mark down prices, increase their advertising and sales promotions and increase their product development budgets to find better versions of the product, a drop in profit occurs. Also,





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some of the weaker competitors drop out, eventually leaving only well-established competitors in the industry.

The company's main objective should be to maximise profit while defending the market share.

To reach this objective, several product life cycle strategies are available. Although many products in the maturity stage seem to remain unchanged for long periods, most successful ones are actually adapted constantly to meet changing consumer needs. The reason is that the company cannot just ride along with or defend the mature product – a good offence is the best defence. Therefore, the firm should consider to modify the market, product and marketing mix. Modifying the market means trying to increase consumption by finding new users and new market segments for the product. Also, usage among present customers can be increased. Modifying the product refers to changing characteristics such as quality, features, style or packaging to attract new users and inspire more usage. And finally, modifying the marketing mix involves improving sales by changing one or more marketing mix elements. For instance, prices could be cut to attract new users or competitors' customers. The firm could also launch a better advertising campaigns or rely on aggressive sales promotion.

### **Decline stage – Product Life Cycle Strategies**

Finally, product life cycle strategies for the decline stage must be chosen. The decline stage is the stage in which the product's sales decline. This happens to most product forms and brands at a certain moment. The decline can either be slow, such as in the case of postage stamps, or rapid, as has been the case with VHS tapes. Sales may plummet to zero, or they may drop to a low level where they continue for many years.

Reasons for the decline in sales can be of various natures. For instance, technological advances, shifts in consumer tastes and increased competition can play a key role. As sales and profits decline, some competitors will withdraw from the market.

Also for the decline stage, careful selection of product life cycle strategies is required. The reason is that carrying a weak product can be very costly to the firm, not just in profit terms. There are also many hidden costs. For instance, a weak product may take up too much of management's time. It requires advertising and sales-force efforts that could better be used for other, more profitable products in other stages. Most important may be the fact that carrying a weak product delays the search for replacements and creates a lopsided product mix. It also hurts current profits and weakens the company's foothold on the future.



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Therefore, proper product life cycle strategies are critical. The company needs to pay more attention to its aging products to identify products in the decline stage early. Then, the firm must take a decision: maintain, harvest or drop the declining product.

The main objective in the decline stage should be to reduce expenditure and —milk the brand. General strategies for the decline stage include cutting prices, choosing a selective distribution by phasing out unprofitable outlets and reduce advertising as well as sales promotion to the level needed to retain only the most loyal customers.

If management decides to maintain the product or brand, repositioning or reinvigorating it may be an option. The purpose behind these options is to move the product back into the growth stage of the PLC. If management decides to harvest the product, costs need to be reduced and only the last sales need to be harvested. However, this can only increase the company's profits in the short-term. Dropping the product from the product line may involve selling it to another firm or simply liquidate it at salvage value.

## **New Product development**

It's the road which leads to the actual product and then the actual product to the market. Every product goes through a number of stages before being introduced in the market.

### **Idea Generation**

The first stage of the New Product Development is the idea generation. Ideas come from everywhere, can be of any form, and can be numerous. This stage involves creating a large pool of ideas from various sources, which include

- Internal sources – many companies give incentives to their employees to come up with workable ideas.
- SWOT analysis – Company may review its strength, weakness, opportunities and threats and come up with a good feasible idea.
- Market research – Companies constantly reviews the changing needs, wants, and trends in the market.
- Customers – Sometimes reviews and feedbacks from the customers or even their ideas can help companies generate new product ideas.
- Competition – Competitors SWOT analysis can help the company generate ideas.

### **Idea Screening**

Ideas can be many, but good ideas are few. This second step of new product development involves finding those good and feasible ideas and discarding those which aren't. Many factors play a part here, these include –



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- Company's strength,
- Company's weakness,
- Customer needs,
- Ongoing trends,
- Expected ROI,
- Affordability, etc.

## Concept Development & Testing

The third step of the new product development includes concept development and testing. A concept is a detailed strategy or blueprint version of the idea. Basically, when an idea is developed in every aspect so as to make it presentable, it is called a concept.

All the ideas that pass the screening stage are turned into concepts for testing purpose. You wouldn't want to launch a product without its concept being tested.

The concept is now brought to the target market. Some selected customers from the target group are chosen to test the concept. Information is provided to them to help them visualize the product. It is followed by questions from both sides. Business tries to know what the customer feels about the concept. Does the product fulfil customer's need or want? Will they buy it when it's actually launched?

Their feedback helps the business to develop the concept further.

## Business Strategy Analysis & Development

The testing results help the business in coming up with the final concept to be developed into a product. Now that the business has a finalized concept, it's time for it to analyse and decide the marketing, branding, and other business strategies that will be used. Estimated product profitability, marketing mix, and other product strategies are decided for the product. Other important analytics includes

- Competition of the product
- Costs involved
- Pricing strategies
- Breakeven point, etc.
- Product Development

Once all the strategies are approved, the product concept is transformed into an actual tangible product. This development stage of new product development results in building up of a prototype or a limited production model. All the branding and other strategies decided previously are tested and applied in this stage.



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## Test Marketing

Unlike concept testing, the prototype is introduced for research and feedback in the test marketing phase. Customers feedback are taken and further changes, if required, are made to the product. This process is of utmost importance as it validates the whole concept and makes the company ready for the launch.

### Types of Test Markets:

**Standard tests**— small representative markets where the firm conducts a full marketing campaign and uses store audits, consumer and distributor surveys, and other measures to gauge product performance. Results are used to forecast national sales and profits, discover product problems, and fine-tune the marketing program.

**Controlled test** —panels of stores that have agreed to carry new products for a fee. In general they are less expensive than standard test market, faster than standard test markets, but competitors gain access to the new product.

**Simulated test** —events where the firm will create a shopping environment and note how many consumers buy the new product and competing products. Provides measure of trial and the effectiveness of promotion. Researchers can interview consumers.

## Commercialization

The product is ready, so should be the marketing strategies. The marketing mix is now put to use. The final decisions are to be made. Markets are decided for the product to launch in. This stage involves briefing different departments about the duties and targets. Every minor and major decision is made before the final introduction stage of the new product development.

## Pricing Strategies

Pricing is a significant factor for financial growth of any company. Organizations develop numerous pricing strategies to market their products in order to attract consumers. Pricing strategy in marketing is the search of identifying the best price for a product. This strategy is combined with the other marketing standards which are recognized as the 4 P's (product, place, price, and promotion), market demand, product characteristics, competition, and economic patterns. The pricing strategy is major components of the marketing mix that produces revenues for the firm, while all the others are related to expenses (Finch et al., 1998). Price is the most flexible part of marketing strategy in that pricing decisions can be implemented consistently rapidly as compared to the other elements of marketing strategy.

### Price to Profit

Pricing allows companies to either fit costs to prices or scrap products or services that cannot generate revenues for company. Normally, pricing policy is made on the fact that



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how a company sets the prices of its products and services based on costs, value, demand, and competition. Oxenfeldt (1983) affirmed that pricing objectives give directions for action. "To have them is to know what is expected and how the efficiency of the operations is to be measured" (Tzokas et al., 2000a). Numerous pricing strategies based on corporate strategies numerous pricing strategies.

**Penetration Pricing:** A penetration pricing strategy is intended to grab market share by entering the market with a low price relative to the competition to attract buyers. The main purpose is that the business will be able to raise awareness and get people to try the product. Even though penetration pricing may initially make a loss for the company, it will help to create This technique is a simple strategy for implementation because there are no sophisticated calculations and it leads to price peace. There is a difference between native and sophisticated going-rate pricing. Native means that the price is at the same level as that of competitors without taking into consideration costs and demand. Sophisticated going-rate pricing sets the price in a defined section in which the company consider certain degree conditions of demand and costs (Van Looy et al., 2003). word-of-mouth and awareness among a crowded market category. Penetration pricing needs thorough planning. It can result in fast diffusion and adoption. This strategy develops cost controls and cost reduction pressure from the beginning which results in good efficiency. Other benefits of this strategy is that it can produce high stock turnover through the distribution channel. Buy major limitation is that it establishes long term price expectations for the product and image to the brand and company. This makes difficult to increase price. Price penetration is suitable in conditions where product demand is high price elastic, substantial economies of scales are available, product is suitable for mass market.

**Premium Pricing:** Premium pricing strategy sets a price higher than the competitors. This strategy can be successfully used when there is something exclusive about the product or when the product is first to market and the business has a dissimilar competitive advantage. Premium pricing can be suitable for companies entering new to the market and maximize revenue at initial stages of the product life cycle.

**Discount Pricing:** Companies adopt discount pricing for product promotions in order to attract new customers. This discounted pricing draws attention to the product and can be used as a hook to bring in customers who will potentially purchase other items. This strategy is appropriate when seasonal changes in which company offers discounted prices of the items that are going out of season. The main advantages of this strategy are that it discounts to reward volume customers, repeat customers and employees develop customer loyalty. Loss leaders are effective for retailers who need to increase traffic in the store. Promotional discounts used carefully offer momentary advantages such as maximizing sales, income and profit. During a short-term discount period, more units are sold, allowing the company to reduce inventory and temporarily increase income. There



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are some disadvantages also such as consumer associate low price with low quality, particularly when the brand name is not aware. Discounted price strategy may lead to perception of poor quality.

**Skim Pricing:** Skim pricing is a procedure that companies adopt in launching new product. It is to find the best price point for a product, usually exceptional items with unidentified consumer demand. The price skimming strategy comprises of the company setting the primary product price high to rapidly cover embedded costs and then begins to gradually reduce the price to being the product to large market. The main objective of this strategy is to maximize potential profits until the optimum price is reached. The major benefits of this strategy are high profit margin, cost recovery, dealer's profit and quality image. Price skimming method has some limitations such as there is continual competitive pressure and cost inefficiency. Adopting this strategy enable to recover development cost through high profit margin.

## Pricing Methods

There are numerous pricing techniques which are utilized in business field such as cost-based pricing, which is based on the costs incurred to develop the product, and competitive pricing, which involves basing prices on those charged by competitors.

**Cost-Based Pricing** is most elementary pricing methods. The company adds a certain return to the unit costs. A cost-based pricing approach may create hidden profits.

**Target-return pricing** establishes the price according to a target-return on investment. Because the demand volume cannot be determined with absolute correctness, companies must recognize when they are at break-even, which is when the companies make no profit or loss.

**Value-Based Pricing** differentiates itself from the methods of how a customer sees the value of a product or service. This approach focuses on the value seen by the customer instead of the cost incurred by the seller. Because the perceived value can vary over time, adjustments to and re-evaluations of the perceived value should be intermittently conducted. Value pricing inspires the customer to see that the price charged for the product or service is lower than the perceived quality. Value pricing can be high-low pricing, in which the store uses normal prices but offers regular promotions for the products.

### Competition Pricing

This technique is a simple strategy for implementation because there are no sophisticated calculations and it leads to price peace. There is a difference between native and sophisticated going-rate pricing. Native means that the price is at the same level as that of competitors without taking into consideration costs and demand. Sophisticated going-rate pricing sets the price in a defined section in which the company consider certain degree conditions of demand and costs.





## **Types of Differential Pricing**

### **1) Differential Pricing based on customer segments**

Different customer segments can have different pricing. This difference in pricing can be due to various market factors such as reservations, loyalty programs or others. A best example is – Airlines with loyalty programs, give different pricing and discounts to regular customers. Similar, many restaurants give better discounts and offers to new time customers to keep them coming back.

### **2) Differential price based on Brand image**

A brand can have different brand image in different regions. Example – A company like Tata has a very good brand image in India but it won't have such a good brand image in UK or US. So it can charge more one country due to its brand image, but it will have to adjust to the market and penetrate new markets by employing differential pricing based on brand image.

### **3) Differential pricing based on products and its variants**

A single product might have many different variants. A water purifier for example – comes with RO filters, UV filters, UF filters, Gravity filters etc. Each product form is different. Furthermore, within the product itself, an attractive color might be sold at costlier prices as compared to a color which is not so popular. Thus, differential price can be adopted based on product form.

### **4) Differential price based on location**

If a company has to operate in rural areas, it might introduce different product variants and might raise the price in rural areas. Why? Because there is a huge transportation cost associated with the product when it has to be sold all across the country.

The farther away the customer location, the higher will be the price of the product looking at various factors such as competition, costs of distribution, reselling costs etc. Thus, differential pricing is seen in affect when products are selling in multiple locations. Such differential pricing plays a crucial role in International selling.

### **5) Differential price based on season / time**

There is no need to go any further in this point then Umbrellas. Buy an Umbrella at any time other then the rainy season and you will find it at a very low price. However, the pricing and quality of Umbrella's increase during the rainy season when there is huge stock with retailers.

Another example are fruits which are sold at higher prices when there is an off season and the demand is more then supply. But in main season, the fruits are available at lower





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prices because the supply is higher than the demand. Thus, differential pricing can be applied based on seasonal demand and time factor as well.

## Product Branding and Packaging

### A Brief Definition of Brand

A brand refers to a name, term, symbol, or any other type of feature that defines or identifies a seller's product or service.

### Defining a Brand

A brand consists of any name, term, design, style, words, symbols or any other feature that distinguishes the goods and services of one seller from another. A brand also distinguishes one product from another in the eyes of the customer. All of its elements (i.e., logo, color, shape, letters, images) work as a psychological trigger or stimulus that causes an association to all other thoughts we have about this brand. Tunes, celebrities, and catchphrases are also oftentimes considered brands.

### A brand can convey up to six levels of meaning:

- Attributes: The Mercedes-Benz brand, for example, suggests expensive, well-built, well-engineered, durable, high-prestige automobiles.
- Benefits: attributes must be translated into functional and emotional benefits.
- Values: Mercedes stands for high performance, safety, and prestige.
- Culture: Mercedes represents German culture, organized, efficient, high quality.
- Personality: the brand projects a certain personality.
- User: the brand suggests the kind of consumer who buys and uses the product.

