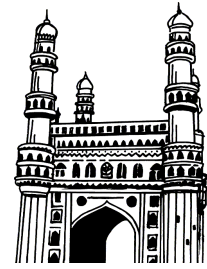


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MARKETING MANAGEMENT

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UNIT – II

MARKET SEGMENTATION:

Segmentation process, Levels and Bases for Segmentation, Segmenting Consumer Markets, Business Markets, International Markets, Market Targeting – Evaluation of Market Segments, Selecting Market Segments, VALS Segmentation System – Differentiation Strategies, Product Positioning, Positioning Strategies, Building customer Value, Demand Measurement and Sales Forecasting Methods, Estimating Current and Future Demand, Competitive Strategies.

UNIT – III

DESIGNING MARKETING PROGRAMME

Decisions involved in Product, Branding, Packaging, Product Line and Product Mix Decisions, New Product Development, Product Life Cycle, Pricing, Strategies, Distribution Channels, Channel Management Decisions, Network Marketing, Promotion Mix – Advertising, Social Media and Advertising, Sales Promotion, Public Relations, Personal Selling, Online Marketing.

UNIT – IV

CONSUMER & INDUSTRIAL MARKETS:

Classification of Products, Consumer Behavior, Seven Os Structure, Factors affecting Consumer Behavior, Model of Buyer Behavior, Adoption Process, AIDA Model, Industrial Markets – Characteristics, Industrial Buyer Behavior, Services Markets – Characteristics and Strategies, Emergence of Online Services. Use of I C T in Service Marketing.

UNIT – V

MARKETING CONTROL & CONSUMERISM:

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- 2. Discuss different tasks of marketing management.**

Ans : (Nov.-21, Jan.-19)

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- 3. Explain various marketing philosophies based on which organisations can choose to conduct their marketing activities?**

Ans : (Nov.-21, Aug.-21, Nov.-20, Aug.-17)

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- 4. Write in detail the concepts of marketing programme.**

Ans : (Feb.-20, June-18)

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- 5. Define marketing strategy. What are the factors influencing the companies marketing strategy?**

Ans : (Feb.-20, June-18)

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- 6. What is global marketing ? Explain various steps involved in global marketing.**

Ans : (June-18, Jan.-18)

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- 1. Briefly explain the bases for segmentation of consumers markets suitable examples.**

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Ans : (Imp.)

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Ans : (Imp.)

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UNIT I

ORIGIN OF MARKETING:

Origin of Marketing, Barter systems, Markets, Marketing Management, Tasks, Company orientations towards market place, Marketing Mix – expanded, Marketing Mix, Marketing Program and Marketing Strategy, Managing marketing effort, Designing Global marketing, Marketing Environment – Company's Micro and Macro Environment – Interface with other functional areas.

1.1 ORIGIN OF MARKETING

Q1. What do you mean by marketing ?

(OR)

Define marketing?

Ans : (Jan.-18, Aug.-17, Feb.-17)

Many people think of marketing only as selling and advertizing. But in old sense marketing is telling and selling. But the new sense tells telling and selling and satisfying the customer needs.

Marketing is the process of transferring goods and services from manufacturer to consumer. Marketing involves satisfying the needs and wants of the consumer.

Marketing is the process of developing and communicating value to your prospects and customers. The key word in this marketing definition is "process"; marketing involves researching, promoting, selling, and distributing your products or services.

Definitions

- i) **According to American Management Association (AMA)**, "The performance of business activities that direct the flow of goods and services through producers of users" Product Orientations".
- ii) **According to Philip Kotler**, "Marketing is analyzing, organizing, planning and controlling of the firms customer impinging resources, policies, activities with a view to satisfy the needs and wants of chosen customer groups at a profit".
- iii) **According to E. Clark**, "Marketing consists of those efforts which affect transfer in ownership of goods and care for their physical distribution".

iv) **According to Cundiff & Still**, "Marketing is the business process by which products are matched with markets and through which transfer of ownership are affected".

v) **According to American Marketing Association**, "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large".

vi) **According to William. J. Stanton**, "Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants-satisfying products and services to present and potential customers".

Q2. Explain the origin of marketing.

(OR)

Discuss the evolution of marketing.

(OR)

Trace the evolution of marketing through its various philosophies.

Ans : (Nov.-21)

Evolution of marketing means slow and gradual development of marketing over the years

The fact that marketing is virtually everywhere in today's free-market economies is a dramatic change from a few decades ago. Marketing emerged as a discrete discipline in the early 1900s, but it didn't affect most companies right away. Many businesses went through distinct phases on their way to becoming marketing oriented.

Stages involved in the Marketing Evolution

The fact that marketing is virtually everywhere in today's free-market economies is a dramatic change from a few decades ago. Marketing emerged as a discrete discipline in the early 1900s, but it didn't affect most companies right away. Many businesses went through distinct phases on their way to becoming marketing oriented.

1. The Production Era

The Industrial Revolution of the eighteenth century was the beginning of the production era, which lasted until the late 1920s. During this period, companies focused on the manufacturing process. They looked for ways to produce their goods faster and more efficiently.

The production era had sellers' markets in many industries, meaning that demand for products exceeded supply. During this era, manufacturers could afford to focus on production because demand was assured. Desire for their products was so strong, in fact that they needed to streamline production methods just to meet existing demand.

For example, Pillsbury's production era started when the business was founded in 1869. As a flour producer, Charles A. Pillsbury had only two things on his mind back then – wheat and water power. Production, not marketing, was his main concern. His orientation was typical for the time, and it worked-for a while.

2. The Sales Era

The sales era followed on the heels of the production era and extended from the 1930s into the 1950s. During the sales era, manufacturers believed business success lay in outselling the competition. The question they asked was not "What does the customer want?" but "How can we get them to buy what we make?"

Companies emphasised product promotion during the sales era, just as they tried to improve manufacturing techniques during the production era. Firms formed direct sales forces and established relationships with dealers and other firms that could push their products into the market. Advertising also took on new importance during this time.

Pillsbury entered its sales era in the 1930s. In that decade and the next, Pillsbury grew to appreciate both the grocers who sold its products and the consumers who bought them. Realising it could use information about customer likes and dislikes to create advertising that would stimulate demand, the company formed a research department to collect market data.

Also recognising the importance of strong relationships with grocers, Pillsbury built on these relationships to assure a smooth flow of Pillsbury products from the mill to the customer.

3. The Marketing Era

The 1950s were the start of the marketing era, during which companies began to practice marketing in its current form. The development of efficient production techniques earlier in the century had laid the groundwork for plentiful supplies of most products.

The outcome in many cases was a buyers' market; that is, supply overwhelmed demand. In a buyers' market, you've got to do more than just build things in order to succeed.

The method of achieving business success shifted from pushing products on customers to finding out what buyers wanted and then filling that need. The focus during the marketing era was not the manufacturer's goals, as in the first two eras, but customers' needs and wants. The new marketing departments formed in many companies started trying to provide the goods and services that customers desired.:

Pillsbury's marketing orientation grew during the 1950s, a decade in which the firm learned to value customer opinions. Rather than worrying about how much it could produce or sell, the company focused on meeting customer needs and wants with new and enhanced products. During the 1950s, Pillsbury expanded its advertising department into a marketing group responsible for satisfying both current and future needs of customers.

The notion of marketing continued to evolve until business people began talking about the marketing concept. This concept stresses not only customer needs and wants but also long-term profitability and the integration of marketing with other functional units within the organization. The marketing concept came into existence in the 1960s and continues to develop and expand.

Relationship Marketing Orientation Era

This is the modern approach of marketing. Today's marketer focuses on needs/ wants of target markets and aims at delivering superior value. The mantra of a successful marketer is 'Long-term relationships with customers and other partners lead to successes

The following sentences summarize the above evolution of marketing.

1. Production era: 'Cut costs. Profits will take care of themselves'.
2. Product era: 'A good product will sell itself'.
3. Sales era: 'Selling is laying the bait for the customer'.
4. Marketing era: 'The customer is King!'.
5. Relationship marketing era: 'Relationship with customers determine our firm's future'.

1.1.1 Barter Systems

Q3. Define Barter System. State its advantages and disadvantages.

Ans :

Barter system

- A barter system is known as an old method of exchange. This system has been practised for centuries and long before money was introduced. People started exchanging services and goods for other services and goods in return.
- Today, bartering has made a considerable comeback using more sophisticated techniques to aid in trading, for instance, the Internet.
- In ancient times, this involved system people in the same area; however, today bartering is global. The value of bartering items is negotiable with the other party.

Advantages

- There are many reasons why a barter economy or being able to barter is helpful.
- There may be circumstances where cash is not available, but goods or services are.

- Bartering enables people to get what they need with what they already have. For example, if an individual needs lumber to set an addition onto their home but lack funds to purchase the lumber, then they may be able to apply the barter system to supply their requirements – for example, exchanging furniture they don't need for the needed lumber.

- Such a deal, of course, has to be negotiated by both parties. It is a reciprocal, mutually beneficial arrangement that doesn't require the exchange of cash or another monetary medium.

Disadvantages

- The difficulty with the barter system is its inefficiency. The first potential problem is the person who needs lumber may not be able to get a supplier of lumber who is in the need of some thing the lumber seeker can offer.
- The second potential problem comes with attempting to guarantee fair exchanges. A monetary economy helps in making the exchange of goods and services more efficiently manageable.

Q4. Explain the nature of marketing.

Ans :

The nature of marketing is as follows :

1. Marketing is an Integrated Process

Marketing is not a single activity. It is rather a coordination of several interrelated activities. The interaction between different activities gives a unique character to marketing. Marketing is a managerial process in so far as it involves the functions of planning and control. Marketing is also a social process as it is concerned with the satisfaction of human needs and this is one of the most important characteristics of marketing.

2. Marketing is Customer Oriented

Marketing exists to identify and satisfy the wants of present and potential consumers. Customer is the focus of all marketing activities.

3. Marketing is a System

Another important characteristic of marketing is its function as a system. Marketing is a system comprising several subsystems. Under marketing inputs are drawn from the society and converted into outputs which are supplied to the society.

4. Marketing is Creative

Marketing creates time, place and possession utilities. Time utility is created by preserving goods for use in future. Place utility is created by carrying goods to places where they are needed the most. Marketing creates possession utility by transferring products and services from producer to customer. Exchange process between buyer and seller is the essential element in marketing.

5. Marketing is Goal Oriented

Of the many important characteristics of marketing; one very important aspect is it is goal oriented. Marketing seeks to achieve benefits, for both buyer and seller. It results in mutually beneficial relationship by satisfying wants of customers and by generating revenues for customers.

6. Marketing is Pervasive

Marketing is required in business as well in social and other organisations. In other organisations, marketing is necessary for spreading socially useful ideas and programmes, family planning, adult education, communal harmony, national integration, environmental protection, etc. Such marketing is called social marketing.

7. Marketing is a Science as well as Art

Marketing has evolved from the economics but it has a closer relationship with social and behavioural sciences. Marketing is closely associated with streams of science as well as humanities and subject lines such as Economics, Law, Psychology, Anthropology, Sociology, Information Technology, etc. Marketing heavily depends upon the

demographic features of the target market, political environment, philosophy, mathematics, statistics, etc.

8. Exchange is Essence of Marketing

Marketing revolves around commercial exchange. This also involves exchange of technology, exchange of information and exchange of ideas.

9. Marketing is a Continuous Process

Marketing is not an isolated, static process but is a complex, continuous and interrelated process. It involves continuous planning, implementation and control. It is an important functional area of the management.

10. Selection of Target Markets

No marketer can satisfy everyone in the market. A marketer has to select target markets rather than a quixotic attempt to win every market and be all things to all men. Therefore, marketers start with market segmentation, choosing a target group(s), identifying target group needs and requirements and meeting these needs in a better way than the competitors through suitable marketing mix.

Q5. Describe briefly about Scope of Marketing.

Ans : (Dec.-19)

Marketing is typically seen as the task of creating, promoting and delivering goods and services to consumers and businesses. In fact, marketing people are involved in marketing 10 types of entities : goods, services, experiences, events, persons, places, properties, organizations, information and ideas. Marketing concepts can be used effectively to market these entities.

1. Goods

Good is defined as something tangible that can be offered to market to satisfy a need or want. Physical goods constitute the bulk of most countries production and marketing effort. In a developing country like India fast moving consumer goods (shampoo, bread, ketchup, cigarettes, newspapers etc.) and consumer durables (television, gas appliances, fans etc.) are produced and consumed in large quantities every year.

2. Services

As economies advance, the share of service in gross domestic product increases. For example, in USA, service jobs account for 79% of all jobs and 74% of GDP. A service can be defined as any performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. Services include the work of hotels, airlines, banks, insurance companies, transportation corporations etc. as well as professionals like lawyers, doctors, teachers etc. Many market offerings consists of a variable mix of goods and services. At the pure service end would be psychiatrist listening to a patient or watching movie in a cinema hall; at another level would be the landline or mobile phone call that is supported by a huge investment in plant and equipment; and at a more tangible level would be a fast food establishment where the consumer consume both a good and a service.

3. Experiences

By mixing several services and goods, one can create, stage and market experiences. For example water parks, zoos, museums etc. provide the experiences which are not the part of routine life. There is a market for different experiences such as climbing Mount Everest or Kanchanjunga, travelling in Palace on Wheels, river rafting, a trip to Moon, travelling in Trans Siberian Railways across five time zones etc.

4. Events

Marketers promote time, based, theme-based or special events such as Olympics, company anniversaries, sports events (Samsung Cup. India Pakistan Cricket Series), artistic performances (Lata Mangeshkar live concert, Jagjit Singh live concert), trade shows (International Book Fair at Pragati Maidan, Automobile fair), award ceremonies (Filmfare awards, Screen awards), beauty contests (Miss World, Miss Universe, Miss India, Miss Chandigarh), model hunts (Gladrags Mega Model). There is a whole profession of event

planners who work out the details of an event and stage it. In India event management companies are growing and in case of organizing Miss World at Bangalore and World Cricket Cup (Hero Cup) they won the acclaim from all over the world. Our Election Commission Organizes biggest event in the world. Elections for upper house in the largest democracy in the world. Other notable example is organizing of Ardh Kumbh and Maha Kumbh at Hardwar, Ujjain, Nasik etc. during different years.

5. Persons

Celebrity marketing has become a major business. Years ago, someone seeking fame would hire a press agent to plant stories in newspapers and magazines. Today most of cricket players like Sachin Tendulkar, Saurav Ganguly, Rahul Dravid etc. are drawing help from celebrity marketers to get the maximum benefit. Even Star Plus TV channel focussed more on Amitabh Bachhan to promote their programme Kaun Banega Crorepati and this programme turned around fortunes of both Star Plus and Amitabh Bachhan. Even in the 14th Lok Sabha election BJP's election strategy revolves around Mr. Atal Bihari Vajpayee, that's power of personality. Mr Shiv Khera is busy in building his business empire and is busy telling others how to achieve this or that through books and lectures.

6. Places

Places, cities, states, regions and whole nations compete actively to attract tourists, factories, company headquarters and new residents. India and China are competing actively to attract foreign companies to make their production hub. Cities like Bangalore, Hyderabad and Gurgaon are promoted as centre for development of software. Bangalore is regarded as software capital of India and Hyderabad is emerging as the hub of biotechnology industry. Gurgaon and Noida are competing for call centres to open their offices. Kerala, Himachal Pradesh, Uttranchal Pradesh and Rajasthan and aggressively promoting themselves to attract local as well as foreign tourists. Due to its cost effectiveness

and competitive ability of Indian doctors coupled with ancient therapies, India is fast emerging as country that can provide excellent medical treatment at minimum costs. If developed properly, Bihar has strong potential to emerge as ultimate destination for Buddhists.

7. Properties

Properties are intangible rights of ownership of either real property (real estate) or financial property (share and debt, instruments). Properties are bought and sold, and this requires marketing effort. Property dealers in India work for property owners or seekers to sell (or) buy plots, residential (or) commercial real estate. In India some builders like Ansal, Sahara Group, both build and market their residential and commercial real estates. Brokers and sub-brokers buy and sell securities on behalf of individual and institutional buyers.

8. Organizations

Organizations actively work to build a strong, favourable image in the mind of their publics. We see ads of Reliance Infocomm which is trying to provide communication at lower rates, Dhirubhai Ambani Entrepreneur programme to promote entrepreneurship among the Indians. Companies can gain immensely by associating themselves with the social causes. Universities and colleges are trying to boost their image to compete successfully for attracting the students by mentioning their NAAC grades in the advertisements and information brochures.

9. Information

Information can be produced and marketed as a product. This is essentially what schools, colleges and universities produce and distribute at a price to parents, students and communities. Encyclopaedias and most nonfiction books market information. Magazines such as Fitness and Muscle provide information about staying healthy, Business India, Business Today and Business World provide information about business activities that are taking place in various organizations.

Outlook Traveller provides information about various national and international tourist destination. There are number of magazines which are focussed on automobiles, architecture and interior designing, computers, audio system, television programmes etc. which cater to the information needs of the customers. We buy CDs and visit internet sites to obtain information. In fact, production, packaging and distribution of information is one of the society's major industry. More and more companies are using professional research agencies to obtain information they need.

10. Ideas

Film makers, marketing executives and advertising continuously look for a creative spark or an idea that can immortalise them and their work. Idea here means the social cause or an issue that can change the life of many. Narmada Bachao Andolan was triggered to bring the plight of displaced people and to get them justice. Endorsement by Amitabh Bachhan to Pulse Polio Immunization drive and pledge by Aishwarya Rai to donate her eyes after her death gave immense boost to these. Various government and non-government organizations are trying to promote a cause or issue which can directly and indirectly alter the life of many.

Q6. Explain various objectives of marketing.

(OR)

Examine the different objectives of marketing management.

Ans : (Jan.-18)

The following are the most significant objectives of marketing and are:

1. **Creation of Demand:** The objective of marketing is to create demand through various means. A conscious attempt is made to find out the preferences and tastes of the consumers. Goods and services are produced to satisfy the needs of the customers. Demand is also created by informing the customers the utility of various goods and services.

2. **Customer Satisfaction:** The marketing manager must study the demands of customers before offering them any goods or services. Selling the goods or services is not that important as the satisfaction of the customers' needs. Modern marketing is customer-oriented. It begins and ends with the customer.
3. **Market Share:** Every business aims at increasing its market share, i.e. the ratio of its sales to the total sales in the economy. For instance, both Pepsi and Coke compete with each other to increase their market share. For this, they have adopted innovative advertising, innovative packaging, sales promotion activities etc.
4. **Generation of Profits:** The marketing department is the only department which generates revenue for the business. Sufficient profits must be earned as a result of sale of want satisfying products. If the firm is not earning profits, it will not be able to survive in the market. Moreover, profits are also needed for the growth and diversification of the firm.
5. **Creation of Goodwill and Public Image:** To build up the public image of a firm over a period is another objective of marketing. The marketing department provides quality products to customers at reasonable prices and thus creates its impact on the customers.
6. **Apply effective and intelligent modern marketing policies:** Changing growth rate, rapid technological change and new aggressive rivals all made every marketing firm to adopt and respond to change for survival and prosperity. So, it is necessary for the firms to scrutinize its expenditure and make maximum profits by adopting themselves to viable and matching methodologies, techniques and practices. For example, Time Management, Just-in-time etc.

1.1.2 Markets

Q7. Define a market. What are the different types of markets ?

(OR)

What is market ? And its types.

Ans :

Meaning

The word 'Market' was derived in English from Latin word 'Marcatus'. Its meaning is trading or place of transaction. As the word 'Marketing' has been formed from the 'market', it is necessary to be clear about the concept of market in marketing subject

The term 'market' has traditionally been used to describe a place where buyers and sellers gather to exchange goods and services, e.g., a fruit and vegetable market or a stock market.

In marketing, the term market refers to the group of consumers or organisations that is interested in the product, has the resource to purchase the product, and is permitted by law and other regulations to acquire the product.

Definitions

- i) **According to Philip Kotler**, "A market consists of all the potential customers sharing a particular need or wants to might be willing and able to engage in exchange to satisfy that need or want".
- ii) **Clark and Clark** "A market is a center about which or an area in which the forces leading is exchange of title of a particular product operate and towards which the actual goods trend to travel".
- iii) **According to Pyle**, "Market includes both place and region in which buyer and seller are in free competition with one another".

Types

Generally markets are divided into 4 categories :

1. Consumer markets
2. Business markets
3. Global markets
4. Non profit & government markets

1. Consumer Market

Companies selling mass consumer goods and services such as soft drinks, cosmetics, air travel and equipment spend a great deal of

time trying to establish a superior brand image. But brand strength depends on developing a product and packaging, availability, communication and reliable service.

2. Business Market

Companies selling business goods and services often face well trained and well informed professional buyers who are in evaluating competitive offerings. Business buyers buy goods in order to make or resell a product to others at a profit. Business marketers must demonstrate how their products will help these buyers achieve higher revenue or low costs.

3. Global Markets

Companies selling goods and services in the global market place face additional decisions and challenges. They must decide which in countries how to enter each country, how to adopt their products and service features to each country. How to price their products in different countries and how to adopt their communications to fit different cultures. These decisions must be made in the face of different requirements for buying, negotiating, owning and disposing of property, different culture, language, legal and political systems and currency value.

4. Non Profit and Government Markets

Companies selling their goods to nonprofit organizations such as Churches, Universities, Charitable organizations or government agencies need to price carefully because these organizations have limited purchasing power. Lower prices affect on the features and qualities of products.

1.1.3 Marketing Management

Q8. What is Marketing Management ?

Ans :

Meaning

“Marketing Management” is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services and ideas to create exchanges with target groups that satisfy customer and organizational objectives”.

Thus, Marketing Management is a functional area of business management which has to deal with the consumers’ needs and wants in the first place, followed by promotion and pricing.

To create specific demand for the goods or services or idea in question, and then flow of goods or services or ideas to the customer and finally information from the customers about expected satisfaction.

Definition

According to Philip Kotler, “Marketing management is the process of planning and executing the conception, pricing and promotion and distribution of goods, services and ideas to create exchanges with target groups that satisfy customer and organisational objectives”.

Q9. What are the Functions of Marketing Management ?

Ans : (Feb.-17)

- Determining Marketing Objectives:** Marketing management determines the marketing objectives. The marketing objectives may be short-term or long-term and need a clear approach. They have to be in coherence with the aims and objectives of the organisation.
- Planning:** After objectively determining the marketing objectives, the important function of the marketing management is to plan how to achieve those objectives. This includes sales forecast, marketing programmes formulation, marketing strategies.
- Organising:** A plan once formulated needs implementation. Organising functions of marketing management involves the collection and coordination of required means to implement a plan and to achieve predetermined objectives. The organisation involves structure of marketing organisation, duties, responsibilities, and powers of various members of the marketing organisation.
- Staffing:** Employment of right and able employees is very crucial to success of a market plan. The market manager coordinates with the human resource manager of an organisation to be able to hire the staff with desired capability.

5. **Directing:** Direction in marketing management refers to development of new markets, leadership of employees, motivation, inspiration, guiding, and supervision of the employees. The management executive issues necessary directions to his subordinates and co-ordinates all the activities under marketing divisions. He should also direct and co-ordinate the activities of other departments.
6. **Coordinating:** It refers to harmonious adjustment of the activities of the marketing organisation. It involves coordination among various activities such as sales forecasting, product planning, product development, transportation, warehousing, etc.
7. **Motivating:** The successful of the management executive can well be judged how far he is able to motivate the staff under him to maximise its effort to achieve the targets of the enterprises, i.e., maximum sales and profits with maximum satisfaction of customer.
8. **Controlling:** Marketing objectives can only be achieved if the various marketing activities are properly controlled. It refers to the effectiveness with which a marketing plan is implemented. It involves the determination of standards, evaluation of actual performance, adoption of corrective measures. Control on various activities is necessary to keep the marketing costs within admissible limits.
9. **Analysis and Evaluation:** Modern marketing concept stands for full satisfaction of the consumers. The marketing management involves the analysis and evaluation of the productivity and performs mace of individual employees.
10. **Promotion:** The ultimate objective of all the enterprises is to maximise sales. This aim should not be over looked by the marketing executive and he should make all possible efforts to promote the sales of company. For this purpose, he should employ all the new techniques and methods.
11. **Research and Development:** Changes in the habits, tastes, preferences of the consumers are being taking place all the time. It is the duty of the marketing manager to study and carry on research and to adopt the product in conformity to the preferences of the final consumers. Any slackness in the research and development of the products might cause adverse effect on the total sales of the product or products.

Q10. What are the Steps in Marketing Management Process ?

Ans :

The steps in marketing management process are given below :



1. Setting Marketing Objectives

The process of marketing management starts with the activity of setting objectives. The organisational mission provides the priorities for scanning the environment and finding out the opportunities.

2. Analyzing Marketing Opportunities

This involves analysis of opportunities in the light of company strengths and weakness—both internal and external. The task may be to analyze long run opportunities or short run opportunities or even medium term.

To identify and evaluate its opportunities there is the requirements of a reliable information system. This, helps the companies know the needs and wants of their customer, their locations, buying and social practices and so on.

3. Researching and Selecting Target Markets

Now the firm is ready to research the select markets. It needs to know how to measure attractiveness of any given market. Marketing people must understand the major techniques for measuring market potential and forecasting future demand.

These become the key in deciding which markets and new products to focus on. Modern marketing concept cares for dividing the markets into smaller segments, evaluating the selecting and targeting certain ones and deciding on the company's positioning on each market.

4. Designing Marketing Strategies

The marketing strategy spells out the game plan for attaining the business's objectives or product/market objective. Marketing strategy may be defined as: "Marketing strategy defines the broad principle by which the business unit expects to achieve its marketing objectives in a target market. It consists of basic decisions on total marketing expenditure, marketing mix and marketing allocation.

The four P's of marketing management—product, price, promotion and place and these are decided and directed at the consumers on the basis of proper diagnosis of firm-market system arrived through the process of marketing research.

The company has also to decide how to divide the total marketing budget among the various tools of the marketing mix.

5. Planning Marketing Programmes

It is not enough to formulate only the broad strategies by which the business expects to achieve its marketing objective but also plan the supporting marketing mix programmes. Without such programmes even the best conceived marketing strategies may fail. Decisions have to be taken regarding the features, packaging, branding, servicing policies, etc. of the product, the wholesale and retail prices, discounts, allowances and credit terms, the identification, recruitment and linking of various marketing facilitators so that its products and services are efficiently supplied to the target market; advertising, sales promotion, publicity, etc.

6. Organizing, Implementing and Controlling the Marketing Effort

The final stage in the marketing management process is organizing the marketing resources and implanting and controlling the marketing plan. The company is required to design a marketing organization that will be able to degenerate the marketing plan upto work, i.e., implementing its. Marketing organization is typically headed by marketing Vice-president, who performs two tasks.

Q11. What are the differences between market and marketing.

Ans :

(Jan.-19)

S.No.	Basis for Comparison	Market	Marketing
i)	Meaning	Market is defined as an arrangement whereby buyers and sellers meet each other to conclude the transaction.	Marketing is a function that identifies human and social needs and satisfies them.
ii)	What is it?	A set up i.e. a place. creating utility.	A set of processes, i.e. a means of
iii)	Process	Market is a process, that fixes the price of commodities through demand and supply forces.	Marketing is a process that analyses, creates, informs and delivers value to the customer.
iv)	Concept	Market is a narrow concept. includes diverse activities.	Marketing is a wide concept that
v)	Consistency	Market varies by products, place, factors and so on.	Marketing philosophy remains same, no matter where it is applied.
vi)	Facilitates	Trade between parties.	Link between customer and company.

1.2 TASKS

Q12. Discuss different tasks of marketing management.

Ans :

(Nov.-21, Jan.-19)

The art and science of choosing target markets and getting, keeping, growing customers through creating, delivering and communicating superior customer value.

The set of tasks that make up successful marketing management

1. **Developing Marketing Plan & Strategies:** The first task is to identify the long run opportunities for the company. The marketer can design features, products, plans and strategy and tactics.
2. **Capturing Marketing insights :** To understand what is happening inside and outside the company. But every company needs reliable marketing information system at the same time they think about marketing environment factors.
3. **Connecting with customers :** Every company must consider how to create best value for its chosen target markets and developing strong, profitable, long run relationship with customers. In this stage, marketers should know :
 - Understanding the consumer markets
 - Understanding the business markets
 - Understanding the nonprofit markets
 - Marketing segments
 - Evaluating the each segments
 - Target market and selecting customers
4. **Build Strong Brands :** Every company must understand the strength & weakness of the customers at the same time they can think about product life cycle stages and competitor strategies and other activities.

5. **Market Offers** : Product is heart of the marketing program. This is offered to market include the product quality, design features and packaging at the same time, they can provide same services also like, communication, delivery, repair, training to develop the market. Sometimes, the marketing decisions to rebate price, wholesale prices, retail price discounts, allowances and credit terms also.
6. **Delivering Value** : Every company must know about proper delivery system like, channel activities. It must understand the various types of retailers, whole sellers and physical distribution firms and how they make decisions.
7. **Communication Value** : The communication value is most important to target markets. Marketing communication activities are the means by which firms attempt to inform, persuade and remind customers directly or indirectly about the brands. They can use promotion tools.
8. **Creating long term growth** : Every company must plan for long term growth. In this stage market evaluation and control are most important for effective organization.

1.3 COMPANY ORIENTATIONS TOWARDS MARKET PLACE

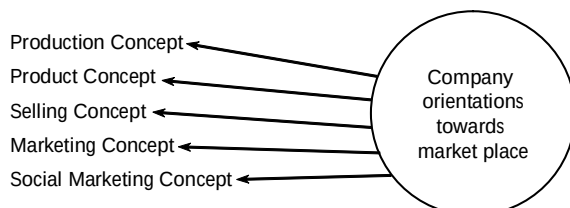
Q13. Discuss in detail about company orientation towards market place?

(OR)

Explain various marketing philosophies based on which organisations can choose to conduct their marketing activities?

Ans : (Nov.-21, Aug.-21, Nov.-20, Aug.-17)

There are five alternative concepts under which organizations design and carryout their marketing strategies;



1. **Production Concept** : The idea that consumers will favor products those are available and highly affordable. Therefore, the management should focus on improving production and distribution efficiency. But this concept is oldest.

The production concept is still useful philosophy in two types of situations. The first occurs when the demand for a product exceeds the supply. Here the management should look for way to increase production. The second situation occurs when product cost is too high and improved productivity is needed to bring it down. But real objective is satisfying customer needs and build relationship with customers.

2. **Product Concept** : The product concept holds that consumer will favor a product that offers that most in quality, performance and innovative features. Under this concept, marketing strategy focuses on product improvement including design, packages and price etc.
3. **Selling Concept** : The selling concept holds that consumers & businesses. The organization must understand the selling and promotional effort. The selling concept is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance or blood donations. These industries must be good tracking down prospects and selling them on product benefits. But in focuses on creating sales transactions rather than on build long term, profitable customer relationship.
4. **Marketing Concept** : The marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. Under the marketing concept customer focus and value are sales and profits.
5. **Social Marketing Concept** : The social marketing concept questions whether the pure marketing concepts overlook possible conflicts between consumer short-run and consumer long-run welfare. The social marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves the consumer's and the society's well-being.

Q14. Explain various marketing concepts.

Ans : (Nov.-21)

1. Needs, Wants and Demands

Needs: A human need is a state of felt deprivation of some basic satisfaction. Basic needs include the need for food, clothing and shelter. The needs are not created by a marketer as they are the unspeakable part of human biology. During the course of time, a person may develop need for recreation, education etc.

Wants: Wants are desires which specifically satisfies deeper needs.

Demand: Demands are wants for any product or a service that are supported by an ability and willingness to purchase it. While estimating the demand for product, firms (or a marketer) need to consider both the preferences as well as the willingness/ability of a buyer to purchase it. The marketer must not only be interested in knowing how many people want their product but also how many actually have the purchasing power to purchase.

2. Target Markets, Positioning and Segmentation Target Market

Target Markets: A target market refers to a market segment for which a firm formulates its marketing program. It deals with a homogeneous group of customers. Usually several firms are considering the same market segment as their target market but each differs from one another in their attempts that makes them to be viewed in a distinct and attractive way by prospective customers i.e., each firm uses strategies and tactics in an efficient manner so as to establish a unique position in the minds of its prospects (or customers).

Positioning: Positioning is the way a firm's product, brand or organization is viewed relative to their competitors by current and prospective customers.

Segmentation: Segmentation is a process of dividing the total market for goods or a service into several small homogenous groups. The essence of segmentation is that the members of each group are similar with respect to the factors that influence demand. Segmentation of marketing should be done effectively to gain profitability and to retain customers.

3. Offerings and Brands Offerings

Offerings: Firms fulfill the needs of the customers by offering benefits. The intangible offerings provided by the firms include services, information and experiences.

Brands: A brand is a name intended to identify the product offered by a known seller or by a group of known sellers so as to differentiate them from a wide range of competing products.

4. Value and Satisfaction: The people select the product, which gives them relatively more satisfaction than the competitor's product. Thus, a marketer sells product's benefits instead of selling just a product. Today, cost is not the only consideration in selecting and purchasing the product but even customer value and want satisfaction tends to be important. Each and every product is valued in terms of its customer value.**5. Marketing Channels:** Usually, three common types of marketing channels are used by a marketer for the determination of target market. They are communication channels, distribution channels and service channels. Communication channels receive and delivers messages from target customers. Communication can be done through various means such as magazines, newspapers, radio, mail, telephone, internet etc. Distribution channels are wholesalers, retailers and agents. Service channel includes warehouse, transportation, companies, Banks, Insurance companies etc.**6. Supply Chain:** Supply chain approach involves various activities from the procurement of raw materials, component parts till the delivery of finished goods. Supply chain consists of suppliers, producers, distributors and end users to determine how each party adds value to and benefits from the final product.**7. Competition:** Competition is a constant factor of a market. The new entrant must have a differential advantage sufficiently strong to overcome the loyalty built up by established brands that motivate buyers to purchase only their products.

Q15. What are the difference between selling and marketing.*Ans :*

S.No.	Selling	Marketing
i)	Selling starts with the seller, and is preoccupied all the meet with the needs of the seller and the seller's existing products.	i) Marketing starts with the buyers and focuses constantly on their needs.
ii)	Seller is the centre of the business universe. activities follow the buyer and his needs.	ii) Buyer is the centre of the business universe;
iii)	Emphasis is on saleable surplus available with the corporation.	iii) Emphasis is on identification of a customer need/ market opportunity. The aim is to convert customer 'needs' into 'products'.
iv)	Concerns itself with just the tricks and techniques of getting the customers to part with their cash for the products available with the salesman.	iv) Concerns itself with fulfilling the needs of the customers.
v)	Views business as a 'goods producing process'. Over-emphasises the 'exchange' aspect, without caring for the 'value satisfactions' inherent in the exchange.	v) Views business as a 'customer satisfying process'. Concerns itself primarily and truly with the 'value satisfactions that should flow to the customer from the exchange.
vi)	Sellers' requirement and preference dominates the formulation of the 'marketing mix'.	vi) Buyer determines the shape the 'marketing mix' should take.
vii)	The firm makes the product and then figures out how to sell it.	vii) The product is determined by the buyer. The 'product' is the consequence of the marketing effort; the market-ing effort leads to products that the customers actually want to buy in their own interest.
viii)	Emphasis is on staying with the existing technology and reducing costs.	viii) Emphasis is on innovation in every sphere; on providing better value to the customer by adopting better technology.
ix)	Distribution functions are perceived as mere extensions of the production function.	ix) They are seen as vital services to be provided to the customer, keeping customer's convenience in focus.
x)	Sellers' motives dominate marketing - communication.	x) Marketing communications is looked upon as the tool for communicating the benefits/ satisfactions provided by the product.
xi)	Cost determines the price.	xi) Consumer determines price; price determines costs.
xii)	Emphasis is on 'somehow selling'; there is no coordination among the different functions of the total marketing task.	xii) Emphasis is on integrated marketing; covering all the 4Ps.
xiii)	Selling' views the customer as the last link in the of business.	xiii) 'Marketing' views the customer as the very purpose the business; sees the business from the point of view of the customer; customer consciousness permeates the entire organization all departments and all people in the organization all the time. All are organized around the marketing function.

