

MAR GREGORIOS COLLEGE OF ARTS & SCIENCE

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**Affiliated to the University of Madras
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DEPARTMENT OF COMMERCE

SUBJECT NAME: MARKETING

SUBJECT CODE: CPZ3D

SEMESTER: III

PREPARED BY: PROF.T.RANI

MARKETING

Objectives

No of Credits : 4

- To make the students understand the importance and the relevance of Marketing in To-day's Business World.
- To enable the students to understand the Features of the Indian Marketing.

Unit I : Introduction

Marketing - Meaning - Definition and Functions of Marketing - Marketing Orientation - Role and Importance of Marketing - Classification of Markets.

Unit II : Market Segmentation and Consumer Behaviour

Market Segmentation - Concept - Benefits - Basis and Levels. Introduction to Consumer Behavior - Need for study - Consumer Buying Decision Process - Buying Motives. Marketing Research - MIS - Meaning and Differences.

Unit III : Marketing Mix and Product Policy

Marketing Mix - Meaning - Product - Introduction - Product policy - Product Planing - Stages of New Product Development - Introduction to PLC - Packaging - Branding - Labelling - Product Mix - Price - Pricing Policies and Methods.

Unit IV : Channels of Distribution

Channels of Distribution - Levels - Channel Members - Promotion - Communication Mix - Basics of Advertising, Sales Promotion and Personal Selling.

Unit V : Recent Trends in Marketing

E - Marketing - Online Retailing - Shopping Malls - Consumer Protection Act - Salient Features - Consumerisation - Consumer Rights, Consumer Grievance Redressal Fo- rums- Role of Social Media in Marketing.

Suggested Readings

1. Rajan Nair, Marketing, Sulthan Chand & Sons, New Delhi.
2. Varshney, Marketing Management, Sulthan Chand & Sons, New Delhi
3. Chandrasekar K S, Marketing Management: Text and Cases, Vijay Nicole Imprints, Chennai, 2014
4. Gandhi, J.C, Marketing, Himalaya Publications.
5. Radha, Marketing, Prasanna Publications, Chennai.
6. Santhanam, Marketing, Margham Publications, Chennai
7. Sundar, K. Essentials of Marketing, Vijay Nicole Imprints Pvt. Ltd., Chennai

UNIT -I



UNIT-1
Understanding Marketing Management:

1. Concepts of marketing,
2. Role of Marketing,
3. Marketing Process,
4. Marketing Environment,
5. Consumer behavior,
6. Business buying behavior,
7. Analyzing competitors,
8. Qualities of Marketing manager .



1. Concepts of marketing ,

Introduction: Marketing, as indicated in the term, denotes a process that is continuous in nature. The market should be continuously involved in initiating, conducting and finalizing transactions and exchange. This is an unending process and would continue till production and consumption cease to exist in the world.

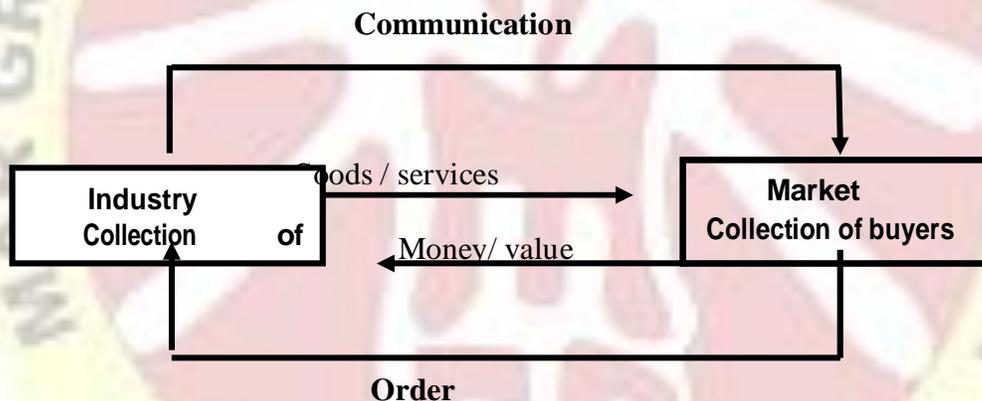
Meaning: The term 'marketing' can be defined analytically or operationally. The analytic way of explaining the terms to show how marketing differs from various other activities of a firm, marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “*meeting needs profitably*”.

Definitions: According to kotler : “Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target **market** at a profit. **Marketing** identifies unfulfilled needs and desires”

According to American management association : “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives”.

Thus marketing may be defined as those as those business functions which are most directly and primarily concerned with three activities

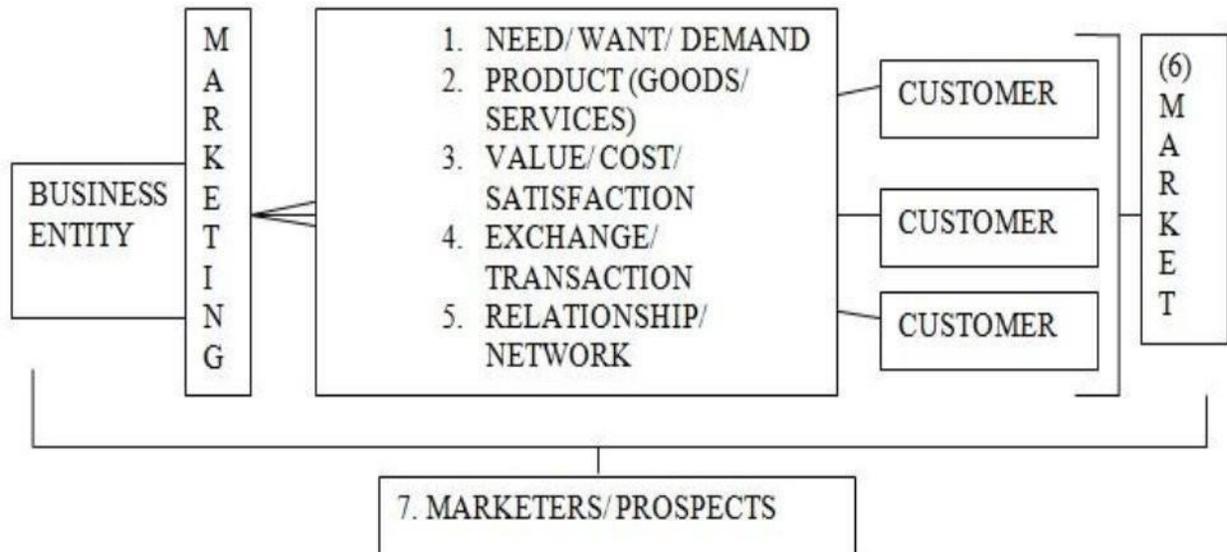
- Σ The recognition of the demand,
- Σ The stimulation of demand
- Σ The satisfaction of demand



Core concepts of marketing:

Marketing Management is a social and managerial process by which individuals or firms obtain what they need or want through creating, offering, exchanging products of value with each other. the total marketing can be fulfilled the core concepts of business.

CORE CONCEPTS OF MARKETING:



▣ NEED/ WANT/ DEMAND:

Need: It is state of deprivation of some basic satisfaction. eg.- food, clothing, safety, shelter. **Want:** Desire for specific satisfier of need. eg.- Indians needs food – wants paneer tikka / tandoori chicken. Americans needs food- wants hamburger / French fries. **Demand:** Want for a specific product backed up by ability and willingness to buy. eg.- **Need** – transportation. **Want** – Car (say, Mercedes).....but able to buy only Maruti. Therefore, **Demand** is for Maruti.

▣ PRODUCTS- GOODS/ SERVICES/ PLACE.

Product is anything that can satisfy need / want. Product components are Physical Good., Service, Idea. eg. Fast food- burger / pizza. **Physical Good** – material eaten. **Service** – purchase of raw material/ cooking, **Idea** – speed of computer / processing power.

▣ VALUE/ COST/ SATISFACTION:

- Decision for purchase made based on value / cost satisfaction delivered by product / offering..Product fulfills / satisfies Need / Want. Value is products capacity to satisfy needs / wants as per consumer's perception or estimation. Each product would have a cost / price elements attached
- **Satisfaction** – Estimated in terms of time lead & travel comfort.
- **VALUE**– Products capacity to satisfy.
- **COST**– Price of each products.

▣ EXCHANGE/ TRANSACTION:

EXCHANGE: – The act / process of obtaining a desired product from someone by offering something in return. For exchange potential to exist, the following conditions must be fulfilled.

There must be at least two parties.

Each party has something of value for other party.

Each party is capable of communication & delivery

Each party is free to accept / reject the exchange offer.

Each party believes it is appropriate to deal with the other party.

- **TRANSACTION:** – Event that happens at the end of an exchange. Exchange is a process towards an agreement. When agreement is reached, we say a transaction has taken place.

Barter transaction.

Monetary Transaction.

At least two things of value.

Condition agreed upon.

Time of agreement.

Place of agreement.

May have legal system for compliance.

▣ **RELATIONSHIP/ NETWORKING:**

Relationship marketing:- It's a pattern of building long term satisfying relationship with customers, suppliers, distributors in order to retain their long term performances and business. Achieved through promise and delivery of ,high quality, good service, fair pricing, over a period of time.

- ▣ **MARKETING NETWORK:** It is made up of the company and its customers, employees, suppliers, distributors, advertisement agencies, retailers, research & development with whom it has built mutually profitable business relationship.

Competition is between whole network for market share and NOT between companies alone.

▣ **MARKET:**

A market consists of all potential customers sharing particular need / want who may be willing and able to engage in exchange to satisfy need / want.

Market Size = f_n (Number of people who have need / want; have resources that interest others, willing or able to offer these resources in exchange for what they want.

- ▣ **MARKETERS/ PROSPECTS:** Working with markets to actualize potential exchanges for the purpose of satisfying needs and wants. One party seeks the exchange more actively, called as “Marketer”, and the other party is called “Prospect”. Prospect is someone whom marketer identifies as potentially willing and able to engage in exchange. Marketer may be seller or buyer. Most of time, marketer is seller.

A marketer is a company serving a market in the face of competition.

Marketing Management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.

Main concepts of marketing : Studies reveal that different organizations have different perception of marketing and these different perception have led to the formation of different concept of marketing studies also reveal that at least five distinct concept of marketing have guided and still guiding business firms.

1. Production Concept
 2. Product Concept
 3. Selling Concept
 4. Marketing Concept
 5. Societal Marketing Concept
-



1. Production Concept: Those companies who believe in this philosophy think that if the goods / services are cheap and they can be made available at many places, there cannot be any problem regarding sale.

Keeping in mind the same philosophy these companies put in all their marketing efforts in reducing the cost of production and strengthening their distribution system. In order to reduce the cost of production and to bring it down to the minimum level, these companies indulge in large scale production.

2. Product Concept: Those companies who believe in this philosophy are of the opinion that if the quality of goods or services is of good standard, the customers can be easily attracted. The basis of this thinking is that the customers get attracted towards the products of good quality. On the basis of this philosophy or idea these companies direct their marketing efforts to increasing the quality of their product.

3. Selling Concept: Those companies who believe in this concept think that leaving alone the customers will not help. Instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold.

4. Marketing Concept: Those companies who believe in this concept are of the opinion that success can be achieved only through consumer satisfaction. The basis of this thinking is that only those goods / service should be made available which the consumers want or desire and not the things which you can do.

Differences between selling and marketing:

SELLING	MARKETING
Selling starts with seller	Marketing starts with buyer
Selling based on existing activities	Marketing based on all activities
Selling refers goods and services	Marketing refers customer satisfaction
What is offered? is enough	What should be offered? will think
Packing is enough for product protection	Packing is for convenient to customers
Cost determines price	Consumer determines price
Customer is last	Customer is first

5. Societal Marketing Concept: This concept stresses not only the customer satisfaction but also gives importance to Consumer Welfare / Societal Welfare. This concept is almost a step further than the marketing concept. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

1.2 Role of Marketing,

Introduction: Marketing is perhaps the most important activity in a business because it has a **direct effect on profitability and sales**. Larger businesses will dedicate specific staff and departments for the purpose of marketing. It is important to realise that marketing cannot be carried out in isolation from the rest of the business.

For example: The marketing section of a business needs to work closely with operations, research and development, finance and human resources to check their plans are possible. Operations will need to use sales forecasts produced by the marketing department to plan their production schedules.

Sales forecasts will also be an important part of the budgets produced by the finance department, as well as the deployment of labour for the human resources department.

A research and development department will need to work very closely with the marketing department to understand the needs of the customers and to test outputs of the R&D section.



1. 3. Marketing Process ,

Introduction: The activities of marketers both reflect and shape the world we live in. Every year new products and services are launched and some of them succeeds on an unprecedented scale. As in the case of Apple's iPod, iPhone, and also iPad. They all are great inventions and highly successful in market.

Meaning of Marketing Process

The Marketing Process of a company typically involves identifying the viable and potential marketing opportunities in the environment, developing strategies to effectively utilise the opportunities, evolving suitable marketing strategies, and supervising the implementation of these marketing efforts.

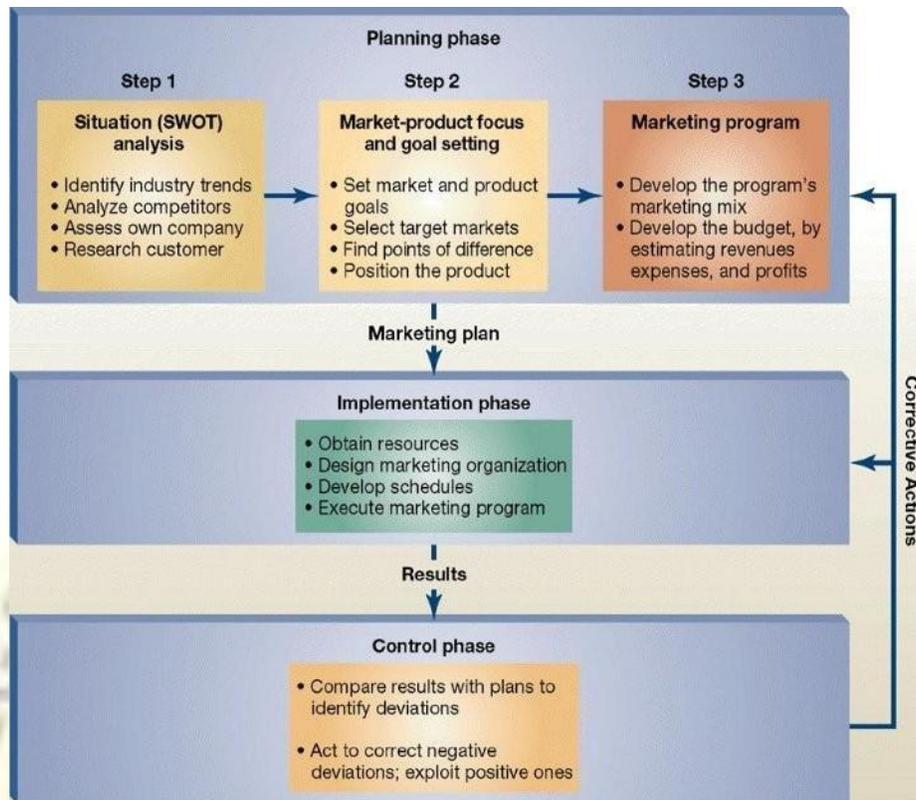
Marketing process involves ways that value can be created for the customers to satisfy their needs. Marketing process is a continual series of actions and reactions between the customers and the organisations which are making attempt to create value for and satisfy needs of customers. In marketing process the situation is analysed to identify opportunities, the strategy is formulated for a value proposition, tactical decisions are taken, plan is implemented, and results are monitored.

Steps in Marketing Process

Following are the steps involved in the Marketing Process :-

- Σ **Situation Analysis**
- Σ **Marketing Strategy**
- Σ **Marketing Mix Decision**
- Σ **Implementation and Control**

1. **Situation Analysis:** Analysis of situation in which the organisation finds itself serves as the basis for identifying opportunities to satisfy unfulfilled customer needs. Situational and environmental analysis is done to identify the marketing opportunities, to understand firms own capabilities, and to understand the environment in which the firm is operating.
 2. **Marketing Strategy :** After identifying the marketing opportunities a strategic plan is developed to pursue the identified opportunities.
 3. **Marketing Mix Decisions:** At this step detailed tactical decisions are made for the controllable parameters of the marketing mix. It includes - product development decisions, product pricing decisions, product distribution decisions, and product promotional decisions.
 4. **Implementation and Control:** Finally, the marketing plan is implemented and the results of marketing efforts are monitored to adjust the marketing mix according to the market changes.
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Marketing Environment ,

Introduction : Environmental analysis is a strategic tool. It is a process to identify all the external and internal elements, which can affect the organization's performance. The analysis entails assessing the level of threat or opportunity the factors might present. These evaluations are later translated into the decision-making process. The analysis helps align strategies with the firm's environment.