## Brand Categories

Similar goods and services are classified in brand categories. Branding began as a functional marketing tool. Italians are considered among the first to use brands in the form of watermarks on paper in the 1200s. People in the Middle Ages were illiterate. Medieval guilds — candle makers, goldsmiths, cobblers; carpenters, painters and masons; bakers and fishmongers — created symbols to be etched or stamped into their work, products or crates which represented and certified the quality of a guild's work.

Brand categories are generic classifications of products or services. Similar and competing products (or services) all fall into the same brand category. For example, all the different perfumes fall into the brand category of perfume because they all satisfy the same consumer need.



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Brand awareness refers to the customer's ability to recall and recognize the brand under different conditions, using memory associations to link to the brand name, logo, jingles, and so forth. It consists of both brand recognition and brand recall. It helps the customers understand to which product or service category the particular brand belongs and what products and services are sold under the brand name. It also ensures that customers know which of their needs are satisfied by the brand through its products (Keller). Brand awareness is of critical importance, since customers will not consider your brand if they are not aware of it.

## **The Benefits of a Good Brand**

Good branding gives a company several advantages including establishing a positive reputation and building an image attractive to consumers.

## **Benefits of a Strong Brand**

A brand is the personality that identifies a product, service or company (name, term, sign, symbol, design, or combination thereof); it also represents a relationship to key constituencies: customers, staff, partners, investors etc. Proper branding can yield higher product sales, and higher sales of products associated with the brand (or brand association). For example, a customer who loves Pillsbury biscuits (and trusts the brand) is more likely to try other products the company offers, such as chocolate chip cookies.

Some people distinguish the psychological aspect of brand associations (e.g., thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, etc.) that become tied to the brand from the experiential aspect—the sum of all points of contact with the brand, otherwise known as brand experience. Brand experience is a brand's action perceived by a person. The psychological aspect, sometimes referred to as the brand image, is a symbolic construct created within the minds of people, consisting of all the information and expectations associated with a product, service, or company providing them.

A brand which is widely known in the marketplace acquires brand recognition. When brand recognition builds to the point of a critical mass of positive sentiment in the marketplace, it is said to have achieved brand franchise. Brand recognition is most successful when a brand is recognized independent of the company's name, but rather through visual signifiers like logos, slogans, and colors. For example, Disney has been successful branding with their particular script font, originally created for Walt Disney's —signaturell logo, and which it now uses in the logo for the website GO.com.

Consumers may view branding as an aspect of products or services, as it often serves to denote certain attractive qualities or characteristics. From the perspective of brand owners, branded products or services also command higher prices. Where two products resemble each other, but one of the products has no associated branding (such as a generic, store-



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branded product), people may often select the more expensive branded product on the basis of the quality or reputation of the brand or brand owner. Benefits of good brand recognition include facilitating of new product acceptance, enabling market share penetration by advertising, and resisting price erosion

### **Developing a Brand**

Developing a brand successfully requires a company to analyze the characteristics and values a customer base desires. The goal when developing a brand is to create value. You do that by emulating the characteristics and values that your customers desire. Branding is present throughout everything your company touches—it is not just a logo. Every design shown and communication made to the consumer are examples of branding.

### **Branding Attributes**

Brands have intrinsic and extrinsic attributes. Intrinsic attributes refer to functional characteristics of the brand: its shape, performance, and physical capacity (e.g. Gillette razors shave unwanted hair and are able to do so more closely than most products in their product class because of their curved shape). Should any of these attributes be changed, they will not function in the same way or be the same product.

Examples of extrinsic attributes are features like the price of the Gillette razors, their packaging, the Gillette brand name, and mechanisms that enable consumers to form associations that give meaning to the brand. For example, it can appear more desirable because David Beckham, who is a brand himself, advertizes it.

Some refer to a brand's function as the creation and communication of a multidimensional character of a product—one that is not easily copied and damaged by competitors' efforts.

Brands have different elements, namely brand personality (functional abilities), brand skill (its fundamental traits—e.g. Chanel No 5 is seen as sexy) and brand relationships (with buyers) or brand magic. These elements are what give the brand added value.

Marketing and advertising are about selling your products and services. Branding is about selling everything associated with your organization. The consumer perception of brands is brand knowledge: brand awareness, recognition and recall, and brand image denote how consumers perceive a brand based on quality and attitudes towards it and what stays in their memory.

### **Brand Management Strategies**

Loyal customers are cheaper, and happy customers are likely to talk about the company in a positive light. As a result, building brand is a key to success in an enormous number of industries. There are many approaches to this, both traditional and modern, and



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understanding both the strategy and the potential tactical channels available is integral to making smart branding decisions:

**Individual Branding** – This has proven highly beneficial for a number of large organizations that offer a wide variety of goods. Proctor and Gamble (P&G) is a classic example of this working successfully. P&G own the brands Dawn, Joy, Crest, Scope, Gain, Tide, Fixodent, Pepto-Bismol, Swiffer, Ivory, Olay, Old Spice, and the list goes on and on. Many of these products actually compete head to head. This strategy allows minimal risk of the parent company being hurt by an individual brand, and allows a sense of competition between brands. It also allows P&G to capture a variety of demographics simultaneously by positioning each brand to large consumer groups.

**Multi-product Branding** – The inverse of individual branding in some ways, multi-product branding allows companies like Samsung, Apple, Sony, and Virgin to focus consumer loyalty on the broader parent brand. Through doing so, all investments in branding boost the brand across all product spheres. This creates some efficiency in promoting brand, but also attaches all of the risk and positioning to that one single brand name.

**Sub-branding** – Something of a cross between individual and multi-product branding, sub-branding allows an organization to create relatively large sub-brands for given product groups. A good example is Honda and Acura, one is positioned in a higher price bracket yet both are Honda.

**Co-branding** – As the name suggests, often companies collaborate on projects and pursue branding together. For example, Bose is often co-branded with various vehicle manufacturers. Similarly, Google is often co-branded with Samsung products. This allows each organization to benefit from each other's loyal consumer base.

## Packaging and Labeling

Packaging refers to the physical appearance of a product when a consumer sees it, and labels are an informative component of packaging.

### Packaging

With the increased importance placed on self-service marketing, the role of packaging is becoming quite significant. For example, in a typical supermarket a shopper passes about 600 items per minute, or one item every tenth of a second. Thus, the only way to get some consumers to notice the product is through displays, shelf hangers, tear-off coupon blocks, other point-of-purchase devices, and, last but not least, effective packages. Considering the importance placed on the package, it is not surprising that a great deal of research is spent on motivational research, color testing, psychological manipulation, and so forth, in



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order to ascertain how the majority of consumers will react to a new package. Based on the results of this research, past experience, and the current and anticipated decisions of competitors, the marketer will initially determine the primary role of the package relative to the product. Should it include quality, safety, distinction, affordability, convenience, or aesthetic beauty?

Various Packaging Designs, including labeling: Packaging refers to the physical appearance of a product when a consumer sees it, and labels are an informative component of packaging.

## **Common uses of packaging include:**

**Physical protection:** The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature, etc.

**Information transmission:** Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. With pharmaceuticals, food, medical, and chemical products, some types of information are required by governments. Some packages and labels also are used for track and trace purposes.

**Marketing:** The packaging and labels can be used by marketers to encourage potential buyers to purchase the product. Package graphic design and physical design have been important and constantly evolving phenomenon for several decades. Marketing communications and graphic design are applied to the surface of the package and (in many cases) the point of sale display, examples of which are shown here:.

**Convenience:** Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, re-closing, use, dispensing, reuse, recycling, and ease of disposal.

**Barrier protection:** A barrier from oxygen, water vapor, dust, etc., is often required. Permeation is a critical factor in design. Some packages contain desiccants or oxygen absorbency to help extend shelf life. Modified atmospheres or controlled atmospheres are also maintained in some food packages. Keeping the contents clean, fresh, sterile and safe for the intended shelf life is a primary function.

**Security:** Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident features to help indicate tampering. Packages can be engineered to help reduce the risks of package pilferage.

## **Labeling**



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A label is a carrier of information about the product. The attached label provides customers with information to aid their purchase decision or help improve the experience of using the product. Labels can include:

- Care and use of the product
- Recipes or suggestions
- Ingredients or nutritional information
- Product guarantees
- Manufacturer name and address
- Weight statements
- Sell by date and expiration dates
- Warnings

## **Symbols Used in Labels**

Many types of symbols for package labeling are nationally and internationally standardized. For consumer packaging, symbols exist for product certifications, trademarks, and proof of purchase. Some requirements and symbols exist to communicate aspects of consumer use and safety. For example, the estimated sign notes conformance to EU weights and measures accuracy regulations. Examples of environmental and recycling symbols include the recycling symbol, the resin identification code, and the —green dot. ll

## **Labeling Laws**

In some countries, many products, including food and pharmaceuticals, are required by law to contain certain labels such as ingredients, nutritional information, or usage warning information (FDA). For example, a law label is a legally required tag or label on new items describing the fabric and filling regulating the United States mattress, upholstery, and stuffed article industry. The purpose of the law label is to inform the consumer of the hidden contents, or —filling materials ll inside bedding & furniture products. Laws requiring these tags were passed in the United States to inform consumers as to whether the stuffed article they were buying contained new or recycled materials. The recycling logo,, needed to be displayed on the label. The Fair Packaging and Labeling Act (FPLA) is a law that applies to labels on many consumer products that states the products identity, the company that manufactures it, and the net quantity of contents.





## **IMPORTANT QUESTIONS**

1. Define product, brand and packaging
2. Discuss the Types of Brand
3. Explain the importance of packaging
4. List out the functions of labelling
5. Define product development
6. Outline the stages in new product development
7. Explain the places of the product life cycle
8. Define the pricing strategy
9. Explain the objectives of pricing
10. Discuss the methods of Pricing
11. Describe the importance of pricing



## **UNIT V**

### **PROMOTION DECISION**

#### **Promotion Mix**

**Definition:** The Promotion Mix refers to the blend of several promotional tools used by the business to create, maintain and increase the demand for goods and services.

The fourth element of the 4 P's of Marketing Mix is the promotion; that focuses on creating the awareness and persuading the customers to initiate the purchase. The several tools that facilitate the promotion objective of a firm are collectively known as the Promotion Mix.

The Promotion Mix is the integration of Advertising, Personal Selling, Sales Promotion, Public Relations and Direct Marketing. The marketers need to view the following questions in order to have a balanced blend of these promotional tools.

- What is the most effective way to inform the customers?
- Which marketing methods to be used?
- To whom the promotion efforts be directed?
- What is the marketing budget? How is it to be allocated to the promotional tools?

#### **Elements of Promotion Mix**

**Advertising:** The advertising is any paid form of non-personal presentation and promotion of goods and services by the identified sponsor in the exchange of a fee. Through advertising, the marketer tries to build a pull strategy; wherein the customer is instigated to try the product at least once. The complete information along with the attractive graphics of the product or service can be shown to the customers that grab their attention and influences the purchase decision.

**Personal Selling:** This is one of the traditional forms of promotional tool wherein the salesman interacts with the customer directly by visiting them. It is a face to face interaction between the company representative and the customer with the objective to influence the customer to purchase the product or services.

**Sales Promotion:** The sales promotion is the short term incentives given to the customers to have an increased sale for a given period. Generally, the sales promotion schemes are floated in the market at the time of festivals or the end of the season. Discounts, Coupons, Payback offers, Freebies, etc. are some of the sales promotion schemes. With the sales



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promotion, the company focuses on the increased short-term profits, by attracting both the existing and the new customers.

**Public Relations:** The marketers try to build a favourable image in the market by creating relations with the general public. The companies carry out several public relations campaigns with the objective to have a support of all the people associated with it either directly or indirectly. The public comprises of the customers, employees, suppliers, distributors, shareholders, government and the society as a whole. The publicity is one of the form of public relations that the company may use with the intention to bring newsworthy information to the public.

E.g. Large Corporates such as Dabur, L&T, Tata Consultancy, Bharti Enterprises, Services, Unitech and PSU's such as Indian Oil, GAIL, and NTPC have joined hands with Government to clean up their surroundings, build toilets and support the swachh Bharat Mission.

**Direct Marketing:** With the intent of technology, companies reach customers directly without any intermediaries or any paid medium. The e-mails, text messages, Fax, are some of the tools of direct marketing. The companies can send emails and messages to the customers if they need to be informed about the new offerings or the sales promotion schemes.

E.g. The Shopperstop send SMS to its members informing about the season end sales and extra benefits to the golden card holders.

Thus, the companies can use any tool of the promotion mix depending on the nature of a product as well as the overall objective of the firm.

## Major Advertising Decisions

Marketing management must make four important decisions when developing an advertising program these four important are as follows:

1. Setting advertising objectives
2. Setting advertising budget
3. Developing advertising strategy
4. Evaluating advertising campaign

1. **Setting Advertising Objectives:** The first step is to set advertising objectives. These objectives should be based on past decisions about target market, positioning and marketing mix, which define the job that advertising must do in the total marketing program advertising is a specific communication task to be accomplished with a specific target



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during a specific period of time. Advertising objectives can be classified by primary purpose- where the aim is to inform persuade or remind.

**2. Setting Advertising Budget:** After determining its advertising objectives the company next sets its advertising budget for each product. A brand's advertising budget depends on its stages of product life cycle. Market share also impacts the amount advertising needed. Because building the market or taking share from competitors requires larger advertising spending than does simply maintaining current share, high share brands usually needs more advertising spending as a percentage of sales.

**3. Developing Advertising Strategy:** Advertising strategy consists of two major elements:

- A) Creating advertising message
- B) Selecting advertising media

In the past companies often themed media planning as secondary to the message, creation process. These creative departments first created good advertisement then the media department selected first created good advertisement then the media department selected the best media for carrying these advertisements to desired target audience.