Q16. Distinguish between various concepts of Marketing.

Ans :

Sl. No.	Basis	Product	Production	Selling	Marketing
1.	Companies focus	Companies focus in developing superior products and improving the existing product lines over a period of time	Companies focus on the idea that the more we make, the more profitable we become	Companies focuses in manufacturing the product first the then decides to sell it.	Companies first determines customers' needs and then decides on how to deliver a product to satisfy these wants.
2.	Management Orientation	Management is oriented towards technological research and scientific innovations	Management is oriented towards number of units produced.	Management is sales volume oriented	Management is profit oriented
3.	Planning	Planning is long-term oriented in terms of 4P's - positioning, Pricing, Packaging and Placement	Planning is neither long-term nor short-term as it depends on the company's philosophy to make the products widely accessible to buyers at low-priced budget	Planning is short-run oriented, in terms of today's products and markets	Planning is long-term oriented in terms of new products, tomorrow's market and future growth
4.	Stress	Stresses needs on quality of products	Stresses needs of own company's expertise in producing products	Stresses needs of sellers	Stresses needs and wants of buyers
5.	Business condition	Views business as coming out with new innovations and technological process	Views business as goods producing and achieving maximum profitability process	Views business as a goods producing process	Views business as consumer satisfying process
6.	Emphasis	Emphasis on quality generation and quality retention through innovations and technological efforts for attracting customers	Emphasis is on mass-production and reducing costs.	Emphasis is on staying with existing technology and reducing costs.	Emphasis is on innovation in every sphere, on providing better value to the customer by adopting a superior technology

7.	Departments	R & D department works in close liaison with field personnel value aids from government or private institutions relating to their field	Production departments work in different factory outlets at different locations	Different departments work in highly separate water tight compartments.	All departments of the business operate in an integrated manner, the sole purpose being generation of customer satisfaction
8.	Determination of cost and price	Cost determines price	Price determines cost	Cost determines price	Consumer determines price; price determines cost
9.	Customer-eccentric	Product views customers as last link in the business as it aligns	Production ignores customers for being price purpose.	Selling views customers as the 1st link in the business	marketing views the customer as the very purpose of the business.

1.4 MARKETING MIX

Q17. What is marketing mix ? Discuss the various components and features of marketing mix.

(OR)

What are the 4 PC's of Marketing.

Ans :

(Aug.-21, Feb.-20, Jan.-18, Feb.-17)

Introduction

Marketing Mix is one of the most fundamental concepts in marketing management. For attracting consumers and for sales promotion, every manufacturer has to concentrate on four basic elements/components. These are: product, pricing, distributive channels (place) and sales promotion techniques. A fair combination of these marketing elements is called Marketing Mix. It is the blending of four inputs (4 Ps) which form the core of marketing system.

Definitions

- According to W.J. Stanton**, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product, the price structure, the promotional activities, and the distribution system."
- According to Philip Kotler**, "A Marketing mix is the mixture of controllable marketing variables that the firm uses to pursue the sought level of sales in the target market."

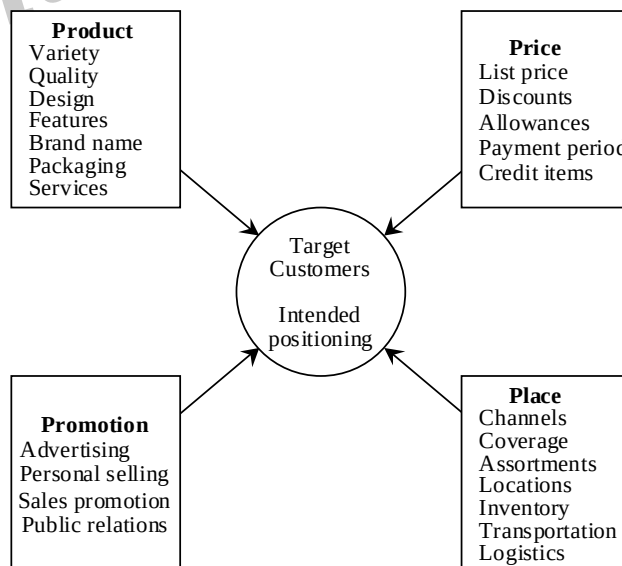
Features of Marketing Mix

- Combination of four marketing variables** : Marketing mix is a combination/integration of four basic marketing variables namely, product, price, promotion and place. These variables are interdependent.
- Useful for achieving marketing targets**: Marketing mix aims at achieving marketing targets in terms of sales, profit and consumer satisfaction. It is rightly said that marketing mix is the marketing manager's instrument for attainment of marketing objectives/targets.

3. **Flexible and dynamic concept :** Marketing mix is not a rigid combination of four variables. It is in fact a flexible combination of variables.
It is necessary to adjust the variables in the mix from time to time as per the changes in the marketing environment. It is the continuous monitoring of the marketing mix which facilitates appropriate changes in the mix.
4. **Periodical adjustment of variables necessary :** Marketing mix variables are interrelated and need suitable adjustments from time to time. Updating of marketing mix is essential for making it a powerful tool for achieving marketing targets. Updating is also essential due to environmental changes taking place within the firm.
5. **Marketing manager acts as a mixer of ingredients :** A marketing manager has to function as a mixer of marketing ingredients and has to achieve desired results through skillful combination of four Ps. He needs maturity, imagination and intelligence for appropriate blending of the variables.
6. **Customer is the focus point :** The main focus of marketing mix is the customer. His satisfaction and support are important. Variables of marketing mix are for giving more satisfaction and pleasure to consumers.
7. **Variables are interrelated :** Marketing mix variables are interrelated. Decisions in one area affect action in the other areas. An integrated approach is needed while making changes in the marketing mix variables.
8. **Consumer-oriented activity :** Marketing mix is a consumer-oriented activity as its purpose is to give satisfaction and pleasure to consumers. Here, the needs and expectations of consumers are given special attention and 4 Ps are adjusted accordingly.
9. **Four Ps of sellers correspond to four Cs of customers :** Four Ps in the marketing mix represent the sellers' view of the marketing tools available for influencing buyers. Each tool is designed to deliver a customer benefit.

Components / Elements of Marketing Mix

The set of marketing tools – product, price, place and promotion.



1. **Product :** Product means the good and services combination the company offers to the target market. In developing the product must think about activities.

2. **Price** : The price is the amount of customer who has to pay and obtain the product. They suggested about all the types of prices.
3. **Place** : Place includes company activities that make the product available to target customers. In this time they should place all the above place activities.
4. **Promotions** : Promotion means activities that communicate the customers.

An effective marketing program blends all of the marketing mix elements into a co-ordinated program designed to achieve the company marketing objectives by delivering value to consumers. The marketing mix constitutes the company's tactical tool kit for establishing strong positioning in target market.

There is another concern, however, it is valid it holds that the 4 P's concept takes the sellers view of the market, not the buyers view. From the buyer's view point in this age of customer relationships, the four P's might be better described as the four C's.

4 Ps	4 Cs
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	Communication

Thus, while marketer see themselves as selling products, customers see themselves as buying value or and service to be as conveniently available as possible. Finally they want two-way communication. Marketers should think about 4 Ps & 4Cs also.

1.4.1 Expanded Marketing Mix

Q18. Write about 7 pc's of marketing mix?
(OR)

Explain expanded marketing mix.

Ans : (Feb.-20)

The Extended Marketing Mix model (also known as the 7 P's) is a tool which marketers use to define their marketing strategy. It is constructed of the original 4P's (Product, Price, Place and Promotion) and has an added three more elements (People, Process and Physical Evidence) in order to expand its applicability from strictly tangible products, to encompass service related offerings as well.

7 PC's or Expanded Marketing Mix

Typically, a marketer will attempt to optimize for five or six of the P's, as it rarely possible to excel in all seven. The seven P's can be adjusted for varying conditions in one's market, or different targets.

1. Product

It has been said that a good product will sell itself. However, since there are many good products available today for any given use, it becomes more important for the seller to ensure that his product is, indeed, what the buyer wants. The marketer must define the characteristics of his product or service that meets the needs of his customers. Function, quality, appearance, packaging, brand, service, support and warranty all come into play.

2. Price

The "going price" for a product or service is not always the best target to focus on. A pricing strategy needs to address competitive pricing, of course, but often, a more expensive product may be seen as superior. Consumers still succumb to discounts and special offers, and most are sensitive to warranty and return questions. All these aspects should be considered when formulating the pricing strategy, as price wars are rarely successful for a company, in the long run.

3. Place

Delivery and timing are important aspects, carrying lot of weight with the consumer. If an order is received late or with missing items, or if one must wait two to three weeks for delivery, a customer may be lost.

4. Promotion

Advertising is increasingly more important, as multiple options on many products become available. The best of all the other P's will do little good, if the consumer isn't made aware. Today, this is quite possibly the most important factor of all.

5. People

Particularly when the offering is a service, the people involved in the offering, including the consumer, take on an importance that should not be ignored, as they can offer significant additional value to the product or service.

6. Process

The manner of handling sales, order processing and after-sale service can also be essential elements of the overall marketing strategy.

7. Physical Evidence

Satisfied customers can be the best advertisement, with either tangible products or services. The marketing strategy should include effectively communicating their satisfaction to potential customers.

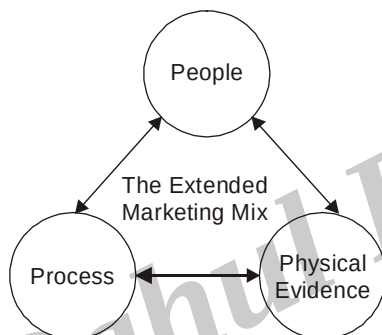


Fig.: Expanded Marketing Mix

1.5 MARKETING PROGRAM

Q19. Explain about marketing programme.

(OR)

What do you mean by market program.

(OR)

Write in detail the concepts of marketing programme.

Ans : (Feb.-20, June-18)

A “marketing program” is derived by integrating all the marketing plans of the company. In other words, marketing program is a mixture of various marketing plans of the company. The entire company is responsible to implement this program.

The various elements of a company's marketing program can be made clear with the following figure.

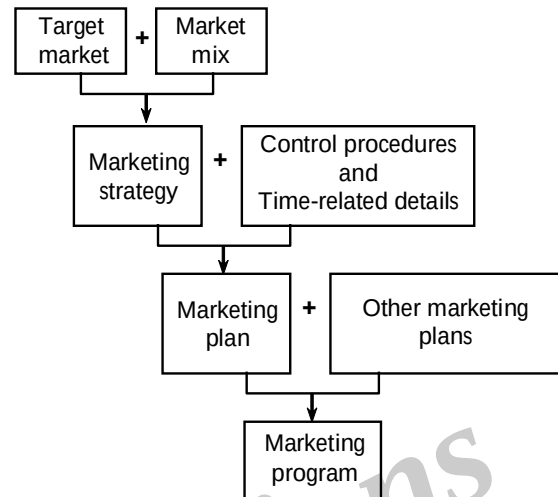


Fig.: Element of a Firms Marketing Program

From the above figure, it is clear that marketing strategy is the mix of target market and marketing mix of the company. When we add up. Marketing strategy and control procedures and Time - related details, we get marketing plan. And finally, when we add up marketing plan with other marketing plans of the company, we get a company's marketing program.

A company's marketing program is a mixture of various elements such as - Target market, marketing mix, marketing strategy, control procedures and time - related detail, marketing plan and other marketing plans of the company.

It is important to focus on one marketing strategy at a time instead of focusing on many because planning so many strategies at a time might result in the development of poor and ineffective strategies. Whenever the new strategy is developed, it is the responsibility of the marketing manager to see to it that the new strategy developed is suitable to the company's existing marketing program.

Q20. Explain various functions of Marketing Plan / Marketing Programme.

Ans :

Marketing planning involves the development of a logical process to establish marketing goals and plans to achieve these goals. It involves allocating

budgets for different marketing activities and evaluating the target market segments. Marketing planning may be informal in small organisations while it may be a formal process in large organisations. Experts, have identified ten barriers to the development and implementation of marketing plans.

Functions of Marketing Plan

1. **Contents :** The contents of a business firm involves several functions namely, a chart specifying the contents, opportunity and issue analysis, marketing strategy, action programs, projected and control measures.
2. **Executive Summary :** The executive summary is a brief description of the entire report, which contains as introduction and a description of the highlights of the marketing plan. It also includes information about the expenditure that will be incurred for implementing the plan. However, the executive summary should merely provide a brief overview of the marketing plan and its implementation process.
3. **Opportunity and Issues Analysis :** In opportunity and issues analysis, the marketing management analyses the opportunities available to the company in the market and the threats to the company. In the issue analysis, the manager determines the issues related to the strengths and weaknesses of the company and highlights the areas which the marketing plan has to focus upon.
4. **Marketing Strategy :** After the opportunity and issue analysis, the marketing manager formulates a strategy to achieve the objectives of the marketing plan. This involves setting strategies to effectively and efficiently and development activities.
5. **Action Programs :** The action programs of the marketing plan must specify the details of the strategies adopted to achieve the objectives of the firm. It should also answer the following questions, What will be the cost of performing the activity? What action are taken to do the specific activity? When is it doing to be done ? And who is going to do it?
6. **Projected Profit and Loss Statement :** The projected profit and loss statement will

have the details regarding the budget to be allocated to each of the activities mentioned in the action programs. The difference between the revenue and the expense is the projected profit for the organisation. It accepts or modifies it and then approves the budget for the implementation of the marketing plan.

7. **Controls :** The final stage in the marketing plan is the process of controlling the activities that are deviating from the planned track. The top management, from time to time, reviews the activities to see whether they are being carried out according to the plan. Necessary steps are taken to control those activities which are going off the track.

1.6 MARKETING STRATEGY

Q21. What is a marketing strategy ? Explain the factors influencing a company's marketing strategy focusing on target markets.

OR

Define marketing strategy. What are the factors influencing the companies marketing strategy?

Ans : (Feb.-20, June-18)

Definitions

- i) **According to Philip Kotler** "Marketing strategy is a set of objectives, policies and rules that guide over-time firm's marketing efforts".

Marketing strategy refers to a plan which helps the company in retaining its competitive position in the market place. The product, price, place and promotion strategies are combined together to develop a company wide marketing strategy. Marketing strategy guides, the company in performing its marketing activities.
- ii) **According to Cundiff, Still and Govani** "Basically, a company's overall marketing strategy is its competitive posture in the market place. Formulating an overall marketing strategy requires integration of all dimensions of the marketing effort".

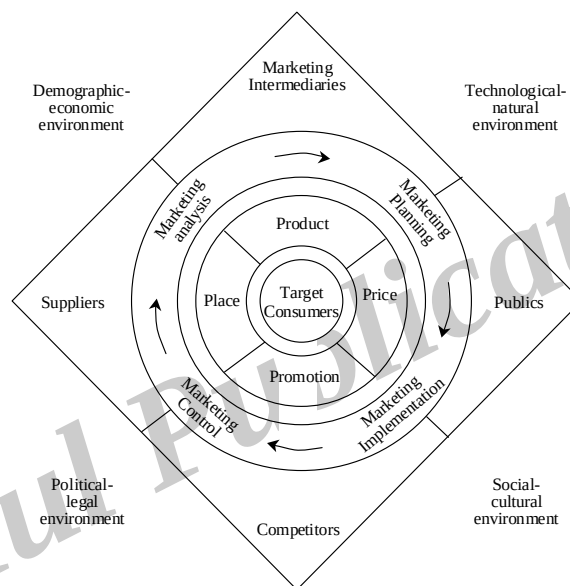
- iii) **According to Prof. Philip Kotler** “Marketing strategy is the basic approach that the business unit will use to attain its goals and which comprises of elaborate decisions (strategies) on largest marketers, market positioning and mix and marketing expenditure allocation.

Marketing strategy is the essence of all marketing plans or programs. It is an avenue that provides the means for the company to expose how different they are from other companies and how their product and services are special with its features.

After the company puts down its objectives and marketing plans, then the marketing strategy is developed.

On the basis of marketing plan, the techniques to achieve them will be provided by the marketing strategy. For example, if a company plan forecast a total turnover of \$100 million and foresee a profit of 25%, then here, the main objective of marketing strategy is to find the means to accomplish it.

Factors Influencing Company's Marketing Strategy



The company decides which customers served be secured and these customers are set as their target customers. Their main aim is to fulfill the needs of their target customers.

Once this aim is set, half of their job is done. At the end, one must realize that the target market selection is the most crucial function of marketing strategy.

The internal and external factors of an organization influence the positioning of the product. All marketing strategies, plans and programs must be managed with the internal and external environments in which they operate. This can be accomplished by monitoring the environment and adapting to external forces and controlling the internal forces.

Q22. What is the importance of Developing a Marketing Strategy ?

Ans :

A business idea usually stems from creating a product or service as a solution to a problem and filling an existing unmet demand. Every business success plan requires a marketing strategy. Certain elements of a business need to be researched before launching the initial business venture.

Not all businesses are alike, so a marketing strategy that works for one business may not necessarily work for the other. Therefore, every business has to create a marketing strategy that is specific to its audience, product and service.

1. **Market Research:** One of the main reasons for researching the market is to find out what is current, what the future holds and how to create a strategy for success. A marketing strategy allows you to use market research you have collected to send a clearer message to your targeted prospects that shows them that you know what they want.

Pursuant to the market research, a marketing strategy helps a business to identify, package and showcase all the benefits of the product and services to the prospect.
2. **Creating Tactics:** A marketing strategy allows you to create tactics better than those of your competition. You would study the competition through market research to find out what is being done and how you can do it better. You will be able to develop your own innovative techniques that give you an edge over your competitors who may have been in the market longer than you have and have not revised their marketing strategy to fit the current changes in the market.
3. **Communication:** Without customers, a product or service cannot exist for long. A marketing strategy helps a business to reach its targeted audience. It allows the business to effectively communicate to the prospective consumer. It is a way to announce and inform the public of a product or service and show consumers how they will benefit from what you are selling.
4. **Opportunist for Market Positioning:** A market strategy will provide opportunities to position your business in the marketplace, which means that since you cannot be all things to everyone, you can commit your product or service to a small group of people in an attempt to create a brand. You will be able to better examine the response to your strategy and be able to fine-tune it by possible conducting surveys using those same small groups.

Q23. Discuss barriers to successful planning of marketing strategy.

Ans :

1. **Culture :** The prevailing culture may not be amenable to marketing plans. If the fundamental principles of marketing are not accepted by the organisation, and move towards being market-led and customer-oriented could be dismissed as 'not the way we do it'. Often we see considerable resistance to change and gradual regression back to old work practices.
2. **Power and Politics :** All organisations are subject to internal politics. The development of strategic planning becomes a battlefield where vested interests fight each others proposals and squabble over status and resources. This process absorbs much management time and can result in ill-advised compromise and unnecessary delay.
3. **Analysis not Action :** Much time and energy can be wasted by the process of analysing data and developing rationales for action, as should be simply acting. While a recours process is commendable, it should not displace action. This 'paralysis-by-analysis' barrier tends to substitute information gathering and processing for decision-making. Perhaps surprisingly, many planning systems do not promote action and are more concerned with reviewing progress and controlling activity, rather than tackling strategic issues.
4. **Resource Issues :** In any planning situation, the potential exists to negotiate over resources. Indeed, a major aspect of the process is to match resources to strategic aims.
5. **Skills :** In some instance, managers do not have the skills (example project management, forecasting etc.) required to make the best use of the planning process. Here, planning takes on a ritual nature a meaningless but 'must-do' annual task. Often, planning is reduced to incremental increases/decreases in annual budget and fails to examine opportunities for business development.

Q24. Explain the procedure involved in developing marketing strategies?

Ans :

- (a) **Customer Value Creation:** Market-led organisations aim to generate customer value and satisfaction. Success is based on the ability to selectively within target markets deliver levels of customer satisfaction that exceed those provided by competitors. A precursor to this process is a detailed understanding of one simple question. What market are win in?

Jobber (2001) defines customer value as being dependent on perception,

Customer value = Perceived benefits – Perceived sacrifice.

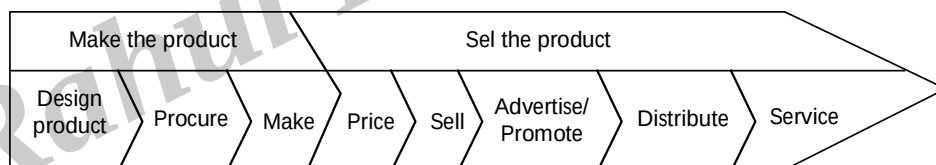
Adcock, Halborg and Ross (2001) suggest customers may use in intuitive 3A's framework in assessing potential benefits. There are,

1. Acceptability
2. Affordability
3. Availability

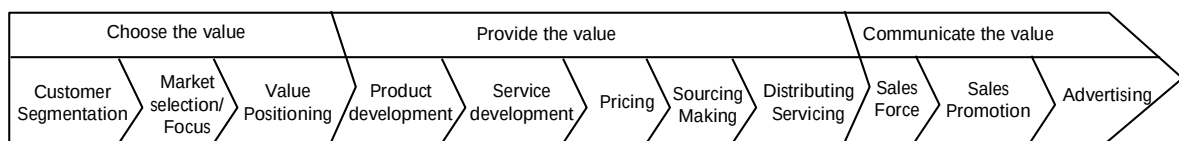
- (b) **Value Delivery Process:** Lanning (1988) states the existence of at least two view of the delivery process. Figure below. The traditional view is that the firm makes something and then sells it to the customers. The process of value delivery comprises of two steps i.e., making the product and selling the same.

The marketing activity consists of pricing, selling, product promotion, distribution and after sales services. The customer figures at the receiving end of the process of value delivery.

However the present situation provides the customers with abundant choices. The mass markets are actually fragmenting into numerous micro markets and the customers demand the products customized to their needs at the lowest possible price. A firm going by this somewhat parochial view of value delivery is likely to be outsmarted by a competitor who is more customer oriented.



(a) The Traditional Physical Sequence Process



(b) The process of Value Creation and Delivery Source

The modern view of value delivery process starts from the customer wherein the companies have to create value first before they undertake operations to deliver the same. The process of value delivery is divided into three components namely choosing the value, providing the valued and then communicating the value.

Choosing the value is a set of activities undertaken before the product (offering) is developed. It starts from customer segmentation for a focussed selection of the markets and then developing value positioning. The component of providing the value undertakes product development on the basis of chosen value.

- (c) **The Value Chain:** Michael Porter in 1985 introduced in his book "The Competitive Advantage" the concept of the Value Chain. He suggested that activities within the organisation add value to the service and products that the organisation produces, and all these activities should be run at optimum level if the organisation is to gain any real competitive advantage. If they are run efficiently the value obtained should exceed the costs of running them i.e., customers should return to the organisation and transact freely and willingly.

Michael Porter suggested the organisation is split into 'Primary Activities' and 'Support Activities'.

1. Primary Activities

- i) **Inbound Logistics :** Refers to goods being obtained from the organisations suppliers ready to be used for producing the end product.
- ii) **Operations :** The raw materials and goods obtained are manufactured into the final product. Value is added to the product at this stage as it moves through the production line.
- iii) **Outbound Logistics :** Once the products have been manufactured they are ready to be distributed to distribution centres, whole-salers, retailers or customers.
- iv) **Marketing and Sales :** Marketing must make sure that the product is targeted towards the correct customer group. The marketing mix is used to establish an effective strategy, any competitive advantage is clearly communicated to the target group by the use of the promotional mix.
- v) **Services :** After the product/ service has been sold what support services does the organisation have to offer. This may come in the form of after sales training, guarantees and warranties.

2. Support Activities

The support activities assist the primary activities in helping the organisation achieve its competitive advantage. They include,

- i) **Procurement :** This department must source raw materials for the organisation and obtain the best price for doing so. For the price they must obtain the best possible quality.
 - ii) **Technology Development :** The use of technology to obtain a competitive advantage within the organisation. This is very important in today's technological driven environment. Technology can be used in production to reduce cost thus and value, or in research and development to develop new products, or via use of the internet so customers have access to online facilities.
 - iii) **Human Resource Management :** This organisation will have to recruit, train and develop the correct people for the organisation if they are to succeed in their objectives. Staff will have to be motivated and paid the 'Market Rate' they are to stay with the organisation and value to it over their duration of employment. Within the service sector, for example, airlines it is the 'Staff' who may offer the competitive advantage that is needed within the field.
 - iv) **Firm Infrastructure :** Every organisations needs to ensure that their finances, legal structure and management structure works efficiently and helps drive the organisation forward.
- (d) **Marketing Logistics and Value Chain.** After the goods have been manufactured, they need to be placed at the most convenient locations, Retail Outlets, to make buying the goods easy for the buyers. The actual

transportation, storage and inventory management are part of background or secondary activities. The firm may have the most suitable product for the customers, but if they cannot find the same easily the value of the product diminishes drastically.

- (e) **A Holistic Marketing Orientation of Customer Care:** Holistic marketing is the idea that marketing is everything. It is the idea that to truly be successful an organisation must have a holistic approach to marketing where each facet of the organisation is focused on how to add value to the customer and communicate that value.

Holistic marketing is not just thinking about the customer strategically as in having a market orientation or achieving consistency of message, look and feel across all platforms as an integrated marketing communications but rather focusing on the principle that if value is not being created it is being destroyed.

1.7 MANAGING MARKETING EFFORT

Q25. What are the four marketing functions involved in managing marketing efforts?

(OR)

“Managing marketing effort is important” comment.

Ans :

The company wants to design and put into action the marketing mix that will best achieve its objectives in target markets. This involves four marketing management functions.

Functions of Managing Marketing Effort

The four functions are analysis, planning, implementation, and control.

- (a) **Marketing Analysis :** Marketing analysis involves a complete analysis of the company's situation. The company performs analysis by Identifying environmental opportunities and threats. Analyzing company strengths and weaknesses to determine which opportunities the company can best pursue. Feeding information and other inputs to each of the other marketing management functions.

- (b) **Marketing Planning :** Within each business unit, functional plans must be prepared, including marketing plans. Such plans include marketing plans which are aggregate plans consisting of plans for product lines, brands and markets. Marketing planning involves deciding on marketing strategies that will help the company to attain its overall strategic objectives.

- (c) **Marketing Implementation :** Marketing implementation is the process of executing the marketing strategy towards accomplishment of long-term marketing goals. It entails drawing up definitive action-plans and operationalizing the same. Issues in marketing implementation include planning, coordinating employee dynamics, employee motivation, and leadership skills. The paper examines the of marketing implementation and discusses the issues involved in the same.

- (d) **Marketing Control :** Marketing control is the process of monitoring the proposed plans as they proceed and adjusting where necessary. If an objective states where you want to be and the plan sets out a road map to your destination, then control tells you if you are on the right route or if you have arrived at your destination.

1.8 DESIGNING GLOBAL MARKETING

Q26. What is global marketing ? Explain various steps involved in global marketing.

Ans : (June-18, Jan.-18)

“Global marketing” refers to marketing done across various countries rather than just focusing on marketing in the home country. The firms involved in global marketing, to market their products and services in foreign countries. The needs wants, preference and buying behaviour of target customers differ from country to country and this makes the task of global marketing difficult. Global marketing is the last stage in the process internationalisation of business and marketing. Today, modern marketers are taking global marketing as a challenge because global marketing involves planning a marketing strategy which is applicable and acceptable to all countries.

Steps

The five steps involved in developing a global marketing program are as follows,

Decision are taken at each step and these decisions are collectively known as global marketing decisions.

Step 1: Identifying Target Market

In the first step, marketer need to identify the target market. Developed countries would be the profitable markets for developing countries because developed countries have more purchasing power, great infrastructure facilities and encourages imports. After identifying target market, marketer is required to visit the identified markets in order to find out what products have to be offered at each market. Due to development in technology locating foreign buyers has become an easy task. For example, with the help of internet, marketers today are able to locate and communicate with foreign buyers without making personal visits to foreign countries.

Step 2: Product Planning for Global Markets

In global marketing, product markets differ from one another in terms of demand patterns and customers view point about the product benefits. A marketer who wants to market its products in the global markets is required to identify the significance of product planning, decide which alternative has to be chosen i.e., product adaptation or standardisation and design a plan for cross country segmentation. Product adaptation is a process wherein global product is localized. Standardization leads to development of product which receives same level of demand from various product market segments.

Step 3: Pricing for Global Markets

Deciding the product prices in the global markets is a crucial task. A marketer need to find out minimum and maximum export prices. After this negotiation on product prices takes place between exporter and importer. In case of products having differential value can be sold at higher prices in the foreign markets. Few non-price factors which have to be taken into consideration in global marketing are,

- (a) Product differentiation
- (b) Industrial goods
- (c) Consumer goods
- (d) Engineering products etc.

These factors influence the pricing decisions in global marketing.

Step 4: Deciding the Mode of Entry into the Global Markets

The two modes available to enter the global markets are,

1. Direct exporting
2. Indirect exporting.

1. Direct Exporting: In direct exporting, product manufacturer take decision to export its products directly to global markets without taking any help from export houses/trading houses.

2. Indirect Exporting: In indirect exporting, manufacturer export its products to foreign markets/global markets indirectly i.e., through trading houses. Few government trading organisations such as MMTC, state trading corporation and national small industries corporation are working as export houses.

Step 5: Promoting Products/Services in the Global Markets

A company which wants to go for direct exporting must make efforts to create awareness in the customers regarding the product. Compared to domestic marketing, promoting products in global markets is a complicated task. Some of the methods used for promoting products in the global markets are advertising, direct Mailing, trade fairs and exhibitions, sales promotion and personal selling. Among all these methods, advertising is the best method to promote products in the global markets.

Q27. What are the Challenges and Opportunities in the Globalized Marketing Environment?

Ans :

The remarkable growth of global markets, over the past five decades, have been due to many driving forces like free markets, geopolitical stability, reduced cost, latest technology and so on. Likewise its significance from the organization's point of view is also increasing day- by-day.

Today companies are going global not for just increasing their revenues but also in order to enjoy the huge benefits of the foreign markets.

For example, even though Germany has the largest market in the European Union and is regarded as the leader in engineering technology, more than ninety percent of its customers are not from Germany. Similarly, many foreign companies like Ford cars, Cadbury, Vodaphone and so on market their goods in India. In order to attract larger number of customers, global markets are significant due to the following reasons,

1. The selling of products in the global market help the organizations to witness maximum growth in terms of market capitalization.
2. Globalization helps the companies to increase their revenues. Example, American based soft drink company, Coca-cola receives nearly sixty eight percent of its revenues from the other countries.
3. Global markets help the companies to create strategic alliance with the help of mergers and acquisitions.
4. It helps the company to have a better understanding about its competitors.
5. Global markets helps in rapid industrialization as ancillary industries crop up in foreign countries also.
6. In many developed countries, the domestic markets are getting saturated. Thus, entering into the global markets enables them to achieve greater sales and profit targets.
7. For some companies it is important to go for globalization because their competitors has also done for globalization. Globalization helps in the survival and sustaining the competition.

Q28. Examine the present status of global marketing environment.

Ans :

(June-18)

The reasons for fast growth of FDI can be due to

- (i) Huge internalisation from Japanese economy.
- (ii) Huge demand for services and rise in per capita real income.
- (iii) Focused on regional integration leading to rise in inter-bloc and intra-bloc FDI.

Mergers and Acquisitions (M and A's) also contributed a lot for the growth of FDI and to increase its outflow.

It has been predicted, that in future the term 'Marketing' will include both domestic as well as international marketing. There are many trends which will make globalisation and international marketing more noticeable in future. Some of these trends are as follows,

1. International marketing will helps in increasing the growth rate of developing countries at a faster rate when compared to the developed countries.
2. The significance of international marketing will increase with high levels of international investments and increasing international production.
3. The growing globalization trend of supply chain and operations management.

Q29. Distinguish between domestic marketing and global marketing.

Ans :

(Jan.-18)

Sl. No.	Basis for Comparison	Domestic Marketing	International Marketing
1.	Meaning	Domestic marketing refers to marketing within the geographical boundaries of the nation.	International marketing means the activities of production, promotion, distribution, advertisement and selling are extend over the geographical limits of the country.
2.	Area served	Small	Large
3.	Government interference	Less	Comparatively high
4.	Business operation	In a single country	More than one country
5.	Use of technology	Limited	Sharing and use of latest technology.
6.	Risk factor	Low	Very high
7.	Capital requirement	Less	Huge
8.	Nature of customers	Almost same	Variation in customer tastes and preferences.
9.	Research	Required but not to a very high level.	Deep research of the market is required because of less knowledge about the foreign markets.

1.9 MARKETING ENVIRONMENT**Q30. What do you mean by marketing environment ? State its elements.**

Ans :

(Aug.-18)

The term Marketing Environment refers to the forces and factors that affects the organisation ability to built and maintain good relationship with its customers. Marketing environment surrounds the organisation and it impacts upon the organisation. Marketers have to interact with internal and external people at micro and macro level and builds internal and external relationships.

Meaning

Marketing Environment refers to the encompasses the marketing team within an organization and includes all of the outside factors of marketing that affect the team's ability to develop and maintain successful customer relationships with their targeted customer group.

For example, the relevant environment for a car type manufacturing, technology, the tax structure, import-export regulation, the distributors, dealers, competitors etc.

Definitions

According to Philip Kotler, "Marketing environment refers to the external factors and forces that affect the company's ability to develop and maintain successful and relationships with its target customers".

Elements

The key elements of marketing environment are as follows:

1. Internal Environment

Internal factors like men, machine, money, material, etc., on which marketing decision depends consists internal marketing environment. The internal environment refers to the forces that are within the organisation and affects its ability to serve its customers. It includes marketing managers, sales representatives, marketing budget, marketing plans, procedures, inventory, logistics, and anything within organisation which affects marketing decisions, and its relationship with its customers.

2. Micro Environment

Individuals and organisations that are close to the marketing organisation and directly impacts its ability to serve its customers, makes Marketing Micro Environment. The micro environment refers to the forces that are close to the marketing organisation and directly impact the customer experience. It includes the organisation itself, its suppliers, marketing intermediaries, customers, markets or segments, competitors, and publics. Happenings in micro environment is relatively controllable for the marketing organisation.

3. Macro Environment

Macro environment refers to all forces that are part of the larger society and affects the micro environment. It includes demography, economy, politics, culture, technology, and natural forces. Macro environment is less controllable.

Nature

The nature of marketing environment is discussed below :

1. Marketing Environment is Complex

Marketing environment is quite complex. It consists of large number of factors, which are interrelated and interdependent. Any change in one factor may generate changes in other

factors. However, the nature of interrelationships and interdependencies among the various factors is not fixed. Therefore, predictability of environment becomes a difficult exercise.

2. Marketing Environment is Dynamic

The marketing environment is constantly changing in nature. Due to the many and varied influences operating; there is dynamism in the environment causing it to continuously change its shape and character.

3. Marketing Environment is Multi-Faceted

What shape and character a marketing environment assumes depends on the perception of the observer. A particular change in the marketing environment, or a new development, may be viewed differently by different observers. This is frequently seen when the same development is welcomed as an opportunity by one company while another company perceives it as a threat.

4. Marketing Environment has a Far-Reaching Impact

The marketing environment has a far-reaching impact on organisations. The growth and profitability of an organisation depends critically on the environment change has an impact on the organisation in several different ways.

Since the marketing environment is complex, dynamic, multifaceted and has a far-reaching impact, dividing it into external and internal components enables us to understand it better.

Q31. Explain the need to Analyzing Marketing Environment.

Ans :

The reasons why we need to analyze marketing environment are clear from the following points,

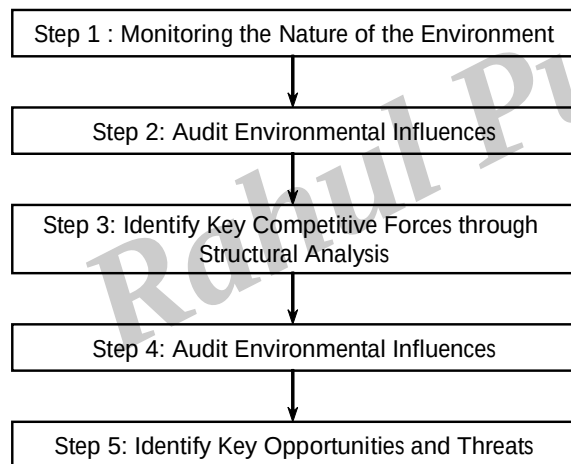
1. Marketing environment is analyzed to estimate the future marketing environment.
2. Marketing environment is analyzed to keep track on the environment changes and the outcomes of such changes.