Our market is facing changes every day. Many new things develop over time and the whole scenario can alter in only a few seconds. There are some factors that are beyond your control. But, you can control a lot of these things.

Businesses are greatly influenced by their environment. All the situational factors which determine day to day circumstances impact firms. So, businesses must constantly analyze the trade environment and the market.

There are many strategic analysis tools that a firm can use, but some are more common. The most used detailed analysis of the environment is the PESTLE analysis. This is a bird's eye view of the business conduct. Managers and strategy builders use this analysis to find where their market currently. It also helps foresee where the organization will be in the future.

- Σ Political factors
 - Σ Economic factors
 - Σ Social factors
 - Σ Technological factors
 - Σ Legal factors
 - Σ Environmental factor
-

P for Political factors: The political factors take the country's current political situation. It also reads the global political condition's effect on the country and business. When conducting this step, ask questions like "What kind of government leadership is impacting decisions of the firm?" Some political factors that you can study are:

- Σ Government policies
- Σ Taxes laws and tariff
- Σ Stability of government
- Σ Entry mode regulations

E for Economic factors : Economic factors involve all the determinants of the economy and its state. These are factors that can conclude the direction in which the economy might move. So, businesses analyze this factor based on the environment. It helps to set up strategies in line with changes. Here listed some determinants you can assess to know how economic factors are affecting your business below:

- Σ The inflation rate
- Σ The interest rate
- Σ Disposable income of buyers
- Σ Credit accessibility
- Σ Unemployment rates
- Σ The monetary or fiscal policies
- Σ The foreign exchange rate

S for Social factors: Countries vary from each other. Every country has a distinctive mindset. These attitudes have an impact on the businesses. The social factors might ultimately affect the sales of products and services. Some of the social factors you should study are:

- Σ The cultural implications
- Σ The gender and connected demographics
- Σ The social lifestyles
- Σ The domestic structures
- Σ Educational levels
- Σ Distribution of Wealth

T for Technological factors: Technology is advancing continuously. The advancement is greatly influencing businesses. Performing environmental analysis on these factors will help you stay up to date with the changes. Technology alters every minute. This is why companies must stay connected all the time. Firms should integrate when needed. Technological factors will help you know how the consumers react to various trends. Firms can use these factors for their benefit:

- Σ New discoveries
- Σ Rate of technological obsolescence
- Σ Rate of technological advances
- Σ Innovative technological platforms

L for Legal factors: Legislative changes take place from time to time. Many of these changes affect the business environment. If a regulatory body sets up a regulation for industries, for example, that law would impact industries and business in that economy. So, businesses should also analyze the legal developments in respective environments . Here mentioned some legal factors you need to be aware of:

- Σ Product regulations
- Σ Employment regulations
- Σ Competitive regulations
- Σ Patent infringements
- Σ Health and safety regulations

E for Environmental factors: The location influences business trades. Changes in climatic changes can affect the trade. The consumer reactions to particular offering can also be an issue. This most often affects agri-businesses. Some environmental factors you can study are:

- Σ Geographical location
- Σ The climate and weather
- Σ Waste disposal laws
- Σ Energy consumption regulation
- Σ People's attitude towards the environment

There are many external factors other than the ones mentioned above. None of these factors are independent. They rely on each other.

If you are wondering how you can conduct environmental analysis, here are 5 simple steps you could follow:

1. Understand all the environmental factors before moving to the next step.
2. Collect all the relevant information.
3. Identify the opportunities for your organization.
4. Recognize the threats your company faces.
5. The final step is to take action.



Consumer behavior.

Introduction: The modern marketing management tries to solve the basic problems of consumers in the area of consumption. To survive in the market, a firm has to be constantly innovating and understand the latest consumer needs and tastes. It will be extremely useful in exploiting marketing opportunities and in meeting the challenges that the Indian market offers. It is important for the marketers to understand the buyer behaviour due to the following reasons.

The study of consumer behaviour for any product is of vital importance to marketers in shaping the fortunes of their organisations.

- It is significant for regulating consumption of goods and thereby maintaining economic stability.
- It is useful in developing ways for the more efficient utilisation of resources of marketing. It also helps in solving marketing management problems in more effective manner.
- Today consumers give more importance on environment friendly products. They are concerned about health, hygiene and fitness. They prefer natural products. Hence detailed study on upcoming groups of consumers is essential for any firm.
- The growth of consumer protection movement has created an urgent need to understand how consumers make their consumption and buying decision.
- Consumers' tastes and preferences are ever changing. Study of consumer behaviour gives information regarding colour, design, size etc. which consumers want. In short, consumer behaviour helps in formulating of production policy.
- For effective market segmentation and target marketing, it is essential to have an understanding of consumers and their behaviour.

Consumer behavior Models : Many models have been developed describing the buying process. These models called as consumer behavior models treat a consumer as a decision maker who comes to a market place to buy the products brand for his satisfaction of needs. The buying process has been discussed below through the consumer behaviors models. The important models of buyer behaviors are as follows:

1. Economic model
2. Sociological model
3. Howard-sheath model

Economic model : - This model says as “purchasing decision are the result of largely rational and conscious economic calculations. The individual buyer seeks to spend his income on goods that will deliver the most utility (satisfaction) to his tastes and the relative price.

Social model .: - The S.M. has been explained by sociologists studying the behaviors of a group of individuals and the manner in which it influences the behaviors of an individual. The models says that the individual is always influenced by a group as he lives in a society where in many group exist like family, reference group etc.

Another classification of consumers :

- ▣ **Harvard sheath model** - The H-S model assumes problem-solving approach in buying and assumes input output approach in buying behavior, this model is a comprehensive model and largely approved.
- ▣ **Another way of classification of buyerbehavior:**
- ▣ **Complex buying behavior** : This type of consumers have involvement in purchasing a brand with high difference among goods with brands.
- ▣ **Dissonance reducing buying behavior** : This type of consumers have low difference in branding preference with high involvement of purchasing
- ▣ **Variety seeking buying behavior** : This type of customers are switching brands often. But they have low involvement of purchasing.
- ▣ **Habitual buying behavior** : This type of customers are regularly buy goods in habitual manner. So they have less involvement in purchasing and changing brands.

High involvement

low involvement

High difference	Complex buyer Behavior	Variety seeking buyer Behavior
Low difference	Dissonance reducing Buying Behavior	Habitual buying Behavior

General classification of consumers

1. Personal Consumers
2. Organizational Consumers
3. Impulse Consumers
4. Need-based Consumers
5. Discount Driven Consumers
6. Habitual Consumers

▣ **Personal Consumers:** This type of consumer is an individual consumer who buy products or services for own use, or for family, or for household use. Finished products are purchased by personal consumer and the purchases are done in small quantities.

▣ **Organisational Consumers:** This type of consumer can be a business, government, profit or non-profit organisation, or agency who purchases goods or services for organisation to function or for resale purpose. Purchases are done in the form of raw-materials that are processed to finished goods and offered for sale to other consumers.

▣ **Impulse Consumers:** his type of consumer do unplanned purchases. Purchasing a particular product was not a priority, but when the consumer encounter that product, he makes swift buying decision. Impulse consumer purchase what seems good at the time.

- ▣ **Need Based Consumer:** This type of consumer has a specific intention to purchase a particular type of product. Need-based Consumer is driven by a specific need. He makes buying decision when he actually need that product and not any other time.
- ▣ **Discount Driven Consumers:** This type of consumers do purchases when they get some lucrative offer or discount. Their buying decision is highly based on offers or discounts.
- ▣ **Habitual Consumers:** Person who is habitual to the usage or consumption of a kind of product is called habitual consumer. For example - person who smoke.

Consumer Decision Making Process



1. **Problem or Need Recognition:** Consumer decision making process begins with an unsatisfied need or problem. Everyday we face multiple problems which individuals resolve by consuming products or services. Consumer problem can be routine or unplanned. For example – run out of milk or cooking oil, car indicating low level of fuel, are some of the routine problems that individuals face. Such problems are quickly recognised, defined, and resolved. Recognition of unplanned problem may take much longer time as it may evolve slowly over time. For example - need of a new refrigerator as existing one is not working properly.
2. **Information Search :** Information search is done to know about product or service, price, place and so on. In the process of decision making, the consumer engages in both internal and external information search. Internal information search involves the buyer identifying alternatives from his memory. Internal information search is sufficient for low involvement products or services. For high involvement product or

service, buyers are more likely to do external information search. The amount of efforts a buyer put in information search depends on various factors like market, competition, difference in brands, product characteristics, product importance, and so on.

3. **Alternatives Evaluation :** At this step the buyer identifies and evaluates different alternatives to choose from. It is not possible to examine all the available alternatives. So, buyer develops evaluative criteria to narrow down the choices. Evaluative criteria are certain characteristics that are important to buyer such as price of the product, size, colour, features, durability, etc. Some of these characteristics are more important than others. To narrow down the choices the buyer considers only the most important characteristics.
4. **Purchase Decision :** The earlier mentioned evaluation step helps the consumer in arriving at a purchase intention. In the decision evaluation stage, the consumer forms preferences among the brands in the choice set. The consumer may also form a purchase intention and lean towards buying the most preferred brand. However factors can intervene between the purchase intention and the purchase decision. A buyer who decides to execute a purchase intention will be making up to five purchase decisions brand decision, vendor decision, quantity decision, timing decision and payment-method decision.
5. **Post-purchase Use and Evaluation :** Once the buyer makes a decision to purchase a product or service there can be several types of additional behaviour associated with that decision such as decisions on product uses and decision on services related to the product purchased. The level of satisfaction experienced by the buyer after his purchase will depend on the relationship between his expectations about the product and performance of the product. If the buyer is satisfied then he will exhibit a higher probability of repeat purchase of the product or service. The satisfied buyer will also tend to say good words about the product or service. Whereas a highly dissatisfied buyer will not buy the product or service again and spread negative words about service and company.

3. Business buying behavior, :

Introduction: The business market is comprised of organizations that, in some form, are involved in the manufacture, distribution or support of products or services sold or otherwise provided to other organizations. The amount of purchasing undertaken in the business market easily dwarfs the total spending by consumers. Because the business market is so large it draws the interest of millions of companies worldwide that market exclusively to business customers. For these marketers understanding how businesses make purchase decisions is critical to their organizations' marketing efforts.

Consumer decision making process:

Marketing stimuli	External stimuli	Buyers characteristics	Buyers decision process	Buyers purchase decisions
Product	Economic al	Cultural	Problem recognition	Product choice
Price	Technical	Social	Information search	Brand choice
Place	Political	Personal	Evaluation of alternatives	Dealer choice
Promotion	Cultural	Psychological	Purchasing behavior	Purchase timing
			Post-purchase behavior	Purchase amount

1.6. Analyzing competitors.

Introduction: Process of Analyzing Competitors: Analyzing competitors calls for considering a lot of aspects. A company needs to know everything about its competitors. Note that analyzing competitors is not incidental task, a manager must know about his competitors on a continuous basis. So, it must develop a system to



facilitate the task on regular basis. A detailed and systematic process of analyzing competitors, as described by Philip Kotler, consists of eight steps, see Figure 1.

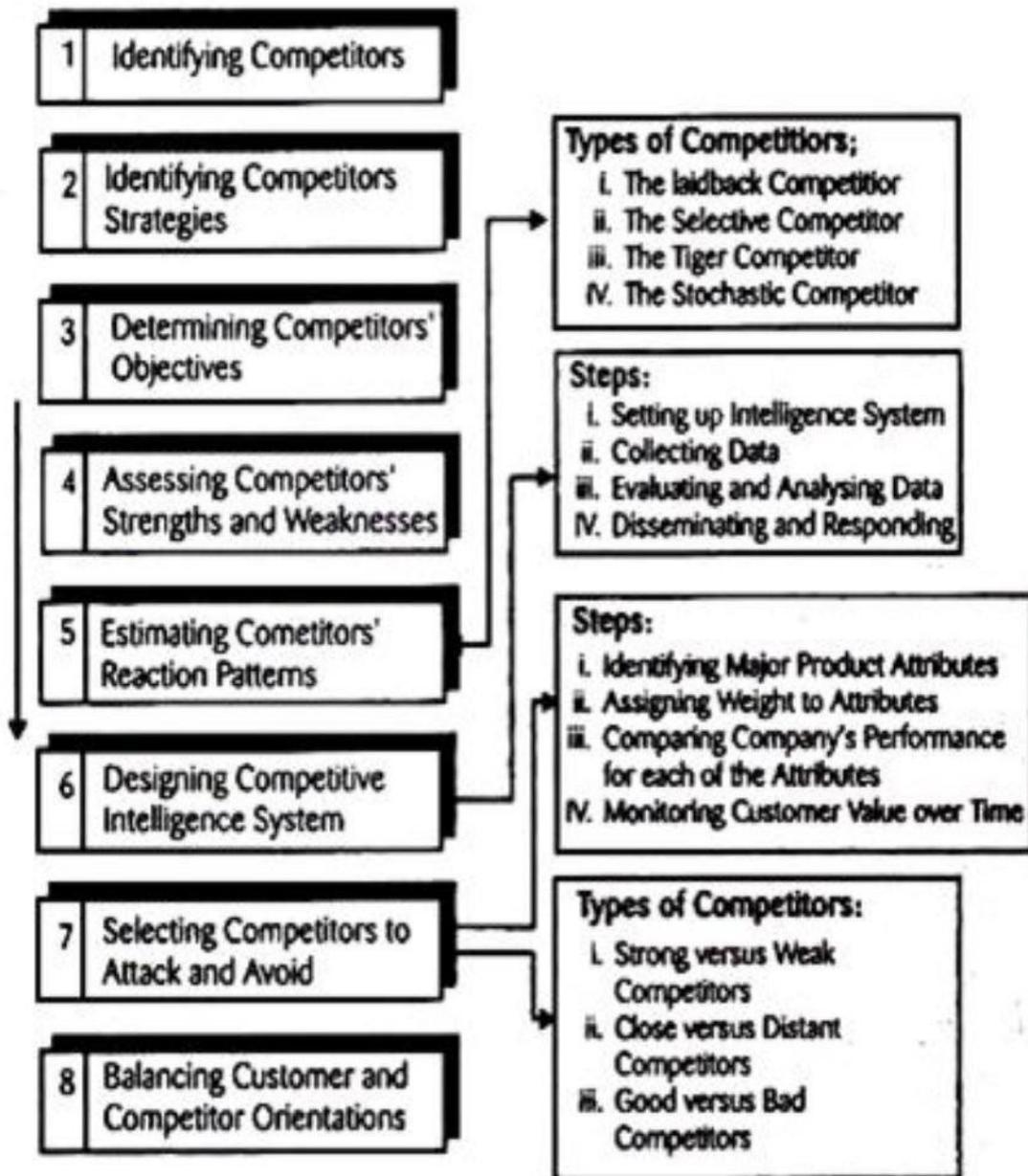


Figure 1: Eight-stepped Process of Analysing Competitors

1 Identifying Competitors : Process of analyzing competitors begins with knowing who our competitors are. A company can easily identify its competitors. For example, Coca-Cola knows that Pepsi-Cola is its main competitor, Hero Honda knows that Bajaj Auto is its major competitor; Sony knows that Philips and LG are its competitors. It involves:

- ▣ Studying their areas of operations,
- ▣ Identifying the customer needs they are trying to satisfy,
- ▣ Finding the territories in which they are selling the products,
- ▣ Estimating their market share, and
- ▣ Assessing their capabilities, objectives, and strategies.

2. Identifying Competitors' Strategies : After exactly recognizing who are our competitors, the next step is to get insight into competitors' strategies. A firm needs to identify the strategic group – a group of firms that follows the same strategy in a given target market.

A company requires a full profile of each of the competitors in terms of following aspects:

- ▣ Competitors' main business
- ▣ Marketing activities of competitors
- ▣ Technology and manufacturing methods used by them
- ▣ Resources capabilities – financial, technological, and human resources
- ▣ Product mix – types, qualities, and features
- ▣ Customer services
- ▣ Pricing policies
- ▣ Distribution network
- ▣ Sales force strategy
- ▣ Publicity and public relations efforts
- ▣ Advertising and sales promotion strategies, etc.

5.3. Determining Competitor's Objectives : : After identifying competitors and their strategies, a firm must ask: *What are their objectives?*

Competitor's objectives may be:

- ▣ To maximize current and/or long-term profits
- ▣ To satisfy customers
- ▣ To increase market share
- ▣ To maximize cash flow
- ▣ To achieve and/or maintain technological leadership
- ▣ To achieve and/or maintain quality leadership
- ▣ To achieve and/or maintain service leadership, etc.