**4. Evaluating Advertising Campaign:** It is the last step in major decision of advertising. In this stage evaluate the message of advertising. How much people get attention on the message of advertising. Its market covering capacity, style, tone, words and format etc are evaluated in this stage.

## ADVERTISING BUDGETING METHODS

There are several allocation methods used in developing a budget. The most common are listed below:

- Percentage of Sales method
- Objective and Task method
- Competitive Parity method
- Market Share method
- Unit Sales method
- All Available Funds method
- Affordable method

It is important to notice that most of these methods are often combined in any number of ways, depending on the situation. Because of this, these methods should not be seen as rigid, but rather as building blocks that can be combined, modified, or discarded as



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necessary. Remember, a business must be flexible—ready to change course, goals, and philosophy when the market and the consumer demand such a change.

**PERCENTAGE OF SALES METHOD:** Due to its simplicity, the percentage of sales method is the most commonly used by small businesses. When using this method an advertiser takes a percentage of either past or anticipated sales and allocates that percentage of the overall budget to advertising. Critics of this method, though, charge that using past sales for figuring the advertising budget is too conservative and that it can stunt growth. However, it might be safer for a small business to use this method if the ownership feels that future returns cannot be safely anticipated. On the other hand, an established business, with well-established profit trends, will tend to use anticipated sales when figuring advertising expenditures. This method can be especially effective if the business compares its sales with those of the competition (if available) when figuring its budget.

**OBJECTIVE AND TASK METHOD:** Because of the importance of objectives in business, the task and objective method is considered by many to make the most sense, and is therefore used by most large businesses. The benefit of this method is that it allows the advertiser to correlate advertising expenditures to overall marketing objectives. This correlation is important because it keeps spending focused on primary business goals.

With this method, a business needs to first establish concrete marketing objectives, which are often articulated in the "selling proposal," and then develop complimentary advertising objectives, which are articulated in the "positioning statement." After these objectives have been established, the advertiser determines how much it will cost to meet them. Of course, fiscal realities need to be figured into this methodology as well. Some objectives (expansion of area market share by 15 percent within a year, for instance) may only be reachable through advertising expenditures that are beyond the capacity of a small business. In such cases, small business owners must scale down their objectives so that they reflect the financial situation under which they are operating.

**COMPETITIVE PARITY METHOD:** While keeping one's own objectives in mind, it is often useful for a business to compare its advertising spending with that of its competitors. The theory here is that if a business is aware of how much its competitors are spending to inform, persuade, and remind (the three general aims of advertising) the consumer of their products and services, then that business can, in order to remain competitive, either spend more, the same, or less on its own advertising. However, as Alexander Hiam and Charles D. Schewe suggested in *The Portable MBA in Marketing*, a business should not assume that its competitors have similar or even comparable objectives. While it is important for small businesses to maintain an awareness of the competition's health and guiding philosophies, it is not always advisable to follow a competitor's course.



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**MARKET SHARE METHOD:** Similar to competitive parity, the market share method bases its budgeting strategy on external market trends. With this method a business equates its market share with its advertising expenditures. Critics of this method contend that companies that use market share numbers to arrive at an advertising budget are ultimately predicating their advertising on an arbitrary guideline that does not adequately reflect future goals.

**UNIT SALES METHOD :** This method takes the cost of advertising an individual item and multiplies it by the number of units the advertiser wishes to sell.

**ALL AVAILABLE FUNDS METHOD:** This aggressive method involves the allocation of all available profits to advertising purposes. This can be risky for a business of any size, for it means that no money is being used to help the business grow in other ways (purchasing new technologies, expanding the work force, etc.). Yet this aggressive approach is sometimes useful when a start-up business is trying to increase consumer awareness of its products or services. However, a business using this approach needs to make sure that its advertising strategy is an effective one, and that funds which could help the business expand are not being wasted.

**AFFORDABLE METHOD:** With this method, advertisers base their budgets on what they can afford. Of course, arriving at a conclusion about what a small business can afford in the realm of advertising is often a difficult task, one that needs to incorporate overall objectives and goals, competition, presence in the market, unit sales, sales trends, operating costs, and other factors.

## **MEDIA SCHEDULING**

Once a business decides how much money it can allocate for advertising, it must then decide where it should spend that money. Certainly the options are many, including print media (newspapers, magazines, direct mail), radio, television (ranging from 30-second ads to 30-minute infomercials), and the Internet. The mix of media that is eventually chosen to carry the business's message is really the heart of the advertising strategy.

**SELECTING MEDIA** -The target consumer, the product or service being advertised, and cost are the three main factors that dictate what media vehicles are selected. Additional factors may include overall business objectives, desired geographic coverage, and availability (or lack thereof) of media options.

**SCHEDULING CRITERIA**-There are three general methods advertisers use to schedule advertising: the Continuity, Flighting, and Massed methods





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- Continuity—This type of scheduling spreads advertising at a steady level over the entire planning period (often month or year, rarely week), and is most often used when demand for a product is relatively even.
- Flighting—This type of scheduling is used when there are peaks and valleys in product demand. To match this uneven demand a stop-and-go advertising pace is used. Notice that, unlike "massed" scheduling, "flighting" continues to advertise over the entire planning period, but at different levels. Another kind of flighting is the pulse method, which is essentially tied to the pulse or quick spurts experienced in otherwise consistent purchasing trends.
- Massed—This type of scheduling places advertising only during specific periods, and is most often used when demand is seasonal, such as at Christmas or Halloween.

### ADVERTISING NEGOTIATIONS AND DISCOUNTS

No matter what allocation method, media, and campaign strategy that advertisers choose, there are still ways small businesses can make their advertising as cost effective as possible. Writing in *The Entrepreneur and Small Business Problem Solver*, author William Cohen put together a list of "special negotiation possibilities and discounts" that can be helpful to small businesses in maximizing their advertising dollar:

- Mail order discounts—Many magazines will offer significant discounts to businesses that use mail order advertising.
- Per Inquiry deals—Television, radio, and magazines sometimes only charge advertisers for advertisements that actually lead to a response or sale.
- Frequency discounts—Some media may offer lower rates to businesses that commit to a certain amount of advertising with them.
- Stand-by rates—Some businesses will buy the right to wait for an opening in a vehicle's broadcasting schedule; this is an option that carries considerable uncertainty, for one never knows when a cancellation or other event will provide them with an opening, but this option often allows advertisers to save between 40 and 50 percent on usual rates.
- Help if necessary—Under this agreement, a mail order outfit will run an advertiser's ad until that advertiser breaks even.
- Remnants and regional editions—Regional advertising space in magazines is often unsold and can, therefore, be purchased at a reduced rate.
- Barter—Some businesses may be able to offer products and services in return for reduced advertising rates.
- Seasonal discounts—Many media reduce the cost of advertising with them during certain parts of the year.



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- Spread discounts—Some magazines or newspapers may be willing to offer lower rates to advertisers who regularly purchase space for large (two to three page) advertisements.
- An in-house agency—If a business has the expertise, it can develop its own advertising agency and enjoy the discounts that other agencies receive.
- Cost discounts—Some media, especially smaller outfits, are willing to offer discounts to those businesses that pay for their advertising in cash.

Of course, small business owners must resist the temptation to choose an advertising medium only because it is cost effective. In addition to providing a good value, the medium must be able to deliver the advertiser's message to present and potential customers.

## **RELATIONSHIP OF ADVERTISING TO OTHER PROMOTIONAL TOOLS**

Advertising is only part of a larger promotional mix that also includes publicity, sales promotion, and personal selling. When developing an advertising budget, the amount spent on these other tools needs to be considered. A promotional mix, like a media mix, is necessary to reach as much of the target audience as possible. As Gerald E. Hills stated in "Market Opportunities and Marketing" in *The Portable MBA in Entrepreneurship*, "When business owners think about the four promotion tools, it becomes obvious why promotion managers must use a mix. There are clear trade-offs to be made between the tools."

The choice of promotional tools depends on what the business owner is attempting to communicate to the target audience. Public relations-oriented promotions, for instance, may be more effective at building credibility within a community or market than advertising, which many people see as inherently deceptive. Sales promotion allows the business owner to target both the consumer as well as the retailer, which is often necessary for the business to get its products stocked. Personal selling allows the business owner to get immediate feedback regarding the reception of the business' product. And as Hills pointed out, personal selling allows the business owner "to collect information on competitive products, prices, and service and delivery problems."

## **Sales Promotion**

Sales promotion is a type of Pull marketing technique. If you have a product which is new in the market or which is not receiving a lot of attention, then you can promote this product to customers via sales promotions. You can use various techniques like giving discounts on the product, offering 1 + 1 free schemes, etc etc.

When a brand wants to increase the sales of its products, it uses Sales promotion. The brand can increase the sales by attracting new customers to their products or by retaining the old customers by various means. The company can also motivate the dealers and distributors of their channel to perform better for their brand, and to get their stock moving.



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## **There are two types of Sales promotions**

### **a) Consumer sales promotions**

Any sales promotion activity that you do keeping the end consumer in mind is known as consumer sales promotions. Example – if an E-commerce website gives 10% discount on its products, then it wants the consumers to make the best of this deal. This is a consumer focused promotional activity and hence can be called as consumer sales promotions.

The objective of Consumer sales promotions might be various. A consumer might be asked to test a sample of a completely new perfume in the market and rate it. An existing customer might be asked to use a Scratch card so that he receives a gift.

At the end, the result should be an action from the consumer. Either the consumer should purchase the product right away, or he should come to know about the product so that further awareness is created for the brand.

### **b) Trade Sales promotions**

If your promotional activities are focused on Dealers, distributors or agents, then it is known as trade promotions. There is a lot of competition in any field. And in channel sales, to get the products moving and to motivate the dealer to perform better, trade discounts are given.

Example – You are a dealer for Televisions. Now Sony comes and tells you, you will be given 5% discount if you cross a sale of 100 televisions. Naturally, you will be very motivated because 5% in television sales is huge. Plus selling Sony TV's is easy because it is already a brand. Thus, you divert all potential customers to Sony Televisions so that you can achieve the target.

Similarly, there are other types of trade sales promotions which can be used to motivate the dealer and distributor. More such techniques of sales promotions are discussed below.

As the noise of competitors rises, you will find more and more companies using sales promotions techniques. The advantage of sales promotion is that they are not too expensive for the company when compared with advertising mediums like Television or newspaper. Hence, even small businesses use it quite effectively.

## **Types of Sales promotions – Sales promotion techniques.**

Below are some of the most common type of sales promotion techniques used across all industries. Some industries, like FMCG, see a lot of these techniques being implemented simultaneously mainly because of the sheer volume of business as well as because of the



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competition in FMCG. Other businesses, like Consumer durable, furniture etc also use a combination of these sales promotion techniques.

## 1) **Discounts – Trade / consumer**

The most common type of sales promotions is consumer discounts or trade discounts. I don't even need to explain this to everyone because we are bombarded with discount offers everyday. Be it E-commerce stores, retail stores or anything else. The reason discount is most used is because it actually works!

If there is a 10% discount on the product for the consumer, then it is known as consumer discount. However, if there is a 10% discount to the dealer when he is purchasing from the company, it is known as trade discount.

In trade discounts, the dealer may or may not forward the discount to the customer. It is not necessary that the dealer will give additional 5% discount to customers when he is himself receiving 10% additional discount. However, many dealers know the importance of achieving sales volumes hence they pass on discounts to customers whenever they receive trade discounts.

## 2) **Gifting**

One of the most common ways to promote your store during festival time or when there is a huge walk in expected is Gifting. It is also a way to increase the sales of the products because customers have an anticipation that they might win a gift from the store.

Another popular way to use gifting is to advertise —Assured giftsll. Basically, you have different gifts on offer like a mixer grinder or a steam iron. A customer who purchases a set amount of products will get the —Assured giftll from you. This creates excitement in the mind of the customer and he received something for —freell. He might visit again and again.

## 3) **Coupons**

Quite commonly used to motivate people to purchase when they think the price is high or it can be incentive to buy your product above the competitors. Domino's, Pizza hut and McDonalds very prominently use coupons in their marketing. If you have their coupon in hand, you get a discount of X amount on the purchase.

What the coupon does is, it instigates you to take action. If today i get a coupon saying i will get 10% off on whatever i purchase from an XYZ store, then i will surely get off my butt and go purchasing. I will purchase all those products anyways. But the coupon got me



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purchasing from the XYZ showroom. That's the objective of the coupon which it has accomplished.

## 4) **Financing**

Financing is ingenious amongst the various types of sales promotions. It is a combination of various factors. Companies which have huge resources generally act as Financers. They allow customers to purchase a product on EMI or on different financing options. All this happens for a minor processing fee and less interest.

As a result, the customer, who does not have complete money to buy the product, will likely purchase the product using financing options. Such financing helps the dealer to liquidate the product faster and also helps the customer in making purchasing decisions.

## 5) **Sampling**

It is predominantly used in the FMCG industry for perfumes, deodorants, soaps or even eatables. Sampling is an excellent way to introduce your product in the market and at the same time to increase the awareness of the product.

The customers who are being targeted by sampling carry a huge \*\* lifetime value \*\*. Once they get hooked onto your product, they won't leave it that early. Hence, Sampling might be of higher cost to the company but it is quite successful in the various types of sales promotions.

## 6) **Bundling**

Bundling is when you put a combination of products on sale for the same price. So, for example, normally a 100 dollars might buy you just a shirt. However, with product bundling, 100 dollars might buy you a set of shirt and pants. As a result, the consumer is much more likely to buy this bundled offer as compared to a single offer.

We see bundling strongly in retail where a shampoo might be bundled with a soap or we can see a bundled combinations of many different items. The disadvantage of bundling is that customer might think one of the products is of poor quality. However, if the products are bundled together and both products are of an excellent brand, then the bundled product will sell much higher quantities and will defeat competition in numbers. Hence, Bundling is commonly used as a type of sales promotion.