3. To identify the opportunities and threats posed by the marketing environment, marketing environment is analyzed.
4. The marketing strategies, plans and programs of the company have to be designed by taking into consideration the opportunities and trends in the marketing environment. And for this clear analysis of marketing environment is very essential.
5. Marketing environment is analyzed to determine the scope of each opportunity posed by the marketing environment and to select those opportunities which can positively influence company's marketing operations.

Q32. Explain the process of marketing environment analysis ?

Ans :

The procedure of marketing environment analysis consists of following steps (as shown in figure).



Step 1: Monitoring the Nature of the Environment

It is useful to take a view of the nature of the marketing environment in terms of how uncertain it is. Is it relatively static or does it show signs of change, and in what ways; and is it simple or complex to comprehend? This helps in deciding what focus of the rest of the analysis is to take.

Step 2: Audit Environmental Influences

The aim is to identify which of the many different environmental influences have affected the

organisation's development or performance in the past. It may also be helpful to construct pictures - or scenario - of possible futures to consider the extent to which strategies might need to change.

Step 3: Identify Key Competitive Forces through Structural Analysis

It aims to identify the key forces at work in the immediate or competitive environment and why they are significant.

Step 4: Identify Strategic Position

It means to analyses the organisation's strategic position, i.e., how it stands in relation to those other organisations competing for the same resources, or customers, as itself. This may be done in number of ways:

- i) Competitor analysis,
- ii) Strategic group analysis, in terms of similarities and dissimilarities of the strategies they follow,
- iii) The analysis of market segments and market power,
- iv) Building on growth/share analysis,
- v) Attractiveness analysis.

Step 5: Identify Key Opportunities and Threats

Develop and understanding of opportunities which can be built upon the threats which have to be overcome or circumvented. An understanding which needs to be considered in terms of the resource base of the organisation and which will contribute to strategy choice is very important.

Q33. What is the Significance of Analyzing Marketing Environment ?

Ans :

1. Knowledge of Marketing Environment is Central to Marketing Management

Marketing management rests squarely on the knowledge of the marketing environment. Environment plays a crucial role in marketing and that securing the right fit between the environment and the firm, using the marketing mix as the tool, is the crux of marketing. The firm has to know where the environment is

heading, what trends are emerging therein and what should be its response to the environmental changes. Only by analysing the environment, can the firm grapple with these issues.

2. **Strategic Response to Environment is Possible only with Proper Environment Analysis**

Facilitating the corporation's strategic response to the changes taking place in environmental factors is the ultimate purpose of environment analysis. The firm has to come up with alternative programmes and strategies in line with environmental realities. This is possible only with proper environment analysis. It helps strategic response by highlighting opportunities, the pursuit of which will help the firm attain its objectives. It helps assess the attractiveness and probability position of these opportunities, and helps prepare a shortlist of those which are relevant to the firm and which can be pursued by it.

3. **Spotting the Opportunities and Threats**

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

4. **Task Involved in Marketing Environment Analysis**

Marketing environment analysis is the process of gathering, filtering and analysing information relating to the marketing environment. Involved in the process are the tasks of monitoring the changes taking place in the environment and forecasting the future position in respect of each of the factors. The analysis spots the opportunities and threats in the environment, and pinpoints the ones that are specifically relevant to the firm.

1.10 COMPANY'S MICRO AND MACRO ENVIRONMENT

Q34. Explain micro environment of marketing management.

(OR)

Discuss the role of a company's micro environment in influencing its marketing strategy.

Ans : (Nov.-20, Feb.-20, Aug.-18, Aug.-17)

To carry out a company's primary goal i.e., profitably, the company links itself with a set of suppliers and a set of marketing intermediaries to reach its target customers. The suppliers/company/marketing intermediaries/ customers chain comprises the core marketing system of the company. The company's success will be affected by two additional groups, namely, a set of competitors and a set of publics.

a) Company

The Company itself is a major component of company's micro environment. The company's mission and top management's philosophy has a direct impact on the functioning of the company. Further, every company consists of several functional departments. Marketing managers have to work closely with the functional departments. Financial management is concerned with the availability of funds to carry out the marketing planning, the efficient allocation of these funds to different products, brands and marketing activities the likely rates of return that will be realized and the level of risk in the sales forecast and marketing plans. Research and development department focuses on researching and developing successful new products. Purchasing worries about obtaining sufficient supplies of raw materials as well as other productive inputs required to run this company. Manufacturing is responsible for acquiring sufficient productive capacity and personnel to meet production targets. Accounting has to measure revenues and costs to help marketing know how well it is achieving its profit objectives.

All of the departments have an impact on the marketing department's plans and actions. The various brand managers have to set their targets in consultation with manufacturing and finance department.

b) Suppliers

Suppliers are those who provide resources needed by the company and its competitors to produce goods and services. The “suppliers” environment can have a substantial impact on the company’s marketing operations. Marketing managers need to watch price trends of their key inputs. Marketing managers are equally concerned with supply accessibility. Supply shortages, labour strikes and other events can prevent fulfilling delivery promises and lose sales in the short run and damage customer goodwill in the long run. Many companies prefer to buy from multiple sources to avoid depending on any one supplier who might raise prices arbitrarily or limit supply. Company purchasing agents try to build long-term trusting relationships with key suppliers. In times of shortage, purchasing agents find that they have to “market” their company to suppliers in order to obtain preferential supplies. The marketing executive is a direct purchaser of certain services to support the marketing effort, such as advertising, marketing research, sales training and marketing consulting. In going outside, the marketing executive evaluates different advertising agencies, marketing research firms, sales training consultants and marketing consultants. The executive has to decide which services to purchase outside and which to produce inside by adding specialists to the staff.

(c) Marketing Intermediaries

Marketing intermediaries are firms that aid the company in promoting, selling and distributing its goods to final buyers. They include middlemen, physical distribution firms, marketing service agencies and financial intermediaries.

i) Middlemen

Middlemen are business firms that help the company find customers or close sales with them. They fall into two types, agent middlemen and merchant middlemen. Agent middlemen - such as agents, brokers and manufacturer’s representatives - find customers or negotiate contracts but do not take title to merchandise. Merchant Middlemen - such as wholesalers, retailers and other resellers buy, take title to and resell merchandise. Market Intermediaries create place utility and time utility. They also create quantity utility and assortment utility.

ii) Physical Distribution Firms

Physical distribution firms assist the company in stocking and moving goods from their original locations to their destinations. Warehousing firms store and protect goods before they move to the next destination. Every company has to decide how much storage space to build for itself and how much to rent from warehousing firms. Transportation firms consist of railroads, truckers, airlines, barges and other freight handling companies that move goods from one location to another. Every company has to decide on the most cost-effective modes of shipment, balancing such considerations as cost, delivery, speed and safety.

iii) Marketing Service Agencies

Marketing service agencies e.g. marketing research firms, advertising agencies, media firms and marketing consulting firms assist the company in targeting and promoting its products to the right markets.

iv) Financial Intermediaries

Financial Intermediaries include banks, credit companies, insurance companies and other companies that help finance and/or insure risk associated with the buying and selling of goods. The company’s marketing performance can be seriously affected by rising credit costs and/or limited credit. Each time the company needs major capital, it must develop a business plan and convince financial intermediaries of the plan’s soundness. For these reasons, the company has to develop strong relationships with outside financial intermediaries.

d) Customers

A company links itself with suppliers and middlemen so that it can efficiently supply appropriate products and services to its target market. Its target market can be one (or more) or the following five types of customer markets :

Consumer markets

Individuals and households that buy goods and services for personal consumption

Industrial Markets

Organizations that buy goods and service for the purpose of making profits and/or achieving other objectives.

Reseller Market

Organizations that buy goods and services in order to resell them at a profit.

Government and Nonprofit Markets

Government and nonprofit agencies that buy goods and services in order to produce public service or transfer these goods and services to others who need them.

International Market

Buyer found abroad, including foreign consumers, producers, resellers and governments.

e) Competitors

A company rarely stands alone in its effort to serve a given customer market. Its efforts to build marketing system to serve the market are matched by similar efforts on the part of others. The company's marketing system is surrounded and affected by competitors. These competitors have to be identified, monitored and outmaneuvered to capture and maintain customer loyalty.

f) Publics

A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. A public can facilitate or impede a company's ability to achieve its goals. The wise company takes concrete steps to manage successful relations with its key publics. Most companies operate public relations departments to plan constructive relations with various publics. These departments monitor the attitudes of the organization's publics and distribute information and communications to build goodwill.

Every company faces several important publics :

- i) Financial Publics:** Financial institutions - banks, investment houses, stock brokerage firms, insurance companies - affect the company's ability to obtain funds.
- ii) Media Public:** Companies must cultivate the goodwill of media organizations, specifically newspapers, magazines and radio and television stations.
- iii) Government Public:** Companies need to take government developments into account in formulating marketing plans.

iv) Citizen action Public: A company's marketing practices may be questioned by consumer organizations, environmental groups, minority groups and others.

v) Local Publics : Every company faces local publics such as neighbourhood residents and community organization. Large companies usually appoint a community relations officer to be with community issues, attend meetings, answer questions, and make contributions to worthwhile causes.

vi) General Public : A company needs to be concerned with the general public's attitude toward its products and practices.

vii) Internal Publics: A company's internal publics include blue-collar workers, white-collar workers, managers and the board of directors.

When the enterprise is conducting its production and marketing activities, it has to ensure that these activities do not create undesirable effects and prejudice the community interests or welfare. For instance, monopolistic combinations killing competition and exploiting consumers cannot be accepted by the environment and public reactions may create a threat of nationalization. A chemical or paper factory or a refinery under the wider marketing concept cannot create air, food and water pollution. Business units have to adopt socially responsible marketing policies to ensure not only consumer satisfaction but also community welfare and satisfaction. The environment today demands not merely the quantity of life but also the quality of life. Similarly, unfair trade practices such as price collusion, hoarding, blackmarketing, adulteration, misbranding, etc., may exploit consumers in the market place. Government may be compelled to introduce consumer legislation to protect consumers against marketing malpractices mentioned above. In short, through feedback information the environment (members of society) reacts to goods and services offered by the enterprises, the environment evaluates these and decides the future allocation of resources and constraints to be placed on the affairs of the enterprise.

The citizens and Governments all over the world are demanding enhancement of people's living environment. The marketing system is called upon

to maximise life quality (i.e., not only adequate quantity and quality of consumer goods and services (to eliminate consumerism) but also the quality of the environment (to ensure conservation of natural resources and freedom from air, water and food pollution.)

A marketing system is an interacting set of institutions, activities and flows in order to help exchange operations between the firm and its market. Marketing system is called upon to function within the framework of certain forces which constitute the environment of marketing

Another way to look upon the dynamic marketing environment shows that it has three types of forces:

- a) External uncontrollable forces
- b) External partially controllable forces
- c) Internal controllable forces.

External uncontrollable forces are :

- i) Demography
- ii) Economic climate
- iii) Socio-cultural environment
- iv) Technology
- v) Ecology
- vi) Political and legal climate
- vii) Competitive forces
- viii) Total demand

These are termed as environmental constraints. Profitable solutions to marketing problems can only be realised if the significance of environmental change on the firm and its customers is recognized. These external forces which affect marketing opportunities, consumer behaviour and business action must be reflected in marketing policies, plans, strategies, programmes and decisions.

The essential point is that the business organisation must constantly monitor its environment.

External partially controllable force :

- a) Customers or the market
- b) Suppliers
- c) Market intermediaries.

Internal controllable force are :

- a) Corporate resources : Human and non human resources called 5M's. Men, money, machinery, materials and management.
- b) Marketing mix components such as product, price, distribution and promotion. Marketing mix is the heart of a marketing system.

Q35. Explain macro environment of marketing management.

(OR)

Explain regarding the firm's macro environmental factors.

(OR)

Write in detail about macro environment.

Ans :

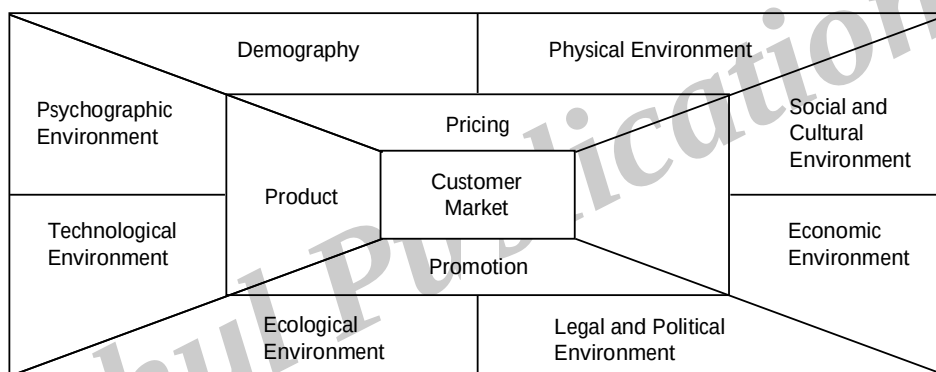
(Aug.-21, Jan.-19, Aug.-17)

The environmental factors which must be duly considered in planning any marketing programme. There are eight interrelated environmental forces considerably influencing the marketing management system of a business organisation. They are dynamic as well as uncontrollable forces included in the environment of marketing system of a business enterprise.

They are :

1. Demography
2. Economic conditions
3. Social and cultural climate
4. Legal and political conditions
5. Science and technology
6. Ecology

The following figure illustrates the marketing management's framework



The heart of the marketing system of a company is its external environment, Hence, it must respond in time to changes in the marketing environment and it must adopt intelligent forecasting devices to anticipate the trend and intensity of environmental changes. It has to use internal controllable resources in the best manner while adjusting quickly to changing demands of the marketing environment.

Marketing system constitutes the set of institutions and flows (of goods/ information) which influence the process of exchange. It comprises of the organisation, the market, marketing intermediaries, suppliers and competitors. These five ingredients form the core of the marketing system. Then around this core we have the interested institutions and groups of people, e.g., mass-media, general public, financial institutions, government and legislators.

The noncontrollable environmental forces include demographic, economic, competitive, cultural, political, legal and technological forces.

1. Demography

Markets comprise of people having demand for a product backed by power to purchase it i.e. size of market is directly proportional to the size of population in a given territory. So, marketers are interested in demography. Scientific study of human population and its distribution structure. Growing population indicates growing market particularly for baby products. If a baby boom is anticipated, the market potential is tremendous. But when we have reduction in the birth rate and the lower rate of growth of population, many companies specializing in baby products will give up adjust their marketing programme accordingly.

Population forecasts during the next decade can be arrived at with considerable accuracy and on the basis of such forecasts marketing management can adjust marketing plans and policies to establish favourable relationship with demographic changes. Demographic analysis deals with quantitative elements such as age, sex, education, occupation, income, geographic concentration and dispersion, urban and rural population etc. Thus, demography (study of population) offers consumer profile which is very necessary in market segmentation and determination of target markets. Quantitative aspect of consumer demand is provided by demography, c.g., census of population, whereas qualitative aspect of consumer demand such as personality, attitudes, motivation, percepts etc. is provided by behavioural analysis. Good demographic analysis combines several factors such as population rate of growth or decrease, income or economic power, life cycle analysis of consumer, occupation, education and geographic segmentation. Both demographic and behavioural analyses enable marketing executives to understand the bases of market segmentation and to determine marketing reaction to a new product or consumer reaction to an advertising campaign.

2. Economic Environment

Socio cultural factors of a market need to be understood to accommodate the diversity of values, beliefs, customs, rituals, faiths etc. of diverse culture with the increased areas of operation of business wherein companies are becoming global, a critical understanding of culture is a must for planning the marketing mix. High economic growth assures higher level of employment and income, and this leads to marketing boon in many industries.

Marketing plans and programmes are also influenced by many other economic items such as interest rates, money supply, price level, consumer credit etc. Higher interest rates adversely influence real estate market and markets for consumer durables on the instalment basis. Exchange fluctuations, currency devaluation, changes in political and legal set-up influence international marketing. The level of take-home pay determines disposable personal income and it influences marketing programmes directly. Economic conditions leading to recession can influence product planning, price fixing, and promotion policies of a business enterprise. Marketing mix must be formulated on the basis of important economic indices.

3. Social and Cultural Environment

We have ever changing society. New demands are created and old ones are lost in due course. Marketing management is called upon to make necessary adjustments in marketing plans in order to fulfil new social demands.

There are three aspects of social environment:

- i) Changes in our life styles and social values, c.g. changing role of women, emphasis on quality of goods instead of quantity of goods, greater reliance on governments, greater preference to recreational activities, etc.
- ii) Major social problems, c.g., concerns for pollution of our environment, socially responsible marketing policies, need safety in occupations and products etc.
- iii) Growing consumerism indicating consumer dissatisfaction since 1960. Consumerism is becoming increasingly important to marketing decision process. Social environment in many countries is responsible for emphasizing social responsibility of business and customer-oriented marketing approach. Societal marketing concept demanding not only consumer welfare but also citizen welfare, is due to the prevalent social environment and social or cultural values in many countries. Marketers are now called upon not only to deliver higher material standard of living, but also assure quality of life, i.e., environment free from pollution.

4. **Political and Legal Forces:** Political and legal forces are gaining considerable importance in marketing activities and operations of business enterprises. Marketing systems are affected by government monetary and fiscal policies, import-export policies, customs duties. Legislation controlling

physical environment, e.g., antipollution laws also influence marketing plans and policies. Then in many countries we have specific legislation to control marketing e.g., forward markets of commodities and securities. Consumer legislation tries to protect consumer interests. Marketing policy-making is influenced by government policies and controls throughout the world. The marketers need to understand the government machinery, policies and laws which are likely to affect their businessmen. They must be in a position to anticipate the likely changes in political situation so as to take the corrective action in time.

5. **Technology** : Phenomenal development in science and technology since 1950 has created a tremendous impact on life-styles, in our consumption as well as in economic welfare of the society. In most cases the market was the mother of invention. The evolution of global market by 2001 has been due to the wonders of science and technology. Technology is the way the things are done, materials and techniques used to achieve business objectives. It is driving force being many new product innovations and the development of many markets. The time between idea, invention and commercialisation is now considerably shortened and a technological breakthrough can take place within a few years now. For instance, ideas of frozen foods needs 70 years for their commercialisation. The strides in information technology and computers have revolutionised our entire life styles and products are changing forms and marketers have to understand and appreciate them.
6. **Ecology (Nature)**: Ecology is the science dealing with living things and their environment. All living things are related to other living things and they likewise are related to their physical environment. "Green marketing is a concept" which is increasing becoming popular and marketers who take care of ecology are more acceptable to the society. Ecology has assumed unique importance under the societal marketing concept since 1970.

Q36. Explain about Micro Environment Vs Macro Environment.

Ans :

Sl. No.	Basis for Comparison	Micro (Internal) Environment	Macro (External) Environment
1.	Meaning	Micro environment is defined as the nearby environment, under which the firm operates enterprises.	Macro environment refer to the general environment, that can affect the working of all business
2.	Alternatively know as Elements	Internal Environment COSMIC, i.e., Competitors, organization itself, suppliers, market, Intermediaries and Customers.	External Environment PESTLE, i.e., Population and Demographic, Economic, Socio-Cultural, Technological, Legal and Political and Environmental.
3.	Nature of elements	Specific	General
4.	Are these factors	Yes	No
5.	Influence	Directly and Regularly	Indirectly and Distantly

Q37. Enumerate the controllable and uncontrollable variables in marketing environment.**Ans :****(Feb.-19)**

Marketing environment is divided into two types. They are,

- (i) Controllable Variables and
- (ii) Uncontrollable Variables.

(i) Controllable Variables

Controllable variables comprises of both marketing policies and marketing strategies. These marketing policies are structured by the companies based on their marketing philosophies. Marketing strategies are introduced by the middle level management. For harmonising both internal and external variables or forces, the marketing mix elements are used as the tools.

(ii) Uncontrollable Variables

The elements which are affecting an organization and its marketing efforts are called uncontrollable variables. The forces are classified into microenvironment and macro-environment. Macro environment comprises of demography, socio-cultural, political, economical, technical, legal environment etc. Micro environment comprises of suppliers, marketing intermediaries, customers, public, competitors and company's internal environment.

1.11 INTERFACE WITH OTHER FUNCTIONAL AREAS**Q37. How marketing is linked with other functional areas of the organisation ?****Ans :****(Aug.-18)**

The marketing strategy developed by the marketing manager helps the company in gaining competitive advantage over other competitors in terms of providing value of target audience. The marketing strategy used in one company might not be suitable to other company, because the company's resources may differ from one another. So, while developing the marketing strategy, the other functional areas have to be taken into consideration. The other functional areas such as production, finance, accounting and human resources act as factors determining the company's marketing strategy decisions.

It is very essential to study the link between marketing and other functional areas.

- i) Marketing and finance department are linked with one another because the money required for executing the marketing plans come from finance department. Finance is required not only to introduce new plans but also to pay day-to-day expenses.
- ii) Production and marketing department are linked with one another because the goods and services which are required to satisfy customer needs and wants are produced in production and operations department.
- iii) Marketing department is linked with human resource or personnel department as human resource are the people who actually implement the marketing strategies and plans.
- iv) Lastly, marketing department is linked with accounting department as accounting department is the one which provide clear information to the marketing department regarding the costs and revenue.

1. Finance Area

The various strategies and plans developed by the marketing manager to gain competitive advantage over other competitors in terms of providing customer value may go waste if sufficient money is not available to implement such plans and strategies. For successful execution of marketing plans, the marketing managers of the company must work in coordination with financial manager.

2. Production Area

Production department and marketing department should work together as marketing plans are made by taking into consideration company's producing capacity. Before grabbing any sort of opportunity, the marketing manager should take into account how much quantity and quality of products a firm is in a position to produce.

3. Human Resource Area

The activities performed by the human resource department are recruitment, selection, training, motivation, compensation, performance appraisal etc. Big companies often set separate department called human resource department to take up the above mentioned activities. Human resource department is meant to manage people and people related activities. Employees are the people who implement the marketing plans. In case of lack of skilled and talented employees in the organisation to implement the marketing plans, marketing plan may not succeed. The suitable candidates who are capable of implementing the marketing plans are selected and trained by human resource department.

4. Accounting Area

In order to take marketing strategy decisions, a clear and up-to-date information is required regarding the various sources of costs and revenue. And this information is maintained by accounting department.

Rahul Publications

Short Question and Answers

1. Discuss different tasks of marketing management.

Ans :

The art and science of choosing target markets and getting, keeping, growing customers through creating, delivering and communicating superior customer value.

The set of tasks that make up successful marketing management

- i) **Developing Marketing Plan & Strategies:** The first task is to identify the long run opportunities for the company. The marketer can design features, products, plans and strategy and tactics.
- ii) **Capturing Marketing insights :** To understand what is happening inside and outside the company. But every company needs reliable marketing information system at the same time they think about marketing environment factors.
- iii) **Connecting with customers :** Every company must consider how to create best value for its chosen target markets and developing strong, profitable, long run relationship with customers. In this stage, marketers should know :
 - Understanding the consumer markets
 - Understanding the business markets
 - Understanding the nonprofit markets
 - Marketing segments
 - Evaluating the each segments
 - Target market and selecting customers
- iv) **Build Strong Brands :** Every company must understand the strength & weakness of the customers at the same time they can think about product life cycle stages and competitor strategies and other activities.

2. What is marketing mix?

Ans :

Marketing Mix is one of the most fundamental concepts in marketing management. For attracting consumers and for sales promotion, every manufacturer has to concentrate on four basic elements/ components. These are: product, pricing, distributive channels (place) and sales promotion techniques. A fair combination of these marketing elements is called Marketing Mix. It is the blending of four inputs (4 Ps) which form the core of marketing system.

Definitions of Marketing Mix

- i) **According to W.J. Stanton,** "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product, the price structure, the promotional activities, and the distribution system."
- ii) **According to Philip Kotler,** "A Marketing mix is the mixture of controllable marketing variables that the firm uses to pursue the sought level of sales in the target market."

3. Marketing programme.*Ans :*

A “marketing program” is derived by integrating all the marketing plans of the company. In other words, marketing program is a mixture of various marketing plans of the company. The entire company is responsible to implement this program.

A company’s marketing program is a mixture of various elements such as - Target market, marketing mix, marketing strategy, control procedures and time - related detail, marketing plan and other marketing plans of the company.

4. What are the differences between market and marketing?*Ans :*

S.No.	Basis for Comparison	Market	Marketing
i)	Meaning	Market is defined as an arrangement whereby buyers and sellers meet each other to conclude the transaction.	Marketing is a function that identifies human and social needs and satisfies them.
ii)	What is it?	A set up i.e. a place. creating utility.	A set of processes, i.e. a means of
iii)	Process	Market is a process, that fixes the price of commodities through demand and supply forces.	Marketing is a process that analyses, creates, informs and delivers value to the customer.
iv)	Concept	Market is a narrow concept. includes diverse activities.	Marketing is a wide concept that

5. Marketing strategy*Ans :*

- i) **According to Philip Kotler** “Marketing strategy is a set of objectives, policies and rules that guide over-time firm’s marketing efforts”.

Marketing strategy refers to a plan which helps the company in retaining its competitive position in the market place. The product, price, place and promotion strategies are combined together to develop a company wide marketing strategy. Marketing strategy guides, the company in performing its marketing activities.

- ii) **According to Cundiff, Still and Govani** “Basically, a company’s overall marketing strategy is its competitive posture in the market place. Formulating an overall marketing strategy requires integration of all dimensions of the marketing effort”.

- iii) **According to Prof. Philip Kotler** “Marketing strategy is the basic approach that the business unit will use to attain its goals and which comprises of elaborate decisions (strategies) on largest marketers, market positioning and mix and marketing expenditure allocation.

Marketing strategy is the essence of all marketing plans or programs. It is an avenue that provides the means for the company to expose how different they are from other companies and how their product and services are special with its features.

After the company puts down its objectives and marketing plans, then the marketing strategy is developed.

6. What do you mean by marketing ?

Ans :

Definitions

- i) **According to American Management Association (AMA)**, “The performance of business activities that direct the flow of goods and services through producers of users” Product Orientations”.
- ii) **According to Philip Kotler**, “Marketing is analyzing, organizing, planning and controlling of the firms customer impinging resources, policies, activities with a view to satisfy the needs and wants of chosen customer groups at a profit”.
- iii) **According to E. Clark**, “Marketing consists of those efforts which affect transfer in ownership of goods and care for their physical distribution”.
- iv) **According to Cundiff & Still**, “Marketing is the business process by which products are matched with markets and through which transfer of ownership are affected”.
- v) **According to American Marketing Association**, “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”.
- vi) **According to William. J. Stanton**, “Marketing is a total system of interacting business activities designed to plan, price, promote and distribute wants-satisfying products and services to present and potential customers”.

7. Define Barter System.

Ans :

- A barter system is known as an old method of exchange. This system has been practised for centuries and long before money was introduced. People started exchanging services and goods for other services and goods in return.
- Today, bartering has made a considerable comeback using more sophisticated techniques to aid in trading, for instance, the Internet.
- In ancient times, this involved system people in the same area; however, today bartering is global. The value of bartering items is negotiable with the other party.

8. Production Concept

Ans :

The idea that consumers will favor products those are available and highly affordable. Therefore, the management should focus on improving production and distribution efficiency. But this concept is oldest.

The production concept is still useful philosophy in two types of situations. The first occurs when the demand for a product exceeds the supply. Here the management should look for way to increase production. The second situation occurs when product cost is too high and improved productivity is needed to bring it down. But real objective is satisfying customer needs and build relationship with customers.

9. Selling Concept

Ans :

The selling concept holds that consumers & businesses. The organization must understand the selling and promotional effort. The selling concept is practiced most aggressively with unsought goods, goods that buyers normally do not think of buying, such as insurance or blood donations. These industries must be good tracking down prospects and selling them on product benefits. But in focuses on creating sales transactions rather than on build long term, profitable customer relationship.

10. Social Marketing Concept

Ans :

The social marketing concept questions whether the pure marketing concepts overlook possible conflicts between consumer short-run and consumer long-run welfare. The social marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves the consumer's and the society's well-being.

11. Explain expanded marketing mix.

Ans :

The Extended Marketing Mix model (also known as the 7 P's) is a tool which marketers use to define their marketing strategy. It is constructed of the original 4P's (Product, Price, Place and Promotion) and has an added three more elements (People, Process and Physical Evidence) in order to expand its applicability from strictly tangible products, to encompass service related offerings as well.

7 PC's or Expanded Marketing Mix

Typically, a marketer will attempt to optimize for five or six of the P's, as it rarely possible to excel in all seven. The seven P's can be adjusted for varying conditions in one's market, or different targets.

1. Product

It has been said that a good product will sell itself. However, since there are many good products available today for any given use, it becomes more important for the seller to ensure that his product is, indeed, what the buyer wants. The marketer must define the characteristics of his product or service that meets the needs of his customers. Function, quality, appearance, packaging, brand, service, support and warranty all come into play.

2. Price

The "going price" for a product or service is not always the best target to focus on. A pricing strategy needs to address competitive pricing, of course, but often, a more expensive product may be seen as superior. Consumers still succumb to discounts and special offers, and most are sensitive to warranty and return questions. All these aspects should be considered when formulating the pricing strategy, as price wars are rarely successful for a company, in the long run.

3. Place

Delivery and timing are important aspects, carrying lot of weight with the consumer. If an order is received late or with missing items, or if one must wait two to three weeks for delivery, a customer may be lost.

4. Promotion

Advertising is increasingly more important, as multiple options on many products become available. The best of all the other P's will do little good, if the consumer isn't made aware. Today, this is quite possibly the most important factor of all.

12. What is global marketing ?

Ans :

"Global marketing" refers to marketing done across various countries rather than just focusing on marketing in the home country. The firms involved in global marketing, to market their products and services in foreign countries. The needs wants, preference and buying behaviour of target customers differ from country to country and this makes the task of global marketing difficult. Global marketing is the last stage in the process internationalisation of business and marketing. Today, modern marketers are taking global marketing as a challenge because global marketing involves planning a marketing strategy which is applicable and acceptable to all countries.

13. What do you mean by marketing environment ?

Ans :

The term Marketing Environment refers to the forces and factors that affects the organisation ability to built and maintain good relationship with its customers. Marketing environment surrounds the organisation and it impacts upon the organisation. Marketers have to interact with internal and external people at micro and macro level and builds internal and external relationships.

Meaning

Marketing Environment refers to the encompasses the marketing team within an organization and includes all of the outside factors of marketing that affect the team's ability to develop and maintain successful customer relationships with their targeted customer group.

For example, the relevant environment for a car type manufacturing, technology, the tax structure, import-export regulation, the distributors, dealers, competitors etc.

Definitions of Marketing Environment

According to Philip Kotler, "Marketing environment refers to the external factors and forces that affect the company's ability to develop and maintain successful and relationships with its target customers".

Choose the Correct Answers

1. The products are sold in huge quantities in _____market. [a]
(a) Wholesale market (b) Retail market
(c) Both (a) and (b) (c) None of the above.
2. _____ is the major source of money to government. [c]
(a) Incentives (b) Bonus
(c) Tax (d) Commission
3. Unethical practices are not entertained in which component of holistic marketing? [b]
(a) Internal marketing (b) Social responsibility marketing
(c) Integrated marketing (d) Relationship marketing.
4. _____ concept focuses on producing products as per the needs and requirements of the customers. [c]
(a) Product concept (b) Selling concept
(c) Marketing concept (d) Production concept
5. The four elements of marketing mix are _____ [b]
(a) Product price, potential and plan
(b) Product, price, place and promotion
(c) Planning, pricing, placing and promotion
(d) Planning, producing, pricing and promoting
6. Business is considered as a process of manufacturing goods and service in which concept? [a]
(a) Selling concept (b) Product concept
(c) Marketing concept (d) Production concept.
7. _____ factors are concerned with population characteristics like _____ age, gender, size of the population, income, birth rates etc., [c]
(a) Economic factors (b) Social factors
(c) Demographic factors (d) Technological factors.
8. _____ is a set of objectives, policies and rules that guide over time firms marketing efforts. [a]
(a) Marketing strategy (b) Marketing philosophy
(c) Marketing management (d) Marketing policy
9. A _____ comprises of homogenous group of customers. [c]
(a) Business market (b) Potential market
(c) Target market (d) Strategic market
10. Marketing plan plus other marketing plans is equal to _____. [b]
(a) Marketing strategy (b) Marketing program
(c) Marketing techniques (d) Marketing tactic.

Fill in the blanks

1. Modern concept of marketing is a _____ marketing.
2. The term _____ may be defined as a place where buyers and sellers come together for buying or selling goods and services.
3. Business markets can be divided in two. They are, wholesale markets and _____ markets.
4. Recognizing and integrating marketing activities are the two main tasks of marketing management in _____ marketing.
5. _____ is popularly known as 4P's of marketing.
6. The four main sub-elements of 'promotion' are _____, public relations, sales promotion and personal selling.
7. The 4C's of customer are customer solutions, customer cost, convenience and _____.
8. _____ is the part of marketing.
9. The marketing environment of the company can be divided into _____ and _____ environment.
10. According to 'William. J. Stanton' _____ is the marketing concept in action".

ANSWERS

1. Customer-oriented
2. Market
3. Retail
4. Integrated
5. Marketing mix
6. Advertising
7. Communication
8. Selling
9. Micro, macro
10. Marketing management.

UNIT II

MARKET SEGMENTATION:

Segmentation process, Levels and Bases for Segmentation, Segmenting Consumer Markets, Business Markets, International Markets, Market Targeting – Evaluation of Market Segments, Selecting Market Segments, VALS Segmentation System – Differentiation Strategies, Product Positioning, Positioning Strategies, Building customer Value, Demand Measurement and Sales Forecasting Methods, Estimating Current and Future Demand, Competitive Strategies.

2.1 MARKET SEGMENTATION

Q1. Define market segmentation. State the features of market segmentation.

Ans : (Aug.-18, Jan.-18, Feb.-17)

Meaning

Market segmentation is a marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries that have, or are perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them.

Market segmentation is the first step in defining and selecting a target market to pursue. Basically, market segmentation is the process of splitting an overall market into two or more groups of consumers. Each group (or market segment) should be similar in terms of certain characteristics or product needs.

Definitions

- (i) **According to W.J. Stanton,** The process of talking to total heterogeneous market for product and dividing it into several sub-markets or segments, each of which tends to be homogeneous in all significant aspects.
- (ii) **According to Philip Kotler,** Market segmentation is subdividing a market into distinct and increasing homogeneous subgroups of customers where any group can conceivably selected as a target market to be met with a distinct marketing mix.

Features

The Characteristics of Market Segmentation can be summarized as follows:

1. Measurable

Consumers who belong to a particular target market and segment should be clearly identifiable. The characteristics to include or exclude in identification of a market segment are also well defined and measurable. Target markets are quantifiable in terms of population, income and age bracket, among other factors.

2. Accessible

Market segments should be accessible in terms of geography and economy. To enable accessibility of goods and services, there should be use of appropriate marketing strategies. This is because the marketing strategy used for one group should differ from the strategy used for another, as their needs differ. For example, different age groups have different fashions, styles and consume different products. The way of communicating to this market segment should correspond to the relevant needs of consumers in this segment.

3. Profitable

A market segment should be large enough to be worth pursuing. The main aim of market segmentation is to be able to tailor marketing techniques toward specific segments. This enables a firm to enjoy economies of scale while at the same time fulfilling consumers' needs. The amount of disposable income the target market is willing to spend in purchasing the goods and services should be enough to enable the firm to earn profits. For example, 'If a product's target market is young consumers, the price range

should be attainable, considering that majority of the young people are dependent on their parents or guardians.