5.4 Assessing Competitors' Strengths and Weaknesses: Clearly, effectiveness of competitors' strategies in achieving objectives depends on resources and capabilities. To assess competitors' strengths and weaknesses, a firm must gather data on key criteria.

Key criteria used to assess competitors' strengths and weaknesses include:

- ▣ Competitors' sales
- ▣ Customer awareness
- ▣ Customer loyalty
- ▣ Market share
- ▣ Product quality
- ▣ Distribution system
- ▣ Profit margin and return on investment and cash flow
- ▣ Sale force efficiency
- ▣ New investment capacity
- ▣ Future plan
- ▣ Capacity utilization, etc.

4. **Estimating Competitors' Reaction Patterns:** Knowledge of competitors' strategies, objectives, and strengths and weaknesses can help manager anticipate (project) their likely reactions to the company's strategies. Additionally, each competitor has certain philosophy of doing business, specific culture, and guiding beliefs that determine its reaction pattern.

On the basis of reaction patterns, competitors can be classified into four categories:

- ▣ **The Laid-back Competitor:** This competitor doesn't react quickly or strongly to any of the opponents' moves / attacks. There may be a number of reasons why the laid-back competitors don't react immediately, like they may feel that customers are loyal;
- ▣ **The Selective Competitor:** A competitor that reacts only to certain types of attacks and not to all. For example, it may react to price-cut, but not to increased or improved promotional efforts.
- ▣ **The Tiger Competitor:** A competitor that reacts (like a tiger) swiftly and strongly to any attack on its terrain or arena. The tiger competitor wants to signalize the rival firms that it is a tiger and it would be better not to attack because the defender (the tiger) will/can fight to finish them.
- ▣ **The Stochastic (Unpredictable) Competitor:** A competitor that doesn't exhibit a predictable reaction pattern. There may be many reasons why the stochastic competitor doesn't react. For example, it may not like to react on a specific occasion; it may not have favourable economic situations;

5. **Designing Competitive Intelligence System :** Information regarding competitors is very critical for designing marketing strategies and improving them over time. Market intelligence is the system or arrangement that provides regular information on competitive dynamics. A firm must carefully design its market (competitive) intelligence system to avail necessary information regarding competitors on a regular basis. In fact, customers, dealers, suppliers, and other stakeholders must be given incentives to spot competitive information and pass it on to the relevant officials of the firm.

6. **Selecting Competitors to Attack and Avoid:** Now, managers find it easy to design competitive strategies. They can judge to whom they can effectively compete within the market. Sometimes, managers conduct customer value analysis to assess the company's strengths and weaknesses relative to competitors. The basic purpose of such analysis is to determine the benefits the customers in target market want, and how they perceive relative value of competitors' offers.

The customer value analysis consists of five steps:

- ▣ Identifying Major Product Attributes:
- ▣ Assigning Weight to Attributes:
- ▣ Evaluating Company's Performance:
- ▣ Comparing Company's Performance for each of the Attributes:

8 . Qualities of Marketing manager.

Introduction: Eight characteristics of a good marketing manager What is it that separates the good marketing managers from the average marketing managers in South Africa? After chatting to a ton of marketing managers in South Africa over the past few years, I have identified some common characteristics of good marketing managers.

So, if you are in marketing and looking for a promotion, and wondering what you can do to improve yourself, or if you are looking to hire a new marketing manager; these are the characteristics of a good marketing manager.

1. **Follow international marketing trends:** As a result of the financial crisis in many developed countries; marketing strategies and tactics had to evolve and marketing managers needed to find innovative new ways of achieving objectives at lower costs.

In South Africa, we experienced less of a financial crisis, so most marketing managers have carried on doing the same thing as before. One of the characteristics of good marketing managers is to follow international marketing trends and stay on top of the game by implementing the relevant trends.

2. **Be obsessed with analytics and ROI:** If something cannot be measured, it is best not to do it at all. Increased brand awareness or knowledge that can be measured by an annual brand survey is not good enough; as everyone knows, the research results can be easily manipulated. You also need benchmarks to improve though, so just because you need to be able to show return on investment, it does not mean you should not try new things that you have not done before.
 3. **Do not brief an agency for everything:** Agencies have other clients, so when you brief them, you get placed fairly in a queue and this slows things down. Becoming an agile marketer that can quickly take advantage of situations means you need to be able to respond quickly. Plus, you should understand your industry and target market better than any agency, so you should be able to put together great strategies very quickly.
-

4. **Present to customers and prospects:** Instead of sitting in your office creating great presentations and marketing strategies, spend a portion of your time going out to see customers and prospects with your sales team. Then when you are out, use the presentation templates you have created and try to present. This will highlight areas that need improvement instead of continually hearing complaints that you do not understand from your sales team.
5. **Read marketing news and thought leadership** You are fantastic, but getting perspective by reading the views of other fantastic peers will only make you more fantastic!

Unless you have time and budget to attend many marketing conferences, reading is also the best way to keep up with marketing trends, especially international trends. A characteristic of good marketing managers is they schedule time in their diaries everyday to read, do the same.

6. **Work towards a revenue target:** Initially, set yourself a revenue target that you need to achieve through your marketing strategies by finding new business and by increasing billing of existing customers, but do not tell anyone. This will allow you to set a benchmark of what you can achieve and will also highlight any issues with tracking performance and linking it to marketing campaigns.
7. **Encourage people to criticize your work:** This is one of the most difficult things to do in marketing. When you put so much effort into campaigns; the last thing you want to hear is negativity. Whenever someone says something negative about something you have done, ask them how they would have done it better. The insights you will receive by doing this will only result in better campaigns in future.
8. **Aim to achieve one revenue-generating goal a day;** Everyday you need to be able to easily identify one thing you did that directly and tangibly touched customers or prospects resulting in revenue being generated for the company.]





UNIT - II





UNIT-2

Market segmentations and Marketing Strategies:-

- 1. Market Segmentation,**
 - 2. Target Market,**
 - 3. Differentiating and positioning,**
 - 4. New Product Development,**
 - 5. Product Life Cycle.**
-

2.1. Market Segmentation,

Introduction: Market consists of buyers and buyers differ in one or more respects. They may differ in the wants, resources, geographical, location, buying attitudes and buying practices. Any of these variables can be used to segment a market. Each buyer is potentially a separate market because of unique needs and wants. Ideally a seller management design a separate product and or marketing program for each buyer. Most sellers will not find it worthwhile to “customize”. Their product to satisfy each specific buyer. Instead the seller identifies broad classes of buyers who differ in their product requirements and or marketing responses. As a market is segmented using more characteristics such as age, income, etc., the seller achieves finer precision but at the price of multiplying the no. of segments and thinking about the population of the segments.

Types of market segmentation:

1. Homogeneous preferences : A market where all consumers have roughly the same preference. We would predict the existing brands would be similar and located in the center of the preferences as shown in the below.

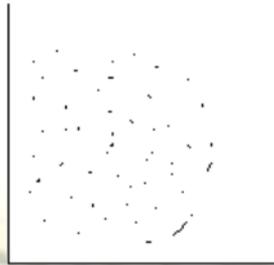


2. Clustered preference: The market might reveal distinct preference clusters, called natural market segments. The first firm in this market has three options. It might position itself in the center hoping to appeal to all the groups (undifferentiated marketing). It might position itself in the largest market segment (concentrated marketing). It might market several brands, each positioned in a different segment (differentiated marketing) clearly if it is developed only one brand, competition would enter and introduce brands in other segments.



3. Diffused preferences : As the other extreme consumer preferences can be scattered throughout the space showing that consumers differ in what they want from the product. If one brand exists in the market, it is likely to be positioned in the center to minimize the sum of total consumer dissatisfaction. A new competitor could take steps to the first brand and fight for market share of the competition could locate in a center to win over a customer group that is not satisfied with the center brand. If several brands are in the

market, they are likely to be positioned throughout the space show real differences to match consumer preference difference.



Bases for segmenting consumer market:

- ▣ Geographic segmentation
- ▣ Demographic segmentation
- ▣ Psychographics segmentation
- ▣ Behavioral segmentation

1. **Geographic segmentation** : - Geographical segmentation for dividing the market into different geographical units such as nations, states, regions, countries, citizen of neighbor hoods. The company can decide to operate in one or a few demographic areas of operate in all but pay attention to variations in geographic needs and preferences.
Ex: General foods Maxwell house ground coffee is sold nationally but is flavored regionally. Its coffee is flavored stronger in the west than the east
2. **Demographic segmentation** : -Demographic segmentation consists of dividing the market into groups on the basis of demographic variables such as age, sex, family size, family life cycle, income, occupation, education, religion, race and nationality. Demographic variables are the most popular bases for distinguishing customer groups.
3. **Psychographics segmentation** : -In psychographics segmentation, buyers are divided into different groups on the basis of their social class life style and or personality characteristics. People with in the same demographic groups can exhibit very different Psychological profiles.
4. **Behavioral segmentation** : - In behavioral segmentations buyers are divide into groups on the basis of their knowledge attitude use and response to a products many marketers believe that behavioral are best starting point for constructing market segments. A). Occasions: - B). Benefits: - C). User status: - D). Usage rate: - E). Loyalty status: - F). Buyer readiness stage: -

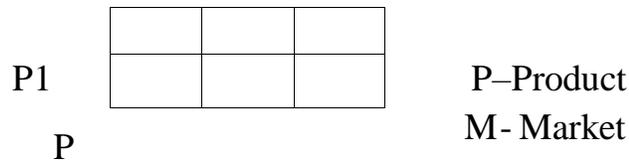
2.2 Target Market,

Introduction: TARGETING : Once the firm has identified its market-segment opportunities, it has to decide how many and which ones to target.

- ▣ **Single-segment Concentration** :

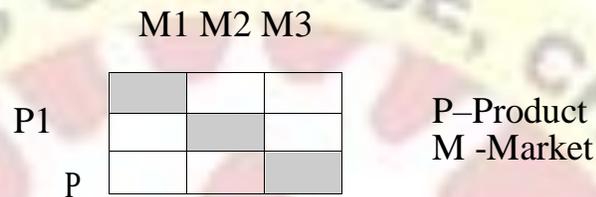
M1 M2 M3





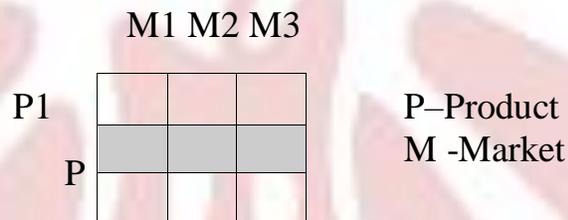
The company may select a single segment. Volkswagen concentrates on the small-car market and Porsche on the sports car market. Through concentrated marketing the firm gains a strong knowledge of the segment's needs and achieves a strong market presence. Furthermore, the firm enjoys operating economies through specializing its production, distribution, and promotion. If it captures segment leadership, the firm can earn a high return on its investment.

 **Selective specialization :**



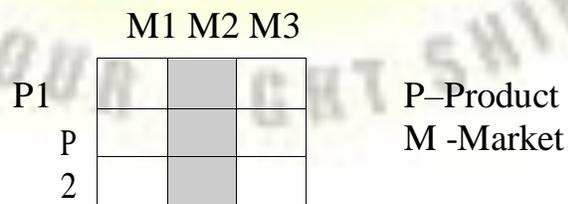
Here the firm selects a number of segments each objectively attractive and appropriate. There may be little or no synergy among the segments, but each segment promises to be a money market. This multi segment coverage strategy has the advantage of diversifying the firm's risk.

Product specialization :



Here the firm specializes in making a certain product it sells to several segments. An example would be a microscope manufacturer that sells microscope to university laboratories, government laboratories, and commercial laboratories. The firm makes different microscopes for different customer groups but does not manufacture other instruments that laboratories might use. Through a product specialization strategy, the firm builds a strong reputation in the specific product area. The downside risk is that the product may be supplanted by an entirely new technology.

Market specialization



Here the firm concentrates on serving many needs of a particular customer group. An example would be a firm that sells an assortment of products only

to university laboratories, including microscopes, oscilloscopes, Bunsen burners, and chemical flasks. The firm gains a strong reputation in serving this customer group and becomes a channel for further products that the customer group could use. The downside risk is that the customer group may have its budgets cut.

Full market coverage

	MT	MZ	M	
P1				P-Product M- Market
P				

Here a firm attempts to serve all customer groups with all the products they might need. Only very large firms can undertake a full market coverage strategy. Examples include I B M, General Motors, and Coca-Cola. Large firms can cover a whole market in two broad ways: through undifferentiated marketing or differentiated marketing.

2.3. Positioning,

Introduction : Positioning is the act of designing the company's offering and image to occupy a distinctive place in the target market's mind.

1. **Under positioning** : Some companies discover that buyers have only a vague idea of the brand. The brand is seen as just another entry in a crowded marketplace. When Pepsi introduced its clear Crystal Pepsi in 1993, customers were distinctly unimpressed. They didn't see "clarity" as an important benefit in a soft drink.
2. **Over positioning** : Buyers may have too narrow an image of the brand. Thus a consumer might think that diamond rings at Tiffany start at \$5,000 when in fact Tiffany now offers affordable diamond ring starting at \$1,000.
3. **Confused positioning** : buyers might have a confused image of the brand resulting from the company's making too many claims or changing the brand's positioning too frequently. This was the case with Stephen job's sleek and powerful next desktop computer, which was positioning first for students, then for engineers, and then for businesspeople, all unsuccessfully.
4. **Doubtful positioning** : Buyers may find it hard to believe the brand claims in view of the product's features, price, or manufacturer. When GM's Cadillac division introduced the Cimarron, it positioning the car as a luxury competitor with BMW, Mercedes, and Audit. Although the car featured leather seats, a luggage rack, lots of chrome, and a Cadillac logo stamped on the chassis, customers saw the car as merely a dolled-up version of Chevy's Cavalier and Oldsmobile's firenza. Although the car was positioned as "more for more", the customers saw it as "less for more".

The theme park company can now recognize the different positioning strategies that are available.

- Attribute positioning** : A company positions itself on an attribute, such as ~~is~~ or number of years in existence. Disneyland can advertise itself as the largest theme park in the world.
-

- ▣ **Benefit positioning** : The product is positioned as the leader in a certain benefit. Kott's Berry Farm may try to position itself as a theme park that delivers a fantasy experience, such as living in the old west.
- ▣ **Use or application positioning**: Positioning the product as best for some use or application. Japanese Deer Park can position itself for the tourist who has only an hour to catch some quick entertainment.
- ▣ **User positioning** : Positioning the product as best for some user group. Magic Mountain can advertise itself as best for "thrill seekers".
- ▣ **Competitor positioning**: The product claims to be better in some way than a named competitor. For example, Lion Country safari can advertise having a great variety of animals than Japanese deer park.
- ▣ **Product category positioning** : The product is positioned as the leader in a certain product category. Mainland of the Pacific can position itself not as a "recreational theme park" but as an "educational institution".
- ▣ **Quality or price positioning** : The product is positioned as offering the best value. Busch Gardens can position itself as offering the "best value" for the money.

New Product Development,

Introduction : The new product development is a process of eight sequential stages. "New product" includes original products, improved products, modified products and new brands that the firm develops through its own R&D efforts.

New products include

- Σ **New-to-the-world products** : - New products that create an entirely new market.
- Σ **New-product lines** : - New products that allow a company to enter an established market for the first time.
- Σ **Additions to the existing product lines**: - New products that supplement a company's establishment product lines.
- Σ **Improvements to existing products**: - New products that provide improved performance or greater perceived value and replace existing products.
- Σ **Repositioning**: - Existing products that are targeted to new markets or market segments.
- Σ **Cost Reductions** : - New products that provide similar performance at lower cost.