## 7) **Contests**

There are different forms of contests which can be run to gather more customer information or to motivate the customer to try the product or to create awareness about the new retail place. Contests can be as simple as winning a gift through a scratch card, or it



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can be an in house game in a retail showroom or it can be an online contest for which users have to enter their information.

Due to the phenomenal rise of the internet, online contests have become very easy and important. They also penetrate faster and reach a lot of customers.

## 8) Refunds & Rebates

As the name suggests, refunds are a marketing tactic when you get a partial amount refunded to you based on an action you have taken. For example – if you bring the parking ticket to the showroom, your parking amount will be refunded by the store. Such refunds make the customer excited to visit a store.

Similarly, rebate is a type of partial refund which is most popular in the United states, though not much popular in other countries. In rebates, you fill forms while checking out of stores. And if you have won the rebate, you will have to mail your details to the company and the company will refund you the rebate amount in your bank or via a paypal account.

## 9) Exchange offers

Exchange offers are quite commonly used all across the world and used strongly in festive season when sales will be more and people are in a purchasing mood. In exchange offer, you can exchange an old product for a new product. You will receive a discount based on the valuation of your old product.

So, if you had an old washing machine at home and there was an Exchange offer in the market, then you will receive an X amount for the washing machine which is decided by the parent company or the retailer. This X amount will be deducted from your final payable amount and will be reduced under the header of —Exchange offer reimbursedll.

## 10) Free trial

Sales promotion - Types of Sales promotions 9Chances are, you have come across several softwares or online programs which offer a free trial to you before you purchase the product. Shareware programs are also a kind of free trial programs where you can use the product for some time but later on have to purchase the product to use it completely.

This is done so that the customer gets a chance to trial run the product before he pays for the product in full. Programs like Adobe Photoshop, Microsoft office 365 and others are known to give free trial programs of upto a month so that the customer can know more about the product, he can try it and then purchase.

## 11) Email Marketing





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Email marketing was, is and is touted to always be one of the best ways to promote your business. It is one of the most commonly used types of sales promotions across the world because of its ease of implementation and because of its penetration. Each and every one of us has an email account which we access regularly. Thus, an Email is personal to us when received in our phone and we are bound to check it out.

Chances are, email marketing bundled with an exciting and irresistible offer can really entice the customer in purchasing your product. As a result, Email marketing is actually widely used, be it online industry or offline.

## 12) Exhibitions

More commonly used in Food, Jewellery, Clothing, Chemicals and similar such industries where sellers want to showcase the products they have to their buyers. These buyers might be consumers or they may be industrial buyers. An exhibition generally consists of one player who is exhibiting his goods. However, it can also be a combination of players who are all there to showcase their wares.

## 13) Trade Shows

While exhibitions are targeted towards individual buyers, Trade shows are targeted towards resellers, dealers, distributors and bulk buyers. A trade show is typically a display point for all top companies within an industry. These companies are there to compete and grab the maximum eyeballs of retailers, dealers and distributors. While Exhibitions are concentrated mostly on individual buyers, trade shows are concentrated towards bulk buyers.

## 14) Demonstrations

One of the most popular products to be sold through product demonstrations were vacuum cleaners which used to be sold house to house. However, because of privacy concerns, such type of promotional activities were stopped. Instead, now you will see water purifiers being promoted through demonstrations in malls, showrooms and other places.

Demonstrations are an excellent way to create more awareness of the product and to make customers comfortable towards a technical product. Technicality of the product can be a barrier to purchase. By demonstrating the actual working of a product, you are removing a barrier to purchase. Hence demonstration is a type of sales promotion mostly used for technical type of products.

## 15) Continuity programs

One of the best example of continuity programs is the frequent flyer program introduced by most airlines. These airlines give more —milesll to the customers who are flying more and



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more with the airline. Because you are awarded gifts the more you fly with one airline, you are likely to continue flying with that airline so that you receive more miles.

Another example of the continuity program is when a super market advertises that customers who buy 5 times in this month from that super market will get a gift. This way, the customer will not shift anywhere else but will do shopping from that super market. Such continuity programs not only aim at getting new customers, but they also retain old customers effectively.

## 16) Quantity Discount

The more quantity of the product you buy, the more is the discount. So for example, a single soap may cost \$1 but a combined package of 5 units of soap might cost you \$4, giving you a 20% discount on the purchase. Such type of quantity discount is common for customers.

However, the quantity discount is not applicable only to consumers. It is also applicable in trade where a dealer or distributor might be given a discount of 5-10% if he purchases a higher quantity of product. So, a kitchen appliance distributor might be given a discount if he buys higher number of units in the festive season. The higher he sells and the more aggressive he is, the better he will earn.

Above are all the different types of sales promotions. Each and every business is different and therefore, the type of sales promotion used by each business needs to be different. Being a competitive world, most companies use a combination of various sales promotional methods to defeat competitors, attract and retain customers and most importantly, to increase the sale of their products or services.

## Managing the Sales Force

The face of any organization is the sales force. Companies spend a considerable amount of time and money on sales force rather than on any other promotional activity. However, sales force is expensive and companies are looking forward to managing them in an efficient and effective manner.

## Designing of the Sales Force

Sales force is linking between companies and customer. Therefore, companies have to be careful in designing and structuring sales force.

- **Objective for sales force** - Earlier companies had a single objective increasing sale making it objective also for sales people. Sales people are asked to perform a search for prospective clients or lead. Sales people are asked to balance time



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between a prospective customer and current customer. Effective communication of product and services is essential to close the deal. Sales people also play an important role in after sales service and can make a difference for the company. Sales people are eyes and ears of the company in the market gathering information about competition and customer changing demands.

- **Use sales people strategically** - Sales people have to combine efforts with other team members to achieve the objective. Sales people should be aware how to analyze market data been provided and convert them into marketing strategies.
- **Structure of the sales force** - The structure of the sales is dependent on the strategy followed by the company.

Common sales force structures are as follows:-

**Territorial structure** is used where every sales representative is assigned specific geographical area. This structure is preferred for building relationships with locals.

**Product structure** is used for complex and un- related product portfolio. Here the sales people are directly associated with research and development of the products.

**Market structure** is used if the companies are operating different industry or market segments. Every sales force specializes in a definite market and helps push a product efficiently across the given market. However, the disadvantage would arise if customers are located over a wide geographical area.

**Complex structure** is used when companies are in business of selling complex product to different customer across a large geographical area. Here sales force structure is a combination of other structures discussed.

Once the structure is designed companies need to make a decision with respect to the size of the sales force. The size of the sales force is dependent on the market size and number of customers.

**Compensation for the sales force** - Compensation plays a big motivational factor for sales people. Companies follow a structure of a fixed amount plus a variable amount depending of success achieved in the market. Allowances play an important factor in the salary owing to continuous travel and market visits.

## Managing Sales Force

Integral part for success of marketing strategy is management of the sales force. The management of sales consists of following:-

**Recruitment** is at the centre of an effective sales force. One approach in the selection is asking a customer what characteristics they look for in a sales representative. Companies develop selection procedure where behavioral and management skills are tested.



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**Training** is essential to remain ahead of the competition. Sales force needs training before entering the market as well as training at different stage of the product life cycle.

**Supervision** on sales force is decided on the profile of product portfolio. A general supervision is maintained with respect to sales people dealing with potential clients. Another supervision is related to efficient time management from preparation of client call to closing of the deal.

**Motivation** is a key aspect for management of the sales force. Here compensation plays an important in driving up the motivational level. Compensation can be assigned based on sales quota. Other motivational tools are social gathering and family outing.

**Evaluation** is essential to management of a sales force. Sales reports sent by the sales force serve a good starting point of evaluation. Art of negotiation and relationship marketing these two are the important aspects of successful sales representative and long term benefit for the company.

## Elements of the Personal Selling Process

- **Prospecting and Evaluating**

Seek names of prospects through sales records, referrals etc., also responses to advertisements. Need to evaluate if the person is able (Undergraduate degree to attend a graduate program), willing and authorized to buy. Blind prospecting-rely on phone directory etc.

- **Preapproach (Preparing)**

Review key decision makers esp. for business to business, but also family assess credit histories. Prepare sales presentations and identify product needs. Helps present the presentation to meet the prospects needs.

- **Approaching the Customer**

Manner in which the sales person contacts the potential customer. First impression of the sales person is Lasting and therefore important.

Strive to develop a relationship rather than just push the product.

Can be based on referrals, cold calling or repeat contact.

- **Making the Presentation**

Need to attract and hold the prospects Attention to stimulate Interest and stir up Desire in the product so the potential customer takes the appropriate Action. AIDA

Try to get the prospect to touch, hold or try the product. Must be able to change the presentation to meet the prospect needs.

### Three types of presentations:

1. Stimulus Response Format: Appropriate stimulus will initiate a buy decision, use one appeal after another hoping to hit the right button...Counter Clerk @ McDonald's "Would you like fries with your burger?"



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2. Formula Selling Format: (Canned Sales Presentation) memorized, repetitive, given to all customers interested in a specific product.
  - Good for inexperienced sales people.
  - Better with heavily advertised items that are presold.
  - Telemarketing a credit card!!
3. Need Satisfaction Format: Based on the principal that each customer has a different set of needs/desires., therefore the sales presentation should be adapted to the individual customer's needs, this is a key advantage of personal selling vs. advertising.
  - Sales person asks questions first, then makes the presentation accordingly.
  - Need to do homework, listen well and allow customers to talk etc.
  - Must answer two types of questions:
    - for more information
    - overcome objections.

## Overcoming Objections

- Seek out objections and address them.
- Anticipate and counter them before the prospect can raise them.
- Try to avoid bringing up objections that the prospect would not have raised.
- Price objection is the most common need to provide customers with reasons for the \$s, build up the value before price is mentioned. Must be convinced of price in own mind before you can sell to customer.
- Get budget info. on buyer before you try to sell, and must know what they want, must sell service on top of product augmented product--to create value!!
- Must know value of product, provide warranties etc.!!

## Closing

- Ask prospect to buy product/products. Use trial closes, IE ask about financial terms, preferred method of delivery.
- 20% sales people generally close 80% sales., Avon, over 1/2 US \$1.4 bn business from 17% of 415,000 SRs.
- Need to be prepared to close at any time. The following are popular closing techniques:
  - Trial Close (Minor decision close)
  - Assumptive close (Implied consent close)
  - Urgency close
  - Ask for the sale close
- If prospect says no, they may just need more reasons to buy!!

## Following Up



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- Must follow up sale, determine if the order was delivered on time, installation OK etc. Also helps determine the prospects future needs. Accomplishes four objectives:
  - customer gain short term satisfaction
  - referrals are stimulated
  - in the long run, repurchase
  - prevent cognitive dissonance
- Stay a few minutes after sale--reinforce, make them feel good, made wise choice, leave small gift (with co. name on it!!), call office at any time etc!!
- Follow up, reinforce, know birthdays, new year etc, friendly correspondence...relationship building!!

## CHANNEL MANAGEMENT DECISIONS

### SELECTION

We have to consider the following factors for the selection of channel of distribution:

#### (i) Product:

Perishable goods need speedy movement and shorter route of distribution. For durable and standardized goods, longer and diversified channel may be necessary. Whereas, for custom made product, direct distribution to consumer or industrial user may be desirable.

Also, for technical product requiring specialized selling and serving talent, we have the shortest channel. Products of high unit value are sold directly by travelling sales force and not through middlemen.

#### (ii) Market:

(a) For consumer market, retailer is essential whereas in business market we can eliminate retailing.

(b) For large market size, we have many channels, whereas, for small market size direct selling may be profitable.

(c) For highly concentrated market, direct selling is preferred whereas for widely scattered and diffused markets, we have many channels of distribution.

(d) Size and average frequency of customer's orders also influence the channel decision. In the sale of food products, we need both wholesaler and retailer.





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Customer and dealer analysis will provide information on the number, type, location, buying habits of consumers and dealers in this case can also influence the choice of channels. For example, desire for credit, demand for personal service, amount and time and efforts a customer is willing to spend-are all important factors in channels choice.

(iii) Middlemen:

- (a) Middlemen who can provide wanted marketing services will be given first preference.
- (b) The middlemen who can offer maximum co-operation in promotional services are also preferred.
- (c) The channel generating the largest sales volume at lower unit cost is given top priority.

(iv) Company:

- (a) The company's size determines the size of the market, the size of its larger accounts and its ability to set middlemen's co-operation. A large company may have shorter channel.
- (b) The company's product-mix influences the pattern of channels. The broader the product-line, the shorter will be the channel.

If the product-mix has greater specialization, the company can favor selective or exclusive dealership.

- (c) A company with substantial financial resources may not rely on middlemen and can afford to reduce the levels of distribution. A financially weak company has to depend on middlemen.
- (d) New companies rely heavily on middlemen due to lack of experience.
- (e) A company desiring to exercise greater control over channel will prefer a shorter channel as it will facilitate better co-ordination, communication and control.
- (f) Heavy advertising and sale promotion can motivate middlemen in the promotional campaign. In such cases, a longer chain of distribution is profitable.



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Thus, quantity and quality of marketing services provided by the company can influence the channel choice directly.

## (v) Marketing Environment:

During recession or depression, shorter and cheaper channel is preferred. During prosperity, we have a wider choice of channel alternatives. The distribution of perishable goods even in distant markets becomes a reality due to cold storage facilities in transport and warehousing. Hence, this leads to expanded role of intermediaries in the distribution of perishable goods.

## (vi) Competitors:

Marketers closely watch the channels used by rivals. Many a time, similar channels may be desirable to bring about distribution of a company's products. Sometimes, marketers deliberately avoid channels used by competitors. For example, company may by-pass retail store channel (used by rivals) and adopt door-to-door sales (where there is no competition).