4. Market Responsiveness

Consumers in a given market segment should be responsive to the products meant for them. Unless consumers in market segments are willing to respond to the products developed, there is little reason to develop these products. The success of products introduced in the markets depends on whether they meet consumer or organization needs. Consumers' decisions on whether to purchase or not to purchase will be an indicator of the performance of the product in the market.

Q2. What are the reasons for market segmentation?

Ans : (Feb.-17)

In general, customers are willing to pay a premium for a product that meets their needs more specifically than does a competing product. Thus marketers who successfully carry out market segmentation and adapt their products to the needs of one or more smaller segments stand to gain in terms of increased profit margins and reduced competitive pressures. There are several important reasons why market segmentation needs to be done carefully. Some of the reasons are outlined below.

1. Better Matching of Customer Needs

Customer needs differ. Creating separate offers for each segment makes sense and provides customers with a better solution.

2. Enhanced Profits for Business

Customers have different disposable income. They are, therefore, different in how sensitive they are to price. By segmenting markets, businesses can raise average prices and subsequently enhance profits.

3. Better Opportunities for Growth

Market segmentation can build sales. For example, customers can be encouraged to "trade-up" after being introduced to a particular product with an introductory, lower-priced product.

4. Retain More Customers

Customer circumstances change, for example they grow older, form families, change jobs or get promoted, change their buying patterns. By marketing products that appeal to customers at different stages of their life ("life-cycle"), a business can retain customers who might otherwise switch to competing products and brands

5. Target Marketing Communications

Businesses need to deliver their marketing message to a relevant customer audience. If the target market is too broad, there is a strong risk that

- (i) The key customers are missed and
- (ii) The cost of communicating to customers becomes too high / unprofitable. By segmenting markets, the target customer can be reached more often and at lower cost.

6. Gain Share of the Market Segment

Unless a business has a strong or leading share of a market, it is unlikely to be maximizing its profitability. Minor brands suffer from lack of scale economies in production and marketing, pressures from distributors and limited space on the shelves.

2.1.1 Segmentation process

Q3. Explain the process of market segmentation.

Ans :

The various stages in market segmentation process are as follows:

Stage-1 : Establish a Sample of Customers

Divide the specified market into identifiable groups of customers and, taking each group in turn, develop it into a micro-segment by carefully listing what the customers in the group regard as their key features for discriminating between competing offers. When meaningful differences are known to occur within a group, capture these differences as separate micro-segments.

Identifying key discriminating features from the customer's point of view will provide the link to understanding the needs that customers are trying to satisfy. This is because customers seek out specific features not for their own sake but for the particular benefits that they deliver. It is all based on the well established principle that customers don't buy features, they buy the benefits delivered by the features. For this sequence to be successful, however, you need to think of features as consisting of both the tangible and intangible components of an offer.

Stage-2 : Record Personal Details about the Decision-makers

This step can be obtained for each completed micro-segment, add some details about which it represents using applicable profiling characteristics. As these may not apply to every customer in the micro-segment, indicate the proportion each characteristic represents. Knowing how to identify and reach the members of each concluding segment will be a crucial element to the success of a segmented approach to marketing.

Stage-3 : Understand the Real Needs of Customers

This step can be obtained by talking with a cross-section of people within the organization who have customer contact and by referring to sales and lost sales reports and appropriate past market surveys. Benefits are identified by taking each micro-segment in turn and determining the needs that are being satisfied by its key discriminating feature both individually and as a 'package'. These are the buying criteria that customers regard as being decisive when choosing between alternative offers and are referred to as 'Decisive Buying Criteria'. Price is included as decisive buying criteria for every micro-segment.

Stage-4 : Bring together those Micro-segments that Illustrate Similar Patterns

The simplest approach is to represent the important levels for each segment's decisive buying criteria (DBC's) in a way which enables you to look

for matching patterns across the micro-segments, such as by using stars. It is also possible to form clusters mathematically which requires importance levels to be indicated numerically. Once the clusters have been formed the information associated with each cluster's micro-segments (size, decisive buying criteria importance levels and profiling characteristics) should be consolidated.

Stage-5 : Verify that the concluding Clusters can be Regarded as Segments

This step answer the three most important questions:

- (a) Is each cluster large enough to justify the development and marketing of a specific offer?
- (b) Is the offer required by each cluster sufficiently different from that required by the other clusters?
- (c) Can you identify which customers are to be found in each cluster so that you can target them with their appropriate offer?

Stage-6 : Establish the Attractiveness of Each Segment

The factors that are important to the company when having to decide where it should focus its resources, along with their relative importance to each other. Each segment is then assessed against these factors in terms of how well it can met the requirements and by taking the relative importance of these factors into account an attractive score is determined.

Stage-7 : Determine the Relative Competitive Strength

The ability of the company to deliver against the buying criteria of each segment is assessed from the segment's perspective and by taking the relative importance of these criteria into account a competitiveness score is determined. This is also determined for each of the main competitors. A relative competitiveness score for any company is then calculated for each segment by comparing the competitiveness score with the highest score of the competitors.

2.2 LEVELS AND BASES FOR SEGMENTATION

Q4. What are the levels of market segmentation?

Ans :

Dividing the market into different groups because of the different needs, wants, choice, characteristics and behavior of customer might require different products and marketing mixes.

It discussed in importance of segmentation that consumers have different needs and good sellers have to satisfy them by designing a separate marketing program for each buyer. That's why market segmentation can be carried out at different levels segments, niches, local areas, individuals and mass marketing.

1. Mass Marketing

In simple words seller offer same product for all the buyers with different needs and seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers.

2. Niche Marketing

A niche is a more closely defined group, it is dividing the segment in to sub segment and it can be divided by identifying the distinct trait of consumer which might need special combination of benefits this sub segments are made for those consumers whose needs and wants are not satisfied.

3. Local Marketing

Local marketing focus on brands and promotion to the needs and wants of local consumer and design marketing program according to the need of local consumer groups cities, neighborhoods and even specific stores.

4. Individual Marketing

Individual marketing focus on satisfying the needs and wants of individual customer it's also know as one-to-one marketing and customized marketing it's the segmentation level where seller offer customized product to the consumer in other words a product according to the needs and preference of consumer.

Q5. What are the bases for market segmentation?

(OR)

Explain the bases for market segmentation.

Ans : (Jan.-18)

Market segmentation can be broadly into three major groups.

1. Customer based segmentation
2. Product related segmentation
3. Competition related segmentation

1. Customer based Segmentation

(a) Geographic Segmentation

This is generally the starting point of all market segmentation strategy. The geographic location of customers does help the firm in planning its marketing offer. Quite common is the rural and urban divide in the consumer market. Also, a very common base is the metro or non metro markets. One also hears of bases like district, block markets etc. The assumption in using this basis for segmentation is that people in a particular geographic area have identical preferences and consumption behavior.

(b) Demographic Segmentation

The next commonly used basis for market segmentation is demographic characteristics of the market. Factors like age, education, occupation, sex, family size and marital status are used singly or in a combination to segment the market.

i) **Age** : Very commonly used as the basis, the assumption is that people in the same age group will behave in an identical manner. Based on this factor, one can have the

- Infants market (newly born upto 1 year)
- Child market (1 year - 12 years)
- Teens market (13 years - 19 years)

- Youth Market (20 years - 35 years)
- Middle Aged market (36 years - 50 years)
- Elders or seniors market (50 years and above)

Studies conducted by marketing research agencies give us picture of the behaviour of these different markets.

ii) Income : The next commonly used variable is income. For it is believed that, as Consumer's income increases, his/her consumption behaviour changes. One of the research findings is that expenditure on food and other basic amenities as a per cent of total expenditure declines as consumer income increases. In other words, with an increase in income, the customer starts buying other branded products and so called luxuries like holiday packages, air travel, perfumes, microwave ovens, cooking ranges, washing machines, automobiles etc.

- Low income
- Low middle income
- Middle income
- Upper middle income
- Higher income

iii) Sex : The male market is different from the female market. Hence, gender is used for segmenting the market for different products. While some products like textiles are exclusively made for each of the segments, there are other products which are exclusively made or marketed to one gender. A cosmetic firm will have to take a decision whether it wants to manufacture or market cosmetics for men only or women or for both. Lately, particularly in blue jeans marketing, the marketer is directing the product at both segments as the product is a unisexual one.

iv) Occupation : The occupation of the consumer is also an important variable

in segmenting the market. Whether a person is self employed or works full or part time and his or her position in an enterprise, affects his or her consumption behaviour. On the basis of consumption, one may find segments like professionals, traders or shop keepers, businessmen or industrialists, teachers, university professors, sales personnel and self employed people, house wives and the like.

v) Education : The education profile of the customer will also affect his or her preferences and level of awareness. It is a known fact as literacy increases and people get educated, they become more aware about the environment and different products. They also become more aware about their rights. Based on education, the Indian market can be segmented as illiterates, high school educated and secondary or university educated persons. Again within the university educated persons, the market can be segmented among the graduates, post graduates, doctorates and post doctorates.

vi) Marital Status: Another demographic basis for segmentation is the marital status of the customer. The assumption is that behavior and consumption patterns of single and married people differs. For example unmarried people are more likely to be spend thrifts and users of packaged goods and fast foods. Married people are more conservative and are generally frugal in spending. However they are often the consumers of many expensive or inexpensive gift items.

vii) Family Size and Structure : Another important demographic variable is family size or structure. With the spread of the family planning programme and with its more and more acceptance among urban families, one finds that the average family size has been declining from a high of 5-6 persons per family in

1970 to just 3 in the 1990. One finds that the family norm now is birth control. So today, the marketer can segment his market into families with three or less members, families with four members and families with more than five members.

(c) Psychographic Segmentation

Often it has been seen that two consumers with the same demographic characteristics may act in an entirely different manner. Even though the two may be of the same age, from the same profession, with similar education and income, each of the customers may have different attitude towards risk taking and new products, stores etc.

This is largely because of personality and life style differences of consumers. Increasingly marketers are turning to psychographic variables to segment their markets. The Titan Watch Company, for example has segmented its market for Timex and Titan Quartz high priced watches on the basis of life style.

(d) Buyer readiness

Another variable used for segmenting the market is buyer readiness or preparedness to buy the product. At any given time, buyers are at different stages of readiness. There are unaware buyers, people who are aware but not interested, people who are interested and are desirous to buy and lastly those who will positively buy the product. The relative proportion of buyers at these different stages will affect the marketer's tasks.

2. Product Related Segmentation

The marketer may even use product related bases for segmenting the market. One of the important bases is the product use situations. Different customers may use the same product in different use situations. Rasna, for example is shown as being used in different situations like a party, the unexpected guests, a drink at the end of a long and tiring working day etc.

A marketer tries to make the product versatile so that it can be used in different situations. But the customer may use different products and brands

for different situations. Like for sports, a customer may buy a sports watch and for a party may wear a jewelled watch. Thus depending on the use situations, a product or a brand may be selected by the customer. Knowing these situations help the marketer plan the positioning strategy.

The quantity consumed at any given time has also been the basis for segmenting the beverages, soft drinks, breweries, and cigarette markets. Accordingly the following market segments are visible :

- (a) Heavy users
- (b) Moderate users
- (c) Light users.

3. Competition based Segmentation

An important indicator of marketing success of an enterprise is number of its loyal customers. Customer loyalty, therefore is an important index to determine the competitive position of the firm. This is also used as the basis for segmenting the market and evolving the marketing strategy for each segment and also to encourage customer loyalty. Based on loyalty we can again have the following segments.

(a) Hard Core Loyals

Hard Core loyals are those customers who continue to buy the same brand over and over again. These customers refuse to buy competing brand if offered and insist on buying their own preferred brand. Newspaper readers, cigarette smokers, and tea drinkers are some customer groups where such hard core loyalties are commonly visible.

(b) Soft Core Loyals

Those who are loyal to two or three brands in a product group are called soft core loyals. For example, a housewives who buys the same brand of soap in her nine shopping expeditions will be considered as a soft core loyal. The marketer needs to watch such customers and motivate them to shift to the hard core loyalty segment.

(c) Switchers

Switchers are those customers who never stick to a brand. These are customers for whom brand switching is as easy as changing a shirt. They may switch for a variety or for a special deal.

In either case, this is a very slipping market segment for the marketer. The firm needs to examine why it is losing its customers to competitor brands. This can help it to strengthen its competitive positions in the market.

Q6. What are the benefits of market segmentation.

Ans :

Market segmentation reflects reality in marketing situation. Consumers have different needs and preferences. Hence, in reality market demand is heterogenous and not homogeneous. When differences in customer needs are analysed, the marketers can exploit the marketing opportunities and fulfils the needs. This can yield profits and prospects for growth. Segmentation ensures higher customer satisfaction and improves effectiveness of the marketing programme and enable the managers to charge a better price for their offer. Market segmentation offers the following specific benefits :

1. Marketers are in a better position to locate and compare marketing opportunities. Market can be defined more precisely in terms of customer needs.
2. When customer needs are fully understood, marketers can effectively formulate and implement marketing programmes which will be tuned with the demands of the market.
3. Marketers can design their products and marketing communications as per the market segments and ensure more response.
4. Competitive strengths and weaknesses can be assessed effectively and marketers can avoid fierce competition and use resources more profitably by catering customer demand which is not being met by rivals.

5. Since customer is the focus of marketing effort segmentation leads to a more effective utilization of marketing resources. We can have precise marketing objectives. Marketing programme is tailored exactly in accordance with the needs of specific market segment, and product, price and promotion can have best coordination.

Q7. State the criteria for segmentation.

Ans :

1. Measurability

The attributes selected for segmentation must be measurable demographic and socio-economic characteristics are objective and measurable but personality, life-style and psychological factors governing buyer behaviour such as motivation, perception, attitude are subjective and non-measurable attributes. In such situations, these non measurable characteristics should be linked with tangible characteristics to achieve a meaningful segmentations. We can approximately identify members of the segment on the basis of some common characteristics or behaviour pattern. Obtaining data is not easy when the segment is defined in terms of benefit or behavioural characteristics.

2. Accessibility

The segment identified should be within to the reach marketers through suitable means of communication and distribution.

3. Market Responsiveness

The identified segment must respond favourably to the marketing effort. To know whether correct segmentation has been achieved or not, has paramount importance.

4. Effective Demand

The segment must have a family big size of demand to make any marketing effort viable.

Q8. "The Indian market represents an excellent example for formulating the market segmentation strategy by a marketer". Did you agree with the statement? Discuss.

Ans :

Segmentation Strategy of HDFC Credit Cards

The credit cards or all the products of HDFC bank are segmented on the following basis,

1. Demographic

(a) Occupation: On the basis of the different occupational segments such as doctors, lawyers, professionals etc., different products are segmented.

(b) Income: On the basis of the income level of the customers different products are being segmented. Minimum balance acts as a barrier to income segment.

2. Geographical

HDFC bank mainly focuses on tier 1 and tier 2 cities for selling its products as these cities helps in extending their reach. Tier 2 cities have population of less than 1 million.

Example: Nasik, Bhopal, Amritsar, Raipur etc. Tier 1 cities have more than 1 million population, example: Delhi, Mumbai, Hyderabad, Kolkata, Chennai etc.

3. Psychographic Age

HDFC bank segments different products for different age groups. Example: Students accounts for students, credit cards for adults etc.

Market Segmentation Strategy of LG

The washing machines and all the products of LG are segmented on the following basis,

1. Demographic

On the basis of the income level and occupational segment of the customers, the products of LG are segmented.

2. Geographic

LG concentrates on tier 1 and tier 2 cities for selling its products as these cities helps in extending the reach.

3. Psychographic

On the basis of the life-styles and personality of the customers the products of LG are being segmented.

4. Behavioural

On the basis of the value and the benefits derived from the products, the products are being segmented.

LG segments its markets on the basis of products which it offers to its consumers. It mainly targets the customers who demand life style products. The products of LG are usually designed for upper middle class and premium segment consumers who demands quality products at best prices. But now LG is also shifting towards middle class segments and wants to mass markets their products.

2.3 SEGMENTING CONSUMER MARKETS, BUSINESS MARKETS

Q9. Define consumer market. Discuss the bases for segmenting consumer market.

(OR)

What are the bases for segmenting consumer market?

(OR)

Briefly explain the bases for segmentation of consumers markets suitable examples.

Ans : (Nov.-21, Aug.-21, Feb.-20, Aug.-17)

Consumer markets refers to the markets where people purchase products for consumption and are not meant for further sale. This market is dominated by the products which consumer use in their daily life.

Each time a consumer purchase a commodity for his own usage he is participating in a consumer market. Primarily there are four types of consumer

markets; food and beverages, retail, consumer products and transportation. In consumer market purchasers make their own decisions to purchase the products and these products can be used for personal use or can be shared with others. Marketing plays a role of paramount importance in consumer markets by influencing customer's preferences and purchasing decisions and educating them on the options available in the market. Brand loyalty of consumer plays a significant role in consumer markets. Consumer markets are different from business markets in the sense that in business markets products are sold to different businesses and intermediaries for further sale.

Dividing a market into distinct groups with distinct needs, characteristics, or behavior who might require separate products or marketing mixes. Market segmentation is a marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries who have, or are perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them. Market segmentation strategies are generally used to identify and further define the target customers, and provide supporting data for marketing plan elements such as positioning to achieve certain marketing plan objectives. Businesses may develop product differentiation strategies, or an undifferentiated approach, involving specific products or product lines depending on the specific demand and attributes of the target segment.

Bases

The following are the most common forms of market segmentation practices.

1. Geographic Segmentation

Marketers can segment according to geographic criteria - nations, states, regions, countries, cities, neighborhoods, or postal codes. The geo-cluster approach combines demographic data with geographic data to create a more accurate or specific profile. With respect to region, in rainy regions merchants can sell things like raincoats, umbrellas and gumboots. In hot regions, one can sell summer clothing. A small business commodity store may target only customers from the local neighborhood, while a larger department store can

target its marketing towards several neighborhoods in a larger city or area, while ignoring customers in other continents. Geographic segmentation is important and may be considered the first step to international marketing, followed by demographic and psychographic segmentation.

2. Demographic Segmentation

Segmentation according to demography is based on variables such as age, gender, occupation and education level or according to perceived benefits which a product or service may provide. Benefits may be perceived differently depending on a consumer's stage in the life cycle. Demographic segmentation divides markets into different life stage groups and allows for messages to be tailored accordingly.

A variant of this approach known as firm graphic or feature based segmentation is commonly used in business-to-business markets (it's estimated that 81% of B2B marketers use this technique). Under this approach the target market is segmented based on features such as company size (either in terms of revenue or number of employees), industry sector or location (country and/or region).

3. Behavioral Segmentation

Behavioral segmentation divides consumers into groups according to their knowledge of, attitude towards, usage rate, response, loyalty status, and readiness stage to a product. There is an extra connectivity with all other market related sources. Behavioral segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses concerning a product. Many marketers believe that behavior variables are the best starting point for building market segments.

4. Psychographic Segmentation

Psychographic segmentation, which is sometimes called lifestyle, is measured by studying the activities, interests, and opinions (AIOs) of customers. It considers how people spend their leisure, and which external influences they are most responsive to and influenced by. Psychographic is highly important to segmentation, because it identifies the personal activities and targeted lifestyle the target subject endures, or the image they are attempting to project. Mass media has a

predominant influence and effect on psychographic segmentation. Lifestyle products may pertain to high involvement products and purchase decisions, to speciality or luxury products and purchase decisions.

5. Occasional Segmentation

Occasion segmentation focuses on analyzing occasions, independent of the customers, such as considering Coke for occasions of being thirsty, having dinner or going out, without taking into consideration the differences an affluent and middle-class customer would have during these occasions.

Occasional customer segmentation merges customer-level and occasion-level segmentation models and provides an understanding of the individual customers' needs, behavior and value under different occasions of usage and time. Unlike traditional segmentation models, this approach assigns more than one segment to each unique customer, depending on the current circumstances they are under.

Customer segmentation is the practice of dividing a customer base into groups of individuals that are similar in specific ways relevant to marketing, such as age, gender, interests and spending habits. Customer segmentation, also called consumer segmentation or client segmentation, procedures include:

- Deciding what data will be collected and how it will be gathered
- Collecting data and integrating data from various sources
- Developing methods of data analysis for segmentation
- Establishing effective communication among relevant business units (such as marketing and customer service) about the segmentation
- Implementing applications to effectively deal with the data and respond to the information it provides

Customer segmentation can have a great effect on customer management in that, by dividing customers into different groups that share similar needs, the company can market to each group

differently and focus on what each kind of customer needs at any given moment. Large or small, niche customer segments can be targeted depending on the company's resources or needs. In B2B marketing, companies are concerned with decisionmakers' job titles, the industry sector, whether the company is public or private, its size, location, buying patterns and their technology at their disposal, for example. In B2C marketing, companies are concerned with particular customers' profiles, attitudes and lifestyles.

Approaches to B2B customer segmentation include vertical or horizontal alignments. In vertical segmentation, companies select certain industries or job titles that would likely find their products appealing and then focus marketing efforts on those segments that they feel are most ready to buy. In horizontal segmentation, companies simply focus on one job title across a wide range of industries and organizations.

Q10. What variables are used to segment business market?

(OR)

How do you segment business market? Explain in detail.

Ans : (Jan.-19)

Consumer and business marketers use many of the same variables to segment their markets. Business buyers can be segmented as:

1. Geographically
2. Demographically (Industry, Company size) or by benefits sought, user status, user rate and loyalty status & location.

Yet business marketers also use some individual variables such as :

1. **Customer operating characteristics:** Technology, user status & customer capability
2. **Purchasing Approaches:** Purchasing, Function, quality.
3. **Situational Factors:** Agency, size of orders.
4. **Personal characteristics:** Loyalty & Attitude.

By going after segments instead of whole market, companies can deliver the right proposition to each segment served and capture more value in return. Industrial marketing can also be divided into following four categories.

Common Bases for Segmenting Industrial Market

Traditionally, the segmentation strategy has been used for consumer product marketing. But recent developments in industrial marketing suggest the fact that segmentation is now being used there too. The area of segmentation has therefore, now dawned on industrial markets also. Let us look at some of the commonly used basis for segmenting the industrial product markets.

➤ **Size of the Customer**

This has been one of the traditional methods of segmenting industrial market. Based on the size and purchases, we may have

- (a) Large buyers
- (b) Medium sized buyers
- (c) Small buyers

Generally firms have different payment terms, product packaging and sales call frequencies for each of these customer groups. The size of a customer can help a firm determine its sales potential and competitive position in that customer group. This type of segmentation can also help the marketer correct any imbalances that may exist in selling efforts.

➤ **Geographical Location**

The geographical location of a customer or customer accounts is another basis for segmenting the industrial products market. For example firms located at Software Technology Park at Ameerpet could be one segment, while software firms located at Madhapur could be another market segment.

➤ **End User**

Another way of segmenting the industrial market is by differentiating the end users who use the firm's product. For example, for a steel manufacturer, some of end user segments include automobiles, construction,

office furniture, cable sets. Each of these segments have their characteristics and require a different marketing approach.

➤ **Buyer Behaviour/Motivation or Purchase Criteria**

Within a specified end-use segment, we can further segment the market on the basis of purchase criteria. For example, using price as an input we can segment buyers into insensitive, sensitive and highly sensitive to price changes.

➤ **Benefits Sought**

As with consumer market segmentation, benefits sought is potentially the most powerful direct form of segmentation. In other words the organizational market is segmented on the basis of benefits that the organizational buyers seek from the products.

➤ **Type of Customer**

The types of customers may differ from retail customers, which might be independent shops or part of a multiple group or light engineering customers versus heavy engineering customers. The customers may be those who want to purchase for the end use or those who are looking forward to use the purchase further in production.

➤ **Usage Rate**

The organizational users depending on their requirement may vary in the frequency of purchase. This can vary from heavy or frequent users to light or infrequent users.

➤ **Purchasing Procedures**

The various purchasing procedures like centralised or decentralised buying arrangements, the degree to which buyers are allowed any latitude in specification, the extent to which purchasing is by tender or closed bidding or by open negotiation influence the business buying segmentation.

➤ **Situational Factors**

Some purchasing situations call for a more personal approach whereas in others it is formal and businesslike.

2.3.1 International Markets

Q11. What is international markets? Explain the process of segmentation for international markets.

Ans :

Meaning

International market segmentation needs more dimensions than segmentation done on business markets or consumer markets.

Firstly, marketers are required to segment either by country or by region focussing on the demographic, behavioral and cultural characteristic which leads the marketers to find their submarkets. After segmenting into submarkets the firm may aim at business markets or consumer markets and similar approaches are applied.

Segmenting countries is done based on socio-economic, political and cultural factors. According to marketers the country segmentation is done on limited basis.

Process

The following process is applied for country segmentation.

- 1. Criteria Development :** Defining the criteria. These criteria are defined using product and firms features and characteristics.
- 2. Preliminary Screening :** The countries that meet the company's criteria are taken into consideration and others are retained.
- 3. Micro Segmentation :** Segmentation done in country based on distinctive needs of customers makes micro segments. Micro segmentation can be done domestically first and then consolidating these segments with other micro segments across countries or directly can come up with cross-border segments. When segmenting international markets, companies consider factors like speed of adoption by countries, time of sales peak and also speed to adoption by customers.

2.4 MARKET TARGETING

Q12. What is market targeting? Explain the steps and levels of marketing targeting.

(OR)

Explain the in steps involved market targeting.

Ans :

(Nov.-20)

Market targeting may be defined as a process of selecting the target market from the complete market. In other words, it is the process which involves, dividing the entire market into segments, evaluating such segments and selecting the suitable segment as target market.

Target marketing is the sum of all activities involved in evaluating different markets for selecting the most potential target market. According to Philip Kotler, target marketing is defined as "The process were sellers distinguish the major segments, target one or more of those segments and develop products and marketing programmes tailored to each. Instead of scattering their marketing efforts (a shot gun approach) they can focus on the buyers they have the greatest chance of satisfying (a rifle approach)." Steps of Market Targeting

The steps involved in market targeting may be classified into three steps,

Step-1: Segregating the Market

Segregating the market into different segments based on some factors like demographic factors, psychographic factors, geographic factors and so on.

Step-2: Evaluating Market Segments

After segregating the market into segments, the next step is to evaluate the market segments.

Identifying a segment is not enough to target, but the segments need to be evaluated in terms of their attractiveness. Sometimes attractive segments does not matches with the long run objectives of the firm or do not have the needed capabilities for offering superior value. So evaluation need to be done carefully. This evaluation is done based on the following criteria,

- (i) Segment Size and Growth. It includes information on current sales, projected growth rates of the segment and expected profit margin.
- (ii) Segment Structural Attractiveness. It includes current and potential competitors, substitute, relative power of buying and relative power of suppliers.
- (iii) Whether the segment fits the company's objectives and resources.
- (iv) Measurability of the segment.
- (v) Segment access ability.

Step-3: Selecting Target Market Segment

After evaluating or analyzing various segments of the market the next step is to select the market segment.

A target market can be selected with the help of following four guidelines,

- (i) A target market must be consistent with the image and objectives of the firm.
- (ii) The market opportunities of the target market should match with the resources of the organization.

Q13. What is target market? Explain its steps?

Ans :

A Target market is defined as, a group of customers who share common tastes, needs and preferences that the company decides to serve.

After segmenting the market, the marketing manager must select the target market which the company desires to serve. Once the target market is determined, it helps the organization to decide as to which market segment needs to be selected. Segmentation mainly explains about the different types of markets. Targeting explains who should be targeted and the method of targeting. Thus, target the potential markets.

Steps of Target Marketing

Target marketing consists of the following steps,

Step-1:

Dividing the market into segments, along with their marketing potential.

Step-2:

Analyzing the relative worth of each segment in terms of sales, profit, growth etc.

Step-3:

Evaluating the segment on the basis of their attractiveness and its compatibility with the firm's resources.

Step-4:

Decision making regarding whether the whole market or only a few segments need to be selected.

Step-5:

Analyzing the market for segments, where the customer needs are not completely satisfied.

Step-6:

Evaluating the firm's resources in order to match them with the marketing requirements of the target market.

Step-7:

Finally, selecting the target markets which hold the profit and growth potential and are suitable to the organizations brand.

Q14. Explain the ethical issues involved in targeting.

Ans :

The ethical issues involved in targeting are,

- (i) The advertisements shown in promotional tools, in school marketing programs, messages on the internet forces and create interest among children to buy various products and brands.
- (ii) Marketers usually target adult products to teens and college students by exaggerating the product attributes.
- (iii) Cigarette advertisements makes adults addicted to smoking.

- (iv) Marketing of adult oriented entertainment products among children and teens.
- (v) Marketing communications are directed at specific target markets.
- (vi) Makers of alcohol and tobacco uses tools like bill boards and other advertising media to target economically disadvantaged consumers.

2.4.1 Evaluation of Market Segments

Q15. How evaluating and selecting market segments?

(OR)

How do you evaluate and select the market segments?

Ans : (Aug.-18)

(A) Focus on One Segment

Through focussing on just one segment the company's presence is heightened. It gets excellent market information and reduces expenses through customization of its production, channels of distribution and communications.

Focus on one segment strategy may have to face up to the possibility that the segment turns bad or competition may intrude into this segment. It is precisely because of this that companies normally choose to target more than a single segment.

When a company chooses two or more target segments it must closely study the links on cost, production and technology. The company could produce more products that can be sold through the existing sales team and result in savings.

- **Specific Segments:** Many segments are chosen as target markets. Though these segments may have no connectivity, each individual segment more or less guarantees good profits. When a company spreads its business across many segments it reduces its vulnerability to adverse market forces.
- **Specific Product Segment:** The company produces a single product which it markets in various market segments. The company is capable of customizing its product to suit various needs. The big disadvantage here is

that the product may suddenly find itself replaced by another using new technology.

- **Specific Market Segment:** In this type of market targeting, a company produces a number of different products that are required by a specific customer group. By doing so it is able to gain strong customer loyalty and also acts as a channel distributor for this group's requirements of other products as well. The disadvantage is the group could become smaller in size or be deprived of funds for these purchases.

(B) The Entire Market, All Segments

This strategy can only be adopted by very big organisations who have two options to cover this huge area-undifferentiated or differentiated marketing.

(i) Undifferentiated marketing

In Undifferentiated marketing, a product, service and marketing plans is devised to attract the largest number of consumers in the whole area. Mass communication and mass distribution gives the product a special appeal and value. The single production line reduces cost across the board R-&D, production, advertising, market research, transport and product management. It then follows naturally, that these reduced costs enables the company to offer lower prices to woo price conscious segments.

(ii) Differentiated marketing

In differentiated marketing a company targets a number of market segments but develops various products for each segment separately.

Managing multisegments is best handled by having each segment supervised by an executive, who will have the authority and responsibility to grow the business in his segment. These executives need to realize that the company is best served when they cooperate with each other.

In differentiated marketing, which does result in higher sales and revenue, also increases the following costs which the company must bear.

1. Product Costs

Since each product needs to be tailored to meet the needs in different segments its cost is higher.

2. Production Costs

Its simple to understand that manufacturing 100 units each of 10 different products will cost more than manufacturing 1000 units of 1 product.

3. Administration Costs

Since the company necessarily has to devise different marketing programs for each target market, its market research, advertising and promotions, distribution channels and so on will be more costly.

4. Stocking Costs

It is much more expensive to manage and stock a large number of products.

The final three concerns in segment evaluation are; Entering one segment at a time; upgrading segments and making ethical choices.

(a) One Segment at a Time: It is customary for marketing savvy companies to enter one segment at a time and that too without allowing their competitors know their plans.

(b) Upgrading Segments: Marketing segments need constant monitoring since they do change. It is possible to find new segments by looking closely at the sequence in which consumers scrutinise of products before deciding to buy. This sequence of attributes divulges consumer segments.

(c) Making Ethical choices: Target marketing can cause a public uproar, if it feels marketers are trying to take advantage of children or other susceptible groups. Marketers must combine societal responsibility with their interests to ensure that the interests of targeted consumers are also borne in mind.

- A target market is a group of consumers who have similar needs, wants and desires, which a company chooses to serve.

- Target marketing is beneficial to both seller and buyer. Cosmetics markets cosmetics for “ethnic women who desire the exotic”. Colgate targets children using special flavours, shapes, and packaging to put more fun into brushing the teeth.

2.4.2 Selecting Market Segments

Q16. What are the different strategies followed by the target markets?

(OR)

Discuss about targeting strategies.

Ans :

Targeting / Target Market Strategies

After segmenting a market, the management of a firm should choose one or more segments as its target markets. It can follow any one strategy out of the following three strategies.

1. Market aggregation strategy
2. Single segment strategy
3. Multiple segment strategies.

1. Market Aggregation Strategy

In a market aggregation strategy, the seller considers its whole market as a single segment. It is also called as mass market strategy or an undifferentiated market strategy. In this strategy, the total members of the markets are same and have the same product demand. All the customer are ready to make small compromises for obtaining the benefits of the product. In such type of cases, the whole market is the target of the firm. So, the management creates a single marketing mix for reaching maximum customers in the whole market. A single product is offered by the firm for its mass audience with one pricing structure and one distribution system. A single promotional program is used for the whole market.

A firm selects an aggregation strategy after analyzing a market and had found that most of the customers in the whole market will respond same towards one marketing mix. This strategy is mostly suitable for the firms which are marketing undifferentiated and staple products like salt or sugar. A market aggregation strategy helps the firm to minimize its cost and produce, distribute and promote its products effectively.

2. Single Segment Strategy

In a single segment strategy, a seller selects one segment from the total market as the target market. It is also called as concentration strategy. In this strategy, one marketing mix is designed for reaching this single segment. A single segment strategy helps a seller to enter one market and earn a reputation of expert or specialist in this market. The companies which chase single segments are considered as niche marketers and their targeted segments are considered as niche markets. A firm can make use of single segment strategy with its limited resources.

3. Multiple Segment Strategy

In a multiple segment strategy, two or more different groups of customers are considered as target markets. A distinct marketing mix is designed for reaching all the targeted segments. In this strategy, a seller regularly designs various forms of basic product for each segment.

A multiple segment strategy leads to greater sales volume when compared to a single segment strategy. This strategy is mostly suitable for a firm having seasonal demand.

Thus, the above mentioned were the various targeting strategies.

2.5 VALS SEGMENTATION SYSTEM

Q17. Discuss about VALS segmentation and explain various types of consumer as per VALS frame work.

Ans :

Meaning

VALS which is also known as values attitude and lifestyle is one of the primary ways to perform psychographic segmentation. All three terms are intangible in nature and therefore give an idea of the inert nature of the consumer. If you know what your consumer is thinking, you would know what kind of promotions or communications will attract him most. And how do you know what the consumer is thinking? By determining his vals – Values, attitudes and lifestyle.

VALS is different for different people. Lets take income as an example. If you are a person with high income your lifestyle would probably include habits of the SEC A class such as dining out of home frequently and that too in top class restaurants, wearing only branded clothes and buying the best cars out there. Whereas if you are a middle class income group consumer, you would be more wary of spending money and would rather concentrate on savings.

The VALS framework was developed keeping a consumers resources as well as his capacity to accept innovation in mind. The X axis consisted of primary motivation (explained below) and the Y axis consisted of resources such as income, education, confidence etc. Thus these two factors were determined to be critical to define the values attitude and lifestyle of any consumer.

- Resources: Included resources available to an individual such as income, education, intelligence, emotional support, etc.
- Primary motivation: Which determined what actually drives the individual. Is it knowledge, the desire to achieve something or is it to be social.

Types**1. Innovators**

The class of consumer at the top of the Vals framework. They are characterized by High income and high resource individuals for whom independence is very important. They have their own individual taste in things and are motivated in achieving the finer things in life.

2. Thinkers

A well educated professional is an excellent example of Thinkers in the Vals framework. These are the people who have high resources and are motivated by their knowledge. These are the rational decision making consumers and are well informed about their surroundings. These consumers are likely to accept any social change because of their knowledge level.

3. Believers

The subtle difference between thinkers and believers is that thinkers make their own decisions whereas believers are more social in nature and hence also believe other consumers. They are characterized by lower resources and are less likely to accept innovation on their own. They are the best class of word of mouth consumers.