▣ **Why New Product Fail:**

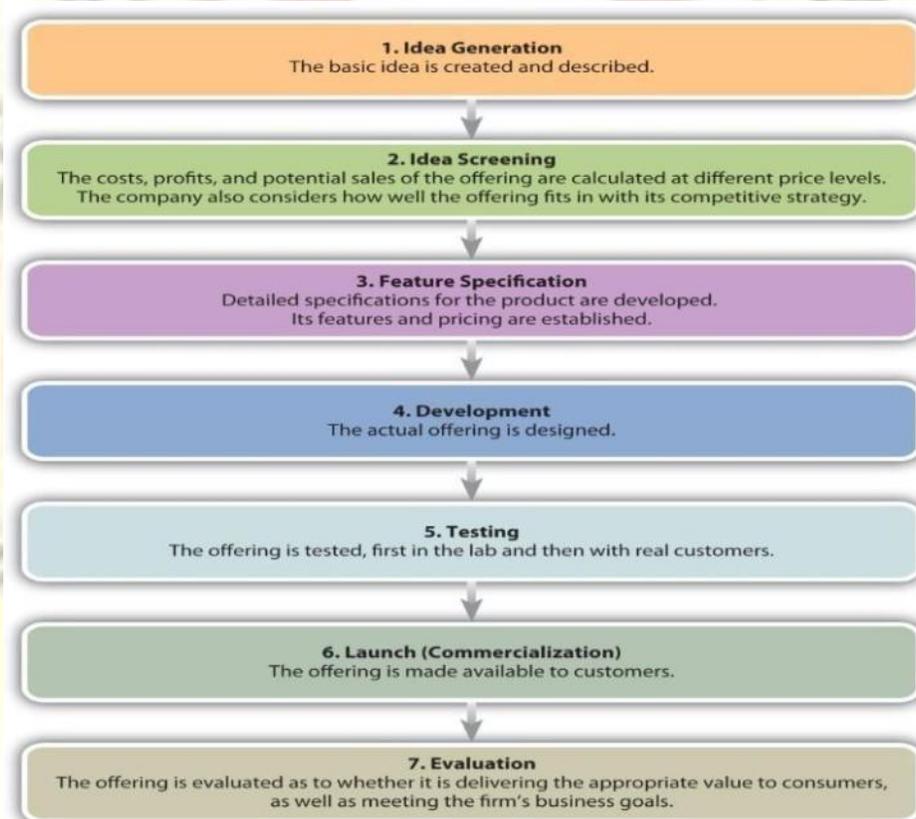
- Σ A high level executive pushes a favorite idea in research findings.
- Σ The idea is good, but the market size is overestimated.
- Σ The product is not well designed.
- Σ Development costs are higher than expected.
- Σ Competitors fight back harder than expected.

▣ **Bases for New Product Development:**

- Σ Social and governmental constraints.
- Σ Costliness of the new-product development process.
- Σ Capital shortage.
- Σ Shortened time span to completion.

New Product Development Process

1. Idea Generation
2. Screening
3. Concept Development and Testing
4. Marketing Strategy
5. Business Analysis
6. Product Development
7. Market Testing
8. Commercialization



- ← **Idea Generation** : -“The systematic search for new product ideas”. At Gillette of Every 45 carefully developed new product ideas. Major sources of new product ideas include internal sources, customers, competitors, distributors & suppliers and others.
 - ← **Idea Screening** : - Screening new-product ideas in order to spot good ideas and drop poor ones as soon as possible. The write u describer the product, the target market; and the competition. It maker some rough estimates of market size, product rice, development time & costs, manufacturing costs & rate of return. The committee than evaluates the idea against a set of general criteria.
-

- ← **Concept Development:**- A detailed version of the new product idea stated in meaningful consumer terms.
- ← **Concept Development:** Attractive ideas need to be developed in to finer product If they are to be tested, here a testing distinction can be made between a product idea, a product concept & a product stage.
- ← **Concept Testing :** Testing new product concepts with a group of target consumers to find out it the concepts have strong consumer appeal.

Concept development and testing methodology applies to any product, service, or idea, such as an electric car, a new machine tool, a new banking service, of a new health plan.

- ← **Marketing Strategy Development:** - Designing as initial marketing strategy for a new product based on the product concept. The marketing strategy statements consist of 3 parts. The first art describes the target market, the planned product positioning & the sales, market share & profit goals for the first few years.

The second art of the marketing strategy statement cut-lines the product's planned price; distributor & marketing budget for the first year. The third part of the marketing strategy statement describes the planned long run sales; profit goals & marketing mix strategy

- ← **Business Analysis :** - A review of the sales, costs & profit projection for a new product to find out whether these factors satisfy the company's objectives. After preparing the sales forecast, management can estimate the expected costs & profits for the product, including marketing, R&D, manufacturing, accounting & finance costs, The company then uses the sales & costs figures to analyze the new products financial attractiveness.
- ← **Product Development :** - Developing the product concept into a physical product in order to assure that the product idea can be turned into a workable product.
- ← **Commercialization:** - Introducing the new product in to the market. The company launching a new product must first decide on introduction timing. The company must decide where to launch the new product larger companies, however, may quickly introduce new models into several regions or in to the full national market.
- ← **Test Marketing :** - The stage of new product development in which the product & marketing program are tested in more realistic market segments, Company test the product & its entire marketing program – positioning strategy, advertising, distribution, pricing, branding & packaging & budget levels.

2.5. Product Life Cycle.

Meaning: -Products, like people, have a certain length of like, during which they pass through different stages. For some the life cycle may be as short as a month, while for other it may last for quite a sufficiently long period.

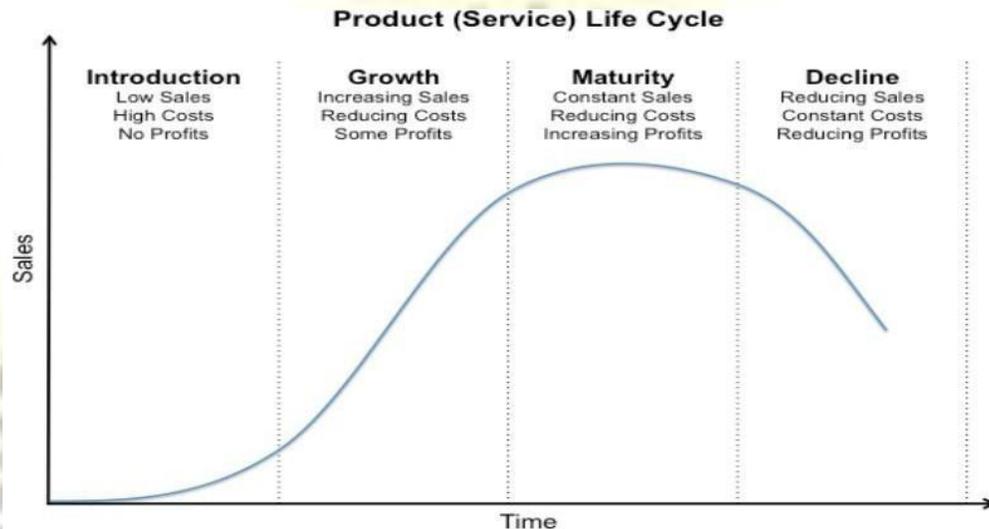
Definition :The product life cycle (PLC) is an important concept in marketing that provides insight into a product competitive dynamics. The PLC is an attempt to recognize distinct stages in the sales history of the product.

To say that a product has a life cycle is to assert four things

- ∑ Products have a limited life.
 - ∑ Product sales pass through distinct stages each posing different challenger to the seller.
-

- Σ Product profits rise and full at different stages of the PLC.
- Σ Products require different marketing, financial, manufacturing, purchasing and personnel strategies in the different stages of their life cycle.

PLC Stages:- PLC life being with its market introduction next it goes through a period during which its market grows rapidly. Ultimately it reaches marketing maturity offer which its market declines and finally the product dies. It is worth noting that the duration each stage is different among products. Some take years to pass through the introduction stages.



1. Introduction stage : -During this stage of the products life cycle, it is put in the market with full-scale production and marketing program. The company is an innovator-may be the whole industry. The entire product may be new or the basic product may be well known but a new feature or accessory is in the introduction stage.

Four marketing strategies in introduction stage:

		Price High	Promotion Low
High Low	High	Rapid skimming Strategy	Slow skimming Strategy
	Low	Rapid penetration Strategy	Slow Penetration Strategy

2. Growth stage : - In this stage the product is produced in the sufficient quantity and put in the market without delay. The demand generally continues to outpace supply. The sales and profit curves rise, often at a rapid rate. Competitors enter in the market in large number if the profit out look appears to be very attractive. Some strategies in growth stage:

- It improves product quality and adds new product features and improved styling.
- It adds new models and flanker products (products of different sizes, flavors).
- It enters new market segments.
- It increases its distribution coverage and enters new distribution channels.
- It lowers prices to attract the next layer of price-sensitive buyers.
- It shifts from product-awareness advertising to product-preference advertising.

3. Maturity stage : - During this stage, sales continue to increase but at a decreasing rate, while the sales curve is leveling off the profits of both the manufacturer and the retailers are starting to decline because of rising expenditure and lowering of prices. The following strategies should follow in this stage

Market Modification:

❖ Expand number of users :

- Convert non-users
- Enter new market segments
- Win competitors' customers

❖ Increase annual usage :

- More frequent use
- More usage per occasion
- New and more varied uses

Product Modification

- A strategy of quality improvement aims at increasing the product's functional performance - its durability, reliability, speed, taste.
- A strategy of feature improvement aims at adding new features (for example - size, weight, materials, additives, accessories) that expand the product's versatility, safety, or convenience.
- A strategy of style improvement aims at increasing the product's aesthetic appeal. The periodic introduction of new car models amounts to style competition rather than quality or feature competition.

Marketing Mix Modification

- Σ Prices
- Σ Distribution
- Σ Advertising
- Σ Sales Promotion
- Σ Personal Selling
- Σ Services

4. Market decline stage : -This stage is characterized by either the products gradual placement by some new innovation or by an evolving change in consumer buying behavior. The buyers do not buy as much as they did before. New and superior products are being introduced to the market many of which meet the consumer's demand and need more closely. some strategies in decline stage :

▣ **Continuation Strategy :** Increasing the firm's investment (to dominate the market or strengthen the competitive position). Maintaining the firm's investment level until the uncertainties about the industry are resolved

▣ **Concentration Strategy :** - Decreasing the firm's investment level selectively, by dropping unprofitable customer groups, while simultaneously strengthening the firm's investment in lucrative niches.

- ▣ **Harvesting Strategy** : - Divesting the business quickly by disposing of its assets as advantageously as possible.
- ▣ **The Drop Strategy** - When a company decides to drop a product, it faces further decisions. If the product has strong distribution and residual goodwill, the company can probably sell it to another firm. If the company can't find any buyers, it must decide whether to liquidate the brand quickly or slowly. It must also decide on how much parts inventory and service to maintain for past customers.





UNIT -III



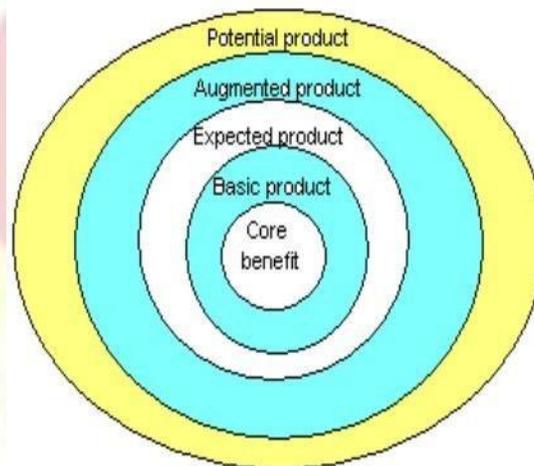
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- UNIT-3**
Planning Marketing Programs
- 1. Levels of product,**
 - 2. Product lines,**
 - 3. Product mix,**
 - 4. Brand and Packing,**
 - 5. Managing services,**
 - 6. Managing marketing channels,**
 - 7. Managing direct and on-line marketing.**
-

Levels of product,

Definition of Product : We define a product is any thing that can be offered to a market for attention, acquisition, use or consumption and that might satisfy a want or need. Products include more than just tangible goods. It includes physical objects, services, persons, place, organizations, ideas or mixtures of these entities. Products are almost always combinations of the tangible and intangible. The entire package is sometimes referred to as the augmented product. The mix of tangibles and intangibles in the augmented product varies from one product or service to another.

Levels of the product:

- 1) **Core Product / Core Benefit :** The fundamental service or benefit that the customer is really buying.
- (2) **Basic Product:** At the same level, the marketer has to turn the core benefit into a basic product.
- (3) **Expected Product :** A set of attributes and conditions buyers normally expect when they purchase this product.
- 4) **Augmented Product :** The marketer prepares an augmented product that exceeds customer expectations. Today's competition essentially takes place at the product-augmentation level.
- 5) **Potential Product :** encompasses all the possible augmentations and transformations the product might undergo in the future. Companies search for new ways to satisfy customers and distinguish their offer.



In case of a car, the 5 levels of a product are:

1. **Core product:** Transportation from one place to another.
 2. **Actual Product :** Brand of the car, looks and design of the car etc.
-

3. **Expected Product:** Decent mileage, proper engine, inflated tyres etc.
4. **Augmented Product:** After-sale services, insurance policy etc.
5. **Potential Product:** May run more smoothly as it wears off a

▣ **Classification of the product**

Products are classified into 2 types.

❖ **Consumer product.**

❖ **Industrial product.**

Consumer product: On the basis of the product characteristics:

1. Non durables
2. Durables
3. Services



Non durables

: These are tangible goods normally consumed in one or few uses. Because these goods are consumed quickly and purchased frequently, the appropriate strategy is to make them available at many locations, charge only a small mark up and advertise heavily to induce trial and build preference.

▣ **Durables;** These are tangible goods that normally survive many uses. Normally require more personal selling and service, command a higher margin, and require more seller guarantees.

▣ **Services:** These are intangible, inseparable, variable and perishable products.

Normally require more quality control, superior credibility, and adaptability.

On the basis of customer shopping habits

- (1) Convenience goods
- (2) Shopping goods
- (3) Specialty goods
- (4) Unsought goods

Convenient goods: These goods that the customer usually purchases frequently, immediately, and with a minimum of efforts. This type of goods can divide into the following way:

- (A) **Staples** : Consumers purchase on a regular basis.
- (B) **Impulse Goods** : are purchased without any planning or search efforts.
- (C) **Emergency Goods** : are purchased when a need is urgent.

Shopping goods : These goods that the customer in the process of selection and purchase, characteristically compares on such basis as suitability, quality, price and style.

Specially goods : These goods with unique characteristics or brand identification for which buyer is willing to make a special purchasing effort.

Unsought goods: These goods the consumer does not know about or does not normally think of buying. These goods require advertising and personal selling support.

Industrial products: -

- **Material and parts** : Raw materials consists of form product-wheat, cotton, live stock, fruits, vegetables manufactured material, iron, yarn, cement and wires.
 - **Capital items:** installations consist of major purchases such as buildings-factories, offices. Accessory equipment-hand tools liftrucks.
-

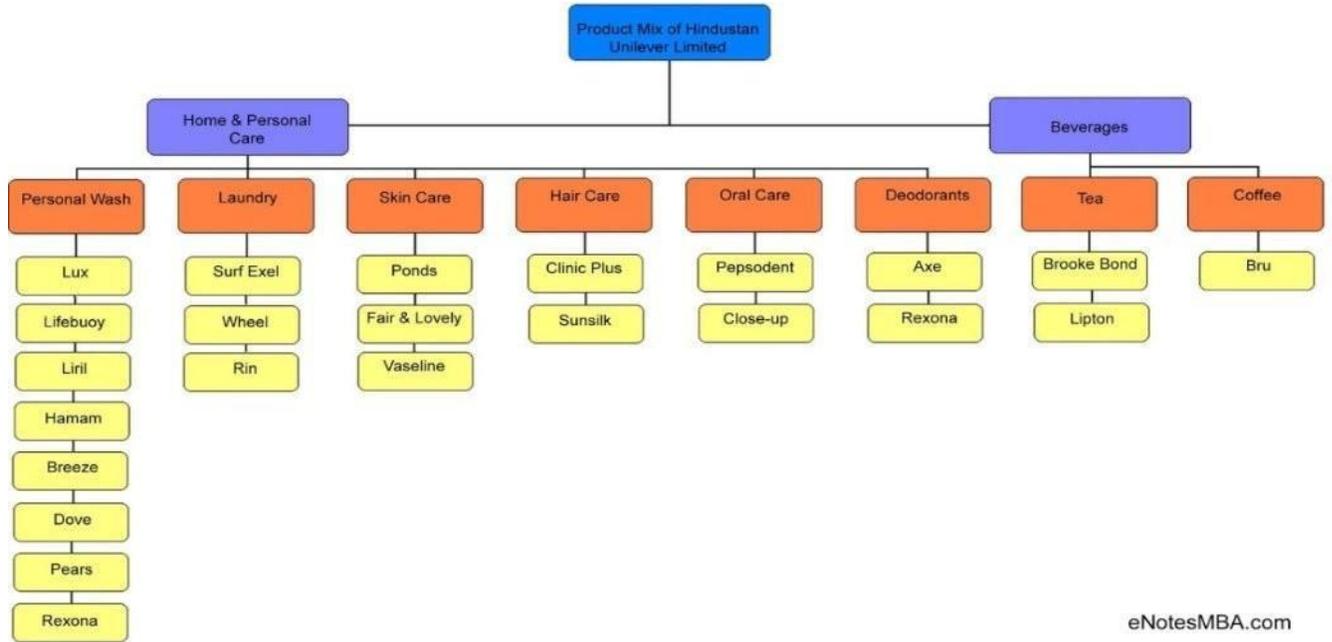
- **Suppliers and services** : Suppliers-lubricants, coal, paper, pencils, advisory services-legal, management consulting, and advertising.