## (vii) Customer Characteristics:

This refers to geographical distribution, frequency of purchase, average quantity of purchase and numbers of prospective customers.

## (viii) Channel Compensation:

This involves cost-benefit analysis. Major elements of distribution cost apart from channel compensation are transportation, warehousing, storage insurance, material handling distribution personnel's compensation and interest on inventory carried at different selling points.

Distribution Cost Analysis is a fast growing and perhaps the most rewarding area in marketing cost analysis and control.

Most manufacturers of products use marketing intermediaries to sell their products to the consumers. The marketing intermediaries make up a marketing channel (distribution channel or a trade channel). The marketing channel overcomes the time, place, and possession gaps that separate goods and services from those who need or want them.\_



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## Marketing Intermediaries and Their Functions

Most manufacturers of products use marketing intermediaries to sell their products to the consumers. The marketing intermediaries make up a marketing channel (distribution channel or a trade channel). —Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption. The marketing channel overcomes the time, place, and possession gaps that separate goods and services from those who need or want them. Some of the functions that channel

members perform are: Information, Promotion, Negotiation, Ordering, Financing, Risk taking, Physical possession and Payment

## Channel Levels

A zero level channel is direct marketing between producer and consumer. In one level channel a retailer is between producer and consumer.

Two level channels have wholesaler and retailer. Still longer channels also exist in some industries.

Channel design decisions involve analyzing customers' desired service levels, channel objectives of the firm. Customers' desired service levels have researched in the areas of waiting time, spatial convenience, product variety and service backup. The major design decisions include the type of intermediary, number, terms and responsibilities of intermediaries. An economic criterion is to be applied in final design of the channel. The channel management decisions include selection of channel members, motivating the channel members to promote and achieve sales, and evaluation and modification of arrangements. Modifications of distribution system are required when the current system is not working as planned and not delivering the desired results.

## CHANNEL POWER

Strong channel partners often wield what's called channel power and are referred to as channel leaders, or channel captains. In the past, big manufacturers like Procter & Gamble and Dell were often channel captains. But that is changing. More often today, big retailers like Walmart and Target are commanding more channel power. They have millions of customers and are bombarded with products wholesalers and manufacturers want them to sell. As a result, these retailers increasingly are able to call the shots. In other words, they get what they want.

Category killers are in a similar position. Consumers like you are gaining marketing channel power, too. Regardless of what one manufacturer produces or what a local retailer has available, you can use the Internet to find whatever product you want at the best price available and have it delivered when, where, and how you want.



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## **Channel Conflict**

A dispute among channel members is called a channel conflict. Channel conflicts are common. Part of the reason for this is that each channel member has its own goals, which are unlike those of any other channel member. The relationship among them is not unlike the relationship between you and your boss (assuming you have a job). Both of you want to serve your organization's customers well. However, your goals are different. Your boss might want you to work on the weekend, but you might not want to because you need to study for a Monday test.

All channel members want to have low inventory levels but immediate access to more products. Who should bear the cost of holding the inventory? What if consumers don't purchase the products? Can they be returned to other channel members, or is the organization in possession of the products responsible for disposing of them? Channel members try to spell out details such as these in their contracts.

No matter how —airtightll their contracts are, there will still be points of contention among channel members. Channel members are constantly asking their partners, —What have you done (or not done) for me lately?ll Wholesalers and retailers frequently lament that the manufacturers they work with aren't doing more to promote their products—for example, distributing coupons for them, running TV ads, and so forth—so they will move off store shelves more quickly. Meanwhile, manufacturers want to know why wholesalers aren't selling their products faster and why retailers are placing them at the bottom of shelves where they are hard to see. Apple opened its own retail stores around the country, in part because it didn't like how its products were being displayed and sold in other companies' stores.

Channel conflicts can also occur when manufacturers sell their products online. When they do, wholesalers and retailers often feel like they are competing for the same customers when they shouldn't have to. Likewise, manufacturers often feel slighted when retailers dedicate more shelf space to their own store brands. Store brands are products retailers produce themselves or pay manufacturers to produce for them. Because a retailer doesn't have to promote its store brands to get them on its own shelves like a —regularll manufacturer would, store brands are often priced more cheaply. And some retailers sell their store brands to other retailers, creating competition for manufacturers.

## **Vertical versus Horizontal Conflict**

The conflicts we've described so far are examples of vertical conflict. A vertical conflict is conflict that occurs between two different types of members in a channel—say, a manufacturer, an agent, a wholesaler, or a retailer. By contrast, a horizontal conflict is conflict that occurs between organizations of the same type—say, two manufacturers that each want a powerful wholesaler to carry only its products.



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Horizontal conflict can be healthy because it's competition driven. But it can create problems, too. In 2005, Walmart experienced a horizontal conflict among its landline telephone suppliers. The suppliers were in the middle of a price war and cutting the prices to all the retail stores they sold to. Walmart wasn't selling any additional phones due to the price cuts. It was just selling them for less and making less of a profit on them. Michael Hitt, Stewart Black, and Lyman Porter, *Management*, 2nd ed. (Upper Saddle River, NJ: Prentice Hall, 2009), chap. 5.

Channel leaders like Walmart usually have a great deal of say when it comes to how channel conflicts are handled, which is to say that they usually get what they want. But even the most powerful channel leaders strive for cooperation. A manufacturer with channel power still needs good retailers to sell its products; a retailer with channel power still needs good suppliers from which to buy products. One member of a channel can't squeeze all the profits out of the other channel members and still hope to function well. Moreover, because each of the channel partners is responsible for promoting a product through its channel, to some extent they are all in the same boat. Each one of them has a vested interest in promoting the product, and the success or failure of any one of them can affect that of the others.

Flash back to Walmart and how it managed to solve the conflict among its telephone suppliers: Because the different brands of landline telephones were so similar, Walmart decided it could consolidate and use fewer suppliers. It then divided its phone products into market segments—inexpensive phones with basic functions, midpriced phones with more features, and high-priced phones with many features. The suppliers chosen were asked to provide products for one of the three segments. This gave Walmart's customers the variety they sought. And because the suppliers selected were able to sell more phones and compete for different types of customers, they stopped undercutting each other's prices. Michael Hitt, Stewart Black, and Lyman Porter, *Management*, 2nd ed. (Upper Saddle River, NJ: Prentice Hall, 2009), chap. 5.

One type of horizontal conflict that is much more difficult to manage is dumping, or the practice of selling a large quantity of goods at a price too low to be economically justifiable in another country. Typically, dumping can be made possible by government subsidies that allow the company to compete on the basis of price against other international competitors who have to operate without government support, but dumping can also occur due to other factors. One goal of dumping is to drive competitors out of a market, then raise the price. Chinese garlic producers were accused of this practice in the early 2000s, and when garlic prices soared due to problems in China, other countries' producers were unable to ramp back up to cover the demand. U.S. catfish farmers have recently accused China of the same strategy in that market. While there are global economic agreements that prohibit



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dumping and specify penalties when it occurs, the process can take so long to right the situation that producers have already left the business.

### **Achieving Channel Cooperation**

What if you're not Walmart or a channel member with a great deal of power? How do you build relationships with channel partners and get them to cooperate with you? One way is by emphasizing the benefits of working with your firm. For example, if you are a seller whose product and brand name are in demand, you want to point out how being one of its —authorized sellers— can boost a retailer's store traffic and revenues.

Oftentimes companies produce informational materials and case studies showing their partners how they can help boost their sales volumes and profits. Channel partners also want to feel assured that the products coming through the pipeline are genuine and not knockoffs and that there will be a steady supply of them. Your goal is to show your channel partners that you understand issues such as these and help them generate business.

Sometimes the shoe is on the other foot—retailers have to convince the makers of products to do business with them instead of the other way around. Beauty.com, an online retailer, is an example. Selling perfumes and cosmetics online can be difficult because people want to be able to smell and feel the products like they can at a department store. But Beauty.com has been able to convince the makers of more than two hundred upscale cosmetic brands that selling their products on its Web site is a great deal and can increase their revenues. To reassure sellers that shoppers can get personalized service, Beauty.com offers the site's visitors free samples of products and the ability to chat live online with skin and hair care consultants.

Producing marketing and promotional materials their channel partners can use for sales purposes can also facilitate cooperation among companies. In-store displays, brochures, banners, photos for Web sites, and advertisements the partners can customize with their own logos and company information are examples.

Educating your channel members' sales representatives is an extremely important part of facilitating cooperation, especially when you're launching a new product. The reps need to be provided with training and marketing materials in advance of the launch so their activities are coordinated with yours. Microsoft is a company that does a good job of training its partners. Before launching operating systems such as Windows XP and Vista, Microsoft provides thousands of its partners with sales and technical training.

In addition, companies run sales contests to encourage their channel partners' sales forces to sell what they have to offer. Offering your channel partners certain monetary incentives, such as discounts for selling your product, can help, too.





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And what happens to any unsold inventory? It gets returned back up in the channel in the next accounting period, taking a toll on the —stuffers'll sales numbers.

Lastly, you don't want to risk breaking the law or engage in unfair business practices when dealing with your channel partners. Another issue channel partners sometimes encounter relates to resale price maintenance agreements. A resale price maintenance agreement is an agreement whereby a producer of a product restricts the price a retailer can charge for it.

The producers of upscale products often want retailers to sign resale price maintenance agreements because they don't want the retailers to deeply discount their products. Doing so would —cheapenll their brands, producers believe. Producers also contend that resale price maintenance agreements prevent price wars from breaking out among their retailers, which can lead to the deterioration of prices for all of a channel's members.

Both large companies and small retail outlets have found themselves in court as a result of price maintenance agreements. Although the U.S. Supreme Court hasn't ruled that all price maintenance agreements are illegal, some states have outlawed them on the grounds that they stifle competition. In some countries, such as the United Kingdom, they are banned altogether. The safest bet for a manufacturer is to provide a —suggested retail pricell to its channel partners.

## **Channel Integration: Vertical and Horizontal Marketing Systems**

Another way to foster cooperation in a channel is to establish a vertical marketing system. In a vertical marketing system, channel members formally agree to closely cooperate with one another. A vertical marketing system can also be created by one channel member taking over the functions of another member; this is a form of disintermediation known as vertical integration.

Procter & Gamble (P&G) has traditionally been a manufacturer of household products, not a retailer of them. But the company's long-term strategy is to compete in every personal-care channel, including salons, where the men's business is underdeveloped. In 2009, P&G purchased The Art of Shaving, a seller of pricey men's shaving products located in upscale shopping malls. P&G also runs retail boutiques around the globe that sell its prestigious.

**Vertical integration can be forward, or downstream, as in the case of P&G just described. Backward integration occurs when a company moves upstream in the supply chain—that is, toward the beginning. An example occurred when Walmart bought**



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McLane, a grocery warehousing and distribution company. As much as physical facilities, Walmart also wanted McLane's operating knowledge in order to improve its own logistics.

Franchises are another type of vertical marketing system. They are used not only to lessen channel conflicts but also to penetrate markets. Recall that a franchise gives a person or group the right to market a company's goods or services within a certain territory or location. Don Daszkowski, —What Is a Franchise,|| About.com, <http://franchises.about.com/od/franchisebasics/a/what-franchises.htm> (accessed December 12, 2009). McDonald's sells meat, bread, ice cream, and other products to its franchises, along with the right to own and operate the stores. And each of the owners of the stores signs a contract with McDonald's agreeing to do business in a certain way.

By contrast, in a conventional marketing system the channel members have no affiliation with one another. All the members operate independently. If the sale or the purchase of a product seems like a good deal at the time, an organization pursues it. But there is no expectation among the channel members that they have to work with one another in the future.

A **horizontal marketing system** is one in which two companies at the same channel level—say, two manufacturers, two wholesalers, or two retailers—agree to cooperate with another to sell their products or to make the most of their marketing opportunities, and is sometimes called horizontal integration. Via Technologies, a computer-chip maker that competes with Intel, has teamed up with a number of Chinese companies with no PC- manufacturing experience to produce \$200 netbooks. Via Technologies predicts that the new, cheaper netbooks the Chinese companies sell will quickly capture 20 percent of the market. Kathrin Hill, —Via to Help New PC Makers Enter the Netbook Market,||

Channel partners that wield channel power are referred to as channel leaders. A dispute among channel members is called a channel conflict. A vertical conflict is one that occurs between two different types of members in a channel. By contrast, a horizontal conflict is one that occurs between organizations of the same type. Channel leaders are often in the best position to resolve channel conflicts. Vertical and horizontal marketing systems can help foster channel cooperation, as can creating marketing programs to help a channel's members all generate greater revenues and profits.

**Multichannel distribution** is an efficient and productive system used by businesses to reach potential customers. This marketing system uses different methods to promote and sell products. Specifically, multichannel marketing uses research and analysis to reach specific target audiences. Additionally, **this system aims to use different distribution methods to create a return on investment for the business in a shorter period.**

## Advantages of Multichannel Marketing Systems



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An advantage of multichannel marketing systems is that they create reliable distribution channels that concentrate on different demographic populations. The target audience is the marketing term used to describe these demographic populations. Further, multichannel marketing systems contribute to the rapid growth of revenue and branding. The plethora of new channels available to businesses, such as the Internet, has drastically changed the infrastructure of multichannel marketing. For example, email, text messages, e-commerce services and technology in general create new and innovative multichannel opportunities for business.

Banners, text ads and blogs create a more competitive market where customers can compare similar products and services and view prices from different vendors at the same time. However, this also presents drawbacks for businesses. For example, server crashes, lack of inventory, cyber crimes and software updates can create problems within the multichannel marketing system. Additionally, as these systems become more complex and technology expands, multichannel marketing becomes more difficult to manage.