4. Achievers

The achievers are mainly motivated by – guess what – Achievements. These individuals want to excel at their job as well in their family. Thus they are more likely to purchase a brand which has shown its success over time. The achievers are said to be high resource consumers but at the same time, if any brand is rising, they are more likely to adopt that brand faster.

5. Strivers

Low resource consumer group which wants to reach some achievement are known as strivers. These customers do not have the resources to be an achiever. But as they have values similar to an achiever, they fall under the striver category. If a striver can gain the

necessary resources such as a high income or social status then he can move on to becoming an achiever.

6. Experiences

The group of consumers who have high resources but also need a mode of self expression are known as experience. Mostly characterized by young adults, it consists of people who want to experience being different. This class of consumers is filled up with early adopters who spend heavily on food, clothing and other youthful products and services.

7. Makers

These are consumers who also want self expression but they are limited by the number of resources they have. Thus they would be more focused towards building a better family rather than going out and actually spending higher amount of money. Making themselves into better individuals and families becomes a form of self expression for the Makers.

8. Survivors

The class of consumers in the Vals framework with the least resources and therefore the least likely to adopt any innovation. As they are not likely to change their course of action regularly, they form into brand loyal customers. An example can include old age pension earners living alone for whom the basic necessities are important and they are least likely to concentrate on anything else.

2.5.1 Differentiation Strategies

Q18. Write about the various differentiation strategies.

(OR)

What are the various differentiation strategies available to marketer? Discuss.

Ans : **(Nov.-21)**

Brands can be differentiated in number of ways. Differentiation is mainly associated with the product and service aspects.

For example: Himalaya Health Care products differentiates its products on the basis of natural, ayurvedic ingredients it uses and depends on ancient Indian traditional and modern scientific methods.

The following are the various differentiation strategies

1. Product Differentiation

Based on the various product or service characteristics such as type of product, its features, performance, perishability, style, reliability, repairability, design, delivery, installation, customer training, maintenance, customer consulting and repair, the brands can be differentiated. Apart from these characteristics, a brand can also be positioned or high/best quality product. The firms offering high quality products will earn more profits as the products having high quality will be permitted to charge high price. This will help the firms to obtain the benefits of repeated purchase, customer loyalty and positive word of mouth.

Quality of a product rely mainly on the performance of the product. It is communicated with the help of marketing elements or physical signs. A high price denotes high/best quality of product. The image of the quality is also influenced by packaging, distribution, advertising and promotion.

2. Personnel Differentiation

A firm can attain competitive advantage over its rivals by having experienced and well trained employees.

For example: Singapore Airlines have attentive and responsible flight attendants which have helped it to earn excellent reputation.

Experienced and well trained employees have six attributes i.e., competency, courtesy, credibility, reliability, responsiveness and good communication skills. Retailers mainly make use of their front line employees for differentiating and positioning their brand.

3. Channel Differentiation

The firms can attain competitive advantage over their rivals by building their distribution channels according to the coverage, expertise and performance.

For example: In computers - Dell and in cosmetics - Avon, differentiated themselves by designing high quality direct marketing channels.

4. Image Differentiation

The brand and company images are responded differently by the consumers. The identity and image of the product must be differentiated. Identity is how the firm wants to position its product and image is what the public perceives about the firm or its products. An effective identity builds the character and value proposition of the product, communicates this character in a different way and influences the mental image of the buyers. The firm should communicate the identity of its product with the help of communication channels and brand contact. It must be circulated in advertisements, annual reports, brochures, catalogs, packaging, business cards and company stationery.

Thus, the above mentioned were the various differentiation strategies.

2.6 PRODUCT POSITIONING

Q19. Define positioning. Explain the process of product positioning.

(OR)

What is meant by product positioning?

Ans :

(Feb.-20)

Meaning

Positioning is a marketing strategy that aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer. Companies apply this strategy either by emphasizing the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create

a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through advertising. Once a brand is positioned, it is very difficult to reposition it without destroying its credibility. It is also called Product Positioning.

Process

Generally, the product positioning process involves

1. Defining the market in which the product or brand will compete (who the relevant buyers are)
2. Identifying the attributes (also called dimensions) that define the product 'space'
3. Collecting information from a sample of customers about their perceptions of each product on the relevant attributes
4. Determine each product's share of mind
5. Determine each product's current location in the product space
6. Determine the target market's preferred combination of attributes (referred to as an ideal vector)
7. Examine the fit between the product and the market.

Q20. Explain the concepts of the positioning.

Ans :

There are three basic concepts for positioning:

1. Functional Positions deal with solving a problem, providing benefits and getting a favorable perception from investors, stockholders and consumers.
2. Symbolic Positions deal with self-image enhancement, ego identification, belongingness, social meaningfulness and affective fulfillment.
3. Experiential Positions deal with providing sensory or cognitive stimulation.

Positioning is facilitated by perceptual mapping to determine the ideal points of consumers. This helps to determine if positioning should be functional, symbolic, or experiential.

Strong positioning will enable a single product to appeal to different customers for different reasons. For example, two people are interested in buying a new car; one wants a car that is powerful and stylish while the other buyer is looking for a car that is reliable and safe and yet they buy the same exact car. One purchase solved a problem and exemplifies functional positioning while the other purchase is an example of symbolic and/or experiential positioning.

Marketers manage product positioning by focusing their marketing activities on a positioning strategy. Pricing, promotion, channels of distribution, and advertising all are geared to maximize the chosen positioning strategy.

2.6.1 Positioning Strategies

Q21. What are the product positioning strategies?

(OR)

Explain various positioning strategies.

Ans :

(Feb.-20, June-18)

The main positioning strategy is to either developing or reinforcing a particular image for the brand in the mind of the customer. The main approaches to positioning strategy are :

1. Customer benefits approach
2. The price-quality approach
3. The use or application approach
4. The product user approach
5. The product class approach
6. The cultural symbol approach
7. The competitor approach

1. Customer Benefit Approach

This is an important positioning strategy. It involves putting the brand above competitors, based on specific brand attributes and customer benefit. In the automobiles sector we can see many car manufacturer give

emphasis on different technical aspects such as fuel efficiency, safety, engine performance, power windows etc. Generally marketers identify positioning in respect of product characteristics that have been ignored by the competitor.

Often we can see that firms attempts to position their brands along with two or more characteristic simultaneously, this is done to give an extra edge to the product from its rival and also helps increase the product's life cycle. Thus a single product can solve many problem is the main theme behind the product. Example: Procter & Gamble's Head & shoulder shampoo functions as anti dandruff and anti hairfall shampoo.

Head & Shoulder positioned as both anti-dandruff & anti-hairfall shampoo.

2. Price Quality Approach

Sometimes brands attempts to offer more in term of service, feature, quality, or performance. Manufacturer of such brands charge higher prices partly to cover the cost and partly to communicate the fact that they are of high quality. In fact in the same product category there are brands, through comparable in qualities, which appeal on the basis of price.

For example brands like Rado and Timex use quality and price positioning technique respectively. Rado competes for quality and Timex competes for price. It is difficult to use both quality and price positioning together because there is a risk that high quality-low price positioning technique may infer the image of the product in the mind of the consumer.

3. The Use And Application Approach

In this strategy the product is positioned with a use or application approach.

For example : Largest Mobile manufacturer in the world Nokia positioned its few variant of N-series mobiles as music

phones with enhanced memory and multimedia capabilities. Nokia N-70 Music edition Nokia N-73 Music edition With 1GB memory.

4. The Product User Approach

In this approach, the brand identifies and determines the target segment for which the product will be positioned. Many brand uses a model or a celebrity to position their product. The expectation are that a model or a celebrity is likely to influence the product's image by reflecting their own image to it.

For example : Dabur Chyvanprash is positioned for all age groups.

5. The Product Class Approach

This approach is use so that the brand is associated with a particular product category. This is generally used when a category is too crowded.

For example: HLL has positioned Dove toilet soap as a cleansing cream product for young woman with dry skin and its is positioned as a premium segment toilet soap.

6. The Cultural Symbol Approach

The positioning strategy is based on deeply entrenched cultural symbol. The use of cultural symbol can help to differentiate the brand from competitors brands.

For example : The positioning technique of Marlboro cigarettes use the image of typical American cowboy . Marlboro gives its cigarette brand a American cowboy image Example of cultural symbol approach.

7. The Competitor Approach

Many brands use competitor as a dominant plank in their campaign. These brands are positioned following its competitor. This is an offensive strategy.

2.7 BUILDING CUSTOMER VALUE

Q22. What is customer value? Explain the importance of customer value.

Ans :

Definition

According to Woodruff "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations".

Customer value is the difference between the values the customer gains from owning and using a product and the cost of obtaining the product.

Customer value is the difference between total customer value and total customer cost. Total customer value is the sum of product value, service value, personnel value, and image value. Total customer cost is the sum of monetary cost, time cost, physics cost, and energy cost.

Importance

Customer value is important both for the customer as well as the producer or manufacturer. Customer value is the metric through which better product and service offerings can be produced. A positive customer value will keep the product in demand in the market and will result in repeat business for the seller or the manufacturer. On the other hand, if after paying the price, the customer is not able to derive a tangible (or intangible) benefit from the product or service, the product will not sell again.

Customer value can also be seen as 'Value for Money'. If a customer perceives that he/she received a positive value of the money paid for the product, they will buy again and also spread word of mouth leading to market success. Customer value is single most important parameter in business but is not straight forward to apply or calculate. It is very important for the pricing and product departments who can use it to have a precise balance between the features and price so that the customer derives the value post purchase.

Q23. What are the types of customer value?

Ans :

(i) Epistemic Value

The epistemic value of a choice is the perceived utility that comes from the choice's ability to foster curiosity, provide novelty and satisfy a desire for knowledge. New purchase and consumption experiences, especially, offer epistemic value. However, even a simple change like a shift from one ice cream flavour to another also provides the consumer with epistemic value. Since all new products provide some novelty, marketers should try to build some novelty around the product.

Example

Companies such as Amul keeps on adding new milk products to it are to its portfolio for customer offerings. It keeps brand young and fulfills epistemic value.

(ii) Conditional value

Conditional value of a choice is the perceived utility acquired by a choice as an outcome of some particular situation or circumstances facing the customer. Products associated with a particular time or event like coffee at breakfast.

Some products have specific climate or location benefit like sunscreen lotions; some are associated with once-in-a-lifetime events like purchase of first car. And some are used only in emergency situations like a dentist on a Sunday afternoon. Conditional value is served best when we associate the brand with usage situations.

Example

Nescafe, which is served at the end of a hard day or on a lazy afternoon. The ambience and service delivery in stores and restaurants is an example of how conditional value can be served with core product or service to enhance the product value. Value is also defined as a quantitative measure of the power one good or service has to attract another good or service in an exchange. But this definition is very primitive and is defined in the context of a physical exchange, known as barter system.

Customer value is summarised as 'the be all and the end all' of business activity; the only purpose of all organisations, all business enterprises. It is the only path for sustained growth and for winning the battle for market leadership. A market value is the potential of a product or service to satisfy consumer needs and wants. Customer value is created only if the product or service has the capability to satisfy a customer's needs and wants. A product may be very valuable for one customer and less for another, so it is difficult to standardise the offer for all. The marketer can look at majority of customers and create a customer context to make the product more valuable.

For example, a bicycle in an urban area has lesser value proposition compared to a rural area. So when marketers have to create a context for increasing the value proposition, they need to make it more trendy, catchy and fashionable for urban markets. The sturdy nature of the cycle can be kept as it is for rural markets.

The value expectation may undergo a change depending on what role the consumer is playing. According to Seth and Mittal, customers can play three roles namely user, payer and customer. The user is the person who actually consumes the product or receives the benefits of the product and service. The payer is the person who finances the purchase and the buyer is the person who participates in the procurement of the product from the marketplace. Each of these roles may be carried out by same person or can be done by different people. A person can be a buyer for the family and pay the money whereas a child may be the user of the product. Marketers are aware about such roles and target their marketing programs to each of the roles. Customer value can be classified on the basis of customer roles and values.

(iii) Performance value

Performance value is the quality of physical outcome of using the product or service. It refers to how well the product fits into its desired physical function consistently. It comes from the physical

composition of the product or from the design of services. For example, fuel efficiency is one of the key expectations in a 100 CC bike. The level of personal value is also moderated by social value and emotional value.

Example

A strong tea provides emotional value whereas all the tea brands should deliver similar performance value. Market value sought by payers is price proposition. He looks at fair price and other financial costs incurred in acquiring the product or service. In the role of a payer, customers expect the freedom to acquire the product by paying cash or taking credit. They receive a credit value when the seller gives the product with a promise that he will collect the cash at a future period of time. It provides convenience to the payer in making the payment.

(iv) Financing Value

Financing value consists of offering the terms of purchase that make the payment more affordable by distributing the liability over an extended period of time. It allows customised payment schedules, designed to suit individual payer's convenience. Universal value sought by the buyer is the service value. This is the assistance customers seek in purchasing a product or service. This has three elements viz. Pre-purchase advice and assistance, post purchase advice and assistance in maintaining the product's use, worthiness and freedom from the risk of a mis-purchase by being able to refund or exchange the product or service.

(v) Personal Values

Personal values expected by the buyers are convenience and personalisation. Acquiring a product or service requires time and effort. The effort includes the distance travelled between residence and shop; time spent in selecting the product and completing the transaction. Customers also seek for convenience value in the way the

service is delivered. Today banks are open for longer hours for providing convenience to customers so that they can transact for longer hours.

Example

The hero in the movie 'The Cable Guy' is popular because he provides convenience in his service to his customers. Buyers also want personal attention, as they would like to consummate the transaction in a personalised or individualized manner. Personalisation value has two dimensions viz. customisation and interpersonal relation.

2.8 DEMAND MEASUREMENT

Q24. Define demand forecasting. Discuss the steps involved in forecasting demand.

Ans : (Nov.-20, Jan.-19)

Demand forecasting or measurement refers to predicting consumer's future demand for products. It is mainly used for planning purpose. Forecasting the demand for its product or products is the essential function for an organization irrespective of its nature. Many organizations follow it as a custom to completely and accurately forecast the demand of its products regularly.

Steps

In general parlance, there exists no such regulated or prescribed process or sequential steps to be followed for forecasting the demand of a product. Depending on the nature of the product, its characteristic features and organizational factors, a forecasting process is developed. Usually, forecasting process consists of the following steps,

Step-1

Defining the objectives of forecasting.

Step-2

Identifying the proper method of forecasting by considering all the issues of product and organization.

Step-3

Determining the factors influencing demand of the product.

Step-4

Line out/prioritize the factors by considering the resources and limits.

Step-5

Relevant information about factors from all the available sources.

Step-6

Analyzing and interpreting the outcomes.

Step-7

Carrying out reforecasting to avoid unpredictable errors.

2.9 SALES FORECASTING

Q25. What is Sales Forecasting? State the objectives of sales forecasting.

Ans :

Introduction

Sales forecasting is a difficult area of management. Most managers believe they are good at forecasting. However, forecasts made usually turn out to be wrong! Marketers argue about whether sales forecasting is a science or an art. The short answer is that it is a bit of both.

Reasons

Businesses are forced to look well ahead in order to plan their investments, launch new products, decide when to close or withdraw products and so on. The sales forecasting process is a critical one for most businesses. Key decisions that are derived from a sales forecast include :

- Employment levels required
- Promotional mix
- Investment in production capacity

Objectives

The objectives of demand/sales forecasting may be studied under the following two heads.

1. Short term objectives
2. Long term objectives.

1. Short Term Objectives

Short term demand/sales forecasting mostly covers the period ranging from one week to six months. The short term objectives of the sales forecast can be summarized as follows:

- (a) To establish sales quotas and targets for different market segments.
- (b) To formulate the suitable production policy so as to meet the demand as per the sales forecast.
- (c) To make optimum utilization of the resources on the basis of sales forecast.
- (d) To determine an appropriate price policy for a given period.
- (e) To make provision for the regular supply of raw material etc. for the production on the basis of sales forecast.
- (f) To estimate stock requirements for unfinished, semi-finished products for a specified period of time.
- (g) To ensure the regular supply of labour force as per the sales forecast.
- (h) To estimate and provide the requisite working capital on the basis of sales forecasting.

2. Long Term Objectives

In this type of demand/sales forecast, the period of forecasting ranges from one year to five years. The long run objectives of sales/demand forecasting may be summarized as follows:

- (a) To plan for the acquisition of raw materials so as to meet the future demand.
- (b) To make provision for capital expenditure.
- (c) To estimate the future profits of the organization.
- (d) To estimate cash inflow from sales.
- (e) To plan for plan capacity so as to meet rising future demand

- (f) To reduce selling costs and thereby reducing the final cost of the product.
- (g) To determine the dividend policy.
- (h) To do manpower planning so that production and sales distribution may not suffer.
- (i) To facilitate budgeting and budgetary control.
- (j) To establish co-ordination between various functions of an organization.

2.9.1 Sales Forecasting Methods

Q26. What are the various sales forecasting methods?

(OR)

Discuss in brief the various sales forecasting methods.

Ans : (Aug.-21, Nov.-20, Jan.-19, Aug.-18, June-18, Jan.-18, Aug.-17)

Sales Forecasting is the process of estimating what your business's sales are going to be in the future.

Sales forecasting is an integral part of business management. Without a solid idea of what your future sales are going to be, you can't manage your inventory or your cash flow or plan for growth. The purpose of sales forecasting is to provide information that you can use to make intelligent business decisions.

Sales forecasting for an established business is easier than sales forecasting for a new business; the established business already has a sales forecast baseline of past sales. A business's sales revenues from the same month in a previous year, combined with knowledge of general economic and industry trends, work well for predicting a business's sales in a particular future month.

Sales forecasting for a new business is more problematical as there is no baseline of past sales. The process of preparing a sales forecast for a new business involves researching your target market, your trading area and your competition and analyzing your research to guesstimate your future sales.

Sales forecasting is especially difficult when you don't have any previous sales history to guide you, as is the case when you're working on preparing cash flow projections as part of writing a business plan. Here is a detailed explanation of how to do sales forecasting.

Methods

The different methods of sales forecasting are as follows.

1. Executive Opinion Method

This method is also called as jury method which involves the top level managers of the company and also the sales and marketing executives. These individuals give their opinion about the estimated sales that the firm's can attain and at the end, a final forecast is derived and an average of their opinions is determined to estimate the sales forecast.

The executives involved in this method should have sufficient amount of experience and knowledge of the business, they should be aware about the prevailing condition which are affecting the business and also they should know regarding the strength and weakness of the firm.

Merits

- i) It is an easy and simple method.
- ii) The individual involved in the team are well experienced.

Demerits

- i) The forecast is done only on the basis of opinion but the facts are not considered in the method.
- ii) The forecast achieved cannot be divided into product wise, month wise and territory wise.

2. Survey Method

Under this method the expert opinion is taken from those people who are specialized in the concerned field whether internal or external to an organization. It is some what similar to the jury method, the difference in these two methods is that in the jury method the experts opinion is taken.

3. Delphi Method

This is one of the commonly used method by an organization. In this method a group of experts are surveyed and given a questionnaire, they are asked to give their opinions and information is available to the experts and the members of the group are asked to react to the questions provided in the questionnaires which can be helpful in the forecast. Then finally their opinions are analyzed and if some of the experts does not agree to a particular issue then they mutually discuss and come to a conclusion and then the final report of the forecast is prepared and presented.

4. Survey of Buyer's Intention or End Use Method

The users of the product are listed first and then the requirements or demand by a single individual customer is ascertained from the information collected by the marketers or the customers, the survey is done either by using sampling method or census of the population.

It gives an information about the quantity of goods consumed by the total buyers of the product, their future purchase plans and share of the company in the market.

5. Extrapolation Method

Under this method the sales figures of the previous years are plotted on the graph to find the trend of the product whether it is increasing, remaining same or decreasing. As the past is inspected to be a reflection of future the past data is analyzed.

6. Moving Averages Methods

It is a time series analysis of at least two years data of sales of the product and each point of time series is weighted average of a number of preceding consecutive points of the time series.

7. Exponential Smoothing

This method is similar to that of moving averages method and this method is used

when the forecast of large number of products is made, it also takes into account the changes in the responses of the buyers.

8. Time Series Analysis

Time series is one of the statistical method i.e., mostly used in sales forecasting. In this the data related to a period is plotted and the trend line is drawn to analyze the variations in the trend observed, it is chronologically arranged in a systematic manner. According to this method the factors that effect the sales will not change rapidly and the future will reflect the past. The sales that will occur in future are predicted with the help of historical data available.

9. Regression Analysis

Regression is the technique used to analyze the interrelationship among the variables that effect the sales, they can be economic variable or competitive factors. An equation is represented to understand the relationship between the sales and the factors that affect it.

$$Y = a + b_1x_1 + a_2b_2 + \dots b_nx_n$$

This is also called as regression equation. Where Y represent sales a, b_1, b_2 are the constraints and x_1, x_2, x_n are the factors that influence the sales.

10. Market Survey Method

In this method the data or information which is not available in the records of the organization is derived from the survey done in the market which helps in sales forecasting and is referred as market survey method.

11. Econometric Models

It is also one of the analytical tool used in sales forecasting. The econometric model uses the economic theories and transforms it into mathematical equations which shows different variables that effect the sales.

2.10 ESTIMATING CURRENT AND FUTURE DEMAND

Q27. How do you estimating current and future demand for a product ?

Ans :

A) Estimating the Current Demand

Every company examines practical methods for estimating current market demands. Marketing executives want to estimate:

1. Total Marketing Potential
2. Area Market Potential
3. Industry Sales & Market Share

1. Total Market Potential

Total market potential is the maximum amount of sales that might be available to all the firms in an industry at a given period. Under a given level of industry marketing effort and environment conditions.

A Company way to estimate total market potential is as follows – estimate the potential no. of buyers times the average quality purchased by buyer times the price.

$$M.P - b \times q \times p$$

- MP – Market Potential for the entire industry
- b - No. of buyers under assumed conditions.
- q - Quality bought by an average buyer.
- p - Price of an average unit.

2. Area Market Potential

While selling the products choose territories and allocate over marketing budget to them. We require the estimate of the Area Market Potential. Two methods frequently used to assess the Area potentials.

(a) Market Build-up Method: First we have to identify our potential buyer, for each market. Next we estimate their potential purchases.

(b) Multiple – Factor Index Method:

Consumer companies construct an index to calculate area marketing potential (In this method, we have to consider all factors)

3. Industry Sales & Marketing Shares:

Besides estimating total potential & area potential, any company needs to know the actual industry sales taking place in its market. But we have to identify the competitors & estimating sales.

Market Share = Total market/Industry sales.

B) Estimating the future Demand

1. Survey of Buyers intentions
2. Company sales force opinion
3. Survey of experts opinion
4. Market Test method
5. Vendors/Suppliers opinion.
6. Past Sales analysis
7. Delphi Technique

1. Survey of Buyer Intentions

We ask the buyers whether they intend to buy a given product, and if yes that is the possibility of buying. This is the useful method. There are few buyers. This estimation is useful for Automobiles, Apartments, Furniture, Computers, Credit Cards, Mobile Phones & customer households.

2. Company Sales Force Opinion

The company sales executives also estimate the future sales. Each sales executive estimates how much current & prospective customers will buy each of the company's product on the basis of specialized knowledge they can estimate.

3. Survey of Experts Opinion

Company can also obtain forecasts from experts, including dealers, distributors,

suppliers, marketing consultants and trade associations. Many companies are taking expert's opinion. These specialists are able to prepare better economic forecasts than the company because they have more data available and more forecasting expertise.'

4. Market Test Method

When buyers do not plan their purchase carefully, or experts are not available or reliable, a direct market test is desirable. A direct market test is especially desirable in forecasting new product sales or established product sales in a new distribution channel or territory.

5. Vendors/Suppliers Opinion

Vendors or suppliers are in touch with a majority of companies in the industry and therefore they will have correct information about product performance & requirements. Vendors/suppliers are the key persons for information for industrial products.

6. Past Sales Analysis

Sales forecasts can be developed on the basis of past sales. Based on past sales, they estimate easily like same trend.

Based on past sales we can calculate exactly :

- (a) Simple projection method
- (b) Moving average method
- (c) Time series analysis
- (d) Regression analysis
- (e) Graphical method
- (f) Economic models

7. Delphi Technique

Once technique is used to get the sales. That also we can estimate the sales in future.

2.11 COMPETITIVE STRATEGIES

Q28. What is the Competitive Analysis for Sales?

(OR)

Explain the various competitive strategies in marketing of goods and services.

Ans : (Imp.)

Competitive Analysis for Sales

Competitive intelligence and analysis is a big part of any company's job, and is a duty that often falls to Product Managers.

When all the information that your coworkers have is collected and compared side by side, certain competitive sales strategies and tactics suggest themselves.

1. The internet makes it easy

It's now very easy to get all sorts of information about companies and their products over the Internet. But most of it is the equivalent of brochures and collateral. It's the glossy, polished version of the company and its product that the company is working hard to portray.

It's important to search for information that is more critical and more analytical. And where can that be found? Actually, some can be found right on the Internet, especially by looking at reports by industry analysts.

But much of that critical information has to come from conversations with people who have some experience with the company, either as a research analyst, an employee, a customer, or a competitor. Getting that information is just as hard and time consuming as it always was.

2. Sales Reps as a source

Your company's sales reps can be an incredibly rich source of information on your competitors. They hear about product features, people, and sales tactics when they talk with prospects.

In fact, this source of information is the one that is the most like gossip. It consists of many little bits and pieces that, once put together, can form a complete picture.

3. Types of Competitors

Lumping all competing companies in a single category called The Competition is usually a little too simplistic for your situation. There are different types of competitors, or products, that compete with yours in different ways.

(a) Main Competitors: This is the half-dozen or fewer products that your sales reps run across again and again in competitive sales. Main Competitors are important enough that you want to gather as much information on them as you can.

(b) Minor Competitors: These are usually products which are sometimes perceived as overlapping or competing with your product, but which are positioned to address a different target customer from yours. It's worth gathering very basic information on these and describing how to clearly differentiate your product from theirs. The information you gather might boil down to two or three paragraphs.

(c) Potential Competitors: These are generally names that have been mentioned by prospects every now and then, or that you discover by reading press releases. These are usually products that sell in a target market next to, but not including, your own. It's important to keep tabs on companies that may POSSIBLY choose to extend their product to sell against you. Often sales reps are the first to learn about a potential competitor moving into your space.

(d) Partners: Consider providing a simple analysis of the competitors and positioning of those products that you partner with. Sales reps are often thrown

for a loop by challenging questions relating not to your direct competitor, but to a competitor of your partner's product.

4. Information to Track

There are various pieces of information you may choose to track. For sales, start with the basics that are the equivalent of a one-page company fact sheet: age of company, number of employees, products sold, and summary of the product.

The next step is to look for more specialized information that is particularly helpful for sales, such as alliances and partnerships, financial information, and information on individuals at the company.

5. Alliances and Partners

By analyzing and comparing alliances and partnerships, you can get an understanding of how partners are serving to drive sales specifically. Take a look at the customers advertised by the company, and try to find the "trail to the sale." This is an attempt to figure out what brought that prospect and your competitor together, and what relationship helped qualify your competitor in that sale.

6. Financial Information

Financial information on your competitors is the most valuable for all sorts of uses, and the hardest to get. This is especially true if you're dealing with a privately held company.

Pricing information may be available from common partners, or from "gossip" style info provided by prospects. One great source for pricing is articles where a clever journalist has managed to get an executive at your competitor to spill the beans.

7. Individual at the Company

Finally, you can find information on specific individuals at a company. Use the names of all the members of the management team to look for news reports and press releases, as well as legal filings.

Some legal filings may be found through the name of the business owner rather than the company, because the actual holding or parent company name may be far different from the name used with the public.

8. After the sale

Last of all, remember that some of the best quality information on competitors will come from your new customers, just after the sale has been made. During the honeymoon period, it's worth every minute of time from an executive at your company to make a courtesy call to the project sponsor.

Make sure the discussion touches upon who was in the running against you, and why your customer chose you.

The assessment after the sale, with input from your customer, can provide details on price, sales tactics, and specific features that you may never obtain in any other situation.

9. Effective segmentation

To be maximally useful, market segments must exhibit four characteristics:

- (a) **Measurability** : The degree to which the size and purchasing power of the segments can be measured.
- (b) **Substantiality** : The degree to which the segments are large and/or profitable enough. A segment should be the largest possible homogeneous group worth going after with tailored marketing programme.
- (c) **Accessibility** : A degree to which the segment can be effectively reached and served.
- (d) **Actionability** : The degree to which effective programs can be formulated for attracting and serving the segments.

Short Question and Answers

1. Cost Leader.

Ans :

Cost leader or cost leadership enable the firms to operate business cost efficiently. It helps in managing the cost of product and other expenses. Under cost leadership strategy, firms fix their product's price at a comparatively low rate than their competitors product. Cost leadership is characterized by the features such as, cost reduction and overhead control, avoidance of marginal cost and cost minimization in functional areas like R & D.

Low cost relative to competitors becomes the underlying theme running through the entire strategy at the same time, quality, service and other critical areas have also been given equal importance.

Thus, the strategy of cost leadership is not sustainable under the following circumstances,

- (a) If competitor imitates the generic strategy of its rival firm.
- (b) Rapid changes in technology.
- (c) When firm suffers from proximity in differentiation (proximity in differentiation refers to a situation where firms offer price discounts for achieving a considerable proportion of market share).
- (d) If the firm's products are not preferred by customers.

2. Unique selling proposition.

Ans :

Rosser Reeves has introduced Unique Selling Proposition (USP) concept which possess three essential features. They are as follows,

- (i) Features needs to be unique.
- (ii) To retain existing customers as well as to attract new customers, intense opinions need to be considered.
- (iii) If the firms wishes to acquire opinions of the customers for their products, then they need

to present an attractive and informative advertisement.

Unlike hyperbole the claims in unique selling proposition are testable and explicit in nature. V number of brands with more or less similar are available in the market. Claiming brand uniqueness is becoming a complicated task. Example: Reebok claims that it is the only company which is using DMX technology in producing Reebok shoes. Reebok can make use of unique selling proposition (USP) strategy as it has got patent right on DMX technology.

3. Delphi method

Ans :

This is one of the commonly used method by an organization. In this method a group of experts are surveyed and given a questionnaire, they are asked to give their opinions and information is available to the experts and the members of the group are asked to react to the questions provided in the questionnaires which can be helpful in the forecast. Then finally their opinions are analyzed and if some of the experts does not agree to a particular issue then they mutually discuss and come to a conclusion and then the final report of the forecast is prepared and presented.

4. Geographic Segmentation.

Ans :

Marketers can segment according to geographic criteria - nations, states, regions, countries, cities, neighborhoods, or postal codes. The geo-cluster approach combines demographic data with geographic data to create a more accurate or specific profile. With respect to region, in rainy regions merchants can sell things like raincoats, umbrellas and gumboots. In hot regions, one can sell summer clothing. A small business commodity store may target only customers from the local neighborhood, while a larger department store can target its marketing towards several neighborhoods in a larger city or area, while ignoring customers in

other continents. Geographic segmentation is important and may be considered the first step to international marketing, followed by demographic and psychographic segmentation.

5. Market targetting.

Ans :

Market targeting may be defined as a process of selecting the target market from the complete market. In other words, it is the process which involves, dividing the entire market into segments, evaluating such segments and selecting the suitable segment as target market.

6. Bases for market segmentation.

Ans :

Market segmentation can be broadly into three major groups.

1. Customer based segmentation
2. Product related segmentation
3. Competition related segmentation

1. Customer based Segmentation

(a) Geographic Segmentation

This is generally the starting point of all market segmentation strategy. The geographic location of customers does help the firm in planning its marketing offer. Quite common is the rural and urban divide in the consumer market. Also, a very common base is the metro or non metro markets. One also hears of bases like district, block markets etc. The assumption in using this basis for segmentation is that people in a particular geographic area have identical preferences and consumption behavior.

(b) Demographic Segmentation

The next commonly used basis for market segmentation is demographic characteristics of the market. Factors like age, education, occupation, sex, family size and marital status are used singly or in a combination to segment the market.

(c) Psychographic Segmentation

Often it has been seen that two consumers with the same demographic characteristics may act in an entirely different manner. Even though the two may be of the same age, from the same profession, with similar education and income, each of the customers may have different attitude towards risk taking and new products, stores etc.

This is largely because of personality and life style differences of consumers. Increasingly marketers are turning to psychographic variables to segment their markets. The Titan Watch Company, for example has segmented its market for Timex and Titan Quartz high priced watches on the basis of life style.

(d) Buyer readiness

Another variable used for segmenting the market is buyer readiness or preparedness to buy the product.

2. Product Related Segmentation

The marketer may even use product related bases for segmenting the market. One of the important bases is the product use situations. Different customers may use the same product in different use situations. Rasna, for example is shown as being used in different situations like a party, the unexpected guests, a drink at the end of a long and tiring working day etc.

A marketer tries to make the product versatile so that it can be used in different situations. But the customer may use different products and brands for different situations. Like for sports, a customer may buy a sports watch and for a party may wear a jewelled watch. Thus depending on the use situations, a product or a brand may be selected by the customer. Knowing these situations help the marketer plan the positioning strategy.

The quantity consumed at any given time has also been the basis for segmenting the beverages, soft drinks, breweries, and cigarette markets. Accordingly the following market segments are visible :

- (a) Heavy users
- (b) Moderate users
- (c) Light users.

3. Competition based Segmentation

An important indicator of marketing success of an enterprise is number of its loyal customers. Customer loyalty, therefore is an important index to determine the competitive position of the firm. This is also used as the basis for segmenting the market and evolving the marketing strategy for each segment and also to encourage customer loyalty. Based on loyalty we can again have the following segments.

7. Features of international market.

Ans :

The important features of International Markets are as follows,

1. In International Markets, International Marketing research is very important as it helps in gathering information about different customers, dealers and competitors.
2. International Marketers must know about the WTO and UNCTAD forum rules and its regulations.
3. International marketing needs to be conducted on a large scale and on wholesale basis in order to get benefits with respect to transportation and handling operators.
4. Most of the MNCs run the business more efficiently and economically as it has world wide contacts which dominates the International Marketing.
5. In International Marketing, the suppliers have competition with supplier of the exporter's country, local producers of importing country and exporter's of competing nations.
6. The NAFTA (North American Free Trade-Area) and EU (European Union) are most powerful blocs formed by some countries for their mutual benefits, economic development and to reduce trade barriers among them.

8. Active demand forecating Vs Passive demand forecasting.

Ans :

Following are the differences between active and passive demand forecasting,

S.No.	Nature	Active Demand Forecasting	Passive Demand Forecasting
1.	Meaning	When a firm perform demand forecasting based on the view to influence future sales is refered as Active Demand Forecasting.	When a firm perform demand forecasting based on the view that the firm does not change its course of action is refered as passive Demand Forecasting.
2.	Nature	Under this, firm tries to change demand by changing price, product quality or by changing promotional activities etc.	Under this, firm the demand of previous years to the likely forecasted demand for the coming year.
3.	Usefulness	It is more useful in current businessscenario.	It is less useful in current business scenario.
4.	Example	If Maruti udyog takes some actions and strategies to influence the future demand of its product then it is refered as active demand forecasting.	If Maruti udyog does not take any actions like innovation, quality control etc, to increase demand in future then it is refered as passive demand forecasting.

9. Define market segmentation.

Ans :

Meaning

Market segmentation is a marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries that have, or are perceived to have, common needs, interests, and priorities, and then designing and implementing strategies to target them.

Market segmentation is the first step in defining and selecting a target market to pursue. Basically, market segmentation is the process of splitting an overall market into two or more groups of consumers. Each group (or market segment) should be similar in terms of certain characteristics or product needs.

Definitions

- (i) **According to W.J. Stanton,** The process of talking to total heterogeneous market for product and dividing it into several sub-markets or segments, each of which tends to be homogeneous in all significant aspects.
- (ii) **According to Philip Kotler,** Market segmentation is subdividing of a market into distinct and increasing homogeneous subgroups of customers where any group can conceivably selected as a target market to be met with a distinct marketing mix.