<i>Base for classification</i>	<i>Classification</i>
Tangibility	Goods Service
Purpose of use	House hold goods commercial goods
Function of product	Consumable Durable
Habits	Convenience goods Shopping goods Specialty goods
Price	Mass goods Premium goods
Product development	Innovative goods Imitative goods
Product hierarchy	Global product National product Regional product Local product Unbranded product Commodities

Product lines.

Introduction: In [marketing](#) jargon, **product lining** is offering several related [products](#) for sale individually. Unlike [product bundling](#) , where several products are combined into one group, which is then offered for sale as a unit, product lining involves offering the products for sale separately. A line can comprise related products of various sizes, types, colors, qualities, or prices.





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HUL Product mix

	PL 1	PL 2	PL 3	PL 4	PL 5	PL 6	PL 7	PL 8	PL 9	PL 10
	Color cosmetic	Skin care	Oral care	Confectionaries	Hair care	Deodorants	Soap & Detergents	soaps	Beverages	Food
P r o d u c t L e n g t h	Lakme	Fair & lovely	Pepsodent	Max	Sunsilk	Axe	Surf excel	Liril	T roses	Annapurna Atta
	Aviance	Pond's	Toothbrush		Clinic	Pond's	Rin	Lifebuoy	Lipton yellow label	Annapurna Salt
		Vaseline	Close up		Dove	Rexona	Wheel	Lux	Lipton green label	Modern foods range
		Ponds facewash				Denim	Vim	Breeze	Lipton ice tea	Kwality Wall's feast
		Dove(fw)				Dove	Ala bleach	Pears	Red Label	Kwality Wall's cornetto
						Rexona	Sunlight	Hamam	Brooke bond	Kissan(jam, ketchup)
							Domex	Dove	Taj mahal	Modern bread
								Rexona		Knorr soups
								Moti		
		Water Purifier :- Pureit								

Product Line=11, Product length= 52 **Red** colour shows out of market products
Green colour shows new products

Product mix,

Introduction: Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors. The four dimensions to a company's product mix include width, length, depth and consistency.

Width: The width of a company's product mix pertains to the number of product lines that a company sells. For example, if a company has two product lines, its product mix width is two. Small and upstart businesses will usually not have a wide product mix. It is more practical to start with some basic products and build market share. Later on, a

company's technology may allow the company to diversify into other industries and build the width of the product mix.

Length: Product mix length pertains to the number of total products or items in a company's product mix, according to Philip Kotler's textbook "Marketing Management: Analysis, Planning, Implementation and Control." For example, ABC company may have two product lines, and five brands within each product line. Thus, ABC's product mix length would be 10. Companies that have multiple product lines will sometimes keep track of their average length per product line. In the above case, the average length of an ABC Company's product line is five.

Depth: Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic. For example, if a company sells three sizes and two flavors of toothpaste, that particular brand of toothpaste has a depth of six. Just like length, companies sometimes report the average depth of their product lines; or the depth of a specific product line.

Consistency: Product mix consistency pertains to how closely related product lines are to one another--in terms of use, production and distribution. A company's product mix may be consistent in distribution but vastly different in use. For example, a small company may sell its health bars and health magazine in retail stores. However, one product is edible and the other is not. The production consistency of these products would vary as well.

Brand and packing,

Introduction: There are millions of products and services all over the world, each claims to be the best among their category. But, every product is not equally popular. Consumer doesn't remember every product, only few products are remembered by their name, logo, or slogan. Such products generate desired emotions in the mind of consumer. It is branding that makes product popular and known in the market; branding is not an activity that can be done overnight, it might takes months and even years to create a loyal and reputed brand.

Definition of Branding

According to **American Marketing Association** - **Brand** is "A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name."

According to **Philip Kotler** - "**Brand** is a name, term, sign, symbol, design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors"

Meaning of Branding

Branding is a process of creating a unique name and image for a product in the mind of consumer, mainly through advertising campaigns. A brand is a name, term, symbol, design or combination of these elements, used to identify a product, a family of products, or all products of an organisation.

Elements of Branding

Brand includes various elements like - brand names, trade names, brand marks, trade marks, and trade characters. The combination of these elements form a firm's corporate symbol or name.

Brand Name - It is also called Product Brand. It can be a word, a group of words, letters, or numbers to represent a product or service. For example - Pepsi, iPhone 5, and etc.

Trade Name - It is also called Corporate Brand. It identifies and promotes a company or a division of a particular corporation. For example - Dell, Nike, Google, and etc.

Brand Mark - It is a unique symbol, colouring, lettering, or other design element. It is visually recognisable, not necessary to be pronounced. For example - Apple's apple, or Coca-cola's cursive typeface.

Trade Mark - It is a word, name, symbol, or combination of these elements. Trade mark is legally protected by government. For example - NBC colourful peacock, or McDonald's golden arches. No other organisation can use these symbols.

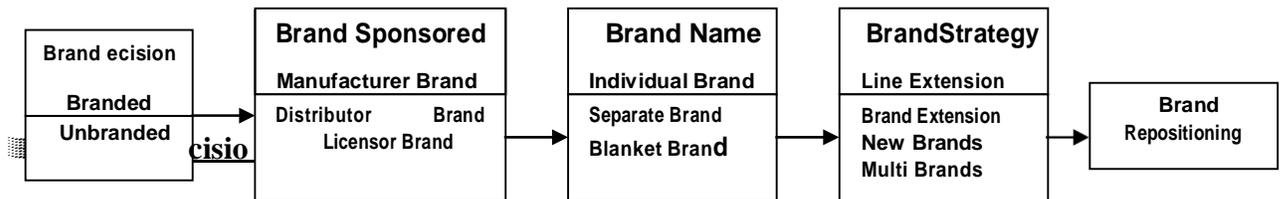
Trade Characters - Animal, people, animated characters, objects, and the like that are used to advertise a product or service, that come to be associated with that product or service. For example - Keebler Elves for Keebler cookies

Branding Strategies

There are various branding strategies on which marketing organisations rely to meet sales and marketing objectives. Some of these strategies are as following :-

- Σ **Brand Extension** - According to this strategy, an existing brand name is used to promote a new or an improved product in an organisation's product line. Marketing organisations uses this strategy to minimise the cost of launching a new product and the risk of failure of new product. There is risk of brand diluting if a product line is over extended.
 - Σ **Brand Licensing** - According to this strategy, some organisations allow other organisations to use their brand name, trade name, or trade character. Such authorisation is a legal licensing agreement for which the licensing organisation receives royalty in return for the authorisation. Organisations follow this strategy to increase revenue sources, enhance organisation image, and sell more of their core products.
 - Σ **Mixed Branding** - This strategy is used by some manufacturers and retailers to sell products. A manufacturer of a national brand can make a product for sale under another company's brand. Like this a business can maintain brand loyalty through its national brand and increase its product mix through private brands. It can increase its profits by selling private brands without affecting the reputation and sales of its national brand.
 - Σ **Co-Branding** - According to this strategy one or more brands are combined in the manufacture of a product or in the delivery of a service to capitalise on other companies' products and services to reach new customers and increase sales for both companies' brands.
-

Brand decision making Process:



Branded: First we take decision to have brand name or unbranded name for our product. But some times some products have no brand names in market.

Unbranded: Some products have no brand names due to legal procedures. So some companies decide to have no need of brand names for products. But some advantageous are there for branding some of them are given below:

Brand Sponsored:

- Manufacturer Brand:** Real manufacture of a product may have chance to put his own name for product. It is called manufacturer's brand.
- Distributor Brand:** It is called store brand, reseller brand, house brand or private brand. Here it not manufacturer but they can get finished products from another maker, but they sell in market with his name it is called distributor brand.
- Licensor Brand:** Some companies may get license from branded companies to use their brands for other manufacturer products for the period licensed term.

Brand Name

- Individual Brand :** From every company many products are being produced, but every product has its own name. This policy helps for the company in a situation of any particular product fails in market. For example EENADU has its own different goods like ETV, EENADU, PRIYA, KALANJALI, BRISHA and MARGADARSHI. This the policy of individual brand.

- Separate Brand Family brand names:** A family brand name is used for all products. By building customer trust and loyalty to the family brand name, all products that use the brand can benefit. Good examples include brands in the food industry, including Kellogg's, Heinz and Del Monte. Of course, the use of a family brand can also create problems if one of the products gets bad publicity or is a failure in a market. This can damage the reputation of a whole range of

- Blanket Brand:** One of the strategies that are available in brand name decision. In this strategy, every product the company offers to market bears the same brand name. Usually, this name is a company name. This strategy offers certain advantages such as the development cost is less because there is no need for name research or heavy advertising expenditures to create brand name recognition. Furthermore, sales of new product are likely to be strong if the manufacturer's name is well known.

Brand Strategy

- Line extension :** Line extension occurs when a company introduces additional items in the same product category under the same brand name, usually with new flavours, forms, colours, added ingredients, package sizes and so on. Line extensions

generally have a higher chance of survival than new products. On the down side extensions may lead to the brand name losing its specific meanings; Ries and Trout call this “ Line Extension Trap .”

▣ **Brand Extension:** Brand Extension also involves risks. The new product might disappoint buyers and damage their respect for company’s other products. The brand name may lose its special positioning in the consumer’s mind through over extension - a phenomenon called “ brand dilution.”

▣ **New Brands :** When a company launches products in a new category, it may find that none of its current brand names are appropriate. When the present brand image is not likely to help the new product, companies are better off creating new brand names

▣ **Multi Brands:** A company will often introduce additional brands in the same product category. One of the motives for multi branding is to establish different features and / or appeal to different buying motives. It also enables the company to lock up more distributor shelf space and protect its major brand by setting up flanker brands

▣ **co –branding:** Co-branding occurs when two different companies pair their respective brands in a collaborative marketing effort. Each brand sponsor expects that other brand name will strengthen brand preference or purchase intention.

Packing:

Introduction: Product packaging plays an important role in the marketing mix .Packaging plays an important role as a medium in the marketing mix, in promotion campaigns, as a pricing criterion, in defining the character of new products, as a setter of trends and as an instrument to create brand identity and shelf impact in all product groups.

The top ten requests about packaging : Even though the consumer is not dissatisfied with the packaging available on the market, he would still like to be tempted by functional and attractive packaging ideas, by multisensory appeal and creative design - preferably with packaging ideas made from board. He acknowledges additional benefits and appeal and is even willing to pay an extra charge for them. Good starting points for improvements, changes, innovations which optimise the features of packaging that determine buying decisions and thus generate new market potential can be summarised in consumers' top ten requests about product packaging:

1. **Eye-catching appearance** A distinctive, unmistakable and eye-catching appearance is a signal at the POS to which all consumers and particularly the younger ones respond positively. Whatever stands out clearly in the monotonous competitive environment, whatever is surprising scores points with the consumer. Special effort makes a special impression - and is allowed to cost more too.

2. **Design, shape and colour** The purpose of well-considered design, creative printing and finishing is to entice the consumer to devote attention to the pack and its contents at

the POS. Aesthetics and attractiveness are major distinctive features - and are in fact essential in some product segments: beautiful packaging design is of central importance in the cosmetics and confectionery product groups. Consumers like to buy agreeably designed and decorative products!

2. **Functionality** Functional aspects are the basis for all successful packaging and for thus greater product success too. Product and aroma protection, hygiene and tightness, environmental responsibility and practical handling (in both use and storage) are just as important here as ideas that improve comfort: closure mechanisms, portioning, see-through windows, for example.
 3. **Innovation** Novelty has exceptionally strong appeal. An innovative pack can even make "new products" out of familiar ones. Unusual solutions, functional new developments and originality not only set design trends but also boost sales!
 4. **Material** What is printed on board is read particularly willingly, while what is packaged in board sells particularly well. Sustainability, easy disposal and, above all, great design variety and potential are particular features of the material. Popular with consumers, particularly high appeal and many other advantages too.
 5. **Efficient communication** The packaging is the credible medium at the point of sale and is consulted willingly and intensively (see "Material"). This makes it an efficient means of communication and, in addition, one that gets closer to the consumer than all others. If several of his senses are appealed to as well, he can be persuaded particularly successfully.
 6. **Multisensory** appeal Anyone who approaches consumers via several of his senses attracts greater attention, intensifies perception and stimulates interest in buying. Packaging that can be felt, smelled and heard as well as looked at wins the customer's favour. So much so that he is willing to pay a higher price for this multisensory appeal.
 7. **Appropriateness** for the product Packaging is considered to be an important indicator of quality. The quality of the product therefore has to be communicated by good packaging and not just by promises of quality made in the text on the packaging. A credible "overall work of art" is created as a result, in which the contents and the packaging are coherent and the consumer is convinced by their consistency.
 8. **Value** Packaging is an excellent way to communicate sophistication, class and value. This makes it an ideal strategic option for expressing premium positioning - as well as being the instrument of choice when a product needs to be upgraded or a brand needs to be revitalised. Products in classy packaging are particularly popular presents too.
 9. **Additional benefits** Successful packaging not only combines what is pleasant with what is functionally useful but also provides additional benefits. For example, as a gift or for presentation, with entertaining components or simply by making it
-

possible to continue using the packaging for something else after the product has been consumed.

Functions of packing:

1. **Product Identification:** Packaging serves as an identification of the product. A product is packed in special sized, coloured and shaped container for keeping its difference from the products of competitors. For ex
2. **Product Protection:** The main function of packaging is to provide protection to the product from dirt, insects, dampness and breakage. For example, the products like biscuit, jam, chips, etc., need to be protected from environmental contact. That is why they are tightly packed.
3. **Convenience:** Packaging provides convenience in the carriage of the product from one place to another, in stocking and in consuming. For example, the new pet bottles of COKE makes the carriage and stocking easier. Similarly, the pack of FROOTI provides convenience in its consumption.
4. **Product Promotion:** Packaging simplifies the work of sales promotion. Packing material in the house reminds the consumers constantly about the product. In this way, the packaging performs the role of a passive salesman. Consequently, it increases the sales.

Managing services,

Definition of service : “Service is an act or performance offered by one party to another that is essentially intangible and does not result in the ownership of anything.”

Trends in service sector

- ❖ Service industry known as tertiary industry (primary – agri, mining; secondary – manufacturing)
- ❖ Share of services, industry, and agriculture in India's GDP is 55.1 per cent, 26.4 per cent, and 18.5 per cent respectively
- ❖ A KPMG survey of BRIC countries (Brazil, Russia, India and China), has revealed highest confidence among the service sector in India with 60% of the Indian firms expect rise in activity, a few notches above than that of China

Factors contributing to growth:

1. Government Policies
 - Govt. regulations,
 - Privatisation
 2. Social Changes
 - Rising customer expectations
 - More affluence
 - Increased desire for buying experiences vs products
 3. Business trends
 - Mfrs. Adding value through services
 - Quality Movement
 - Growth of franchising
-

4. Advances in Information Technology
 - Growth of internet
 - Convergence of computers & telecommunications

The various sectors that combine together to constitute service industry in India are:

- Trade
- Hotels and Restaurants
- Railways
- Other Transport & Storage
- Communication (Post, Telecom)
- Banking
- Insurance
- Dwellings, Real Estate
- Business Services
- Public Administration; Defence
- Personal Services
- Community Services
- Other Services

Service elements within an organization that facilitate creation of--or add value to--its final Output

- Includes:
 - ▣ accounting and payroll administration
 - ▣ recruitment and training
 - ▣ legal services
 - ▣ transportation
 - ▣ catering and food services
 - ▣ cleaning and landscaping
- Increasingly, these services are being outsourced

Differences between goods & services

- Customers do not obtain ownership of services
- Service products are ephemeral & cannot be inventoried
- Intangible element
- Customers maybe involved in production process
- Other people part of product
- Greater variability in operational inputs& outputs
- Services are difficult for customers to evaluate
- Time factor assumes more importance
- Distribution channel take different forms

Classification of services

people

process

<p><i>People Processing</i></p> <ul style="list-style-type: none"> - Passenger transportation - Health care - Lodging & Restaurant 	<p><i>Possession processing</i></p> <ul style="list-style-type: none"> - Freight transportation - Repair & maintenance - Retail distribution 	Tangible actions
<p><i>Mental stimulus</i></p> <ul style="list-style-type: none"> - Advtg. & PR - Education - Entertainment & Arts 	<p><i>Information processing</i></p> <ul style="list-style-type: none"> - Accounting & Bkg - Insurance & Legal - Software Consulting 	Intangible actions

People processing

- ∑ Customers must physically enter the service system as they are integral part of process
- ∑ They must spend time interacting & co-operating with service providers
- ∑ Process & output is important

Possession processing

- ∑ Providing treatment to possession. Customers less physically involved
- ∑ Customer's involvement – to drop item that needs treatment, requesting the service, explaining problem & later picking it up & paying the bill.
- ∑ If object to be processed is difficult to move then “service factory” comes to customer

Mental stimulus processing

- ∑ These services interact with the customer's minds which has the power to shape their attitude & behaviour. Core content is information
- ∑ Customers not physically present, but mentally connected with information presented.
- ∑ Recipients have to make investment of time

Information processing

- ∑ Information is most intangible but can be made tangible by letters, reports, books
- ∑ Financial & professional services are strong examples of collection & processing of information
- ∑ No requirement of personal contact with supplier of service. Contact could be over e-mail, telephone

Implications of service process

Designing Service Factory (people proc.)