## **CONSUMER PROTECTION**

Consumers may be exposed to risks due to unsafe products- that is, he may be cheated, may have to pay a higher price etc. Thus; there is a need to provide adequate protection to consumers against such practices

### **Importance of Consumer Protection**

#### **(from Consumer's point of view)**

1. **Consumers Ignorance:** Majority of consumers are not aware of their rights and reliefs available to them as a result of which they are exploited. In order to save consumers from exploitation, consumer protection is needed.
2. **Unorganized Consumers:** In India consumers are still unorganized and there is lack of consumer organizations also, thus consumer protection is required.
3. **Widespread Exploitation of Consumers:** Consumers are exploited on large scale by means of various unfair trade practices and consumer protection is required to protect them from exploitation.

#### **From the point of Business**

1. **Long term Business Interest:** It is always in the interest of the business to keep its customer satisfied. Global competition could be won only after satisfying customers.



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Satisfied customers lead to repeat sales and help in increasing customer base of business.

2. Moral Justification: It is the moral duty of any business to take care of consumer interest & avoid any form of their exploitation & unfair trade practices like defective & unsafe products, adulteration, false and misleading advertising, hoardings, black marketing etc.

3. Business uses Resources of Society: Every business uses the resources of the society and thus it is their responsibility to work in the interest of the society.

4. Social Responsibility: A business has social responsibilities towards various groups like owners, workers, government, customers etc. Thus, customers should be provided qualitative goods at reasonable prices.

5. Government Intervention: If a business engages in any form of unfair trade practices then government takes action against it, which adversely affects its goodwill.

## **CONSUMER PROTECTION ACT, 1986 (CPA, 1986)**

1. Set up to protect and promote consumer interests through a speedy and inexpensive redressal of grievances.

2. Recognizes consumer rights

Redressal agencies— set up a three-tier agency to address consumer grievances.

### **Scope of the act-**

It is applicable to all types of undertaking:

- Large and small scale
- Private, public and co-operative sector
- Manufacturer or trader
- Firms supplying goods as well as services

### **Meaning of Consumer**



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1. Any person who buys any goods for a consideration. It includes any user of such goods with the approval of the buyer. But it does not include a person who obtains goods for resale or any commercial purpose.
2. Any person who avails any services for a consideration. It includes any beneficiary of such services but it does not include a person who avails such service for any commercial purpose.

## **Rights of a Consumer**

Consumer Protection Act, 1986 has provided six rights to the consumers, which are as follows:

1. **Right to Safety:** Consumer has the right to be protected against products, & services which are hazardous to health & life (should use ISI marked electronic device).
2. **Right to be Informed:** Consumer has right to have complete information about the product before buying it.

Consumer Protection class 12 Notes Business Studies

3. **Right to choose:** Consumer has a right to choose any product out of the available products as per his own decision making.
4. **Right to be heard:** Consumer has the right to file a complaint to be heard in case of dissatisfaction with goods or services (use of grievance cell)
5. **Right to Seek Redressal:** Consumer has the right to get relief in case the product or service falls short of his expectations or is dangerous. He may be provided with replacement/removal of defect or compensation for any loss. Various redressal forums are set up by the Govt. at National and State level.
6. **Right to consumer education:** Consumer has the right to acquire knowledge and to be well informed throughout life. He should be made aware of his rights and reliefs available to him in case of the product or service falls short of his expectations. The Govt. of India has included consumer education in the school curriculum & is making use of media to make consumers aware of their rights.

## **Responsibilities/Duties of a Consumer**



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## **Consumer Responsibilities:**

1. Ask for a cash memo
  - On purchase of goods or services. This would serve as a proof of the purchase made.
2. Be aware
  - About various goods and services available in the market so that an intelligent and wise choice can be made.
3. Buy only standardized goods
  - As they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewellery etc.
4. Follow manufacturer's instructions
  - Learn about the risks associated with products and services, and use the products safely.
5. Read labels carefully
  - So as to have information about prices, net weight, manufacturing and expiry dates, etc.
6. Assert yourself
  - To ensure that you get a fair deal.
7. Be honest in your dealings.
  - Choose only from legal goods and services and discourage unscrupulous practices like blackmarketing, hoarding etc.
8. File a complaint in an appropriate consumer forum
  - In case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.
9. Form consumer societies
  - Which would play an active part in educating consumers and safeguarding their interests.
10. Respect the environment.
  - Avoid waste, littering and contributing to pollution.

## **THE SALIENT FEATURES AND PROVISIONS OF CONSUMER PROTECTION ACT, 1986**

Who Can File A Complaint Under CPA, 1986





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A complaint before the appropriate consumer forum can be made by:

1. Any consumer.
2. Any registered consumer association.
3. The central or state government.
4. One or more consumers on behalf of numerous consumers having same interest.
5. A legal heir or representative of a deceased consumer.

Complaints can be filed and compensation claimed w.r.t:

- Fraudulent practices by traders and manufacturers
- Defective goods
- Deficiency in services in connection with 9 services such as banking, transportation, insurance, supply of electricity and gas, house construction, medical service

## **REMEDIES AVAILABLE TO CONSUMERS**

- Remove defect in goods and deficiency in services.
- Replace defective goods with one with no defects
- Refund price paid
- Pay a reasonable amount of compensation for any loss or injury suffered.
- Pay punitive damages in appropriate circumstances.
- Discontinue unfair/restrictive trade practice
- Not to offer hazardous goods and services for sale
- Withdraw hazardous goods from sale



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- Cease manufacturing hazardous goods
- Pay an amount to consumer welfare fund/ person (not less than 5%) to be utilized in the prescribed manner
- Issue corrective advertisement to neutralize the effect of misleading ads.
- Pay adequate costs to parties.

## **CONSUMER AWARENESS**

Some important consumer organization and NGO's engaged in protecting consumer interests are:

1. Consumer coordination council, Delhi.
2. Voluntary organization in Interest of Consumer Education, Delhi.
3. Mumbai Grahak Panchayat, Mumbai.
4. Consumer Association, Kolkata.
5. Consumer Unity and Trust Society Jaipur.

## **Role of Consumer organizations and NGO's**

1. Educating the general public about consumer rights by organizing training programmes, seminars and workshops.
2. Publishing periodical & other publications to educate consumers.
3. Providing legal assistance to consumers by providing legal advice etc.
4. Producing films or cassettes on food adulteration, misuse of drugs etc.
5. Filing complaints in appropriate consumer courts on behalf of consumers.
6. Encouraging consumers to take on action against unfair trade practices.



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7. Taking an initiative in filing cases in consumer courts on behalf of consumers.

## **Ways and Means of Consumer Protection**

### **1. Self Regulation by Business:**

- It is in the long-term interest of businesses to serve the customers well.
- Socially responsible firms follow ethical standards and practices in dealing with their customers.
- Many firms have set up their customer service and grievance cells to redress the problems and grievances of their consumers.

### **2. Business Associations:**

- Examples of associations of trade, commerce and business – Federation of Indian Chambers of Commerce of India (FICCI) and Confederation of Indian Industries (CII)
- They have laid down their code of conduct which lay down for their members the guidelines in their dealings with the customers.

### **3. Consumer Awareness:**

- A consumer, who is well informed about his rights and the reliefs available to him, would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitation.
- This enables them to understand their responsibilities and to safeguard their interests.

### **4. Consumer Organizations:**

- Force business firms to avoid malpractices and exploitation of consumers.

### **5. Government:**

- The most important of these regulations is the Consumer Protection Act, 1986. The Act provides for three-tier machinery at the district, state and national levels for redressal of consumer grievances.



## **IMPORTANT QUESTIONS**

1. Define promotion
2. List out component of promotion
3. Discuss the promotional mix strategy
4. Explain the importance of promotional strategy
5. Define distribution channels
6. Discuss the types of distribution channels
7. Explain the factors determinary distribution channels
8. Discuss the importance of distribution channels
9. Define Consumer Protection Act
10. Explain the Consumer protection councils
11. Discuss the functions of Consumer Guidance Society of India(CGSI)
12. Outline the need for Consumerism



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### CASE STUDIES

<b>Case Study Number</b>	1
<b>Level of Teaching</b>	L2
<b>Program Outcomes Covered</b>	PO3, PO4, PO6, PO7. PO8
<b>Course Outcome Covered</b>	C204.3
<p>The elevator market in India is around Rs. 450 cores. Otis India has a market share of around 70%, Bharat Bijile, ECE, Mitsubishi, Hyundai are competitive brands Otis has a network, of about, 70 centres. The company launched a chip driven elevator model Otis – 300`F priced between Rs. 18 lakh and 28 lakhs. Hotels form an important segment in this category as lifts are important to consumers. The microprocessor model takes an optimal combination of destinations ensuring a quick landing at respective destination (specific floor). The product is also likely to save energy costs significantly. Otis 300 F has to target new buildings as old buildings will not have the infrastructure to take on the new model. Otis has also models for a huge replacement market which may be integrated in new lifts. It may be noted that grill type of lifts have been banned and this market may be integrated in a _no- grill‘ lift at the lower end of the product line.</p> <p>(a) What are the segments that you identify for Otis 300F art of the technology lifts?</p> <p>(b) What should be your target marketing strategies in the above identified segments?</p> <p>(c) What would be your marketing strategies for further models in the replacement markets?</p>	

<b>Case Study Number</b>	2
<b>Level of Teaching</b>	L2
<b>Program Outcomes Covered</b>	PO3, PO4, PO6, PO7. PO8
<b>Course Outcome Covered</b>	C204.2
Vinod Rao, a sales executive of Zerise Documentation Ltd., encounters the	



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Head, Department of management studies of the University, to sell a photocopying machine. —We already have a photocopying machine. I am sorry Mr. Rao, we do not need any more machine, Says the Head —But that machine you have now is kept in the library and I understand that it is fully employed. You have a very large quantity of course materials to produce. I feel you need some more couplers, suggested Rao. —Look Mr. Rao, we have six typists, and the supervisor to produce course materials, we also have a duplicating machine and operator. This arrangement takes care of all our requirements. Though additional facilities are welcome, we can not afford the luxury of additional photocopier

—But ... sir!! pleaded Rao, when Head started moving towards registrar's office. —Please give an appointment for a later date!! requested Rao, —If you are very particular about meeting me, you may do so in next week. But I have already told that we do not need photocopiers now!! said the Head.

Analyze the above case and answer the following questions.

- 1) Should Rao treat it as a closed chapter or should he meet the head again?
- 2) Assume that Rao intends to visit the head again. Draw up a strategy which would enable him to make the head favorably disposed.





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## QUESTION BANK

### PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Describe briefly the significance of marketing research.
14. Explain the process of strategic planning.
15. How do you conduct test marketing?
16. Discuss the role of a sales manager in a consumer durable industry.
17. Explain the role of BCG matrix in marketing.
18. What are the strategies to be adopted in each stage of product life cycle?
19. Discuss the 'Emergence of Global Retailing'.

### PART C — (4 × 10 = 40 marks)

Answer Question No. 20 compulsorily and answer any

THREE questions from question No. 21 to 24.

All questions carry equal marks.

20. Explain the factors that influencing the distribution channels.
21. Briefly explain the pricing strategy.

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22. "Are great salesperson born or made"-Discuss.

23. Discuss how the awareness of consumer rights can be promoted through media.

24. What are the marketing advantages of branding? How branding facilitates the buyer behaviour?

3 77311/PMB2K



# MEASI Institute of Management

NOVEMBER 2012

77311/PMB2K

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

Define the following :

1. Marketing strategy.
2. PLC.
3. Wholesaling.
4. Warehouses.
5. Mark-up pricing.
6. Augmented product.
7. Discount stores.
8. Copy testing.
9. Branding.
10. Exclusive distribution.
11. Marketing research.
12. Product positioning.



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10. Explain the Role of Distribution.

11. State the different kinds of Advertising.

12. What is physical distribution.

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Explain the modern concept of marketing.

14. Discuss the different stages in Product Life Cycle.

15. Define marketing. Discuss the challenges that a marketer has to meet in Future.

16. Explain the consumer behaviour models of consumer goods and industrial goods.

17. Discuss the various sources of data for conducting marketing research.

18. What are the Qualities required for good salesman?

19. Why the New product fail in the market?

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PART C — (4 × 10 = 40 marks)

Answer question No. 20 compulsory and answer any THREE questions from question No. 21 to 24.

20. Explain the types of pricing methods and factors influencing pricing decisions.

21. Discuss the methods of available to evaluate the performance of channel. Participants for non durable items.

22. Discuss the conditions that might, necessitate an organization to practice.

(a) Re marketing.

(b) De marketing.

(c) Counter marketing.

(d) Synchro marketing.

(e) Stimulational marketing.

23. Explain advertising campaign and its importance.

24. Discuss the various consumer protection measures available in India.

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APRIL 2012

77311/PMB2K

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

1. Define stimulative marketing.
2. Define market segmentation.
3. Define marketing mix.
4. What is product development?
5. Define sales quota.
6. What are the problems of consumer-protection?
7. Write a short notes on "marketing research agencies".
8. What is meant by buying motives?
9. What are the objectives of pricing?





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NOVEMBER 2011

77311/PMB2K

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

1. State the objectives of marketing.
2. What do you mean by synchro marketing?
3. What is niche?
4. Define the term 'market'.
5. Who are target consumers?
6. What do you mean by sales forecast?
7. What is the difference between consumer and customer?
8. What do you mean by market targetting?
9. State the importance of market testing.

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10. What do you mean by brand loyalty?

11. Define the term 'Retailer'.

12. What is the basic aim of Advertising?

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Explain the customer satisfaction marketing concept.

14. Enlist the principles of direct marketing.

15. Explain any one sales forecasting technique.

16. Describe the stages in buying decision process.

17. Compare penetration price with skimming price.

18. Bring out different types of Advertising.

19. Explain the successful characteristic of a salesman.

2

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PART C — (4 × 10 = 40 marks)

Answer Question No. 20 is compulsorily and

Answer any THREE questions from  
Question No. 21 to 24.