10. Niche Marketing

Ans :

A niche is a more closely defined group, it is dividing the segment into sub segment and it can be divided by identifying the distinct trait of consumer which might need special combination of benefits this sub segments are made for those consumers whose needs and wants are not satisfied.

11. Explain the ethical issues involved in targeting.

Ans :

The ethical issues involved in targeting are,

- (i) The advertisements shown in promotional tools, in school marketing programs, messages on the internet forces and create interest among children to buy various products and brands.
- (ii) Marketers usually target adult products to teens and college students by exaggerating the product attributes.
- (iii) Cigarette advertisements makes adults addicted to smoking.
- (iv) Marketing of adult oriented entertainment products among children and teens.

- (v) Marketing communications are directed at specific target markets.
- (vi) Makers of alcohol and tobacco uses tools like bill boards and other advertising media to target economically disadvantaged consumers.

12. VALS segmentation.

Ans :

VALS which is also known as values attitude and lifestyle is one of the primary ways to perform psychographic segmentation. All three terms are intangible in nature and therefore give an idea of the inert nature of the consumer. If you know what your consumer is thinking, you would know what kind of promotions or communications will attract him most. And how do you know what the consumer is thinking? By determining his vals – Values, attitudes and lifestyle.

VALS is different for different people. Lets take income as an example. If you are a person with high income your lifestyle would probably include habits of the SEC A class such as dining out of home frequently and that too in top class restaurants, wearing only branded clothes and buying the best cars out there. Whereas if you are a middle class income group consumer, you would be more wary of spending money and would rather concentrate on savings.

The VALS framework was developed keeping a consumers resources as well as his capacity to accept innovation in mind. The X axis consisted of primary motivation (explained below) and the Y axis consisted of resources such as income, education, confidence etc. Thus these two factors were determined to be critical to define the values attitude and lifestyle of any consumer.

- **Resources:** Included resources available to an individual such as income, education, intelligence, emotional support, etc.
- **Primary motivation:** Which determined what actually drives the individual. Is it knowledge, the desire to achieve something or is it to be social.

13. What is customer value?

Ans :

According to Woodruff "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations".

Customer value is the difference between the values the customer gains from owning and using a product and the cost of obtaining the product.

Customer value is the difference between total customer value and total customer cost. Total customer value is the sum of product value, service value, personnel value, and image value. Total customer cost is the sum of monetary cost, time cost, physics cost, and energy cost.

14. Product differentiation.

Ans :

Based on the various product or service characteristics such as type of product, its features, performance, perishability, style, reliability, repairability, design, delivery, installation, customer training, maintenance, customer consulting and repair, the brands can be differentiated. Apart from these characteristics, a brand can also be positioned as high/best quality product. The firms offering high quality products will earn more profits as the products having high quality will be permitted to charge high price. This will help the firms to obtain the benefits of repeated purchase, customer loyalty and positive word of mouth.

Quality of a product relies mainly on the performance of the product. It is communicated with the help of marketing elements or physical signs. A high price denotes high/best quality of product. The image of the quality is also influenced by packaging, distribution, advertising and promotion.

Choose the Correct Answers

1. _____ is a type of target marketing in which the marketing programs are created according to the needs and wants of the local customer groups. [c]
(a) Market segmentation (b) Niche marketing
(c) Local marketing (d) Sales forecasting
2. The consumers who are loyal towards or rely on two or three brands in a product group are known as, [a]
(a) Soft core loyals (b) Hard core loyals
(c) Switchers (d) None
3. In _____ segmentation, the buyers are classified into various groups depending on the psychological or personality traits, life style or values. [d]
(a) Geographic (b) Demographic
(c) Behavioural (d) Psychographic
4. _____ is a type of segmentation in which the buyers are classified into groups depending on their knowledges attitude, use and response towards the product. [a]
(a) Behavioural segmentation (b) Geographical segmentation
(c) Psychographic segmentation (d) Demographic segmentation
5. The variables used for segmenting business markets are [d]
(a) Location of the customer (b) Type of customer
(c) Transaction conditions (d) All the above
6. In a _____ strategy, two or more different groups of customers are considered as target markets. [a]
(a) Multiple segment strategy (b) Single segment strategy
(c) Market aggregation strategy (d) None
7. In _____ method the buyers are surveyed for analysing their intentions towards purchasing a product. [b]
(a) Delphi technique (b) Survey of buyer's intention
(c) Time series analysis (d) Correlation.
8. The quantitative methods of sales forecasting are _____. [c]
(a) Short term forecasting (b) Long term forecasting
(c) (a) and (b) (d) Composite of sales force opinion.
9. _____ is the combined sales volume in which the organization selling a product during a specific period of time in a certain market will desire to attain under perfect conditions [b]
(a) Sales potential (b) Market potential
(c) Sales forecast (d) Demand forecasting.
10. In _____ method, the reactions of the consumers are monitored through sales outlets which are setup in different areas. [d]
(a) Time series analysis (b) Regression analysis
(c) Econometric model (d) Actual market method.

Fill in the blanks

1. _____ is a process of classifying a diverse market into identical and similar subunits.
2. In _____ marketing marketers recognize niches by classifying a segment into sub-segments.
3. The consumers who are not loyal towards a particular brand or product are called as _____.
4. In _____ segmentation the markets are classified into groups on the basis of the variables like age, family size, family lifecycle, income, gender, religion, race etc.
5. A group of people or organizations for which a firm develops, executes and maintain a marketing mix for fulfilling the needs of that group and for having a mutually satisfying exchanger is called as _____.
6. In a _____ strategy, the total members of the markets are same and have the same product demand.
7. _____ is the place which the product finds in a consumer's mind from his perception of offer rather than the product itself.
8. _____ includes those qualities or benefits with which the buyers relate with a brand and evaluates it positively.
9. _____ determines the sales of a product during an expected futures period.
10. _____ is one of sales or demand forecasting method in which the data or information about the market is collected with the help of survey.

ANSWERS

1. Market segmentation
2. Niche marketing
3. Switchers
4. Demographic segmentation
5. Target market
6. Market aggregation strategy
7. Positioning
8. Points of difference
9. Demand forecasting
10. Market survey method.

UNIT III

DESIGNING MARKETING PROGRAMME:

Decisions involved in Product, Branding, Packaging, Product Line and Product Mix Decisions, New Product Development, Product Life Cycle, Pricing, Strategies, Distribution Channels, Channel Management Decisions, Network Marketing, Promotion Mix – Advertising, Social Media and Advertising, Sales Promotion, Public Relations, Personal Selling, Online Marketing.

3.1 DECISIONS INVOLVED IN PRODUCT

Q1. Define product. State the characteristics of a product.

Ans :

Meaning

A product is the item that is developed and refined for sale in the market. It aims to meet the customers' needs and wants. The concept of product can be categorised into two, i.e., narrow concept and wide concept. In its narrow concept, a product is a combination of physical or chemical characteristics which has some utilities. It is not just a non-living object or a physical substance.

A product also has other functions than its utility like satisfying customer needs and wants, e.g., fan, table, pen, cooler, chair, etc. In its wider concept, a product having a variety of colours, designs, packaging and brand is said to be a different product. For example, if a shampoo is made available in three different variants and smells, then these are three products, as they are fulfilling needs of customers with varied choices. Hence, product is defined as a complete package of benefits received by a consumer.

Definitions

- i) **According to George Fisk**, "Product is a cluster of psychological satisfactions".
- ii) **According W. Alderson**, "A product is a bundle of utilities consisting of various features and accompanying services".
- iii) **According to Rustom S. Davar**, "A product may be regarded from the marketing point of view as a bundle of benefits which are being offered to consumer".

- iv) **According to Philip Kotler**, "A product is a bundle of physical services and symbolic particulars expected to yield satisfactions or benefits to the buyer".

Characteristics

The important characteristics of a product are as follows:

1. Tangibility

It should be perceptible by the touch. An item to be called a product should have a tangibility character - touch, seen or feeling. For example, car, shirt, book, etc.

2. Intangible Attributes

The product may be intangible, in the form of services, for instance, banking insurance services, repairing, etc. It is an associated feature. For example, scooter is a tangible product, and when free servicing is offered by the seller, then the product is not only a tangible item but also an intangible one.

3. Associated Attributes

Such attributes may be brand, package, warranty, etc. For example, Hindustan Lever's "vanaspathi ghee" has a brand name DALDA and with its package it can be identified by the consumers. It has developed an image that all kinds of vanaspathi ghee sold are being referred to as DALDA ghee.

4. Exchange Value

Whether the product is tangible or intangible, it should have exchange value and must be capable of being exchanged between seller and buyer for mutually agreed price.

Q2. Describe various layers of the product.

Ans :

A product has different layers like an onion and each of the layers contributes to the make of the product. Every marketer should analyse the product at different levels. The identified levels are as explained below:

1. Core Layer
2. Basic Product Layer
3. Expected Product Layer
4. Augmented Product Layer
5. Potential Product Layer

These levels are discussed below:

1. Core Layer

The core layer of the product explains the reasons for which the customer is making the purchase. This layer explains the reason 'why' of buying the product.

Example: The convenience of communicating in less duration and cost.

2. Basic Product Layer

At the second layer, the consumer looks at the basic utilities, like physical features, tangible elements of the product.

Example: A mobile phone contains features of incoming, outgoing calls and also of messaging and FM radio.

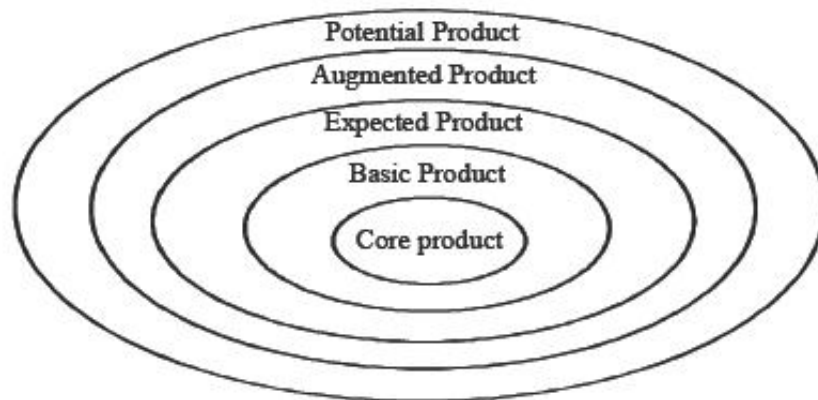


Fig. Layers of a product

3. Expected Product Layer

The expected layer is a set of attributes and conditions buyers normally expect out of the product. Whereas the basic product is the 'given thing' in the product, in expected level, consumers use their anticipations and utility expectations for defining the product.

Example: A consumer expects mobile phone to have a camera, design, internet connectivity and instant messaging features etc.

4. Augmented Product Layer

The augmented part of the product is the associated services and cues, which help the product to deliver beyond the expectation level of the consumer. Brand positioning and competition starts at farm level when all the products in a market look similar. In developing nations, the competition originates at the level of expected product.

Example: A low budget mobile phone may also have a feature of front camera and wireless FM for listeners, also the retailer may provide free Bluetooth device with purchase of handset.

5. Potential Product Layer

The last layer is the potential layer of the product where all the possible augmentations and transformations the offer may undergo in the future. Here the marketer is always on constant search for new methods and processes to differentiate the offer on the basis of product features and services that will satisfy the customer and create the desired differentiation. The levels of the products are used to explain the concept of value hierarchy in which the product manager can plan the level at which to propose the basic product and the level at which differentiation is to be made.

Example: If mobile phone comes along with the features which are beyond the imagination of consumers. For say, a mobile have having screen on both sides or mobile phone providing 3D movie experience with its superlative imaging quality.

3.2 BRANDING**Q3. What is brand and branding?**

Ans :

A) Brand

- i) **According to American Marketing Association Chicago,** A brand is defined as “a name, term, sign, symbol or special design or some combination of these elements that is intended to identify the good

or services of one seller or group sellers. A brand differentiates these products from those of competitors.

- ii) **According to Mellerowics,** “Brand is defined as branded product as an ubiquitous finished product of consistent or increasing quality for private consumption with tan identification mark, standardized amount, and appearance, acceptance in the market and existing consumer advertising”.
- iii) **According to Stanley Hainsworth,** “A brand is an entity that engenders an emotional connection with a consumer.”

B) Branding

- (i) According to Lisa Buyer, “Branding is morethan a name and symbol. A brand is created and influenced by people, visuals, culture, style, perception, words, messages, PR (Public Relations), opinions, news media and especially social media”.
- (ii) According to Dave Kerpen, “Branding is the representation of your organization as a personality. Branding is who you are that differentiates you”.
- (iii) According to Kotler and Keller “Branding is endowing products and services with the power of a brand”.

Q4. What are the functions of branding.

Ans :

Branding is a powerful instrument of promotion which performs the following functions:

(i) Product Differentiation

Branding is essential particularly for big and up-coming manufacturing enterprises. Branding helps in distinguishing a product from other similar products in the market.

(ii) Advertisement

If brand name attains goodwill, it will serve as a useful medium of advertisement. A registered brand name and mark is a protection from imitation of the product by other manufacturers. Brand name is highly used for advertising product and maintaining its individuality.

(iii) Better Quality of Goods

Branding ensures products of better quality to the buyers. Branded goods can also be sold on the basis of description only. Moreover, the price of a branded product can be easily compared with the prices of competing firm. If a firm has one or more lines of branded goods, it can add new items to its product-mix more easily than a firm selling unbranded goods.

(iv) Protection of Goods

Generally, the branded products are packed in suitable containers or wrappers which afford protection to the goods against heat and moisture, and facilitates convenient handling. The customers derive other benefits from the branded products. They are assured of the quality of the branded products.

Q5. Explain different types of brands.

Ans :

There are various kinds of brands available in the market. It is necessary to understand each of these categories of brands to understand their relevance in the Indian market.

1. Generic Products

Above the brands, there are generic products characterised by plain labels, with no advertising and no brand name. They are commodities available in the market and often are marketed as generic, bulk drugs, food items and other commodities.

2. Manufacturer's Brand

Manufacturer's brand is a brand owned by a manufacturer or producer. Many times, the marketing companies procure the generics and give their own brand name to the product. The intermediaries like wholesalers and retailers often sell the manufacturer's brand.

Example: Gucci

3. Private Brands

Private brands or private labels are brand names placed on products marketed by

wholesalers and retailers. Persons selling the product are not the producer of the product. Manufacturers produce for many retailers who put their own labels on these products.

Example: Multi-category retailer Flipkart has launched a private label apparel and accessories range, Flippd.

Future Retail's supermarket chain Food Bazaar created Kasundia, a very common mustard preparation used as a condiment, mostly for the East Indian market, it has Tasty Treat Khakra and Thepla for Gujarat, Basundi for Maharashtra and several other traditional Indian savouries and sweets.

4. Captive Brands

Captive brands are national brands that are sold exclusively by a retail chain like Pantaloons in India. The form of private brand often involves a given brand being sold exclusively in a given retail store.

Example: Kmart's captive brands include women's clothing with the Jaclyn Smith Label (from TVs Charlie's Angels)

5. Family Brand

Family Brand is a brand name that identifies several related products.

Example: Godrej brand. All new products in the same category carry same brand name with different model names and types.

6. Individual Brand

Individual brand names are unique brand names that identify a specific offering within a firm's product line and that is not grouped under a family brand name.

Example: Unilever which have several brand names for each product like Lux, dove, Surf, Fair and Lovely, Close up, Sunsilk and Axe etc.

A brand extension is application of a popular brand name to a new product in an unrelated product category. A brand manager is a marketing professional who is charged with planning and implementing marketing strategies.

Q6. What are the Branding Decisions ?**Ans :****A) Brand Name Decisions**

The first decision is whether the company should develop a brand name for its product. Branding is such a strong force that hardly anything goes unbranded. In some cases however there has been 'no branding' of certain staple consumer goods and pharmaceuticals, 'generics' are unbranded, plainly packaged, less expensive versions of common products. They offer standard or low quality at a price that may be as much as 20 per cent to 40 per cent lower than nationally advertised brands and 10 per cent to 20 percent lower than retailer private label brands. The lower price is made possible by lower quality ingredients, lower cost labeling and packaging, minimal advertising.

B) Brand Strategy Decision

A company has four choices in respect of its brand strategy.

1. **Line Extensions:** Extend the existing brand name in the existing product category
2. **Brand Extensions:** Extend the Brand name to new product category
3. **Multiple Brands:** Have new brand names in the same product category.
4. **New Brands:** Invent a new brand name for a new product category.

The following diagram illustrates these four choices.

		Product Category	
		Existing	New
Brand Name	Existing	Line extension	Brand extension
	New	Multibrands	New brands

Fig. : Brand Strategy Choices

Most of the new products in the day today use and grocery products are line extensions. A few are brand extensions. A few new brand names appear in both multiple brand strategy and new brand strategy.

1. **Line Extension :** The Company introduces Additional items in the same product category. Keeping the brand name same. The additional items may be a different size and features.

Ex: say a 150gm cake of Palmolive soap, they can make, 50gm, 100gm and 200gms etc, and some times they can change, colour, and extension names like surf- surf ultra, surf excel etc.

2. **Brand Extensions :** An existing brand name is extended to a product being launched in a new product category. Ex: Honda is a brand in the field of motor bikes. The same brand name is given to products in the field of lawnmowers, and marine engines.

3. **Multiple Brands :** This Strategy is employed to saturate the market. Additional brand and are introduced to cater to the different segments introduced to cater to the different segments.

Ex: P&G, s tide is for soiled clothes and draft is for gentle clothes. P&G products Nine different brand of detergents.

4. **New Brands :** To make brand names or appropriate, a company puts a new brand name when it enters a new product category. A new brand again has to be built up, and this is quite expensive.

Q7. What are the traits of Successful Brands?**Ans :**

Very few brands make an impact in the market and there are varied reasons for this. Some common criteria/characteristics shared by successful brands are as follows :

1. Superior Product Quality

Examples are Sony and BMW, which have developed a very strong brand image in the

market because their products are known world wide for their excellent quality. A strong brand image goes automatically with quality and consistency.

The confidence in the customers' minds about quality of products is the first step in developing a successful brand. When Sony launches a new product, potential customers do not enquire about the product quality as they feel that the brand stands for quality.

2. Additional Services

Maruti has service stations almost in every spot in India, giving it an edge over other players. This gives Maruti customer preference. This is because customers know that whenever and wherever they have a problem with their Maruti cars, a Maruti service station is "never far away", as the slogan says.

Similarly, Apollo Tyres conducts a free check up for all its customers for the first year and even replaces the tyres, if required. This type of service instills confidence in consumers about the accountability and longevity of the company's products. Not all companies can match the same level of service. Such service accompanying a product is one of the characteristics of a successful brand.

3. Differentiation from Competition

Organisations need to differentiate their offerings from that of competitors, to develop successful brands. The distinction must be clear in the minds of customers. If this is accomplished, customers will recognise and appreciate the unique aspect of the product. The quality of service provided by a brand over a period of time will become a hallmark of the brand. Volvo designs all its vehicles with the utmost safety standards, ahead of anyone else in the industry. This gives it an identity of being the undisputed leader when it comes to safe automobiles.

Bose speakers use the highest quality woofer components, making their products outstanding. Lately people have been giving

all sorts of job-seeking advice based on how to create a stand out resume or how to make a memorable impression; while these tactics are important, having a differentiating personal brand is more dependent upon delivering unique value to our customers by being the only person who does what we do the way we do it.

4. Pioneers in a Way

Dell pioneered a new distribution channel for PCs and servers. Dell provided a channel through which customers could order PCs, notebooks, etc, independent of time and place; it also pioneered the concept of individualised customisation in the PC market.

Similarly, Sony innovated the Walkman and miniaturised electronics. Sony is known to bring out products, which are very small using miniature technology. It is only to be expected that Sony will bring out still smaller electronic products. Thus, it has a safe pass to premium pricing.

5. Meaningful

A strong brand is relevant and compelling to the customers. So having a meaningful personal brand means we offer something of value that these people want. For example, if we are applying for a job, we bring the requisite skills, experience, attitude, working style, etc., to do it. If we do not, then we should not be applying for it.

6. Being Transcendent

A strong brand conveys value beyond the specific job or role. For example, the waitress who genuinely cares whether her guests are satisfied with their meal, the co-worker who always gets the job done regardless of what it takes, the manager who takes personal responsibility for developing and nurturing those around him. People with strong brands do more than what is expected of them and inspire others to do the same.

7. Adding “Business” Value

A strong brand produces “business” results. The personal brands are not limited to business situations - yet, in all situations, one should be seeking to deliver tangible, measurable results. Simply put, having a strong personal brand means making a difference.

8. Being Operationalised

A strong brand must be more than a vision of who we want to be - it must be what we do and what we deliver. Operationalising a brand involves the deliberate and systematic management of the business around brand - in the same way, operationalising a personal brand means identifying, prioritising, and implementing the things we do to deliver our brand values and attributes.

9. Consistently Experienced

A strong brand is a consistent one. That is, we do what we say and we say what we do. We all know people who present themselves one way when they first meet someone (on a date, in an interview, etc.) but turn out to be a totally different person once you get to know them. Surprises are great for parties, not for relationships. When consumers come back to a business for repeat sales, they usually expect to receive the same level of quality as they did the first time. Restaurants and their food and service quality are a great example of this.

No one wants to deal with a company they cannot rely on for consistency. With so many industries being saturated with competitors, inconsistency is often enough of a reason for consumers to take their business elsewhere. That is why it is so important to adhere to a certain quality standard with a product or service. An example of a brand who offers amazing consistency is McDonald's. This powerhouse of the fast-food world provides patrons with a menu that is consistent across the world.

10. Being Sustainable

A strong brand enables us to be successful now and in the future. Instead of allowing ourselves to be defined by our current circumstances, we should be developing a big enough platform to sustain us beyond our next gig or job. We should be constantly growing and learning so that we can continue to deliver our value as new positions, technologies, and opportunities open-up.

11. Audience Knowledge

The best brands have a thorough understanding of the demographics of their target market, what their interests are, and how they communicate. Unless it is a mega chain like Wal-Mart, most businesses have a specific target audience they are pursuing.

Understanding the target market is critical because it provides direction for the tone and reach of a marketing campaign, along with the overall identity of a brand, while helping to create an organic, human connection between a business and its audience. Trying to appeal to everyone (i.e., ignoring the concept of a target market) can be counterproductive, causing a company's brand to become diluted. Finding the right branding approach requires first understanding the target market.

12. Passion

While it is certainly possible to build a brand in the short-term without passion, it is almost impossible to sustain it in the long run. When one examines massively successful people like Steve Jobs, they all have a serious passion that keeps propelling them to work hard and continually deliver greatness. That passion leads to enthusiasm and genuine joy, which is infectious. Consumers often become just as enthusiastic about a product or service, leading to word-of-mouth advertising and referrals. Passion also helps businesses to persevere through inevitable setbacks.

13. Competitiveness

Gaining an edge in today's business world is not easy. For a brand to make a name for itself, team members should thrive on competition and constantly strive to improve. This is the main principle. When it comes to the major players in any industry, none simply sit back and hope that their consumers will do the work for them. Instead, they tend to be the movers and shakers who work tirelessly toward building and optimising their brand, going above and beyond consumer expectations. The end result tends to be a brand that is continually on the cutting edge of its industry.

14. Exposure

Another big part of being recognised as a distinctive, successful brand is the ability to reach consumers through multiple channels. Obviously, larger companies have an advantage gaining exposure because they usually have a bigger marketing budget and more existing connections. They can pay for television commercials, be featured in globally-recognised magazines, and rank highly in search engine results pages. However, the internet and social media have narrowed the gap between small companies and large ones. There are more tools than ever before which offer any company a chance at establishing their brand. By developing a presence on networks like Facebook, Twitter, LinkedIn, etc, anyone is able to reach almost any consumer.

3.3 PACKAGING**Q8. Define Packaging? Explain its functions?**

Ans :

Meaning

Packaging has on most widely accepted definition. It is an art, science and technology of preparing goods for transport and sale. Packaging has two dimensions- the technical which is related to packaging materials, pack design and the behavioral which is related to the art of product design which is so closely linked to consumer motivation and buying behavior.

Packaging materials include metal, plastic, wood, paper, glass, laminates and polyester. There is wide variety of package formations. However, the master carters is which unit packages are kept are standardized to facilitate handling and transportation.

Functions**1. Protection**

The primary function of packaging from times immemorial has been the protection of products from the environment and physical hazards. These include,

- Breakage/damage due to rough handling
- Protection from extreme climate
- Absorption of moisture
- Contamination
- Loss of liquid/vapour
- Pilferage during transit/storage.

2. Differentiation/Positioning

In recent times when more and more products belong to the 'me-too' categories, it is packaging which lends a different positioning to the product. It offers consumers newer benefits enabling differentiation of the product.

3. Promotion

Packaging is largely used as a promotional tool. Several schemes like offering of discount on purchase of certain number of packages, offering accessories for their product along with the package are introduced by the marketer to make the product more appealing.

For example, Children's products like chocolate offer some gifts like games, toys etc., on collection of a certain number of wrappers (Example : boomer). Small samples of new products are often offered along with the existing products of the company (Example: Kissan Anapurna atta gave Surf Excel sachets free with every 1 kg.) also at times the package is made attractive by making it reusable (e.g. Tea jars, Boost jars etc.).

4. Packaging for Pricing

When a company plans to launch a product in the premium product market, it can do so by giving it in a premium package.

The package enhances the value of the product, which if placed in an ordinary package would not be as appealing to the target customers. Also at times a package smaller than the regular size and shaped oddly may be priced differently and achieve the desired effect (Example : Maggi Ketchup, Milo).

5. Packaging for Convenience

The package is designed keeping in mind the distribution channel that it has to pass through. It should be convenient to the producer, wholesaler, retailer as well as the final customer with respect to stocking, displaying, shelf space occupancy, reusability and disposal.

6. Performance

It must be able to perform the task for which it is designed. This aspect becomes crucial in certain types of packaging. For e.g. an aerosol spray is not only a package but also an engineering device. If the package does not function the product itself becomes totally useless.

7. Economy

The package finally must be cost effective. Packaging costs as a percentage of product cost varies dramatically from one industry to another, less than 1% in engineering industry to more than 10% in the cosmetics industry.

It is important to appreciate that while analysing packaging costs, it is not enough to consider only the costs of package. This is only one. Though the most important element of the total costs associated with the packaging costs in this chain includes,

- Packaging costs incurred in inward from outside when the product is purchased from outside.
- Storage and handling costs of the empty packages

- Filling costs, including quality control and handling of filled packages.
- Storage costs of the filled package.
- Insurance costs for the transit period.
- Losses due to breakage/spoilage.

Q9. Explain importance of Packaging Strategies in marketing.

Ans : (Nov.-21)

I) Packaging and Sales Promotion

Product package has a vital role to play in SP (Sales Promotion). Some of Sp Techniques used are

- 1. Money-off pack :** A message of a reduced price is flashed in distinctive colour on the package
- 2. Coupon pack :** Coupon can be made an Integral part of the package or can be placed inside it separately for Instance, Johnson and Johnson put coupons for redemption in its sanitary napkins packages.
- 3. Pack in Premium :** A Premium or gift is placed in the package. Example charms are placed in side cibaca fluoride paste.
- 4. Premium package :** It is a specially designed package having re-use facility or prestige storage value e.g, instant coffee package doubling as tumblers, tea packages later serving as Jars, alcoholic beverages later used as display items.
- 5. Self Liquidator :** The buyer preserves either package or their parts evidence of buying the product. In return, he is given a reduced price at the time of repeat purchase or is rewarded with a different product.
- 6. Other Application of Packaging as a Marketing tool :** Shelf-Life of food products is an Important Considerations. Shelf-Life can be increased by using special packaging materials. E.g. Tetra-packs. Packaging can be used to Avoid direct price comparison with the competing products.

II) Rigid (Bulk) and Flexible packaging

Packaging is generally classified into Rigid and Flexible varieties. Rigid packaging include metal containers, glass, injection or blow-molded, plastic drums, wooden crates and paper Board and corrugated boxes.

Flexible packaging comprises plastics such as LDPE, HDPE, PVC, BOPP, polyester Film etc. Aluminum Foils used in laminates, paper are also considered flexible.

III) Easel Packaging

It has tapped a Significant Niche-Laminated tube packaging. Easel's lambitubes are

Today used by for the HLL and colgate – Palmolive tooth pastes, ponds face wash, Fevicol, Vamicol, Vicco cream among other Brands

1. **Package Trends :** Packaging cannot be considered in isolation. It has become a part of the product. Packaging can convey the message of a good quality product to the end users. The cost of packaging material could be as high as 50 percent of the total product cost.
2. **Packaging Machinery :** This very large sector. It Consists of Packaging machineries, machineries for package manufacturing and Conversion of basic packaging Raw materials. An estimated 500 manufacturers in India today produce the following types of machinery.
 1. Manufacturing (Conversion)
 2. Processing (Packaging)
 3. Handling machinery
 4. Testing machinery.

Q10. Discuss various factors effecting packaging decisions?

Ans :

Packaging decisions are important for several reasons including :

1. **Protection:** Packaging is used to protect the product from damage during shipping and handling, and to lessen spoilage if the protect is exposed to air or other elements.

2. **Visibility:** Packaging design is used to capture customers' attention as they are shopping or glancing through a catalog or website. This is particularly important for customers who are not familiar with the product and in situations, such as those found in grocery stores, where a product must stand out among thousands of other products. Packaging designs that standout are more likely to be remembered on future shopping trips.
3. **Added Value:** Packaging design and structure can add value to a product. For instance, benefits can be obtained from package structures that make the product easier to use while stylistic designs can make the product more attractive to display in the customer's home.
4. **Distributor Acceptance:** Packaging decisions must not only be accepted by the final customer, they may also have to be accepted by distributors who sell the product for the supplier. For instance, a retailer may not accept packages unless they conform to requirements they have for storing products on their shelves.
5. **Cost:** Packaging can represent a significant portion of a product's selling price. For example, it is estimated that in the cosmetics industry the packaging cost of some products may be as high as 40% of a product's selling price. Smart packaging decisions can help reduce costs and possibly lead to higher profits.
6. **Expensive to Create:** Developing new packaging can be extremely expensive. The costs involved in creating new packaging include: graphic and structural design, production, customer testing, possible destruction of leftover old packaging, and possible advertising to inform customer of the new packaging.
7. **Long Term Decision:** When companies create a new package it is most often with the intention of having the design on the market for an extended period of time.

In fact, changing a product's packaging too frequently can have negative effects since customers become conditioned to locate the product based on its package and may be confused if the design is altered.

- 8. Environmental or Legal Issues:** Packaging decisions must also include an assessment of its environmental impact especially for products with packages that are frequently discarded.

Packages that are not easily bio-degradable could draw customer and possibly governmental concern. Also, caution must be exercised in order to create packages that do not infringe on intellectual property, such as copyrights, trademarks or patents, held by others.

Q11. What are the advantages of packaging?

Ans :

1. Protection during Transportation and Storage.
2. Identification of products and quality
3. Packaging is an Advertisement at the point of sales
4. Carrying the messages from the marketer to the consumer
5. Package serves as a silent salesman in consumer products
6. Attract the consumers
7. Packing is Reminder.
8. It increases the sales & profit.

Q12. What are the basic requirements for good packaging?

Ans :

1. **Package Design:** Because package design affects the image a firm seeks for its products, the colour, shape, and material all influence consumer perceptions. Listerine Antiseptic changed from glass to plastic in its most popular bottle sizes, as well as redesigned the classic barbell-shaped package that signified

amber mouthwash and 'medicine-y' taste to generations of consumers. The product inside is the same.

2. **Packaging Materials:** A firm has many packaging materials from which to select, such as paperboard, plastic, metal, glass, styrofoam, and cellophane. In the choice, trade-offs are probably needed; Cellophane allows products to be attractively displayed, but it is highly susceptible to tearing; paperboard is relatively inexpensive, but it is hard to open. A firm must also decide how innovative it wants its packaging to be. Aseptic packaging (for milk and juice boxes) allows beverages to be stored in special boxes without refrigeration.
3. **Placement of Label:** The placement, content, size, and prominence of the label must be set. Both company and brand names (if appropriate) need to appear on the label. The existence of package inserts and other useful information (some required by law) should be noted on the label. Sometimes, a redesigned label may be confusing to customers and hurt a product's sales.
4. **Convenience of Usage:** Packaging of product should be such as to provide maximum convenience to customer, manufacturer, and distributor alike. Consumers prefer package which are easy to use and handle.
5. **Guarantee of Economy:** Package costs must be considered on both a total and per-unit basis. Total costs can run into the millions of dollars, and per-unit costs can go as high as 40 per cent or more of a product's price - depending on the purpose and extent of packaging. Thus packaging cost should not be a burden on manufacturer.
6. **Assurance of Adjustability:** A good package should be adjustable to all type of product, be it is solid or liquid.
7. **Package should be Pollutionless:** Firms seeking to act in a socially responsible manner also consider the environmental impact of

packaging. Shiny gold or silver packaging transmits an image of quality and opulence but certain metallic inks are not bio-degradable and are harmful to the environment. Some firms are developing innovative green packaging that is less harmful to the environment than other materials.

Q13. Explain the importance of labelling strategies in marketing.

Ans :

(Nov.-21)

1. They provide detail information about the product i.e., size, dimension, quantity, price, increments etc.
2. They helps in marketing and advertising the product.
3. They helps customers to identify the product.
4. They help marketers to explain about the usage of product.
5. They improves the personality and appearance of product.

3.4 PRODUCT LINE AND PRODUCT MIX DECISIONS

Q14. Write about Product Line Decision?

(OR)

A company can change the product component of its marketing mix, describe in brief the various Product Line decisions.

Ans :

(Aug.-21)

Meaning

A product line is a group of products that are closely related because they perform a similar function, targeted at the same customer group and marketed through the same channel.

Decisions to Product Line

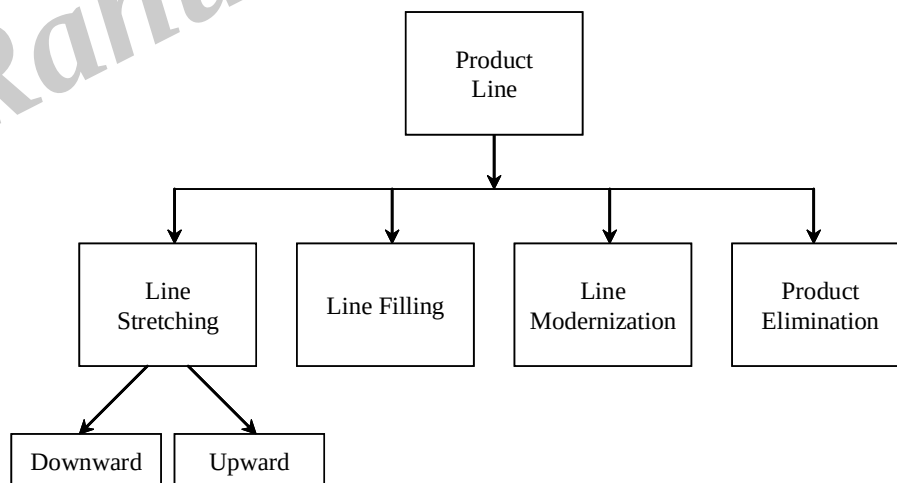


Fig.: Product Line Decisions

1. Line Stretching

Line Stretching consists in going beyond the current range of products. The Strength can occur upwards and downwards or in both the directions.

(a) Down ward Stretch

Many Companies start with high end products, but later stretch down wards by adding low priced products. The down-end products are advertised heavily so as to pull customers to the whole line on the basis of price.

Ex.: P&Gs Ariel began at Premium level and then the down market Ariel bar was introduced to tap the lower segment.

(b) Upward Stretch

Here a company operates in the lower end of the market. By upward Stretch, it proposes to enter the higher end. It is motivated by higher margin of profits, higher growth rate or position of a full range marketer. This division has its own risk. Example: Lifeboy bath soap stretched to Lifebuoy gold.

2. Line Filling

With in the present range more product items can be added. This is called line filling. There should not be a missing link in the line. It may result in lost sales. Line filling may help to fill up excess capacity.