- ∑ When customers have to be physically present throughout delivery, process must be designed with them in mind – right from the moment they arrive the service factory.
 - ∑ Choose convenient location
-

- ∑ These factors assume importance
- ∑ exterior & interior facilities,
- ∑ encounters with service personnel,
- ∑ interactions with self-service equipment
- ∑ characteristics of other customers

For possession-processing, mental-stimulus processing, or information processing services, alternatives include:

- ∑ Customers come to the service factory
- ∑ Customers come to a retail office
- ∑ Service employees visit customer's home or workplace
- ∑ Business is conducted at arm's length through
- ∑ physical channels (e.g., mail, courier service)
- ∑ electronic channels (e.g., phone, fax, email, Web site)

Making most of Information Technology

- ∑ All services can benefit from IT, but mental stimulus processing and information-processing services have the most to gain.
- ∑ Remote delivery of information-based services “anywhere, anytime”
- ∑ New service features through websites, email, and internet (e.g., information, reservations)
- ∑ More opportunities for self-service

Balancing Supply & Demand

- ∑ Problems arise because service output can't be stored
- ∑ If demand is high and exceeds supply, business may be lost. If demand is low, productive capacity is wasted
- ∑ Services that process people & possession face more capacity limitations. Increasing capacity entails huge costs. Managing demand becomes more important.

People becoming part of Product

- ∑ When people become part of service, their attitude, behaviour & appearance can enhance it or detract it
- ∑ Managers should be concerned about employees' appearance, social skills, technical skills

Three Overlapping Sub-systems

Service Operations (front stage and backstage)

- ∑ Where inputs are processed and service elements created.
- ∑ Includes facilities, equipment, and personnel

Service Delivery (front stage)

- ∑ Where “final assembly” of service elements takes place and service is delivered to customers
- ∑ Includes customer interactions with operations and other customers

Service Marketing (front stage)

- ∑ Includes service delivery (as above) and all other contacts between service firm and customers

Managing marketing channels,

Marketing channels : Physical distribution involves planning implementing and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs at a profit. The main elements of total physical distribution costs of a product are transportation, warehousing inventory carrying receiving and shipping packaging administration and other processing. Experts believe that substantial savings can be affected in the physical distribution area, which has been described, as “the last frontier for cost economic” and “the economy’s dark continent.

Objectives : -

- ← Hitting the right goods to the right places at the right time for the least cost.
- ← Maximum customer service implies large inventories, premium transportation & multiple warehouses, all of which arise distribution cost.
- ← Minimum distribution cost implies cheap transportation, low stocks and few warehouses.

Components of physical distribution:-

- ∑ **Order processing** :- Processing deals receiving, recording, filling & assembling of product for dispatch. The possible time required from the data of receipt of an order up to the data of dispatch of goods must be reasonable & as start as possible. Order cycle time must not exceed & days.
- ∑ **Inventory management** :- Inventories are reservoirs of goods held in anticipation promptly, inventories are kept to meet market demands promptly, inventory means, money is held temporarily in the form of raw materials component parts supplies in process goods and finished goods, 20% to 30% of the total assets of a firm are locked up-inventory.
- ∑ **Location of warehouses** :-Storage means holding the stock of goods for a relatively longer period as the goods are not immediately in demand warehouses also provide the following services breaking bulk, dispatch of smaller consignments to retailers, holding the stocks for retailers, regulating the goods
- ∑ **Determining material handling system** :- once the layout for the factories design the next task is to develop efficient material handling system to move the material from are stage of production to another stage. Little handling involves moving, packaging, storing, all the materials used by the firm with the development of technology a variety of material handling requirements have been developed to economic the cost reduce the effort of workers improve the safety for men & materials.
- ∑ **Selecting of a method of transport system** :- marketers need to take an interest in their company’s transportation decisions. The choice of transportation carries affects the pricing of products, delivering performance and condition of the goods when they arrive all of which will affect customer satisfaction. In shipping goods to its ware houses, dealers and customers. The company can choose among 5 transportation models: trail, truck, water, pipeline and air.

Distribution channel functions:

- ← **Information:** Gathering and distributing marketing research and intelligence information about actor and faces in the marketing environment immediate for planning and aiding exchange.
-

- ← **Promotion** : Developing and speeding persuasive communication about an offer.
- ← **Contact**: Finding and communication with prospective buyers.
- ← **Negotiation** : Reaching an agreement on price and other terms of the offer so that ownership or possession can be transferred.
- ← **Physical distribution** : Transporting and storing goods.
- ← **Matching** : Shaping and fitting the offer to the buyer's needs, including activities such as manufacturing, grading, assembling and packing.
- ← **Financing** : Acquiring and using funds to cover the cost of the channel work.
- ← **Risk taking** : Assuming the risks of carrying out the channel work

Factors of distribution channel :

- ▣ Nature of market
- ▣ Nature of product
- ▣ Buying habits of the customer
- ▣ Competition
- ▣ Financial resources
- ▣ Channel cost

Role of Distribution channel: Besides making the product available to the customer, middlemen perform several other roles and functions. Some of these key roles are summarized below.

- ▣ **Information:** Middlemen have a role in providing information about the market to the manufacturer. Developments like changes in customer demography, psychograph, media habits and the entry of a new competitor or a new brand and changes in customer preferences are some of the information that all manufacturer's want. Since these middlemen are present in the market place and close to the customer they can provide this information at no additional cost.
- ▣ **Price stability:** Maintaining price stability in the market is another function a middlemen performs. Many a time the middlemen absorbs an increase in the price of the products and continues to charge the customer the same old price. This is because of the intra middlemen competition. The middlemen also maintains price stability by keeping his overheads low.
- ▣ **Promotion:** Promoting the product / s in his territory is another function a middlemen perform. Many of them design their own sales incentive programmes, aimed at building customer traffic at their outlets.
- ▣ **Financing:** Middlemen finance manufacturer's operations by providing necessary working capital in the form of advance payments for goods and services. The payment is in advance even though credit may be extended by the manufacturer, because it has to be made even before the products are bought, consumed and paid for by the ultimate customer.
- ▣ **Title:** Most middlemen take the title to the goods, services and trade in their own name. This helps in diffusing the risks between the manufacturer and middlemen. This also enables middlemen to be in physical possession of the goods, which in turn enables them to meet customer demand at the very moment it arises.

Types of channels :

1. **Producer --> Customer**
-

The producer sells the goods or provides the service directly to the consumer with no involvement with a [middle man](#) such as an [intermediary](#), a [wholesaler](#), a [retailer](#), an agent, or a [reseller](#).

2. Producer --> Retailer --> Consumer

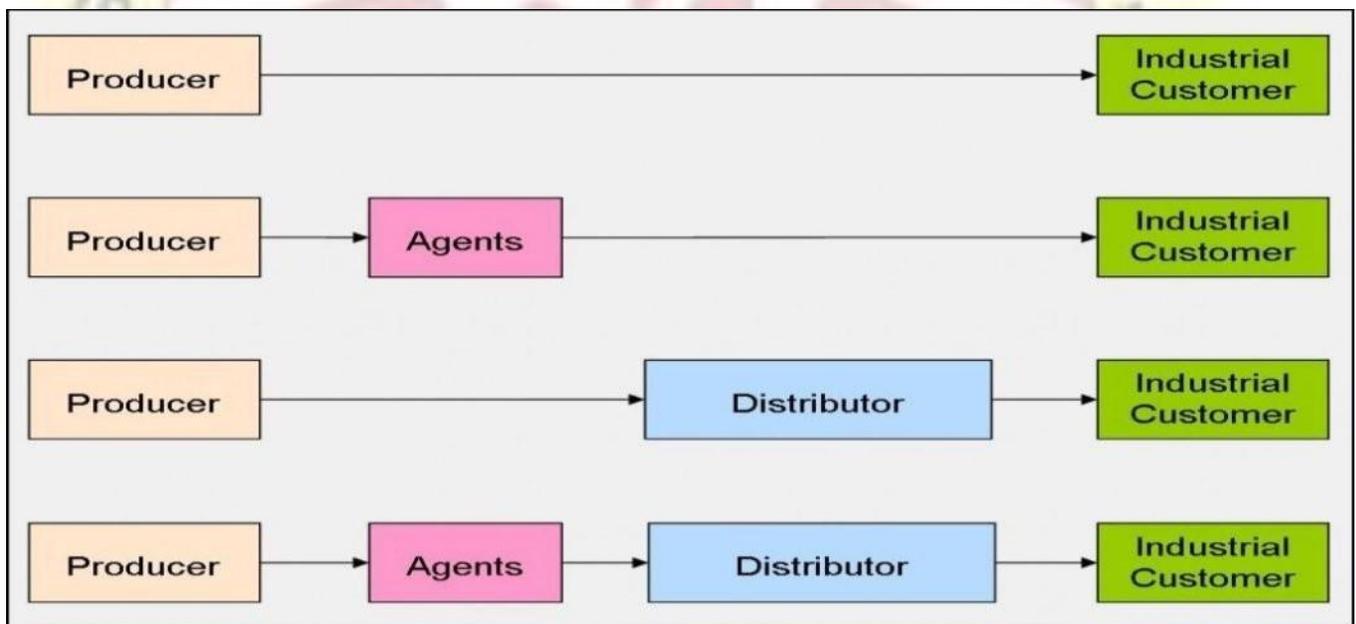
Retailers, like [Walmart](#) and [Target](#), buy the product from the manufacturer and sell them directly to the consumer. This channel works best for manufacturers that produce shopping goods like, [clothes](#), [shoes](#), [furniture](#), [tableware](#), and [toys](#). Since consumers need more time with these items before they decide to purchase them, it is in the best interest of the manufacturer to sell them to another user before it gets into the hand of the consumers

3. Producer --> Wholesaler/ Distributor --> Customer

Wholesalers, like [Costco](#), buy the products from the manufacturer and sell them to the consumer. In this channel, consumers can buy products directly from the wholesaler in [bulk](#). By [buying the items in bulk](#) from the wholesaler the prices of the product are reduced. This is because the wholesaler takes away extra costs, such as service costs or sales force costs, that customers usually pay when buying from retail; making the price much cheaper for the consumer.

4. Producer --> Agent / Broker --> Wholesaler or Retailer --> Customer

This distribution channel involves more than one intermediary before the product gets into the hands of the consumer. This middleman, known as the agent, assists with the negotiation between the manufacturer and the seller. Agents come into play when the producers need to get their product into the market as quickly as possible.



Managing direct and on-line marketing.

Introduction: Direct marketing is a type of advertising campaign that seeks to elicit an action (such as an order, a visit to a store or Web site, or a request for further information) from a selected group of consumers in response to a communication from

the marketer. The communication itself may be in any of a variety of formats including postal mail, telemarketing, direct e-mail marketing, and point-of-sale (POS) interactions. Customer response should be measurable: for example, the marketer should be able to determine whether or not a customer offered a discount for online shopping takes advantage of the offer.

Forms of direct marketing:

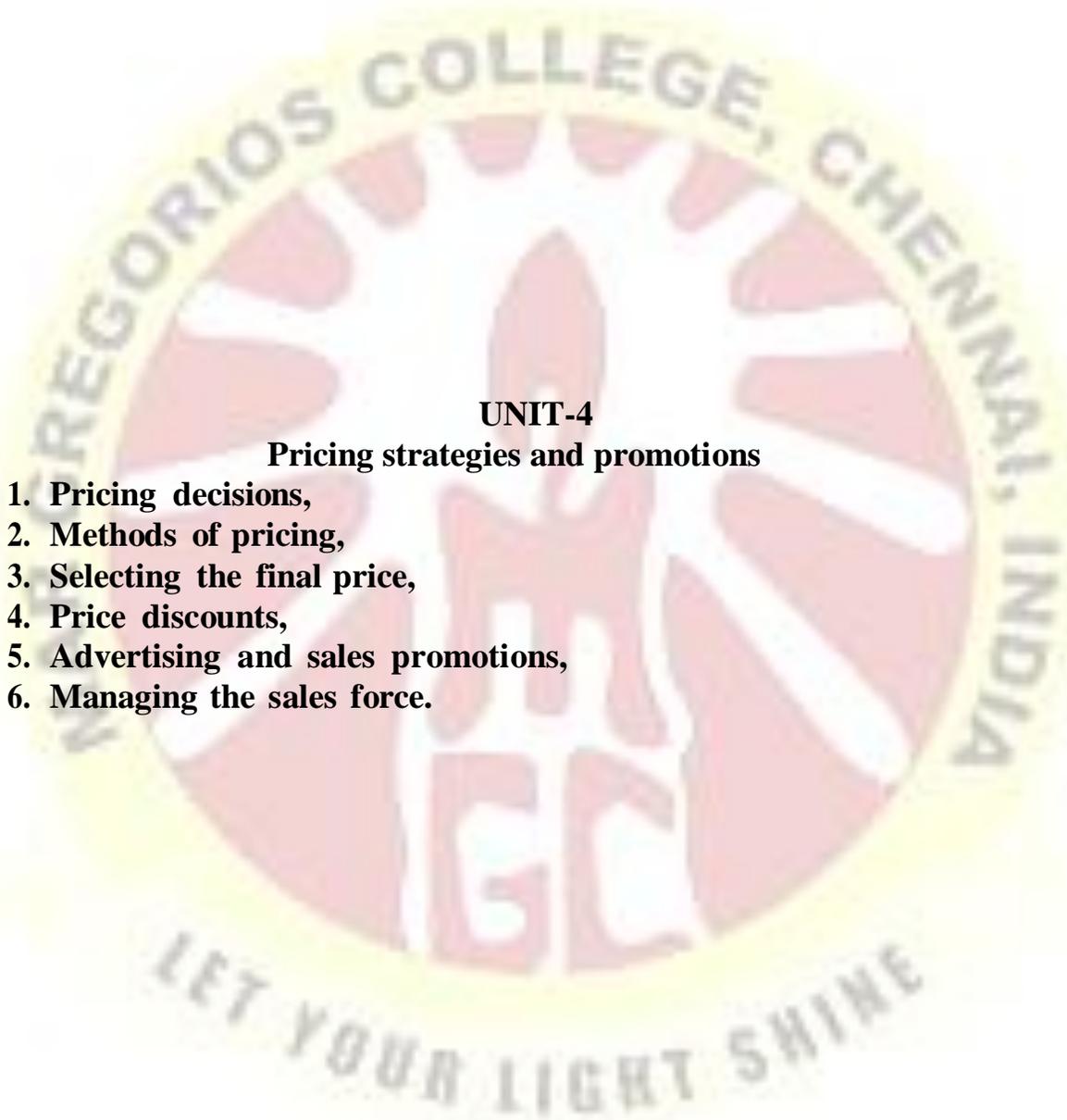
- Σ Personal selling direct marketing
- Σ Direct-mail direct marketing
- Σ Catalog direct marketing
- Σ Telephone marketing
- Σ Direct-response television marketing
- Σ Kiosk marketing
- Σ Digital direct marketing
- Σ Online marketing





UNIT -IV





UNIT-4

Pricing strategies and promotions

- 1. Pricing decisions,**
 - 2. Methods of pricing,**
 - 3. Selecting the final price,**
 - 4. Price discounts,**
 - 5. Advertising and sales promotions,**
 - 6. Managing the sales force.**
-

4.1.Pricing decisions,

Introduction : The company first decides where it wants to position its market offering.

The clearer a firm's objectives, the easier it is to set price.

Five major objectives through pricing:

- ▣ Survival ness
- ▣ Maximum current profit,
- ▣ Maximum market share,
- ▣ Maximum market skimming,
- ▣ Product-quality leadership.

The following are the price setting methods.