20. Analyze the present Indian rural marketing environment and highlight the activity of any one Indian rural marketes.

21. Enumerate the steps involved in marketing Research Process.

22. Discuss the factors which influence the consumer behaviour.

23. Define trade mark. State the significance of trade mark in global market.

24. "Marketing is a religion where consumer is god"  
Highlighting the above statement and discuss about present day market scenario based on consumer orientation.

3

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APRIL 2011

77311/PMB2K

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

1. State the meaning of marketing.
2. What is marketing myopia?
3. Define direct marketing.
4. Define the term 'marketing strategy'.
5. Name any three macro environment.
6. What is segmentation?
7. Name any four sales forecasting technology.
8. State Maslow's hierarchy of need.
9. What is trademark?

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10. Name any four pricing methods used in global market.

11. What do you mean by personal selling?

12. What is consumerism?

**PART B — (5 × 5 = 25 marks)**

Answer any FIVE questions.

All questions carry equal marks.

13. Discuss the importance of e-marketing.

14. Explain the price based marketing strategy.

15. Enlist the principles of market segmentation.

16. Explain the various stages of Product Life Cycle (PLC).

17. Explain the steps in new product development.

18. Explain the functions of retailer.

19. Discuss any two methods using for evaluating the advertising effectiveness.

2

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**PART C — (4 × 10 = 40 marks)**

Answer question No. 20 is compulsorily.

Answer any THREE questions from Q. No 21 to 24.

All questions carry equal marks.

20. Discuss the different marketing strategy with suitable Indian examples.

21. Enumerate the steps involved in sales forecasting process.

22. Explain the importance of segmentation and discuss about various kinds of segmentation practices.

23. Discuss any two methods of pricing with limitation and advantages.

24. Elaborate — Middleman role in physical distribution channel.

3

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NOVEMBER 2010

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Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

Define the following :

1. E-Marketing.
2. Marketing Mix.
3. Market segmentation.
4. Buyer Behaviour.
5. Branding.
6. Labeling.
7. Sales promotions.
8. Wholesaling.
9. Promotions.



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10. Pricing.

11. Retailer.

12. Channel Intensity.

**PART B — (5 × 5 = 25 marks)**

Answer any FIVE questions.

All questions carry equal marks.

13. Explain the various factors that influence the Industrial Buying Behaviour.

14. Explain the techniques of sales forecasting.

15. Describe the various stages in product life cycle.

16. Explain the different methods channels of distribution.

17. Discuss the advantage of advertising.

18. Bring out the uses of market research.

19. Discuss how the market can be segmented.

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**PART C — (4 × 10 = 40 marks)**

Answer Question No. 20 compulsorily and answer any THREE questions from questions No. 21 to 24.

All questions carry equal marks.

20. Discuss the importance of Rural Marketing.

21. Explain the factors that influencing the consumer behaviour while buying a new product.

22. Discuss how the "awareness of consumer rights" can be promoted and achieved in a successful manner.

23. Discuss the different types of pricing policies.

24. Explain importance of packaging for a Branded Product.

3

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APRIL 2010

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Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

1. What is niche marketing?
2. State the objectives of marketing?
3. Who are target consumer?
4. What is difference between consumer and customer?
5. State the importance of market testing.
6. Define the term retailer.
7. Explain the steps involved in purchase decision.
8. What are the uses of market research?
9. Explain the importance of packaging.



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10. What is channel intensity?
11. Discuss the objectives of pricing policies.
12. Explain different types of advertising.

PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Explain the customer satisfaction market.
14. Explain any one sales forcecasting technique.
15. Compare penetration price with skimming price.
16. Explain the successful characteristics of salesman.
17. Discuss the evolution of marketing and importance of marketing to the society.
18. "Advertising brings long term benefit but sales promotion is for quicker result" – Comment.
19. Discuss the challenges faced by Rural Marketers.

2

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PART C — (4 × 10 = 40 marks)

Answer question no. 20 compulsorily and

Answer any THREE questions from question  
No. 21 to 24.

All questions carry equal marks.

20. What is marketing environment? Explain various marketing environmental factors.
21. "Consumerism in India" – discuss its growth and emerging trends.
22. Define AGMARK. State the significance of AGMARK in liberalised era.
23. Discuss the factors which influence the consumer behaviour for car purchasing.
24. Discuss in detail marketing strategy and its formulations steps.

3

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NOVEMBER 2009

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Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer any TEN questions.

All questions carry equal marks.

Define the following :

1. E-marketing.
2. Channel migration.
3. Marketing mix.
4. Macro environment.
5. Marketing research.
6. Buyer behaviour.
7. Market targeting.
8. Umbrella branding.
9. Skimming the cream.
10. Retailer.
11. Suggestive value.
12. Consumer protection.



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## PART B — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

13. Explain the concepts of marketing.
14. What are the advantages and limitations of e-marketing?
15. 'Identifying and analysing marketing opportunities are the concern of the marketing manager'. Elaborate.
16. Explain the benefits derived by the marketing manager by analysing macro environment.
17. Explain those factors influencing consumer behaviour.
18. Describe the different stages of new product development.
19. Suggest measures to protect the interest of consumers.

2

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## PART C — (4 × 10 = 40 marks)

Answer Question No. 20 is compulsorily and answer any THREE questions from Q. No. 21 to 24.

All questions carry equal marks.

20. Mr. Ajay Jindal has taken over charge of the city branch of Dependable Bank Ltd. While going through the records of the branch he finds that several clients of the branch make frequent complaints about delay in encashment of cheques and collection of outstation cheques. No systematic procedure is existing in the branch for handling these complaints. Some of the clients have closed their accounts in the branch because no attention was paid to their complaints. Mr. Jindal has decided to prevent the delay in the encashment and collection of cheques. He is also thinking of establishing a system for the quick redressal of customer complaints. Suggest appropriate ideas to Mr. Jindal.
21. You are facing a stiff competition in the FMCG segment. Having a network of retail outlets throughout India for footwear is your strength. Suggest competitive marketing strategies.
22. Suggest marketing strategies applicable to different stages of product life cycle.
23. Discuss in detail the different pricing strategies giving suitable examples.
24. Write a detailed note on the Awareness of consumer's rights in the market place. Give examples.

3

77311/PMB2K





# MEASI Institute of Management

NOVEMBER 2009

37369/GMA2L

Time : Three hours

Maximum : 80 marks

SECTION A — (7 × 2 = 14 marks)

Write short note any SEVEN questions.

All questions carry equal marks.

Define the following :

1. Marketing.
2. Marketing Mix.
3. Market segmentation.
4. Buyer behaviour.
5. Marketing research.
6. Branding.
7. Cost-plus pricing.
8. Advertising theme and copy.
9. Sales quota.
10. Wholesale trade.

SECTION B — (5 × 6 = 30 marks)

Answer ALL questions.

All questions carry equal marks.

11. (a) "The present-day marketing is consumer-oriented". Explain its objectives.

Or

- (b) What are the benefits of marketing concept?



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12. (a) Market segmentation is important for target markets. Elaborate with examples.

Or

(b) Write notes on :

- (i) Life style
- (ii) Social class
- (iii) Reference group
- (iv) Customs.

13. (a) Explain the role of sales forecasting in marketing.

Or

(b) What are the managerial decision areas covered by marketing research?

14. (a) Discuss the strategies relating to product planning and development.

Or

(b) Distinguish between single pricing and variable pricing policies.

15. (a) How advertising enables a firm to develop brand preference and brand loyalty?

Or

(b) Define a channel of distribution. Indicate the relative importance of different channels.

2

37369/GMA2L

SECTION C — (3 × 12 = 36 marks)

Answer any THREE questions.

All questions carry equal marks.

16. "The marketing planning and control can be considered as the nerve-centre of marketing management" – Elucidate.

17. Discuss the stages in the product life cycle. What is the significance of product life cycle in the marketing mix?

18. Discuss the scope and importance of sales organisation.

19. What are the typical functions of middlemen in distribution? Evaluate the role and utility of these middlemen.

20. What are the marketing advantages of branding? How branding facilitates the buyer behaviour?

3

37369/GMA2L





# MEASI Institute of Management

APRIL 2008

37310/RBTL/RSTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the meaning of following terms :
  - (a) Demarketing
  - (b) Remarketing.
2. Briefly explain the following terms :
  - (a) Merchandising
  - (b) Distribution.
3. Briefly explain the elements of marketing mix.
4. Briefly explain the societal marketing concept.
5. List out some of the buying motives of customer with example.
6. Briefly explain the following term :
  - (a) Skimming pricing
  - (b) Penetration pricing.
7. Briefly explain the term "AIDAS".
8. List out the role of sales person.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the various states of demand and the corresponding marketing tasks with example.
10. Explain the marketing research process.
11. What is meant by product? Explain the different stages involved in product life cycle.
12. What are the factors that contribute to price sensitivity? Explain with example.
13. What are the factors influencing the distribution decisions? Explain with example.
14. Discuss the principles of marketing warfare with example.

PART C — (1 × 15 = 15 marks)

Compulsory.

15. An appliance manufactures is considering the introduction of new micro-wave oven that cooks food three times as fast as competitive ovens while selling at about the same price. Identify the product characteristics that will influences the new oven's rate of acceptance.



# MEASI Institute of Management

NOVEMBER 2008

37310/RBTL/RSTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Differentiate marketing and selling.
2. Write the approach to the study of marketing.
3. Write the meaning of product and classify the consumer products.
4. Briefly explain the following term :-
  - (a) Niche marketing strategy
  - (b) Confrontation marketing strategy.
5. Describe the kinds of packaging.
6. Describe the key terms in forecasting.
7. Describe the good Qualities of sales manager.
8. Describe the main objectives of any pricing decision.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the evolution of marketing with example.
10. Explain the stages of New Product development.
11. Explain the different pricing strategies with example.
12. Explain the factors influencing in advertising decisions.
13. Explain the types of middle men and their roles.
14. Explain the factors influences of buyer behaviour.

PART C — (15 marks)

(Compulsory)

15. Discuss the sales strategies adopted by deals of consumer durable products in the current recessionary period, to increase the sales of their product.



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17. Conduct an environmental analysis for either automobile sector or airlines sector with marketing focus.

18. Explain the bases for market segmentation of :

- (a) Tooth pastes
- (b) Bicycles.
- (c) Web sites.
- (d) Industrial equipments.

19. Explain the trends in packaging.

20. Compare and contrast advertising with sales promotion.

NOVEMBER 2008

37369/GMA2L

Time : Three hours

Maximum : 80 marks

PART A — (7 × 2 = 14 marks)

Answer any SEVEN questions.

All questions carry equal marks.

Write short notes on the following.

1. Societal marketing.
2. EDI.
3. Industrial market segmentation bases.
4. Time series method of sales forecasting.
5. Choice set in buyer behaviour.
6. Niche marketing.
7. Brand deletions.
8. Drop error in NPD.
9. Retail designs.
10. DAGMAR.



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## PART B — (5 × 6 = 30 marks)

Answer FIVE questions.

All questions carry equal marks.

11. (a) "Marketing only creates expenditure and is wasteful" - Discuss.

Or

- (b) "Online marketing can only cause customer attrition" - Evaluate

12. (a) "Marketing mix for services are different to that of products" - Discuss.

Or

- (b) Explain the marketing research process with an illustration.

13. (a) Enumerate and explain the individual social factor that influence consumer behaviour.

Or

- (b) Discuss the conglomerative competitive strategies adopted by any two players in FMCG.

2

37369/GMA2L

14. (a) Evaluate the product mix strategies of any two companies among the following :

- (i) LG
- (ii) ITC
- (iii) HUL
- (iv) Godrej
- (v) Anchor.

Or

- (b) Describe the strategies to be followed in fixing price for high involvement products.

15. (a) Enumerate the need for IMC in promotions with illustrations.

Or

- (b) Discuss the selection techniques for sales force.

## PART C — (3 × 12 = 36 marks)

Answer any THREE questions.

All questions carry equal marks.

16. Explain the concepts of marketing in the Indian context.

3

37369/GMA2L



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19. Explain the pricing strategies to be followed for :

- (a) Low involvement products
- (b) High involvement products.

20. Compare and contrast the functions of retailing with wholesaling in the Indian context.

APRIL 2008

37369/GMA2L

Time : Three hours

Maximum : 80 marks

PART A — (7 × 2 = 14 marks)

Write short notes any SEVEN questions.

Each question carries 2 marks.

1. Demarketing.
2. Marketing myopia.
3. Fifth 'p' of marketing mix.
4. Descriptive research.
5. Patronage motive of buying behaviour.
6. Perceptual map.
7. Go error in new product development.
8. Transfer pricing.
9. Retail formats.
10. Tie in promotions.

37369/GMA2L





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PART B — (5 × 6 = 30 marks)

Answer ALL the questions.

Each question carries 6 marks.

11. (a) "Marketing will have to depend on other functions of management" — Discuss.

Or

- (b) "Online marketing may not succeed as long as FMCG's exist" — Evaluate.

12. (a) Explain the steps in marketing planning process.

Or

- (b) Describe any three methods of sales forecasting.

13. (a) Explain the buying decision process for

(i) Apartments

(ii) Motor bikes

(iii) Ice creams.

Or

- (b) Explain the strategies adopted by market followers in India.

2

37369/GMA2L

14. (a) Enumerate the role played by packaging in marketing.

Or

- (b) Describe the test marketing stage of NPD.

15. (a) What is sales force motivation? Explain the steps and methods.

Or

- (b) Write a detailed note on below the line promotions.

PART C — (3 × 12 = 36 marks)

Answer any THREE questions.

Each question carries 12 marks.

16. "Marketing has undergone tremendous changes since liberalisation in India" — Comment.