Reasons Filling

- To Reach for Incremental profits
- To Satisfy dealers
- To Utilize excess capacity
- To offer a full line a product.

Ex : Cinthol in different variants like old cinthol, cinthol lime, cinthol international etc.

3. Line Modernization

Modification and modernization of existing product line is another key concern of the product manager. In some cases the product line length may adequate but some of the product may has lost competitive edge, because of technological or fashion or additional features, which in turn would be reflected in the overall product returns.

Line Featuring

One or a few product items are selected by the product line managers for featuring some times low end products are featured as traffic builders.

Example Videocon has selected its RS 8,000 worth colour TV for featuring. It attracts customers inside the shop. Its high-end product Bazooka is, however priced at Rs. 2400. Sometimes, a high-end price is selected for featuring to give prestige to the enter product line. Some times weak items are selected for featuring.

4. Product Elimination

In many organizations weak products are allowed to be continued in the product line simply because of emotional/sentimental reasons. These products become drains on managerial line and other resources. A Product line needs pruning to eliminate low profit products.

Some times on entire product line is eliminated Ex XEROX dropped its line of computers and Gillette its line of digital watches. Line pruning is also resorted to when there is shortage of Raw materials and energy. It is difficult to maintain production capacity.

Q15. Write about Product Mix Decision ?

Ans :

Meaning

A product mix (also called product assortment) is the set of all product lines and items that a particular seller offers for sale to buyers". An organisation with several product lines has a product mix. Product mix need not consist of related products. In other words, product mix is "the composite of products offered for sale by a firm".

It is a collection of products manufactured or distributed by a firm. It is the full list of all products offered by a firm. For example, a firm manufactures watches, machinery items, electric lamp, etc.

Definition

According to American Marketing Association, “Product Mix is the composite of products offered for sale by a firm or a business unit”. For example, if an enterprise manufactures or deals with different varieties of soap, oil, toothpaste, toothbrush, etc., the group of all these products is called ‘Product Mix’.

A product mix is the combination of products that a company offers. The greater the number of offerings drives the greater the chance of satisfying a customer. Many companies offer only one product. The company may have expertise in this one product and completely satisfy the needs of its customer base. If customers’ needs warrant and the company capabilities are available, the original product, or master brand, may be expanded into additional offerings.

Companies can evolve and grow by enhancing their product mix to meet additional needs of the customer or needs of different customers. However, when companies offer more products, a larger marketing budget is required and may lead to some overlap of marketing efforts and same company product competition in the marketplace.

For example, the Dodge Challenger and the Ford Mustang each fill a consumer need yet compete directly against each other. Most companies have grown-up behind a single product concept - the Nike running shoe, Pepsi Cola, and State Farm Insurance.

A company’s product mix has a certain width, length, depth, and consistency. These concepts are illustrated in figure for selected Hindustan Unilever Limited products:

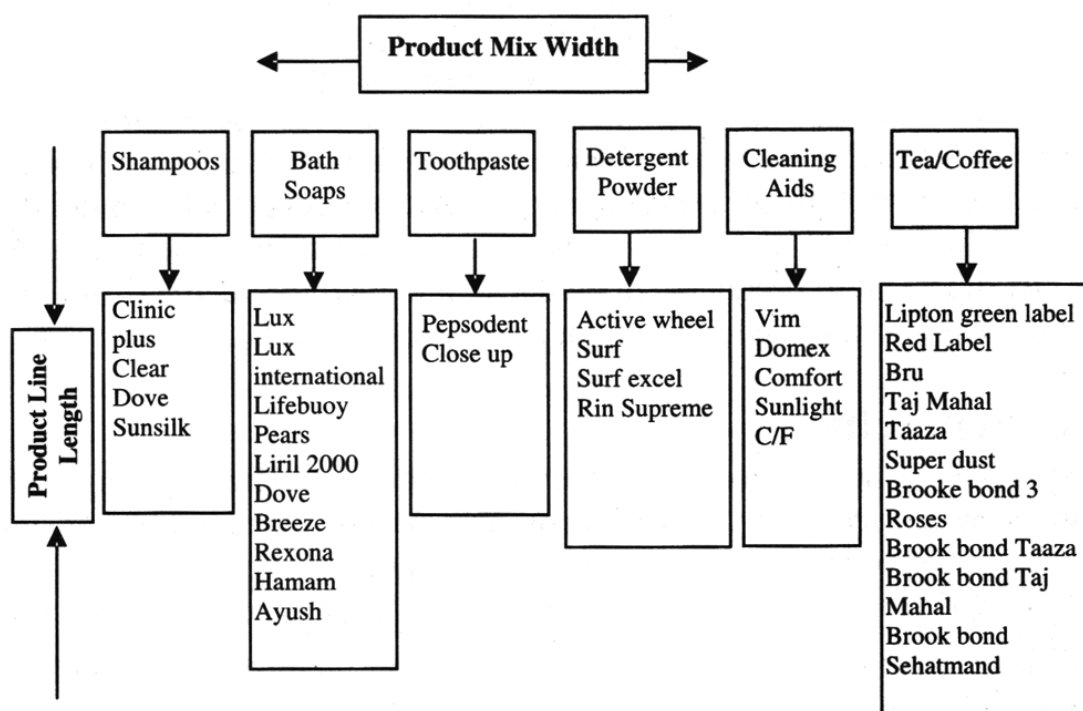


Fig.: HUL Product Mix

1. Product Mix Length

The length of a product mix refers to the total number of items in the mix. HUL typically carries many brands within each line. For example, it sells six laundry detergents, ten soaps, four shampoos, and two toothpastes, etc.

2. Product Mix Width

The width of a product mix refers to how many different product lines the company carries. For example, HUL markets a fairly wide product mix consisting of many product lines, including paper, food, household cleaning, medicinal, cosmetics, and personal care products. Figure shows a product mix width of the five lines. (In fact, HUL produces many additional lines).

3. Product Mix Depth

The depth of a product mix refers to how many variants are offered of each product in the line. In other words, product mix depth refers to the number of versions offered of each product in the line. If Close up comes in 5 sizes and three formulation (red, blue, green), Close up has a depth of 15. The average depth of HUL product mix can be calculated by averaging the number of variants within the brand groups.

4. Product Mix Consistency

The consistency of the product mix refers to how closely relate the various product lines are in end use, production requirements, distribution channels, or some other way. HUL product lines are consistent in so far as they are consumer goods that go through the same distribution channels.

Q16. What are the various Product Mix Strategies ?

Ans :

Key product mix strategies that are important to be undertaken are :

1. Product Line Expansion/Contraction

Product line concentration is also called concentration of product mix. A fat and long product line is thinned-out to reduce the unprofitable products. Product line expansion is also called diversification. A firm may utilise the marketing opportunities by expanding its product mix, breadth-wise and depth-wise.

For example, manufacturers of audio equipment may commence the production of T.V. sets and tape recorders. A firm may add new product items or delete existing ones or do both in its existing product-lines. Further, a firm may go-up in its technology and use state of the art technology or decide to stretch the product-line downwards toward a more simple technology.

2. Product Modification

Product modification refers to any substantial change made to the attributes (size, shape, colour, style, price, etc.) of a product, modification of a product is usually undertaken in an attempt to revitalise it in order to increase demand. "Sometimes just a cosmetic modification may be required in the existing product-line or product item.

These changes may be tangible or intangible, and may be achieved by re-formulation, redesign, changing unit sizes, and adding or removing features. 'Pan Parag', the famous pan masala, introduced new sachet packs of different sizes and at different prices. This helped it to penetrate and expand the market. When the firm decided to add tobacco (zarda) to the pan masala, the effect was a manifold increase in its market share. Most often these changes are dictated by a firm's long-term goals, customer preferences, and competitive developments in a particular product market.

3. Product Deletion/Elimination

There are some products which cannot be improved or modified to suit the market. Here, the profitable alternative would be to withdraw the product from the market. The process of withdrawal is technically called product elimination. This involves discontinuing or deleting either the individual product or the entire product-line.

Generally, products that are abandoned are those for which demand is low leading to uneconomical short production runs or frequent uneconomical price and inventory adjustments. These products could also be

consuming excessive management time not justified by their profit contribution. At times, these products are outdated, and therefore detract from the company's image. In brief, these products have either lived their life or are unprofitable.

Q17. What are the Factors Influencing Change in Product Mix ?

Ans :

1. Change in the Market Demand

The change on demand of a product due to change in habits, fashion, purchasing power, income, attitudes and preferences of consumers affects the decision of product mix. If the demand of a new product is increasing in the market and the production of that new product is beneficial to the company.

2. Cost of Production

If the company can develop a new product with the help of the same labor form, plant, machinery, and techniques, it can decide to start the production of that at lower cost.

3. Quantity of Production

If the production of the new product is considered to be at a large- scale and the company can add one more item to its product line just to get the economies of large-scale production.

4. Change in Purchasing Power or Behaviour of the Customer

If the numbers of customers are increased with the increase in their purchasing power or with the change in their buying habits, fashion etc.

5. Goodwill of the Company

If the company is of repute, it can market any new product in the market without much difficulty. It may take decisions of adding new product without any hitch because it knows that customers will accept any product by the firm.

3.5 NEW PRODUCT DEVELOPMENT

Q18. Define New Product Development. Explain the categories of new products.

Ans :

New products are completely new in the market which were not introduced earlier. New product development is a risky process. So, the marketer takes crucial steps before launching a new product in the market by working on new product development programme which satisfies the needs of the customers and increases the returns of the companies.

Categories of New Products

The term new product is somewhat confusing because its meaning varies widely. Actually, the term has several "correct" definitions. A product can be new to the world, to the market, to the producer or seller, or some combination of these. There are six categories of new products:

- **New-to-the-world products (also called discontinuous innovations):** These products create an entirely new market. New-to-the-world products represent the smallest category of new products.
- **New product lines:** These products, which the firm has not previously offered, allow it to enter an established market. For example, ITC, a tobacco-to-hotels conglomerate, introduced a range of soaps and shampoos called Fiama Di Wills and Vivel for the premium and mid-market segment respectively to enter the personal care market.
- **Additions to existing product lines:** This category includes new products that supplement a firm's established line. Brooke Bond's Red Label tea added to its tea line with the Red Label Natural Care, which enhances the health immunity and reduces the chances of falling ill.
- **Improvements or revisions of existing products:** The "new and improved" product may be significantly or only slightly changed. Surf Excel, a detergent brand from HUL,

released a new version of its product, called Surf Excel Matic, that specialized in removing tough stains in the washing machine itself.

- **Repositioned products:** These are existing products targeted at new markets or market segments, or ones repositioned to change the current market's perception of the product, which may be done to boost declining sales. Indian telecom service provider brand Airtel, hoping to reach out to global audience and promoting its 3G offerings, repositioned itself as a brand that delivers anything the consumers desire, anytime and anywhere.
- **Lower-priced products:** This category refers to products that provide performance similar to competing brands at a lower price. HP LaserJet 3100 is a scanner, copier, printer, and fax machine combined. This new product is priced lower than many conventional color copiers and much lower than the combined price of the four items purchased separately.

Q19. Outline the various stages of New Product Development.

(OR)

What are the steps involved in new product development.

(OR)

Evaluate the process involved in new product development.

Ans : (Jan.-19, Aug.-18, June-18)

1. Idea Generation

The Process of Generating New ideas may consist of brainstorming, Attribute listening, Focus Group discussion, or probable inventory Analysis. Broadly Speaking, it involves creative thinking and Technological development. But sources of New ideas could be varied.

- a. Customers
- b. Competitors
- c. Distributors

- d. Creative Techniques
- e. External world
- f. Research and development

2. Idea Screening

It is relatively easy to find a large Number of opportunities in the form of initial ideas. Who have to consider, Now which of them are really worth the while for a follow up. Some of the ideas are rejected for obvious reasons like.

- a. Lousy idea
- b. Unsuitable idea for the Firm
- c. Obvious problem in production and marketing
- d. Too little potential
- e. Some one else is already exploiting it.
- f. No long term potential
- g. Other reasons: unsuitable for the main customers of the company.

It should be possible to reduce the idea from several hundreds to thirty to forty having some prima facie merit.

3. Concept Testing and development

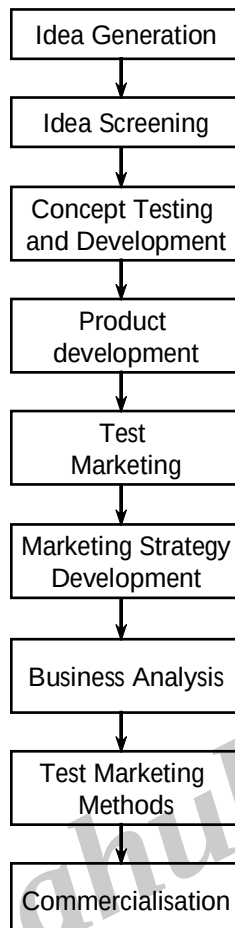
During this stage, the New product idea is Transformed from concept to a prototype, out lining the physical characteristics of the product, package design, Brand Name etc. While the concept is evaluated from many marketing angles, Apart from examining production requirements, cost and other modifications necessary before entering into the test marketing stage.

Here, a major activity involves obtaining consumer feedback on different prototype models. Typically, Consumers are given a sample to test the proposed new product. This activity is popularly known as concept testing.

In this stage the following estimations are required to business analysis.

- Sales estimation
- Estimating First time Sales

- Estimating the Repeat Sales
- Survey of Buyer Intentions
- Estimating the Cost and Profits.



4. Product development

Once the product concept has been developed, this should be briefed to the product development or research and development departments, who will undertake to design and develop few physical prototypes of the desired product concept.

In this stage, design and quality is in part and to achieve the goals.

5. Test Marketing

Test marketing is an experimental procedure that provides an opportunity to examine the prospect of the new product under realistic market conditions to obtain a first hand measure of the potential sales volumes in National distribution. The New product is

marketed on the experimental basis in a few pockets of the market, choosing some cities and small geographic Areas.

Test market serves two important functions. It provides an opportunity to assess the outcome of an alternative course of action. This allows management to identify and correct weakness in either the product or its marketing programme before launching the product on a national scale.

6. Marketing Strategy development

In order to put the product into the market, the company must develop its marketing strategy. The strategy decide on the size of market, the target market and financial goals sought to be achieved are specified.

The second part of the strategy spells out product's price, distribution strategy and promotional. Budget for the first year.

The last part of the marketing strategy is to state the long-term financial and marketing goals.

7. Business Analysis

We have already developed the product concept and the marketing strategy. It is now time to examine the proposals business or financial worth. Here projections are made about the sales, cost and profits to see whether these meet our objectives. If yes, the proposal proceeds to the prototype development stage.

8. Test marketing methods

The following methods are used in test marketing

- Consumer goods market testing
- Sales wave research
- Simulated test market
- Controlled test market
- Selection of test market
- Time of the test markets
- Data collected in test marketing
- Action taken

9. Commercialisation

Test marketing feed back enables management to take a decision regarding the launching of a product. A product launch is the costliest stage of new product development. The company either sets up the manufacturing facilities for production on itself and hires the same.

As a precautionary measure, the company may setup a plant smaller than the one demanded by the sales forecast. Apart from production costs, the company has to bear heavy marketing costs packaging, promotion, advertising, distribution etc., marketing expenditures are the highest in the year of the launch, reaching in some cases almost 60 percent of sales. Here, times & cost, timing of the launch coverage and target, markets are important.

Finally this refers to the decision to market the new product at the full scale of operation, which involves a significant commitment of resources and managerial effort.

Q20. What are the Need / Reasons for Developing of a New Product ?

Ans :

A new product, may be called innovation, seems to be necessary due to an enormous number of factors. The dynamic nature of business environment offers only two options – be innovative, or die. Marketer has to search for superior ways to meet increasing expectations.

Those companies fail to respect or respond the need of time have to withdraw from the market. Innovation or new product development directly concerns with firm's survival, growth, and development. A marketer continuously tries to offer superior product to his consumers.

He desires to offer more satisfaction than competitors. He also attempts to match goods and services with changing needs and wants of the target market. As per change in the fashion, preference, habits, and attitudes of consumers, a company must change its offer/product. New products are primarily developed to meet market expectations. However, there are some other dominants factors forcing a marketer to go for developing new products.

Main factors or reasons for developing a new product have been described as follows:

1. Changes in Market

Today's market is much dynamic as compared to the past. Due to increased education, borderless marketing, severe competition, and availability of a number of substitutes have posed tremendous challenges for today's marketers. Market fashion, preference, and habits are constantly changing and marketer finds no option except to respect such market changes, by positive response in terms of innovation. Thus, consumer behaviour is one of the dominant reasons for innovation.

2. Changes in Technology

Due to continuous technological development, new production methods are invented. Old technology and production methods are replaced by newer ones. A company spends a large amount of money for technological research. To match the technological changes, new products are developed.

3. Increasing Competition

Increasing competition is one of significant reasons leading to go for innovation. Every company struggles to attract and maintain consumers by offering superior products. To offer more competitive advantages and to satisfy consumer more effectively and efficiently, the product innovation seems to be necessary.

4. Diversification of Risk

In many cases, a company develops new products just to diversify risk. Existing products may not be capable to match with market needs and wants. By offering more varieties, a company can minimize the degree of obsolescence. Thus, the need for continuous innovation arises because older products are thrown out of market.

5. Reputation and Goodwill

To create image and reputation as an innovative and dynamic firm, the innovation

is adopted. Company wishes to convince the market that it tries seriously to meet consumer's expectations. Obviously, a company developing new products periodically has more reputation, and can attract consumers easily.

6. Utilization of Excess Capacity

Excess capacity may be in form of production capacity or human skills. To utilize maximum plant and material capacity, a company may go for developing a new product. Sometimes, excess managerial or human capacity may also tempt the company to opt for innovation.

7. Seasonal Fluctuations

Sometimes, new products are developed just to minimize seasonal fluctuations in demand. By producing new product, a company can meet seasonal requirements of market. Market is satisfied due to matching products in each of the seasons, and company can get attractive business.

8. Growth and Development

Innovation is an effective way to win more market share or sales. Marketer can exploit emerging opportunities by innovative products. When it is not possible to accelerate growth rate by the existing products, a company prefers to develop new products to expand its market, maximize sales, and earn more profits.

Q21. What are the Limitations for Development of a New Product ?

Ans :

1. Portfolio management, specifically, that process which optimizes the right mix and correct number of products that support business strategy in light of limited resources, will continue to be among the top concerns for new product development in the first decade of the 21st century.
2. The classic shape of the new product development process is a funnel, where lots

of product ideas enter, but few come out. If management doesn't have the guts to kill projects, the company ends up with a tunnel. Everything that enters the funnel continues on through the development, research and testing phases.

3. Virtually everything that is products could have another life as a service. And conversely, everything that was considered to have been a service can now be marketed as a product. Currently people purchase word processors or word processing programs. In the not so very distant future they will log on and use a word processor. During the nineties, telephone answering machine was a product and during this decade, it has been replaced with the service known as voice mail.
4. With the advent of pace as the fifth P of the marketing mix elements, the companies are trying to bring new products at a faster rate so that they enter the market first. There is greater risk of launching a under-developed, under-researched second-rate product, which may fail before the marketers can tune the offering after launch.
5. Companies are expected to contract R&D, or outsourcing R&D in a bid to reduce the costs of new product development and the increasing failure rate of the new products. There is also scope for collaborative R&D through partnership.

3.6 PRODUCT LIFE CYCLE

Q22. Define Product Life Cycle (PLC). What are the assumptions of product life cycle?

Ans :

(Aug.-17)

Definitions

- (i) **According to Phillip Kotler**, "The product life-cycle is an attempt to recognize distinct stage in the sales history of the product".
- (ii) **According to Arch Patton**, "The life-cycle of a product has many points of similarity with the human life-cycle; the product is born, grows lustily, attains dynamic maturity then enters its declining year".

- (iii) **According to William J. Stanton**, “From its birth to death, a product exists in different stages and in different competitive environments. Its adjustment to these environments determines to great degree just successful its life will be”.

Assumptions

1. Products have a limited life.
2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
3. Profits rise and fall at different stages of the product life cycle.
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage of their life cycle.

Q23. Elaborate the various stages of product life cycle.

(OR)

Explain various stages of product life cycle.

Ans :

(Feb.-20, Jan.-18, Aug.-17)

The PLC is flexible and can be applied to both brands and product lines. The traditional PLC has four stages – Introduction, Growth, Maturity and Decline.

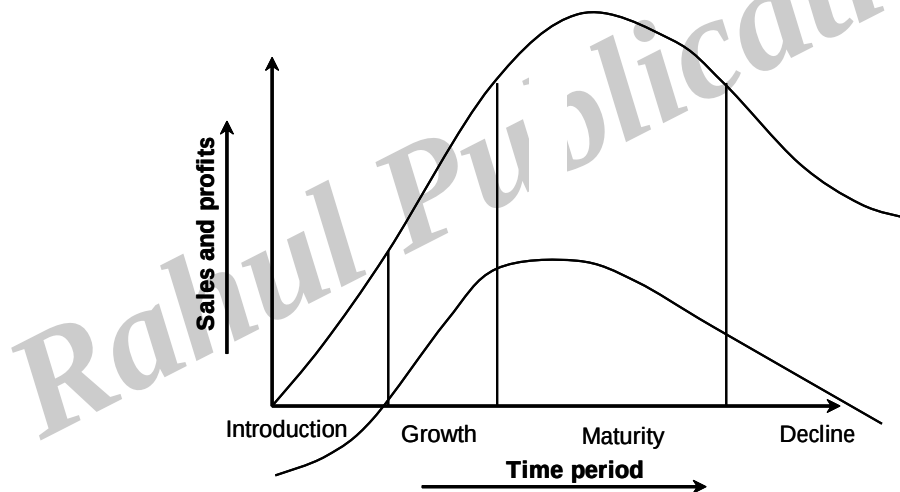


Fig. : Product Life Cycle

(i) Introduction

- The product is introduced in the market.
- Its sales growth is low because customers are not aware of the product and even when they become aware of the availability of the product, they are not sure if it will be useful to them.
- Losses are incurred because of heavy development and promotional costs.
- Companies monitor speed of product adoption and if it is disappointing may terminate the product at this stage.

(ii) Growth

Growth is the period of faster sales and profit growth due to rapid market acceptance and repeat purchase.

- Customers become aware of the product and are convinced that it is useful to them.
- Companies will have to spend substantially in production and marketing as they reach out to a larger number of customers and expand their manufacturing facilities to meet the rapidly growing demand.
- Availability of resources becomes a critical factor in this stage.
- At the later stage of growth, large numbers of competitors enter the market, as they are attracted by fast sales growth and high profit potential of the market. Profits decline due to intense competitor activity, and at the end of growth period, weaker players exit the market.

(iii) Maturity

- In this stage, all the customers who could have bought the product have already bought the product, resulting in a saturated market.
- Sales are largely driven by replacement purchases and population growth.
- Sales reach their peak, and eventually start stagnating. Flat sales force weaker competitors to exit the market.
- The surviving companies compete for market share by product improvements, advertising, sales promotion, dealer discount and price cutting, resulting in lesser profit margins for all players.
- It is important that companies have strong brands at this stage, because in times of product parity, customers' affiliation to a brand reduces their migration to a rival brand which has reduced its price.
- A company with strong brands will be able to protect its profit margins in the maturity stage, and will face less erosion of market share in face of competitors' price moves.

iv) Decline

- Sales decline as a new technology or change in consumer needs reduce demand for the product.

- It is important to remember that the decline stage sets in due to events that are outside the purview and control of the company.
- Typewriter is in decline stage, because a computer can do its job better. Therefore, a company should read the writing on the wall and exit. It is not wise to prolong one's stay in a market if customers have found a better way of satisfying the need that the company was serving, or when that need no longer exists.
- Companies prolong their stay in a declining market, hoping that it would revive, and they launch new products and advertise aggressively to revive the market. But, the market never revives.
- A company should start by reducing product depths, decreasing promotional and product development expenditures, dropping marginal distributors and then exit as early as possible.
- It is possible that a company is able to spot a small segment, whose customers value the product so much that they will continue to use it.
- The company can design a business model to serve this segment, but it should definitely exit from its erstwhile major segments.

Q24. State the uses and limitations of product life cycle.

Ans :

Uses

- Product life cycle analysis forces a company to manage its product portfolio proactively instead of letting market forces shape it. It has to ensure that there are not too many products in any one stage of PLC. It may feel the need to replace old products with new ones. It needs to have a balanced product portfolio. A company with all its products in the maturity stage may be generating profit today but as the products enter decline stage, profits may fall. A balanced product portfolio would contain some products in the growth stage, and some in the maturity stage. It would

- also be working on new product concepts, and overseeing its exit from a few markets. A smart company considers its product portfolio as an interrelated set of profit generating assets that need to be managed as a group.
- A company that introduces a new-to-the-world product is in a very powerful position because it does not have any competitors. It may be prompted to charge a high price because customers do not have any alternate supplier to go to. But unless the product is patented, competition will enter during growth phase and make it difficult for the pioneer to charge high prices.
 - Customers get angry when they find the pioneer reducing its high price due to competitive pressures. They feel that the company has charged them a high price when they could afford not to. A company which understands concept of PLC will realize and estimate the eventual entry of competitors, and will take that into account when they shape their early strategies of market entry. In fact, smart pioneers will price the products at a low price so that the potential competitors do not consider the market attractive enough to enter it. If pioneers decide to be content with low margins, they can keep off competitors, at least those which pursue markets purely for profits and do not have strategy and preference for entering new markets. Genuinely interested competitors will still enter the market but they will be there for the long haul and their strategies and moves will be more predictable and manageable.
 - Product life cycle analysis reminds a company that a time may come when customers will no longer need its products, and that they still may be as good as when they were wholeheartedly buying its product.
 - It has to learn to move on—try to serve the customer need in the new way that has come up, or simply exit and start a new business. It has to keep working on new product concepts, so that as and when it finds a product in a decline stage, it has few products that it can launch soon.
 - Product life cycle analysis reminds a company that its market will stagnate, and that it cannot grow at the frantic pace that it has been doing in the past.
 - Therefore, it should plan its expansion prudently, and not let the rate of growth of the growth stage determine its capacity. Companies that base their capacity decisions on the rate of growth of growth stage, end up having more capacity than it requires, and hence its cost of production per unit is higher than competitors who scaled down growth projections when they took their capacity decisions.
 - A company needs to follow different strategies in the different stages of the PLC, and therefore it needs to estimate when a stage is likely to end. It needs to believe that the strategy that has worked in one stage will be totally inappropriate in the next stage, and hence it needs to be ready with a new strategy before its product enters the next stage.

Limitations of PLC

- All products do not follow the classic S-shaped PLC curve. The sale of a product may rise sharply, and then fall all of a sudden, signaling the demise of the product. This phenomenon is true for fads, and for technological products, as it happened with pagers.
- There was nothing wrong with pagers— it is just that mobile phones came too soon after pagers came into the market. And there are products like soap and toothpaste, which are in the maturity stage for a long time, and show no inclination to enter the decline stage any time soon. Even some brands have shown such tenacity, and brand managers have been able to reinvent brands and put them back in the growth stage repeatedly.
- PLC is the result of marketing activities, and is not the cause of variability in sales. It is simply a pattern of sales that reflects marketing activity. Sales of a product may stagnate because it has not been promoted aggressively enough, or because it has not kept up with competitors in terms of benefits and features. Therefore, a product may have

entered the decline stage because it did not receive enough support, and hence an appropriate strategy cannot be to prune it—the appropriate strategy will to support it, and see if it sells.

- The duration of PLC stages is unpredictable because it is governed by factors which are outside the purview and control of any single company. However much a company may try, it cannot remain in the growth stage if all the customers have already bought the product. Similarly, it cannot escape the decline stage if its customers have found an alternate means to serve their need.

Q25. What are the Marketing Strategies for PLC?

Ans :

Product passes through four stages of its life cycle. Every stage poses different opportunities and challenges to the marketer. Each of stages demands the unique or distinguished set of marketing strategies. A marketer should watch on its sales and market situations to identify the stage in which the product is passing through, and accordingly, he should design appropriate marketing strategies. Here, strategy basically involves four elements – product, price, promotion, and distribution.

By appropriate combination of these four elements, the strategy can be formulated for each stage of the PLC. Every stage gives varying importance to these elements of marketing mix. Let us analyze basic strategies used in each of the stages of the PLC, as described by Philip Kotler.

A) Marketing Strategies for Introduction Stage

Introduction stage is marked with slow growth in sales and a very little or no profit. Note that product has been newly introduced, and a sales volume is limited; product and distribution are not given more emphasis. Basic constituents of marketing strategies for the stage include price and promotion. Price, promotion or both may be kept high or low depending upon market situation and management approach. Observe Figure 3.

Following are the possible strategies during the first stage:

		Promotion	
		High	Low
Price	High	Rapid skimming strategy	Slow skimming strategy
	Low	Rapid penetration strategy	Slow penetration strategy

Fig.: Marketing strategy for introduction stages

1. Rapid Skimming Strategy

This strategy consists of introducing a new product at high price and high promotional expenses. The purpose of high price is to recover profit per unit as much as possible. The high promotional expenses are aimed at convincing the market the product merits even at a high price. High promotion accelerates the rate of market penetration, in all; the strategy is preferred to skim the cream (high profits) from market.

This strategy makes a sense in following assumptions

- Major part of market is not aware of the product.
- Customers are ready to pay the asking price.
- There possibility of competition and the firm wants to build up the brand preference.
- Market is limited in size.

2. Slow Skimming Strategy

This strategy involves launching a product at a high price and low promotion. The purpose of high price is to recover as much as gross profit as possible. And, low promotion keeps marketing expenses low. This combination enables to skim the maximum profit from the market.

This strategy can be used under following assumptions:

- Market is limited in size.
- Most of consumers are aware of product.

- (c) Consumers are ready to pay high price.
- (d) There is less possibility of competition.

3. Rapid Penetration

The strategy consists of launching the product at a low price and high promotion. The purpose is the faster market penetration to get larger market share. Marketer tries to expand market by increasing the number of buyers.

It is based on following assumptions:

- (a) Market is large.
- (b) Most buyers are price-sensitive. They prefer the low-priced products.
- (c) There is strong potential for competition.
- (d) Market is not much aware of the product. They need to be informed and convinced.
- (e) Per unit cost can be reduced due to more production, and possibly more profits at low price.

4. Slow Penetration

The strategy consists of introducing a product with low price and low-level promotion. Low price will encourage product acceptance, and low promotion can help realization of more profits, even at a low price.

Assumptions of this strategy:

- (a) Market is large.
- (b) Market is aware of product.
- (c) Possibility of competition is low.
- (d) Buyers are price-sensitive or price-elastic, and not promotion-elastic.

B) Marketing Strategies for Growth Stage

This is the stage of rapid market acceptance. The strategies are aimed at sustaining market growth as long as possible. Here, the aim is not to increase awareness, but to get trial of the product. Company tries to enter the new segments. Competitors have entered the market. The company tries to strengthen competitive position in the market. It may forgo maximum current profits to earn still greater profits in the future.

Several possible strategies for the stage are as under:

1. Product qualities and features improvement
2. Adding new models and improving styling
3. Entering new market segments
4. Designing, improving and widening distribution network
5. Shifting advertising and other promotional efforts from increasing product awareness to product conviction
6. Reducing price at the right time to attract price-sensitive consumers
7. Preventing competitors to enter the market by low price and high promotional efforts

C) Marketing Strategies for Maturity Stage

In this stage, competitors have entered the market. There is severe fight among them for more market share. The company adopts offensive/aggressive marketing strategies to defeat the competitors.

Following possible strategies are followed:

1. To Do Nothing

To do nothing can be an effective marketing strategy in the maturity stage. New strategies are not formulated. Company believes it is advisable to do nothing. Earlier or later, the decline in the sales is certain. Marketer tries to conserve money, which can be later on invested in new profitable products. It continues only routine efforts, and starts planning for new products.

2. Market Modification

This strategy is aimed at increasing sales by raising the number of brand users and the usage rate per user. Sales volume is the product (or outcome) of number of users and usage rate per users. So, sales can be increased

either by increasing the number of users or by increasing the usage rate per user or by both. Number of users can be increased by variety of ways.

There are three ways to expand the number of users:

- i) Convert non-users into users by convincing them regarding uses of products
- ii) Entering new market segments
- iii) Winning competitors' consumers

Sales volume can also be increased by increasing the usage rate per user.

This is possible by following ways:

- i) More frequent use of product
- ii) More usage per occasion
- iii) New and more varied uses of product

3. Product Modification

Product modification involves improving product qualities and modifying product characteristics to attract new users and/or more usage rate per user.

Product modification can take several forms:

i) Strategy for Quality Improvement

Quality improvement includes improving safety, efficiency, reliability, durability, speed, taste, and other qualities. Quality improvement can offer more satisfaction.

ii) Strategy for Feature Improvement

This includes improving features, such as size, colour, weight, accessories, form, get-up, materials, and so forth. Feature improvement leads to convenience, versatility, and attractiveness. Many firms opt for product improvement to sustain maturity stage.

Product improvement is beneficial in several ways like:

- (i) It builds company's image as progressiveness, dynamic, and leadership,

- (ii) Product modification can be made at very little expense,
- (iii) It can win loyalty of certain segments of the market,
- (iv) It is also a source of free publicity, and
- (v) It encourages sales force and distributors.

4. Marketing Mix Modification

This is the last optional strategy for the maturity stage. Modification of marketing mix involves changing the elements of marketing mix. This may stimulate sales. Company should reasonably modify one or more elements of marketing mix (4P's) to attract buyers and to fight with competitors. Marketing mix modification should be made carefully as it is easily imitated.

D) Marketing Strategies for Decline Stage

Company formulates various strategies to manage the decline stage. The first important task is to detect the poor products. After detecting the poor products, a company should decide whether poor products should be dropped. Some companies formulate a special committee for the task known as Product Review Committee. The committee collects data from internal and external sources and evaluates products. On the basis the report submitted by the committee, suitable decisions are taken.

Company may follow any of the following strategies:

1. Continue with the Original Products

This strategy is followed with the expectations that competitors will leave the market. Selling and promotional costs are reduced. Many times, a company continues its products only in effective segments and from remaining segments they are dropped. Such products are continued as long as they are profitable.

2. Continue Products with Improvements

Qualities and features are improved to accelerate sales. Products undergo minor changes to attract buyers.

3. Drop the Product

When it is not possible to continue the products either in original form or with improvement, the company finally decides to drop the products.

Product may be dropped in following ways:

- i) Sell the production and sales to other companies
- ii) Stop production gradually to divert resources to other products
- iii) Drop product immediately.

3.7 PRICING STRATEGIES

Q26. Define pricing. State its objectives.

Ans :

Introduction

Price is the marketing-mix element that produces revenue; the others produce costs. Price is also one of the most flexible elements: it can be changed quickly, unlike product features and channel commitments.

Pricing is the art of translating into quantitative terms (rupees and paisa) the value of the product or a unit of a service to customers at a point in time.

The pricing decision is a critical one for most marketers, yet the amount of attention given to this key area is often much less than is given to other marketing decisions. One reason for the lack of attention is that many believe price setting is a mechanical process requiring the marketer to utilize financial tools, such as spreadsheets, to build their case for setting price levels. While financial tools are widely used to assist in setting price, marketers must consider many other factors when arriving at the price for which their product will sell.

Meaning

Pricing is the process of determining what a company will receive in exchange for its products. Pricing factors are manufacturing cost, market place, competition, market condition, Quality of product. The effective price is the price the company receives after accounting for discounts, promotions, and other incentives.

Definition

According to Prof. K.C. Kite, "Pricing is a managerial task that involves establishing pricing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results".

Objectives

The firm's pricing objectives must be identified in order to determine the optimal pricing. Common objectives include the following :

➤ **Current Profit Maximization**

Seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long-term profits.

➤ **Current Revenue Maximization**

Seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs.

➤ **Maximize quantity**

Seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs as predicted by the experience curve.

➤ **Maximize Profit Margin**

Attempts to maximize the unit profit margin, recognizing that quantities will be low.

➤ **Quality Leadership**

Use price to signal high quality in an attempt to position the product as the quality leader.