- ▣ **Market pricing / cost pricing :** - The most elementary pricing method is to add standard markup to the cost of the product. Construction companies omit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers, accountants and other professions typically price by adding a standard markup to their costs.
- ▣ **Target return pricing :** - Another cost oriented pricing approach is target return pricing. The firm tries to determine the price that is at would yield the target rate of return on investment. This pricing method is also used by public utilities that are constrained to make a fair return on their investment.
- ▣ **Perceived value pricing :** - It fits in well with modern product positioning thinking. The key to perceived value pricing is to accurately determine the market's perception of the offer is value. Market research is needed to establish the market perception of value as a guide to effective pricing. They use the non-price variables in the marketing mix to build up perceived value in the buyers' minds.
- ▣ **Going rate pricing :** - In going rate pricing, the firm bases its price largely on competitors prices, with less attention paid to its own cost or demand. The firm might change the same, more or less than its major competitors. Going rate pricing is quite popular. Where costs are difficult to measure or competitive response is uncertain firms feel that the going price represents a good solution.
- ▣ **Sealed- bid pricing :** - Competitive oriented pricing also dominates where firms bid for jobs. The firm bases its price on expectations of what competitors will price rather than on a rigid relation to the firm's costs or demand. The firm wants to win the contract and this requires pricing lower than the other firms. The higher its sets its price above the costs the lower its chance of getting the contract.

PRICE STRATEGIES:- Companies do not set a single price but set a pricing structure that covers different products and items in the line and reflect variations in geographical demand and costs market segment intensity of demand, purchase timing and other factors.

- ▣ **Geographical pricing :** - Geographical pricing involves company in deciding how to price its products to customers located in different parts of the country. Companies have evolved few different approaches to geographical pricing strategy. They are as follows.
 - ▣ Uniform delivered pricing.
-

- ▣ Basic-point pricing.
 - ▣ Zero pricing.
 - ▣ **Promotional pricing** : - Under certain circumstances, companies will temporarily price their products below the list price and sometimes even below cost. Promotional pricing takes several forms.
 - Σ **Loss leader pricing** : - Here supermarkets and department stores drop the price on well-known brands to stimulate additional traffic.
 - Σ **Special event pricing** : - This will be used by sellers in certain seasons to draw in more customers. Thus lines are promotionally priced every January to attract shopping-weakly customers into the stores.
 - Σ **Cash rebates** : - consumers are offered cash rebates to get them to buy that manufacturer's product, within a specified time period. The rebate can help the manufacturer clean inventories without having to cut the list price.
 - Σ **Low-interest financing** : - This is another tool for stimulating sales without lowering the price.
 - Σ **Psychological discounting** : - This involves putting an artificially high price on a product and then offering it at substantial savings.
 - Σ **Warranties and service contracts** : - The company can promote sales by adding a free warranty offer or service contract. This is a way of reducing the price.
 - ▣ **Discriminatory pricing** : - Discriminatory pricing describes the situation where the company sells a product or service at two or more prices that do not reflect a proportional difference in costs. It takes several forms.
 - ← **Customer segment pricing** : - Here different customer groups are charged different prices for the same products or services. Museums will charge a lower admission fee to students and senior citizens.
 - ← **Product form pricing** : - Here different versions of the product are priced differently but not proportionally to their respective costs.
 - ← **Image pricing** : - Some companies will price the same product at two different levels based on image differences.
 - ← **Location pricing** : - Here different locations are priced differently even though the cost of offering each location is the same. A theater varies its seat prices because of audience preferences for certain locations.
 - ← **Time pricing** : - Here prices are varied seasonally by the day and even by the hour. Public utilities vary their energy rates to commercial users by time of day and weekend versus week day.
 - ← **Product mix pricing** : - Price-setting logic has to be modified when the product is a part of a product-mix. In this case, the firm searches for a mutual set of prices that maximize the profits on the total product mix.
-

Σ Discount Strategy unit & all allowances	Description
Pricing	- Reducing prices to reward Customer response such as paying Early or promoting the product.
Σ Segment pricing	- Cash discount, quantity, discount, Functional discount, seasonal Discount.
Σ Psychological pricing	- Adjusting prices to allow for differences in customers, products or locations.
Σ Promotional pricing	- Adjusting prices for psychological effect.
Σ Geographical pricing	- Temporarily reducing prices to increase Short-run sales.
Σ Interaction pricing	- Adjusting prices to account for the Geographical locations of customers.
	- Adjusting prices for international market.

Process of pricing decision making:

1. **Setting the pricing objectives**
2. **Determine demand**
3. **Estimating cost**
4. **Analyzing competitive price**
5. **Selecting the price method**
6. **Select final price**

Advertising and sales promotions,

Introduction: "Advertising is a nonpersonal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." Explain.

Definition of Advertising - "Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media." Now let's take this statement apart and see what it means.

Non-personal: Basically sales is done either personally or non-personally. Personal selling requires the seller and buyer to get together. Personal selling has its own advantages and disadvantages. Whereas advertising is non-personal selling. Personal selling has many advantages over advertising like direct communication, bargaining, enough time to discuss in detail about the product, seller can easily locate potential buyer. Advertising has none of the advantages of personal selling, very little time to present sales message, message is cannot be changed easily.

Communication: Communication means passing information, ideas, or feelings by person to another. Communication uses all the senses like smell, touch, taste, sound, sight. Only two senses - sound and sight are really useful in advertising. In advertising, what appears is everything the writer thinks the customer needs to

know about the product in order to make a decision about the product. That information will generally be about how the product can benefit the customer.

▣ **Paid For:** Advertiser has to pay for the creation of ad and for placing it in the media. Cost of ad creation and cost of time / space in the media must be paid for. Cost of advertising depends on TRP of media, reach of media, and frequency of ad to be displayed.

▣ **Persuasive:** "Persuasive" stands to reason as part of the definition of advertising. The basic purpose of advertising is to identify and differentiate one product from another in order to persuade the consumer to buy that product in preference to another.

▣ **Identified Sponsors:** Identified sponsors means whoever is putting out the ad tells the audience who they are. There are two reasons for this: first, it's a legal requirement, and second, it makes good sense. Legally, a sponsor must identify himself as the sponsor of ad. By doing so the sponsor not only fulfils the legal requirements, but it also makes a good sense, if the sponsor doesn't do so, the audience may believe that the ad is for any competitor's product, thus wasting all the time and money in making and placing the ad.

Functions of Advertising -

1. **To distinguish product from competitors' products:** There are so many products of same category in the market and they competes with each other, advertising performs the function of distinguishing advertiser's product from competitors.
2. **To communicate product information:** Product related information required to be communicated to the targeted customers, and advertisement performs this function.
3. **To urge product use:** Effective advertisement can create the urge within audience for a product.
4. **To expand product distribution:** When the market demand of a particular product increases, the number of retailer and distributor involved in sale of that product also increases, hence product distribution get expanded.
5. **To increase brand preference:** There are various products of different bands are available, the brand which is effectively and frequently advertised is preferred most.
6. **To reduce overall sale cost:** Advertising increases the primary demand in the market. When demand is there and the product is available, automatically the overall cost will decrease, simultaneously the cost of sales like distribution cost, promotional cost also get decreased.

Classification of Advertising –

A) Classification on the basis of function

- Σ **Informative advertising:** This type of advertising informs the customers about the products, services, or ideas of the firm or organization.
 - Σ **Persuasive advertising:** This type of advertising persuades or motivates the prospective buyers to take quick actions to buy the products or services of the firm. Example: "Buy one, get one free".
 - Σ **Reminder advertising:** This genre of advertising reminds the existing customers to become medium or heavy users of the products or services of the firm that have been purchased by them at least once. This type of advertising exercise helps in keeping the brand name and uses of the products in the minds of the existing customers.
-

B) Classification on the basis of region

Advertisements can also be classified on the basis of the region, say:

- Σ **Global advertising:** It is executed by a firm in its global market niches. Reputed global magazines like Time, Far Eastern Economic Review, Span, Fortune, Futurist, Popular Science. Cable TV channels are also used to advertise the products through out world. Supermodels and cinema stars are used to promote high-end products Examples: Sony, Philips, Pepsi, Coca Cola, etc.
- Σ **National advertising:** It is executed by a firm at the national level. It is done to increase the demand of its products and services throughout the country. Examples: BPL (Believe in the best). Whirlpool Refrigerator (Fast Forward Ice Simple) etc.
- Σ **Regional advertising:** If the manufacturer confines his advertising to a single region of the country, its promotional exercise is called Regional Advertising. This can be done by the manufacturer, wholesaler, or retailer of the firm. Examples: Advertisements of regional newspapers covering those states or districts where these newspapers are circulated. Eg. The Assam Tribune (only for the NE region) etc.
- Σ **Local advertising:** When advertising is done only for one area or city, it is called Local Advertising. Some professionals also call it Retail Advertising. It is sometime done by the retailer to persuade the customer to come to his store regularly and not for any particular brand. Examples: Advertisements of Ooo la la, Gupshup (Local FM channels) etc.

C) Classification on the basis of target market

Depending upon the types of people who would receive the messages of advertisements, we can classify advertising into four subcategories:

- Σ **Consumer product advertising:** This is done to impress the ultimate consumer. An ultimate consumer is a person who buys the product or service for his personal use. This type of advertising is done by the manufacturer or dealer of the product or service. Examples: Advertisements of Intel, Kuttons (shirt), Lakme (cosmetics) etc.
 - Σ **Industrial product advertising:** This is also called Business-to-Business Advertising. This is done by the industrial manufacturer or his distributor and is so designed that it increases the demand of industrial product or services manufactured by the manufacturer. It is directed towards the industrial customer.
 - Σ **Trade advertising:** This is done by the manufacturer to persuade wholesalers and retailers to sell his goods. Different media are chosen by each manufacturer according to his product type, nature of distribution channel, and resources at his command. Hence, it is designed for those wholesalers and retailers who can promote and sell the product.
 - Σ **Professional advertising:** This is executed by manufacturers and distributors to influence the professionals of a particular trade or business stream. These professionals recommend or prescribe the products of these manufacturers to the ultimate buyer. Manufacturers of these products try to reach these professionals under well-prepared programmes. Doctors, engineers, teachers, purchase professionals, civil contractors architects are the prime targets of such manufacturers.
-

- Σ **Financial advertising:** Banks, financial institutions, and corporate firms issue advertisements to collect funds from markets. They publish prospectuses and application forms and place them at those points where the prospective investors can easily spot them.

D) Classification on the basis of desired responses

An ad can either elicit an immediate response from the target customer, or create a favourable image in the mind of that customer. The objectives, in both cases, are different. Thus, we have two types of advertising under this classification.

- Σ **Direct action advertising:** This is done to get immediate responses from customers. Examples: Season's sale, purchase coupons in a magazine.
- Σ **Indirect action advertising:** This type of advertising exercise is carried out to make a positive effect on the mind of the reader or viewer. After getting the advertisement he does not rush to buy the product but he develops a favourable image of the brand in his mind.
- Σ **Surrogate advertising:** This is a new category of advertising. In this type of promotional effort, the marketer promotes a different product. For example: the promotion of Bagpiper soda. The firm is promoting Bagpiper Whisky, but intentionally shows soda. They know that the audience is quite well aware about the product and they know this fact when the actor states, "Khoob Jamega Rang Jab Mil Baithege Teen Yaar ... Aap ... Main, Aur Bagpiper").

E) Classification on the basis of the media used in advertisement

The broad classification based on media is as follows:

- Σ **Audio advertising:** It is done through radio, P A systems, auto-rickshaw promotions, and four-wheeler promotions etc.
- Σ **Visual advertising:** It is done through PoP displays, without text catalogues, leaflets, cloth banners, brochures, electronic hoardings, simple hoardings, running hoardings etc.
- Σ **Audio-visual:** It is done through cinema slides, movies, video clips, TV advertisements, cable TV advertisements etc.
- Σ **Written advertising:** It is done through letters, fax messages, leaflets with text, brochures, articles and documents, space marketing features in newspapers etc.
- Σ **Internet advertising:** The world wide web is used extensively to promote products and services of all genres. For example Bharat Matrimony, www.teleshop.com, www.asianskyshop.com etc.
- Σ **Verbal advertising:** Verbal tools are used to advertise thoughts, products, and services during conferences, seminars, and group discussion sessions. Kinesics also plays an important role in this context.

Advertisement management process-5Ms

1) **Mission:** What's the mission of your advertising campaign? An advertiser must understand the underlying reason for the campaign, and its targets; ensure the brief you receive includes strong information on this.

There may be more than one mission: a single campaign can aim to increase sales, improve brand awareness, and develop brand loyalty. When considering the appropriate channels,

and visual design, for your campaign, it will help the ad to be focused and successful if you select one of these as the core mission and make others the sub-goals.

2) **Money:** Advertising doesn't come cheap, especially if blended across printed and digital channels. But for an advertising campaign to give useful metrics on return-on-investment, it's important to establish an advertising budget ahead of time, and stick to it.

If you're advertising a mass market product, then you can consider using the most expensive (high-exposure and high-frequency) medias: national television and radio advertisements. Any expenses incurred should be calculated to pay for themselves in terms of increased sales, so understand the product and budget accordingly.

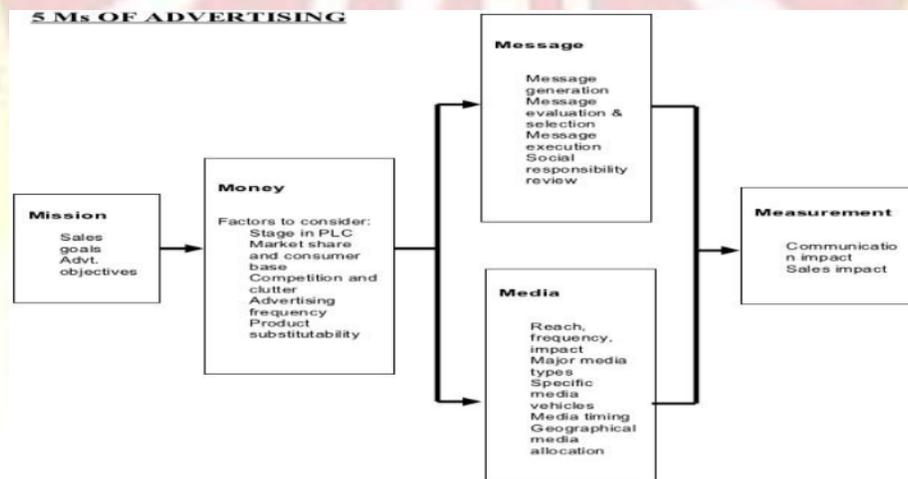
3) **Message:** The message is the memorable part of your advertising campaign: ensure you create a tagline and tone which is geared to the target market. It must pitch both your product and your brand accurately and attractively.

Consider hiring a creative agency to work with you in creating relevant, engaging messages that can be adapted across all media channels. Also consider running a pre-test on a small sample audience to be sure the message response is what you're hoping for.

4) **Media:** Media considerations are: the different channels you'll be using in your advertising campaign, the percentage split between the usage of these media types, and the date and length of period your advertisements will be available across different platforms.

Different media channels include internet (encompassing banner ads, videos, email marketing and more), television, print, and radio. Select the media based on reaching your target audience: where are they (geographically and also in terms of their preferred media), and what is the most high-impact way to grab their attention?

5) **Measurement:** The measurement section assesses the reach of the campaign's core mission, and analyses whether each section of media being used is contributing to this goal.



Managing the sales force.

Sales Force Components

Sales Force Objectives

A Sales Force will have one or more of the following tasks.

- Σ Prospecting – search for leads
- Σ Targeting – allocation of time between prospects and customers
- Σ Communicating – info about company and products
- Σ Selling – Approach, presentation, answering objections, closing sales
- Σ Servicing – consulting, technical, financing, etc.
- Σ Info gathering – market research
- Σ Allocating – scarce products to customers.

Sales Force Strategy

Ways sales reps work with customers to maintain company competitive edge:

- Σ Rep to buyer – discuss issues with a prospect or customer
- Σ Rep to buyer group – rep gets to know as many members of buyer group as possible
- Σ Sales team to buyer group –
- Σ Conference selling – company sales rep and resource group to customer to talk big problems or opportunities
- Σ Selling Seminar – Company team to group of buyers / customers
- Σ Once company has strategy can go with direct sales force or contractual force. Direct sales force is standard sales force with office and field reps, while contractual reps are purely commission sales forces.

Sales Force Structure

- Σ Territorial – each rep gets own piece of land to work equally divided by workload or potential – result is no customer confusion as to who the rep is
- Σ Product – generates specific product knowledge
- Σ Market – industry or customer type delineation
- Σ Complex – combination

Sales Force Size

Depends upon the of customers you want to reach then:

- Σ Group customers into classes by annual salesvolume
- Σ Establish desired call frequency
- Σ Classes size time freq. = workload
- Σ Determine # of calls a rep can make a year
- Σ Workload divided by rep calls per year = number of reps needed

Sales Force Compensation

- Σ Salary. Straight salary provide reps secure income, reps more willing to do non selling activities, reps have less incentive to overstock customers, lower company administrative activities and lowers turnover.
- Σ Commissions. Straight commission attracts higher sales performers, provides more motivation and requires less supervision, while controlling sellingcosts.
- Σ Benefits
- Σ Expense allowance

□

Managing the Sales Force

Recruiting and Selecting Reps

1. Determine what you want your sales people to be like
2. Recruitment
3. Select the best applicants
4. Train the new reps – vital to protect company image as well as get orders – Program should have the goals of having reps:
 - Σ know and identify with the company – what has the company done
 - Σ know the company's products
 - Σ know the customers, and competition characteristics
 - Σ know how to make an effective presentation
 - Σ understand field procedures and responsibilities – dividing time between active accounts and prospecting etc.