17. What are Services? Explain the marketing mix elements of services.

18. What is diffusion of innovation? Explain the process with illustration.

3

37369/GMA2L





# MEASI Institute of Management

NOVEMBER 2007 **NCIM LIBRARY** 37310/RBTL/RSTL  
CHENNAI-600 014

Time : Three hours Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What do you mean by marketing and describe the main functions performed by marketing management?
2. Explain SWOT analysis in detail.
3. Describe the different classification of industrial goods.
4. What is market segmentation? Why would a company want to segment its markets?
5. What errors are likely to arise during the course of a research study?
6. Highlight the factors influencing pricing decisions?
7. What do you mean by distribution? Explain the types of distribution channels for consumer goods.
8. Write down the primary responsibility of a sales person.



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## PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the term marketing mix. Describe the components of marketing mix.
10. Write down the factors which influencing buyer behaviour.
11. Describe the bases for segmenting consumer and industrial market.
12. Explain the sequential steps involved in a marketing research process.
13. Elucidate different stages in product life cycle and explain the strategies at various stages of PLC.
14. What pricing strategy would you recommend for (a) a new firm? (b) a new product. Give reasons.

## PART C — (1 × 15 = 15 marks)

Compulsory

15. As more people are pressed for time, shopping has taken on a new look focusing on convenience and speed. In this respect, several internet retailers pose serious threats to their more traditional counterparts. One such company is eToy. The company attempts to reduce the

amount of steps needed to buy a toy and provide hassle and kid-free shopping for busy parents. Given that some groups have less time to devote to shopping, can one expect their purchase behaviour to change from an optimizing to a satisfying strategy? Analyse the role of the internet retailer in this dynamic condition.



# MEASI Institute of Management

NOVEMBER 2006

37310/RBTL/RSTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

1. Differentiate between product concept Vs selling concept.
2. Briefly explain the four elements in marketing mix.
3. List out the objectives of Marketing Research.
4. Discuss about industrial buyer behaviour.
5. Explain the concept of positioning. Suggest suitable examples.
6. What are the benefits of packaging?
7. What are the objectives of pricing strategies?
8. While designing the copy, what factors you would consider?



# MEASI Institute of Management

## PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

9. Explain in detail different types of sales forecasting techniques.
10. Define market segmentation. Suggest suitable basis of segmenting the market for the following products.
  - (a) Moisturiser Lotion
  - (b) Air coolers
  - (c) Decorative lamps.
11. Discuss the process of new product development and the significance of each stage.
12. What are the functions of middlemen? Can we eliminate them?
13. Explain sales promotion. What sales promotion strategies you would recommend for the following products.
  - (a) Laptop computers.
  - (b) Tourist operator
  - (c) Lipstick.
14. Identify the hurdles in e-marketing. Suggest suitable means to overcome.

2

37310/RBTL/RSTL

## PART C — (15 marks)

Case Analysis :

(Compulsory)

15. Edutech Ltd., was established in 2002 at Bangalore with an aim of producing and marketing educational CD's. The company targetted mainly High school and higher secondary school students. They focussed Tamil Nadu market (both state and CBSE syllabus) and made moderate success. They offered CD's covering all subjects with lot of animations. Now, to improve sales and expand its market it has entered with technical collaboration with Globe tech, U.K. to produce quality CD's.

The company has decided to create more awareness about its product by advertising.

As V.P. of an reputed ad agency suggest suitable answer for the following issues.

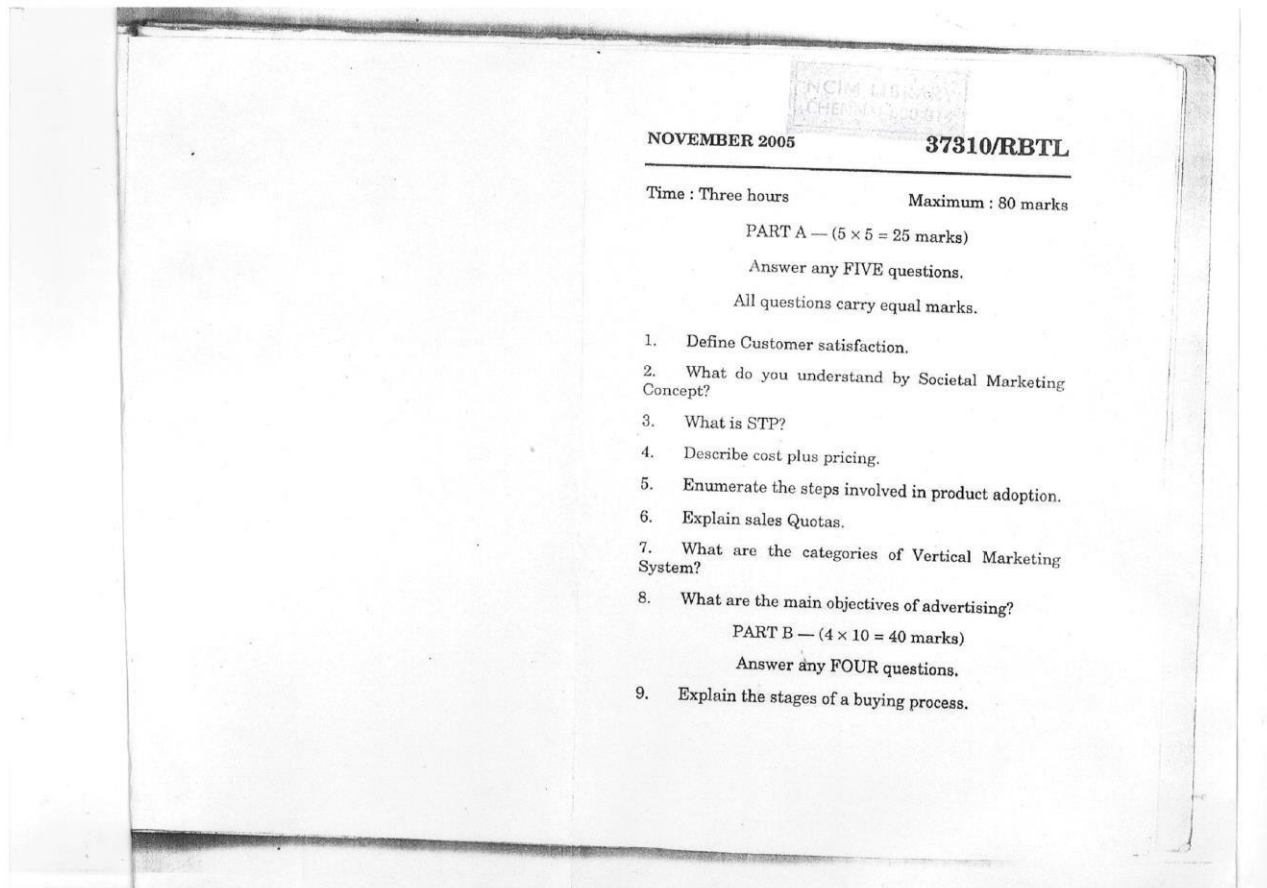
- (a) Selection of media or media mix
- (b) Provide criteria for choosing a particular media
- (c) How to measure the effectiveness of the media?

3

37310/RBTL/RSTL



# MEASI Institute of Management



NOVEMBER 2005

37310/RBTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Define Customer satisfaction.
2. What do you understand by Societal Marketing Concept?
3. What is STP?
4. Describe cost plus pricing.
5. Enumerate the steps involved in product adoption.
6. Explain sales Quotas.
7. What are the categories of Vertical Marketing System?
8. What are the main objectives of advertising?

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

9. Explain the stages of a buying process.





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10. "Pricing plays an important role while introducing new product in to the market". Explain.
11. What is Marketing Communication Mix?
12. "Wholesaling plays a vital role in Physical distribution". What are the functions of the wholesalers?
13. State and explain the various tools of sales promotion.
14. Discuss the marketing strategies that an organisation may use in the growth stage of a product.

## PART C — (15 marks)

### CASE STUDY

15. Ram and Co. manufactured a line of packaging machinery and distributed its products to a wide variety of consumers goods packagers throughout the country. The Company was small by most industry standards. Yet it enjoyed a fine reputation as a producer of quality packaging machinery. The Ram Salesforce was considered one of the company's assets.

The company was in the process of a full scale evaluation of its promotional programme. In reality, it was an evaluation of the personnel selling programme since, except occasional display at package exhibitions there were not to speak of on the non personal side. The firm's entire promotional programme consisted of personnel selling. No advertising was done currently,

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although several years back the company had done a limited amount of advertising in trade publications. However, this was soon discontinued because the management was unable to measure the advertising's effect and was doubtful of its value.

Mr. Ram, Managing Director of Marketing, had ordered a complete appraisal of Ram and Co.'s promotional programme to determine its effectiveness and especially to reconsider the feasibility of its no advertising approach. He had noticed that most of Ram's competitors, although they too rely heavily on personnel selling, did considerable advertising. He wondered whether or not he was mistaken — as to the value of advertising, that perhaps a mix of personnel selling and advertising, would result in a more effective promotional programme.

Should Ram's Company engage in advertising? What factors influence the inputs that should be incorporated in a promotional programme?

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APRIL 2006

37310/RBTL/RSTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is the core concept of marketing? Explain in detail.
2. Explain between strategic planning gap.
3. Discuss : Marketing Research process.
4. List out the different kinds of positioning strategy available.
5. Explain the method of calculating the target-return pricing.
6. Discuss the causes of channel conflict.
7. What are the major business promotion tools? Explain briefly.
8. Explain the qualitative wages of evaluating the sales representatives.



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## PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Explain the buying decision process with suitable example.
10. What is market expansion grid?
11. Discuss the requirements for effective segmentation.
12. State the different brand strategies a firm can adopt.
13. Highlight the different phases in the maturity stage of PLC and the strategies suitable to implement.
14. What are the elements that constitute promotional-mix? Illustrate each element with an example.

## PART C — (15 marks)

Case Study (Compulsory)

15. The marketing manager and product manager had been discussing about need for test marketing the product to get the feedback about a new product-toilet soap. Company made unique promise of "Pure soap made from pure vegetable oils".

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Product manager suggested that Palakad and Bangalore could be selected as test towns. Palakad being a market which is likely to respond this unique benefit of purity and Bangalore representing cosmopolitan population. It was decided to test the product for a period of 12 to 25 weeks.

Product manager decided to give recommendations on extension of the product nationally, based on the performance in test markets. Marketing manager thought that it would be appropriate to use the sales of its existing brand as bench mark. V.P. (sales) decided to arrange for a market survey among customers after 2 weeks of introduction.

- (a) Suggest a suitable research design.
- (b) What type of information are required to evaluate the test market reaction?
- (c) Develop a rough questionnaire.

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(6 pages)

NOVEMBER 2004

37310/RBTL

Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Describe focus group research.
2. What is value chain?
3. What is competitive parity method?
4. Why is there a need for customer retention?
5. How are consumer goods classified?
6. What is Geocustering?
7. What is going rate pricing and in which type of industry it is used the most?
8. Explain the steps in adoption process.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. How does political-legal environment persisting in the world affect business?
10. "Wholesaling play a vital role in physical distribution". What are the functions of the wholesalers?
11. "There are several factors which need to be considered while setting an advertising budget". Explain.
12. "Pricing plays an important role while introducing new product into the market". Explain.
13. What are the major challenges faced by the marketer in the liberalised economy?
14. What are the benefits and limitations of segmenting the market?





# MEASI Institute of Management

PART C — (1 × 15 = 15 marks)

Case Study.

Answer the following question compulsorily.

## BISLERY WATER – II

15. Bisleri was able to build the generic brand image but its distribution was not of its match. Due to this the company was not getting the major share of the mineral water market. With the ad campaign the company was successful to create the customer pull but there was a lacuna in the retail push. Distribution being the key factor as consumer will pick whatever is conveniently available and pushed by the retailer. Bisleri has introduced attractive schemes to push the five litre bottles and margins are as high as Rs. 8. Detractors feel that, in the long run, retailers will not push this. They say that after the scheme is over, margins will come down to Rs. 4 and retailers earn a margin of Rs. 3 on one litre bottles any way. Chauhan is selling the five-litre pack on a returnable basis that has also come under criticism. Says one, "Bisleri will be taking the packs back and refilling them. But the packs cannot be sterilized since the material used is PET and cannot withstand high temperature. So how can they ensure purity?" Sethi, director, Aqua Bisleri, explains, "We subject the bottles to chlorine washes, hot water washes and ozone washes before we refill the bottles".

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In order to improve availability, he is also focusing on extending his direct distribution system. Currently, Bisleri has around 80,000 outlets in the country with about 12,000 each in the metros of Delhi and Mumbai. The company intends to increase that to 10 lakh outlets and use around 2,000 trucks, up from the current 800.

The company is targeting the home segment. A research result revealed that customers were dissatisfied with filters and water purifiers. The reasons being that filters and water purifiers needed to be cleaned periodically and still do not guarantee absolutely clean water. In order to service this segment, the five litre packs were being pushed through the route of "fat dealers" (wholesale dealers) who were retailers as well as stockiest and serve as supply points from where customers could pick up the required quota. The company has so far appointed 180 such dealers. "This is a high turnover low margin retailer who does not keep a store but serves a similar purpose with other items such as rice or atta", says Chauhan.

In order to be available in untapped areas, the company is planning to set up manufacturing units in Bihar and Orissa where Bisleri has no presence as of now. Currently, Bisleri has 14 manufacturing units two of which were set up in the past one year at Ahmedabad and Surat. North accounts for 35 percent of sales for the

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industry, west accounts for 15 per cent, Bisleri has five the west, four in the south a

So far, the company has route very aggressively which has grown very fast around six franchisees in Bangalore, Goa and Rajasthan so far because in most areas it was imperative that we further expansion we can route".

Pricing is the next move for the consumer. The cost of the one litre and 500 ml half the price of the one litre steal", says Chauhan.

There was a risk that into the one-litre sales. But the smaller pack in turn provides Schemes for retailers for a litre packs that accounts Company's turnover have covered two litre packs that have