Supervising the Sales Force

- Σ Develop norms for customer calls – and how much sales volume should be generated per call
- Σ Develop Norms for prospect calling – needed to motivate reps to look for new business
- Σ Ensuring efficient use of time and assets – direct supervision or training

Motivating Sales Reps – often not too difficult as sellers are usually self motivated.

Supervisors must work through expectancy theory: 1) Hard work will get sales -2) Sales will get you a reward, and 3) you will like the reward. All three are linked.

Sales Quotas – three schools: High quotas to spur effort, Modest – to achieve buy-in, Variable – to account for differences between sales people.

Supplemental Motivators – sales meetings and contests provide social occasion to meet, share ideas and accomplishments, or get extra effort from the force.

Evaluating Sales Reps

Sources of information

- Σ Sales reports – give activity plan and activity results
- Σ Call reports – give activities of reps and status of various accounts and prospects
- Σ Other reports like expense account info, new bus reports, lost bus report economic conditions.

Formal evaluation

- Σ Current to past Sales performance – did you sell more or less, and of what product.
- Σ Customer Satisfaction reports –
- Σ Qualitative evaluations – reps knowledge of company or products, personality characteristics of reps, knowledge of the laws that pertain to the rep.

Principals of Personal Selling

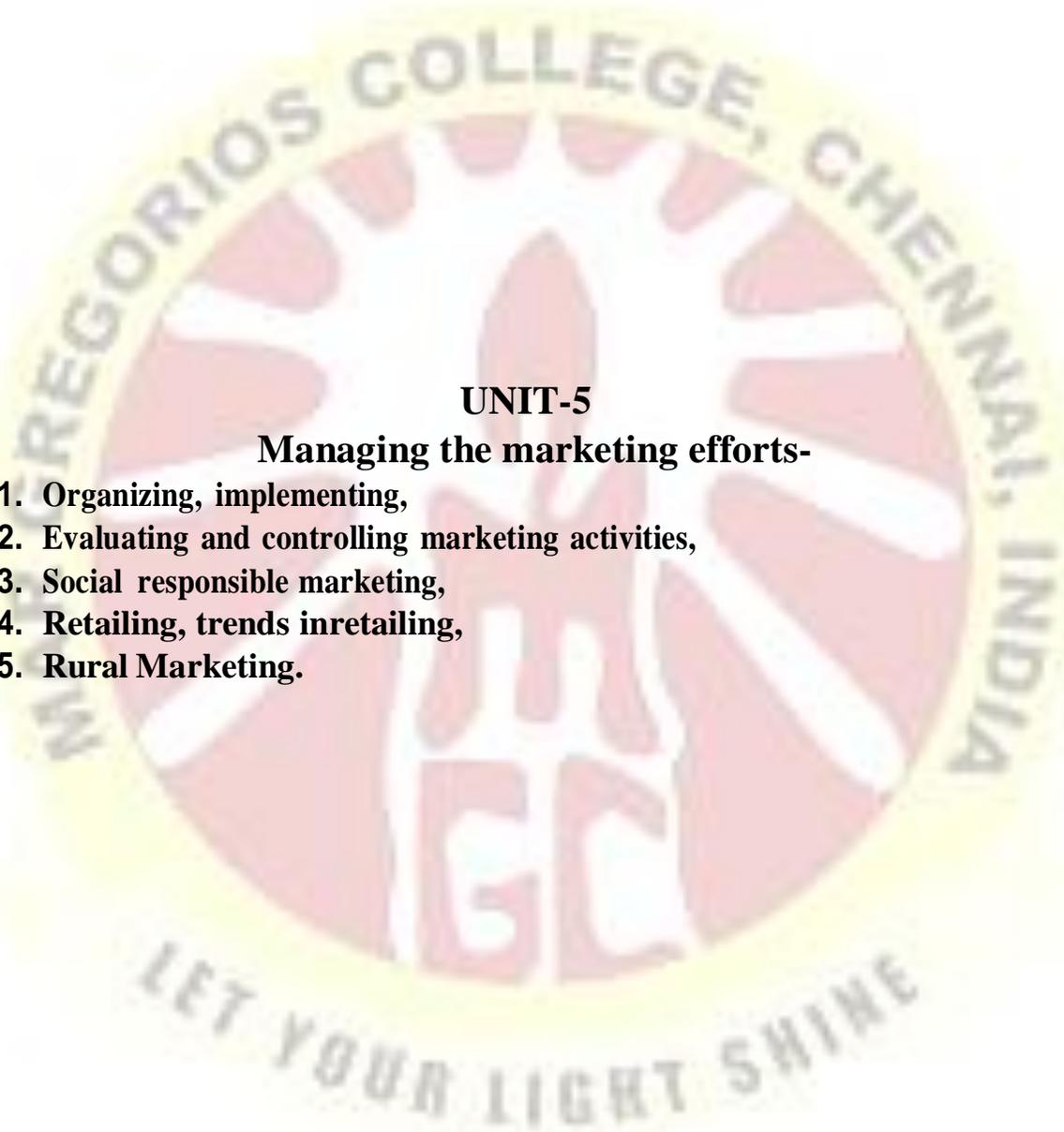
- Σ Prospecting and Qualifying – the art of finding good leads – cold calls to asking current customer for names to joining professional organizations
 - Σ Pre-approach – learn about the prospects business and decided the best approach to take
 - Σ Approach – know how to get off to a good start / get a foot in the door
 - Σ Presentation
 - get the customers interest, show benefits and features
 - use canned approach
-

- formulated approach – uses buyers needs and desires to pull out the right formula to use in the presentation
 - need satisfaction approach – listen and then use problem solving skills to fix customers problems
- Σ Overcoming Objections – either psychological or logical – sales rep must handle any type. Logical are the easiest if the product can handle the issue. Both types may require negotiation skills.
- Σ Closing – ask for the sale
- Σ Follow up and Maintenance – ensures you will be allowed back into the customers office. Builds both rep and company reputations





UNIT - V



UNIT-5

Managing the marketing efforts-

- 1. Organizing, implementing,**
 - 2. Evaluating and controlling marketing activities,**
 - 3. Social responsible marketing,**
 - 4. Retailing, trends in retailing,**
 - 5. Rural Marketing.**
-

Organizing, implementing, evaluating marketing activities,

Introduction : Business organizations do marketing planning to incorporate overall marketing objectives, strategies, and programs of actions designed to achieve marketing objectives. Marketing Planning involves setting objectives and targets, and communicating these targets to people responsible to achieve them.

Definition of Marketing Control

Marketing Control can be defined as "the process of measuring and evaluating the results of marketing strategies and plans, and taking corrective action to ensure that marketing objectives are achieved."

Marketing Control can also be defined as "the set of practises and procedures employed by firms to monitor and regulate their marketing activities in achieving their marketing objectives."

Meaning of Marketing Control

Developing and implementing marketing plan is not enough to reach marketing objectives; marketing plans and strategies are required to be monitored, evaluated, and adapted to meet the changing market environment, needs, and opportunities. Marketing control ensures performance improvement by minimising gap between desired results and actual results. If the actual results are found deviated from the expected results, plans and strategies are adapted to bring the results back to the desired level.

Marketing Control Process: Marketing control is a four step process :-

1. Define Marketing Objectives
2. Set Performance Standards
3. Compare Results Against Standards
4. Corrections and Alterations

Resources are scarce and costly so it is important to control marketing plans. Controlling marketing plan is not an one time activity, it is a series of actions, and it is required to be done regularly. Marketing control process starts with the review of the marketing objectives.

After defining/redefining marketing objectives, performance standards are set. Performance standards provide benchmarks to enable managers and employees to decide how they are progressing towards achieving objectives.

Actual results are compared against standards. If the actual results are in direction to the expected results, their is no problem in marketing plan and its execution.

If actual results are deviated from the expected results, their is requirement to correct and alter marketing plan to bring the results back to the desired level.

Social responsible marketing,

Introduction : In today's world of cut throat competition every organisation is investing heavily in advertising. Advertising is necessary to make a new product popular in the market and to increase the sales of existing brands. Advertising plays an important role in brand building and informing public about available products so that they can make informed choice among different products or brands.

Advertising is a powerful medium of mass communication. As advertising is a form of mass communication and thus just like other popular forms it too have some social responsibilities

associated with it. However, the question is whether advertising fulfil its social responsibilities or not.

Advertisements are meant for the masses and people relate themselves with this medium. Thus, for understanding its responsibilities towards the public, its positive and the negative aspects needs to understood.

Positive and Negative Aspects of Advertising:As like any other medium of mass communication, advertising also have positive as well as negative aspects. Advertising increases sales, advertising makes the product popular, advertising helps in brand formation, advertising makes the public aware with the available brands or products. Advertising is the largest financial source for mass media. Advertising is sometimes subjected to wide criticism. Many of the advertisements are criticised as deceptive or manipulative. Other criticism focus on the social or environmental impact of advertising, the effect of advertising on our value system, commercial clutter, stereotypes, and offensiveness.

Ethics in Advertising:Ethics means a set of moral principles which govern a person's behaviour or activities. Ethics in advertising means a set of well defined principles which govern the ways of communication taking place between the seller and buyer.

Advertising benefits advertisers in many ways, similarly it makes the public aware with the available brands so that they can make informed choice among the available products or brands. But, some of the advertisement doesn't match the ethical norms of advertising, such ads causes political, cultural, or moral harm to society. Ethical ad is one which is in the limit of decency, make no false claims, and doesn't lie. Nowadays advertisements are highly exaggerated and a lot of puffing is used. .

Ethical and Moral principles of Advertising:Advertisers must have sufficient knowledge of ethical norms and principles, so that they can understand and decide what is correct and what is wrong. We can identify several ethical and moral principles that are particularly relevant to advertising. We are speaking briefly of three as follows:-

1. Truthfulness in advertising;
2. The dignity of the human person; and
3. Social responsibility.

Truthfulness in Advertising:Truth in advertising promotes a highly efficient, functioning economy by:

- Σ Discouraging deceptive business practices;
 - Σ Encouraging the provision of accurate and truthful information;
 - Σ Enhancing competition by ensuring a level playing field; and
 - Σ Enabling informed consumer choice.
-

The Dignity of the Human Person

- Σ The dignity of human beings should be respected; advertisements should not insult the dignity of human beings;
- Σ Different cultures and ethnic groups should be presented in advertising as equal with the majority of the population;
- Σ Special care should be given to weak and vulnerable groups like - children, poor people, or elderly people.

Advertising and Social Responsibility

Advertising has a strong social responsibility, independent of its known commercial responsibility. Advertisers should have a deeper sense of social responsibility and should develop their own set of ethical and social norms taking into consideration the values of their society.

Retailing, trends in retailing,

Introduction: Retailing includes all activities in selling goods or services directly to final customers for personal and non business use.

Why is retailing important?

- ← Retailers add value to products by making it easier for manufacturers to sell and consumers to buy. It would be very costly for consumers to locate, contact and make a purchase from a manufacturer every time. Without retailing there is no sale to end user for personal purpose
- ← Push up sale is not possible without retailing. Retailing is the last activity of any selling strategy to earn revenue. Retailers also provide service and information back-up that makes buying less risky and more fun in an environment. Retailers may provide many extra services, from personal shopping to gift wrapping to delivery, that increase the value of products and services to consumers. Corporate retailing helps for brand building.

Classification of retailers based on:

1. Product type
2. Relative price
3. Control of outlets
4. Type of store cluster

1. Product Type

- ← Specialty Stores
- ← Departmental Stores
- ← Supermarkets
- ← Convenience Stores
- ← Superstores
- ← Combination stores
- ← Hypermarkets

Specialty Stores :

- ← Carry a typical type of products
 - ← With a deep assortment within that type
 - ← Specialty stores are flourishing increasing use of market segmentation, market targeting and product specialization
-

Departmental Stores: Carries a wide variety of product types .Each type is operated as a separate department managed by specialist buyers and merchandisers

Supermarkets: Are large, low-cost, low-margin, high volume, self-service stores that carries a wide variety of food, laundry, and household products

Convenience Stores:

- ← Are small stores that carry a limited line of high-turnover convenience goods
- ← Such recognized stores are limited in India but our milk shops, selling related products are in the same category
- ← Convenience Stores
- ← Such stores are located near residential areas and remain open long hours, seven days a week
- ← The convenience stores may charge high prices to make up for higher operating costs and lower sales volume , but they satisfy an important consumer need

Superstores:

- ← Are larger than the conventional supermarket
- ← Many leading chains are moving toward superstores because their wider chain assortment allows prices to be 5-6% higher than conventional markets

Combination stores:

Are stores are combined with two related needs like food drug stores, hospital and medicine shop , puncture and tyre shop etc.

Hypermarkets:

- ← Hypermarkets combine discount ,supermarket and warehouse retailing
- ← They operate like a warehouse
- ← They usually give discounts to customers who carry their own heavy appliances and furniture out of the store

2. Relative prices

- ← Discount stores
- ← Off-price retailers
- ← Chain stores

Discount stores:

- ← Sell standard merchandise at lower prices by accepting lower margins and higher volume
- ← Occasional discounts or specials do not make a store a discount store, a true discount store regularly sells its merchandise at lower prices, offering mostly national brands, not inferior goods

Off-price retailers:

- ← They obtain a changing and unstable collection of higher-quality merchandise , often leftover goods, overruns, and irregulars at reduced prices from manufacturers or other retailers
- ← E.g. factory outlets, independent outlet and ware house clubs
- ← They buy at less than regular wholesale and charge customers less than retail

Chain stores:

Are two or more outlets are commonly owned and controlled, employ central buying and merchandising, and sell similar type of merchandise

3. Control of outlets

- ← Corporate chain
 - ← Voluntary chain
-

- ← Retailer cooperative
- ← Franchise organization
- ← Merchandising conglomerate

□

4. Types of store cluster

- ← Central business districts
- ← Shopping centre

Non-Store Retailing

“Non-store retailing now accounts for more than 15% of all consumer purchases, and it may account for over 1/3 of all sales by the end of the century”

Non-Store Retailing

- ← Direct marketing
- ← Direct selling
- ← Automatic vending

Levels of service

Self-service retailers

- ← Convenience goods e.g. super markets
- ← Nationally branded, fast moving consumer goods e.g. Mc Donalds outlets

Limited –service retailers

- ← Provide more sales assistance
- ← Shopping goods about which customer need information
- ← Their increased operating costs result in higher prices

Full-service retailers

- ← Specialty stores
- ← First class department stores
- ← Have sales people to assist customer in every phase of shopping process
- ← Provide liberal policies like various credit plans, free delivery, home servicing

Rural Marketing.

Introduction: In an economy like India where around 70% of the population live in villages, **Rural Marketing** as a subject is being accepted with open arms across B-Schools and Universities. However, the problem is that not many people understand or can define the actual meaning of Rural Marketing. The term, Rural Marketing, means different things to different people. Off late with the opening up of the Indian Economy and the huge opportunity identified by global giants in rural India now demands serious attention towards the subject.

One of the closest definitions of Rural Marketing states Rural Marketing is the process of taking region specific goods and services to the rural market leading to exchanges between urban and rural markets simultaneously satisfying consumer demand and achieving organisational objectives.

Factors responsible for boom in Rural Marketing in India:

1. Increasing Population of India: The growth of Indian population to being the world's second most inhabited country with 1.252 billion (2013) residing in the nation has propelled increasing demand for consumer goods, services, banking facilities etc- And as stated above, with 70% of this population living in rural areas, a spike in the need for creating rural market specific strategies is inevitable.

2. Rise in Rural Income: India turns to be a \$1.7 trillion economy with per capital income soaring by 10.4% in 2013-14 to Rs 74,920, the purchasing power of both rural and urban India is growing every year.
3. Government Rural Development Programs: Various initiatives taken by the Indian government has boosted growth the rural economy. Department of Rural development under the Ministry of Rural Development has initiated many schemes which has been facilitating and boosting the growth of rural India. Mahatma Gandhi National Rural Employment Guarantee Act, Swarnjayanti Gram Swarozgar Yojna, Pradhan Mantri Gram Sadak Yojna, Indira Awaas Yojana and National Social Assistance Programme are the few successful government schemes.
4. Development of Transport and Communication Networks: Easy & quick access to information and to nearby developed cities has made the rural areas dynamically connect to their urban counterparts.
5. Foreign Investments: Foreign investments in NGOs, working towards the betterment of rural areas, have gradually increased in the country. Consequently, there has been a steady rise in rural growth.