➤ **Partial Cost Recovery**

An organization that has other revenue sources may seek only partial cost recovery.

➤ **Survival**

In situations such as market decline and overcapacity, the goal may be to select a price that will cover costs and permit the firm to remain in the market. In this case, survival may take a priority over profits, so this objective is considered temporary.

➤ **Status quo**

The firm may seek price stabilization in order to avoid price wars and maintain a moderate but stable level of profit.

Q27. What are the various methods of pricing?

Ans :

The various methods available for setting consumer products are :

- (a) Cost-oriented pricing
- (b) Demand-oriented pricing
- (c) Competitive pricing

(a) Cost - Oriented Pricing

The executives of some firms especially the owners of small firms which manufacture to order are virtually obliged to use cost-plus pricing. Cost plus also known as full cost involves taking the total cost of production and adding on a fixed percentage of profits as expressed in the following formula:

$$\text{Price} = \text{Cost of production} + \text{Profit margin} \\ (\text{Fixed costs} + \text{variable costs}) (\text{Percentage})$$

The percentage of profit is determined by the management before. Such a percentage may vary from industry to industry and firm to firm within the same industry. It is used mostly by retailers and heavy industry, less often by packaged goods. The advantage of cost-plus pricing is simplicity and quite probably, less price competition between firms.

But the limitations of the methods are overwhelming for producers in highly competitive markets, since it does not take into account consumer or competitive reaction. Further it fails to pay any attention towards the demand curve for the product. A price increase due to cost pressure may reduce sales volume resulting in the decrease of profit.

(b) Demand – oriented Pricing

This strategy determines the price on the basis of demand of the product. In fact it is a better method as it takes the market response into account. The philosophy of this strategy is to charge high price in high demand and low price in low demand, regardless of fluctuations in unit costs. Thus, it suggests pricing on the basis of consumer reactions rather than on costs.

(c) Competitive Pricing

Many firms determine their prices on the basis of competitor's pricing structure. It does not mean that a firm will necessarily adopt the same price structure as its competing firms but that it will give due consideration to competitor's price than cost and demand factors.

A firm has two alternatives either to frame its prices in line with those of its competitors or below or above it. Thus, under such strategy a firm strictly follows the competitor's pricing regardless of fluctuations in production cost or in demand.

Q28. Explain the various types of Pricing Strategies.**(OR)****What are the different new product pricing strategies available to a marketer.****Ans : (Nov.-21, Feb.-20)**

Different Pricing strategies are:

1. Price Discounts and Allowances

The role of discount offering discounts can be a useful tactic in response to aggressive competition by a competitor. However, discounting can be dangerous unless carefully controlled and conceived as part of your overall marketing strategy. Discounting is common in many industries - in some it is so endemic as to render normal price lists practically meaningless. This is not to say that there is anything particularly wrong with price discounting provided that you are getting something specific that you want in return. The trouble is that, all too often, companies get themselves embroiled in a complex structure of cash, quantity and other discounts, whilst getting absolutely nothing in return except a lower profit margin.

Types of Discounts

- i) Cash and Settlement Discounts:** These are intended to bring payments in faster. However, since such discounts need to be at least 2.5% per month to have any real effect, this means paying customer an annual rate of interest of 30% just to get in money which is due anyway. What is more, customers frequently take all the discounts on offer and still do not pay promptly, it is better either to eliminate these discounts altogether and introduce an efficient credit control system, or change terms of business so that you can impose a surcharge on overdue accounts instead.
- ii) Quantity Discounts:** The trouble with these is that, when finalized on a published price list, they become an established part of pricing structure and as a result their impact can be lost. As a general rule, only publish the very minimum of quantity discounts - largest customers will probably try to

negotiate something extra anyway. Also keep quantity discounts small, so that company hold something in reserve for when customers do something extra for them, such as offering sole supply, or as part of a special promotion.

- iii) Promotional Discounts:** These are the best kind of discounts because they enable company to retain the power to be flexible. There may be times when company wants to give an extra boost to sales - to shift an old product before launching an updated one for example. At times like these special offers or promotional discounts can be useful. But try to think of unusual offers - a larger pack size for the same price or a "five for the price of four" can often stimulate more interest than a straight percentage discount. They also make sure that the end user gets at least some of the benefit, which doesn't always happen with other types of discounts.

2. Geographic Pricing Strategy

This strategy seeks to exploit economies of scale by pricing the product below the competitor's in one market and adopting a penetration strategy in the other. The former is termed as second market discounting. This second market discounting is a part of the differential pricing strategy where the firm either dumps or sells below its cost in the market to utilize its existing surplus capacity. So, in geographic pricing strategy, a firm may charge a premium in one market, penetration price in another market and a discounted price in the third.

Another issue is how to get paid, This issue is critical when buyers lack sufficient hard currency to pay for their purchases. Many buyers want to offer other items in payment, a practice known as counter trade.

Forms of Counter trade

- i) Barter:** The direct exchange of goods, with no money and no third party involved
- ii) Compensation Deal:** The seller receives some percentage of the payment in cash and the rest in products. A British aircraft manufacturer sold planes to Brazil for 70 percent cash and the rest in products.

- iii) **Buyback Arrangement:** The seller sells a plant, equipment, or technology to another country and agrees to accept as partial payment products manufactured with the supplied equipment. A US Chemical company built a plant for an Indian company and accepted partial payment in cash and the remainder in chemicals manufactured at the plant,
- iv) **Offset:** The seller receives full payment in cash but agrees to spend a substantial amount of the money in that country within a stated time period. For example, PepsiCo sells its cola syrup to Russia for rubles and agrees to buy Russian vodka at a certain rate for sale in the United States.

3. Promotional Pricing

Companies can use several pricing techniques to stimulate early purchase;

- i) **Loss-leader Pricing:** Supermarkets and department stores often drop the price on well-known brands to stimulate additional store traffic. This pays if the revenue on the additional sales compensates for the lower margins on the loss-leader items. Manufacturers of loss-leader brands typically object because this practice can dilute the brand image and bring complaints from retailers who charge the list price. Manufacturers have tried to restrain intermediaries from loss leader pricing through lobbying for retail-price-maintenance laws, but these laws have been revoked.
- ii) **Special-event Pricing:** Sellers will establish special prices in certain seasons to draw in more customers
- iii) **Cash Rebates:** Auto companies and other consumer-goods companies offer cash rebates to encourage purchase of the manufacturers' products within a specified time period. Rebates can help clear inventories without cutting the stated list price.
- iv) **Low-interest Financing:** Instead of cutting its price, the company can offer customers low-interest financing. Automakers have even announced no-interest financing to attract Customers.
- v) **Longer Payment Terms:** Sellers, especially mortgage banks and auto companies, stretch loans over longer periods and thus lower the monthly payments. Consumers often worry less about the cost (i.e., the interest rate) of a loan and more about whether they can afford the monthly payment.
- vi) **Warranties and Service Contracts:** Companies can promote sales by adding a free or low-cost warranty or service contract.
- vii) **Psychological Discounting:** This strategy involves setting an artificially high price and then offering the product at substantial savings. Promotional-pricing strategies are often a zero-sum game. If they work, competitors copy them and they lose their effectiveness. If they do not work, they waste money that could have been put into other marketing tools, such as building up product quality and service or strengthening product image through advertising.

4. Discriminatory Pricing

Companies often adjust their basic price to accommodate differences in customers, products, locations, and so on. Price discrimination occurs when a company sells a product or service at two or more prices that do not reflect a proportional difference in costs. In first degree price discrimination, the seller charges a separate price to each customer depending on the intensity of his or her demand. In second-degree price discrimination, the seller charges less to buyers who buy a larger volume.

In third-degree price discrimination, the seller charges different amounts to different classes of buyers, as in the following cases:

- i) **Customer-segment Pricing:** Different customer groups are charged different prices for the same product or service. For example, museums often charge a lower admission fee to students and senior citizens.
- ii) **Product-form Pricing:** Different versions of the product 'are priced differently but not proportionately to their respective costs
- iii) **Image Pricing:** Some companies price the same product two different levels based on image differences at. A perfume manufacturer can put the perfume in one bottle, give it a name and image, and price it at Rs. 50. It can put the same perfume in another bottle with a different name and image and price it at Rs. 200.
- iv) **Channel Pricing:** Coca-Cola carries a different price depending on whether it is purchased in a fine restaurant, a fast-food restaurant, or a vending machine.
- v) **Location Pricing:** The same product is priced differently at different locations even though the cost of offering at each location is the same. A theater varies its seat prices according to audience preferences for different locations.
- vi) **Time Pricing:** Prices are varied by season, day, or hour. Public utilities vary energy rates to commercial users by time of day and weekend versus weekday. Restaurants charge less to "early bird" customers. Hotels charge less' on weekends. Hotels and airlines use yield pricing, by which they offer lower rates on unsold inventory just before it expires. Coca-Cola considered raising its vending machine soda prices on hot days using wireless technology, and lowering the price on cold days. However, customers so disliked the idea that Coke abandoned it.

For price discrimination to work, certain conditions, must exist. First, the market must be segmentable and the segments must show different intensities of demand. Second, members in the lower price segment, must not be able to resell the product to the higher-price segment. Third, competitors must not be able to undersell the firm in the higher-price segment. Fourth, the cost of segmenting and policing the market must not exceed the extra revenue derived from price discrimination. Fifth, the practice must not breed customer resentment and ill will. Sixth, the particular form of price discrimination must not be illegal.

5. Product-mix Pricing

Price-setting logic must be modified when, the product is part of a product mix. In this case, the firm searches for a set of prices that maximizes profits on the total mix. Pricing is difficult because the various products have demand and cost interrelationships and are subject to different degrees of competition. Six situations involving product-mix pricing:

- i) **Product line Pricing:** Companies normally develop product lines rather than single products and introduce price steps. In many lines of trade, sellers use well-established price points for the products in their line. A men's clothing store might carry men's suits at three price levels: Rs. 800, Rs. 1500, and Rs. 4500. Customers will associate low-, average-, and high-quality suits with the three price points. The seller's task is to establish perceived-quality differences that justify the price differences.
- ii) **Optional-Feature Pricing:** 'Many companies offer optional products, features, and services along with their main product. The automobile buyer can order electric window controls, defoggers, light dimmers, and an extended warranty. Pricing is a sticky problem; automobiles companies must decide which items to include in the price and which to offer as options. Restaurants face a similar pricing problem.

Customers can often order liquor in addition to the meal. Many restaurants price their liquor high and their food low. The food revenue covers costs, and the liquor produces the profit. This explains why servers often press hard to get customers to order drinks. Other restaurants price their liquor low and food high to draw in a drinking crowd.

Q29. Explain pricing strategies in product life cycle. How do you distinguish different stages of PLC?

OR

Discuss various pricing strategies in product life cycle stage.

Ans :

Pricing Strategies in PLC

The pricing strategies in different levels of product life cycle are,

1. Introduction Stage: Markup Pricing

Markup pricing strategy is used in the introduction stage of Product Life Cycle (PLC). This is also known as Cost Based Pricing Strategy. In the introduction stage, the product experiences low sales and the cost is high per customer, thus this strategy is the most appropriate one in this level.

In this strategy, the markup price is added to the total cost of the product. Marketers use this strategy because there is no demand for any product at this level and they also know the expected levels of sales at this stage. The additional markup price which is added to the total cost of the product would meet the complete expenditure.

2. Growth Stage: Market-penetration Pricing

In the growth stage of product life cycle majority of the firms prefer penetration pricing as the product's sales increases and the cost per product is average. They have low price so that the product penetrates into market and attracts large number of buyers.

At this stage, the competitors grow, as the firms try to withstand competition and they try to use penetration pricing rather than high price or skimming off pricing. This strategy is used, to maximise the market share of the firm.

3. Maturity Stage: Competition Based Pricing

This strategy is appropriate when the firm faces competitor from various competitors. Growth stage has many competitor. During the growth stage in the market, the sales rate is high. Therefore in order to remain the market leader, the firm uses this strategy.

In this strategy, the firm has three options - firstly it can fix a price of its product higher than its competitors, i.e., premium price. Secondly, it can fix lesser price than the competitor, i.e., discounted price and thirdly it can fix equal price of its competitor's price, which is known as Parity Pricing.

4. Decline Stage: Price-cut Pricing

In the Decline Stage, there are decreased profits, because of decreasing sales volumes. In order to increase the sales, the firm cuts and reduces the price of the product and drops the idea of following leader in pricing situations. This strategy is known as price-cut pricing.

The price-cut pricing, reduces the expenditure of the product at this stage and cuts its price so that the excess capacity may be used. Thus the firm increases sales.

S.No.	Criteria of Differentiation	Introduction	Growth	Maturity	Decline
1.	Sales	Very low sales volumes	Increasing sales volumes	High sales volume	Decreasing sales volume
2.	Costs	High cost per consumer	Average cost per consumer	Low cost per consumer	Low cost per consumer
3.	Profits	Negative no profits only investments	Increasing profit with low no investments	Very high profits and	Decreasing profits
4.	Customers	Innovators	Early adopters	Majority	Laggards
5.	Competitors	Very few or sometimes in number	Competitors increases decrease	Competitors begin to	Decreasing competitors
6.	Product	Basic product services, warranties etc.	Product with after sales and brands	Introduces new models	Drops the weak products
7.	Pricing strategies	Markup pricing strategy	Penetration pricing strategy	Competition based Pricing	Price cut pricing strategy
8.	Distribution distribution	Launches selective	Launches intensive distribution	Launches more Intensive which are inprofitable	Shut downs the outlets
9.	Sales promotion	High sales promotion	Less sales promotable by increasing sales promotable	Encourages different brand	Less sales promotion

3.8 DISTRIBUTION CHANNELS

Q30. Define Distribution/Marketing channel? Explain.

Ans :

Meaning

A channel of distribution (sometimes call a marketing channel) is a group of individuals and organisations that direct the flow of products from producers to customers. The main function of this element is to find out appropriate ways through which goods are made available to the markets.

Definitions

- i) **According to American Marketing Association** A channel of distribution or marketing channel is the structure of intra company organization units and extra company agents and dealers, wholesalers and retailers through which a commodity, product or services is marketed.
- ii) **According to Kotler and Armstrong** Distribution channel is a set of independent organization involved in the process of making a product or services available for use or consumption by the customer or industrial user.
- iii) **According to John A. Howard** "Marketing channels are the combination of agencies through which the seller, who is often though not necessarily the manufacturer, markets his production to the ultimate user."
- iv) **According to William J. Stanton** "A channel of distribution for a product is the route taken by the title to the goods as they move from the producer to the ultimate consumers or industrial user".

Characteristics

1. Route or Pathway

Channel of distribution is a route or pathway through which goods and services flow from the manufacturers to consumers.

2. Flow

The flow of goods and services is smooth and sequential and usually unidirectional.

3. Composition

It is composed of intermediaries, such as, wholesalers, retailers, agents, distributors etc., also called middlemen who participate in the flow voluntarily.

4. Functions

The intermediaries perform such functions which facilitate transfer of ownership, title and possession of goods and services from manufacturers to consumers.

5. Remuneration

The intermediaries are paid in the form of commission for the services rendered by them. The same is compensated by the manufacturer in the form of commission allowed by the manufacturer or added in the price of the goods sold.

6. Time Unity

As they bring goods to the consumers when needed.

7. Convenience Value

As they bring goods to the consumers in convenient shape, unit, size, style and package.

8. Possession Value

As they make it possible for the consumers to obtain goods with ownership title.

9. Marketing Tools

As they serve as vehicles for viewing the marketing organisation in its external aspects and for bridging the physical and non-physical gaps which exist in moving goods from the producers to the consumers.

10. Supply Demand Linkage

As they bridge the gap between the producers and consumers by resolving spatial (geographical distance) and temporal (relating to time) discrepancies in supply and demand.

Objectives

1. To ensure availability of products at the point of sale.
2. To build channel members loyalty.
3. To stimulate channel members to put greater selling efforts.
4. To develop managerial efficiency in channel organisation.
5. To identify your organisation at the buyer level.
6. To have an efficient and effective distribution system, to make your products and services available.

Q31. Explain the need of distribution channels?

Ans :

(i) Help in the Production Function

The producer can concentrate on the production function leaving the marketing problem to middlemen who specialize in the profession, their services best utilized for selling the product.

(ii) Marketing Demand and Supply

The chief function of intermediaries is to assemble the goods from many producers in such a manner that a customer can make effective purchases with ease.

(iii) Financing the Producer

Middlemen orders and purchases products in bulk from the producers to undertake large-scale production and in adopting better techniques of production because they have no problem for finance.

(iv) Aid to Communication

The middlemen are connecting link between the producer and the buyer. Middlemen have complete knowledge of consumer behaviour and the market and they communicate the necessary information to the producer so that they may produce according to the needs of the consumers.

(v) Stabilizing the Prices

The middlemen help to stabilize the prices. By stocking goods, constant flow of goods to the market is assured at a place where they are wanting and at a proper time. Thus middlemen create place, time, and possession utilities to the products and maintain the prices.

(vi) Promotional Activities

Middlemen also perform various promotional activities like advertising, personal selling and sales promotion. Sometimes wholesaler does it alone for the producer. Retailer also performs such activities by displaying the product in his window which attracts the customers.

(vii) Pricing

In pricing the product, the producer should invite the suggestions from the middlemen who are very close to the ultimate users and who know the consumer behavior aptly. Pricing may be different for different markets or products depending upon the channel of distribution.

Q32. Who are intermediaries ? Explain different types of intermediaries.

Ans :

Channel intermediaries serve several specialized functions that enable manufacturers to make their goods available to their customers at the right place at the right time. The functions that a channel performs, depends on the sophistication of customer needs and existing level of technologies.

1. Retailers

Retailers operate outlets that trade directly with household customers. Retailers can be classified in several ways :

- Type of goods being sold(e.g. clothes, grocery, furniture)
- Type of service (e.g. self-service, counter-service)
- Size (e.g. corner shop; superstore)
- Ownership (e.g. privately-owned independent; public-quoted retail group)
- Location (e.g. rural, city-centre, out-of-town)
- Brand (e.g. nationwide retail brands; local one-shop name)

2. Wholesalers

Wholesalers stock a range of products from several producers. The role of the wholesaler is to sell onto retailers. Wholesalers usually specialise in particular products.

3. Distributors and dealers

Distributors or dealers have a similar role to wholesalers – that of taking products from producers and selling them on. However, they often sell onto the end customer rather than a retailer. They also usually have a much narrower product range. Distributors and dealers are often involved in providing after-sales service.

4. Franchises

Franchises are independent businesses that operate a branded product (usually a service) in exchange for a licence fee and a share of sales.

5. Agents

Agents sell the products and services of producers in return for a commission (a percentage of the sales revenues).

Q33. Explain the various functions performed by Channel Intermediates.

Ans :

The three basic functions are: transactional, logistical, and facilitating. Together these functions reduce the cost of the market coverage, increase the availability of cash flow in the distribution channel, and increase end-user convenience.

The most common intermediaries in a distribution channel are wholesalers, retailers and agents or brokers. Manufacturers may work with all of them, and intermediaries may also work with each other. All perform a variety of functions that help create value for consumers and bring about the profitable exchange of goods. These functions generally fall into three categories: Transactional, logistical and facilitating.

1. Transactional Functions

The transactional functions of intermediaries involve buying, selling and risk taking. Wholesalers or agents buy products from manufacturers in sufficient quantities to stock the shelves of multiple stores. They promote the goods to build sales, using personal salespeople and various marketing communication devices aimed at retailers. While buying and selling, all intermediaries take a measure of risk. That is because the inventory they stock in their warehouses can lose competitive appeal or become obsolete before it is sold.

2. Logistical Functions

Most mass market products must be manufactured in large quantities to achieve economies of scale, but few producers can afford to store their inventories or ship small numbers of items to individual consumers. Instead, they rely on intermediaries to perform these and other logistical functions. For example, frozen food manufacturers ship to supermarkets, not direct to consumers' homes. Book publishers rarely sell to bookstores; they do business primarily with book wholesalers, who assemble large assortments of new releases and then distribute them in accordance with reader demand.

3. Facilitating Functions

Facilitating functions include various activities performed by intermediaries to make exchanges easier for consumers. This often involves collecting and disseminating information. For example, brokers who buy fresh beef or pork from ranchers inspect and grade the meat to enable buyers to accurately compare alternatives. Fruit and vegetable wholesalers sort and certify the freshness of produce. Another facilitating function is the provision of credit and other financial services. This is especially important among retailers, who commonly issue credit cards and offer layaway programs.

Marketing Channel Functions Performed by Intermediaries

Sl. No.	Type of Function	Description
(i)	Transactional Functions	Contacting and promoting: Contacting potential customers, promoting products, and soliciting orders. Negotiating: Determining how many goods or services to buy and sell, type of transportation to use, when to deliver, and method and timing of payment. Risk taking: Assuming the risk of owning inventory
(ii)	Logistical Functions	Physically distributing: Transporting and sorting goods to overcome temporal and spatial discrepancies. Storing: Maintaining inventories and protecting goods. Sorting: Overcoming discrepancies of quantity and assortment by Sorting out: Breaking down a heterogeneous supply into separate homogeneous stocks Accumulating: Combining similar stocks into a larger homogeneous supply Allocating: Breaking a homogeneous supply into smaller and smaller lots ("breaking bulk") Assorting: Combining products into collections or assortments that buyers want available at one place
(iii)	Facilitating Functions	Researching: Gathering information about other channel members and consumers. Financing: Extending credit and other financial services to facilitate the flow of goods through the channel to the final consumer.

Q34. Explain how companies motivate and evaluate channel members.

Ans :

A) Motivating Channel Members

Generally companies carry out their activities with high energy and growth targets. But, for the attainment of these targets, the company's sales force and channel members are required to put in additional efforts.

For ensuring additional efforts, the channel members need to be continuously motivated. One of the best method could be by regularly reminding them that they are also the part of the company during the attainment of the end user's satisfaction.

Various motivational programmes should be undertaken for the channel partners. The first step of channel member's motivation is to understand their requirements which can motivate them to deliver their fullest capability for attainment of customer satisfaction.

John R. French and Jr Bertram Raven have proposed various powers to make the functioning of channel members much more effective. The various powers include,

1. Referent power
2. Expert power
3. Legitimate Power
4. Support power
5. Competitive power
6. Reward power and
7. Coercive power.

B) Evaluating Channel Members

The performance and progress of the company business relies mainly on the effectiveness of its distribution channel. So it is very essential for the company to constantly evaluate the performance of the channel members for assuring the highest standards of performance and for improving them whenever needed. The evaluation will be against the targets on sales quota achievement, the average level of inventory held, percentage of volume which is attained by extending credit, productive calls per day, number of servicing complaints attended and so on.

The following are some of the simple questions relating to channel system whose answers help in evaluating the channel members.

1. Is the system able to deliver the targeted customer service levels as specified by the company?
2. All the partners in the channel network must perform in a cost effective manner for their specified roles on flows and customer service deliverable targets. Is this actually happening in company?
3. Whether the channel system is operating at the lowest total cost possible for a given service level or not?
4. Whether all the channel members are performing at the top of their potential and delivering high quality and timely outputs or not?
5. Whether the system makes use of good performance measurement procedure and is it transparent to all the channel partners or not?

Q35. Explain various marketing channels in India that are available for consumer, business and industrial products.

Ans :

The various channel structures (or distribution networks) available for consumer products and business and industrial products are briefly discussed below,

(a) Channels for Consumer Products

Huge number of consumers are available in the market and organizations can opt each and every available route to reach consumers. The distribution network for consumer products contain all the channel members such as wholesalers, retailers and distributors/dealers.

The following figure (1) depicts the distribution networks for FMCG (Fast Moving Consumer Goods) products.

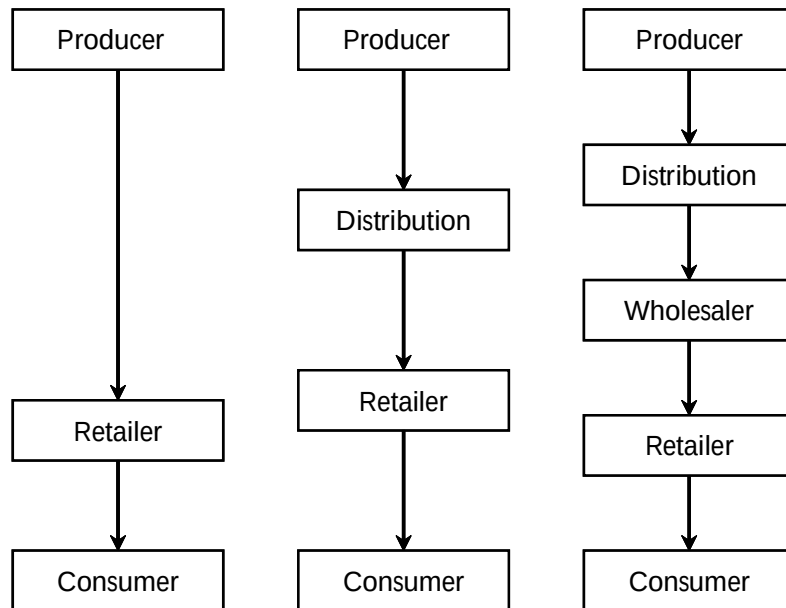


Fig. (1) : Distribution Networks for Consumer Products

(b) Channels for Business and Industrial Products

Being technical in nature and follows B2B business, the distribution network for industrial products is required to be short. The network here is simple which flows from producer to customer rather than selling directly to customers, producer may be industrial distributor (or) agents to reach the distributors located in remote areas.

The following figure (2) depicts the distribution networks for industrial products.

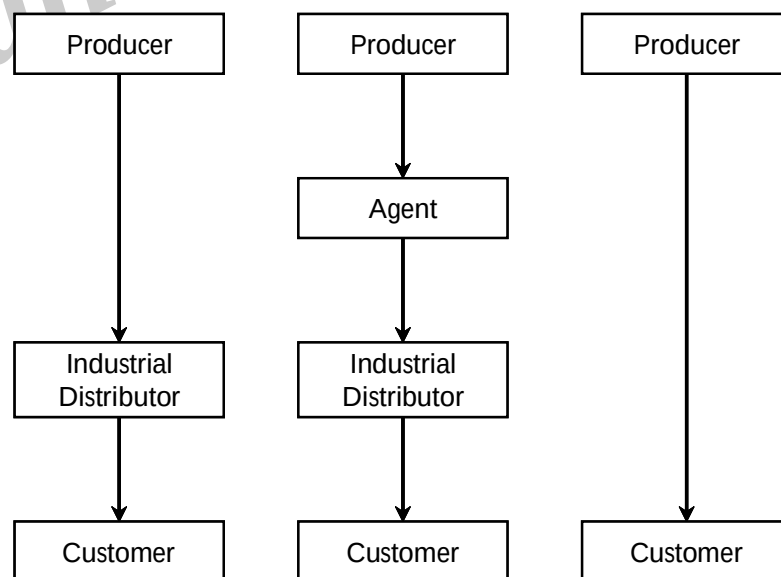


Fig. (2) : Distribution Network for Industrial Products

(c) Alternative Channel Arrangements

Mostly, a producer chooses different types of channels for the distribution of its products to the end consumer rather than by selling through only one specific channel. Alternative channel arrangements comprises multiple channels, Non- traditional channels and strategic channel alliances.

➤ **Multiple Channels**

Employing two or more distribution channels for the distribution of same products to consumers is known as “Dual Distribution” or “Multiple Distribution”. Increased preference for online shopping in consumer markets is forcing the Retailers to opt multiple distribution channels. For instance, companies like Dominos, PVR cinemas etc., are making use of Multiple distribution channels. All these companies carryout trading of their products through Retail stores via internet and Telephone orders.

(d) Non-traditional Channels

Usually, non-traditional channel arrangements assists the company in differentiating company's product from that of competitors products. Non-traditional channels consists of mail-order channels, internet or infomercials. Inspite of the fact that nontraditional channels restricts brand's coverage, the firm is using non-traditional channel because it is used to serve the customers belonging to the Niche market. It can have huge market access and customer focus without seeking direct participation from the channel intermediaries. For big firms, non-traditional channels also shows another way to sell its products to the final consumers. For example, sony pictures have joined hands with the home-shopping network in the United States to organize a three-day shopping event so as to bring awareness in the market segment of Adult women. A movie was released on the Best-selling Auto, biography with the help of international four operators and Travelling websites providing attractive travelling packages. This movie plays a vital role in the promotion of Tourism in India.

(e) Strategic Channel Alliances

Strategic channel alliances are usually formed so that the company is capable of accessing the well-established distribution channel of another manufacturer/producer. Strategic channel alliances are usually formed when the establishment of marketing channel relationship is a time consuming and costlier affair. Example, in the year 2010, IPL (Indian Premier League) and youtube entered into a contract in which youtube is permitted to telecast IPL cricket league matches live across various Nations except United State.

Strategic channel alliances helps the company in carrying out promotional activities. When compared to Mergers and Acquisitions, strategic channel, alliances are more advantageous for growing business as it mainly concentrates on global markets.

Q36. How does the use of multiple channels affect the growth of a business?

Ans :

The use of channels of distribution would directly effect the growth of a business in a positive manner, if such channels are employed effectively and efficiently. The following table illustrates the major channels of distribution:

1. Manufacturer → Consumer
2. Manufacturer → Retailer → Consumer
3. Manufacturer → Agent → Retailer → Consumer
4. Manufacturer → Agent → Distributor → Consumer
5. Others

If an organization employs multiple distribution channels, it would help the firm in the following ways,

- (a) Using multiple channels of distribution would help the firm to cover a wide geographic area of the market.
- (b) It would help a firm to sell the same product to the consumers and the business market.-

For Example: A mobile cell phone service provider may use one channel to provide connections to its consumers through distributors, whereas another channel may be employed to sell corporate connections.

- (c) It would help the organization to cater to the needs of different size of customers.

Example

For Bulk Consumers → Company Sales force

For Small Consumers → Agents

- (d) It would help the firm to gain a strategic foothold in the market place.
- (e) Using multiple channels of distribution would provide the firm alternative options in case of emergencies, such as strikes etc.

3.8.1 Channel Management Decisions

Q37. Explain about channel management decisions?

Ans :

(Jan.-19)

Once the channel is selected after careful evaluation, the channel manager should develop channel management strategy for the selected channels. The channel management decisions involve selection, training, motivation, evaluation and modification of channel members. There is enough cooperation between the members of the distribution channel that helps in effective distribution and management. On the other hand, the competition between the elements of the distribution system is a major consideration not only at the time of designing but also at the time of management of channel.

Selection Of Channel Members

The ability to recruit and use intermediaries varies from producer to producer. Some powerful brand owners can always go for stronger distributors and deeper distribution. New producers often find it difficult to include their product assortments with established retailers. The marketing managers should identify what characteristics distinguish better intermediaries. Selecting marketing channels can be a complicated process, particularly if part of the channel is outside the producer's direct control. In addition, there is not an endless supply of available intermediaries sitting around waiting for producers to give them a call. The elements that managers examine as they define channel strategies can be grouped into market factors, product factors and producer factors.

Market Factors

Analyzing and understanding the target market is the first step in selecting marketing channels. There are several factors that an analysis of the market should explore, ranging from customers to types of competitive presence.

1. Customer Preferences

The channel, which is more preferred by customers.

2. Organisational Customers

Organisational customers frequently have buying habits that are different from those of other consumers.

3. Geography

Customer location is another important factor, determining the type of channel to be used.

4. Competitors

Often a good channel choice is a channel that has been overlooked or avoided by competitors. In some cases, the marketer may try to duplicate his competitors' channel in order to have his products end up on store shelves meant for competitors' products.

Product Factors

Even products that end up at the same retail location may need different intermediaries earlier in the channel. Following are the product related factors that influence the channel selection decision:

1. Life Cycle

A product category's stage in the life cycle can be an important factor in selecting a channel, and channels may have to be adjusted over time. Customers require less support once the product has established itself.

2. Product Complexity

Some products are so complicated and require so much support that producers need to stay closely involved. This indicates either a direct sales force or a limited number of highly qualified intermediaries. Scientific equipments, jet aircraft, nuclear reactors, pharmaceuticals, and computers are products whose complexity affects the way in which they are marketed.

3. Product Value

Value of the product also affects distribution channel choices. Items with low cost and high volume are usually distributed through large, well-established distribution networks, such as grocery wholesalers.

4. Product Size and Weight

A product with significant size and weight can face restricted distribution channel options, particularly if it is also of low value.

5. Consumer Perceptions

The perceptions customers have of products and producers also play a role in channel decision.

6. Other Factors

Depending on the product in question, other factors may enter into the decision as well. Some of these include whether a product is fragile or perishable and whether or not it requires significant customization.

Producer/Manufacturer Factors

Finally, there are several selection factors that involve the producers themselves. Following are the producer factors influencing channel selection:

1. Company Objective

The overall objective of a company influences its marketing channel choice.

2. Company Resources

Various distribution options require different levels of resources and investment.

3. Desire for Control

The need to control various aspects of the marketing process influences a producer's selection of the channel system. This control can encompass pricing, positioning, brand image, customer support and competitive presence.

4. Breadth of Product Life

Producer with several products in a related area faces a channel situation that is different from those with one or two products.

Training of Channel Members

The next important task is to train the channel members. This is because once appointed; intermediaries become internal customers for the firm. Secondly, in many instances intermediaries represent the company and its products to the

consumers. The training programs can be on selling skills, on business processes and other soft skills required to serve the end customer. The training programs should cover customer contact and interaction management, selling skills, relationship building skills and business development skills. The company should undertake a continuous training calendar for its employees.

Motivating Channel Members

Channel motivation involves developing compensation management programs and also giving non-fringe benefits for building long-term loyalty. The idea of developing a channel motivational program is to build their capability to perform better and take additional responsibility. It should also improvise its channel offering to provide superior value to consumers and channel members. The marketing manager should understand his need and then design motivational programs to stimulate peak level performance. The relationship should be developed based on mutual cooperation, trust and scientific distribution programming. The most challenging aspect is gaining intermediaries' cooperation for which one needs to use positive motivational tools like higher margins, cash discounts, quantity discounts, cooperative advertising, advertising allowances and point of purchase displays. Many marketing managers also use negative tools, like slowing down of distribution, reduction in cash allowance and credit period to threaten them to commit for higher sales.

However, with the changing competitive landscape, marketers are more towards relationship building through Partner Relationship Management Programs (PRM), permitting vendor integration with organisational supply chain system and motivating intermediaries for Quality Relation Deployment (QFD) in their business processes. They develop clear communication lines regarding their expectations and what rewards the intermediaries are likely to get due to their commitment. The company develops distribution programming in which a planned and sustained effort is made to develop and professionally manage vertical marketing systems that takes care of both the marketer and the intermediaries. Under PRM initiatives, companies have started setting up departments known as distributor relationship

management departments to take care of the evolving needs of customers and intermediaries. Today, companies are dealing with distributors as customers and plan joint merchandising goal setting, inventory management, space and visual merchandising plans and retail sales training programs with them. The company must motivate the channel members to realise their potential. A company should make use of the following strategies for motivating intermediaries.

Relationship Marketing

Relationship starts on the premise that in a variety of products, mass marketing has run its course, and that conventional methods of advertising are not delivering the kind of results they are supposed to. Here companies like Tupperware, Avon, Amway, and Modi Care do not distribute their products through the traditional distribution system. Relationship marketing puts stress on company's relation with the distributor. A good relationship with the distributor will create long-term relations and improve the sales. Benefits and Costs Offered to Intermediaries: The company should offer various benefits to a distributor. These, as well as reimbursement of expenses, will create a positive impact on the distributor. The company can offer the following benefits to a distributor:

1. Reduction in the amount of capital employed by the distributor
2. Lower operating costs
3. Availability of specialist services
4. Reduction of overall risk
5. Customer finance schemes
6. Increased sales promotion.

Co-operative Programs

Co-operative approach is a traditional method of motivating the intermediaries. Co-operative approach includes advertising allowances, training sale people, payment for displays, free goods, commission on extra sales, etc. These programs will help increase the sales of intermediaries.

Distributor Advisory Councils (DAC)

In this method, a council of distributors is formed which gives the opinion of distributors to the company. Normally, in these councils, top management discusses its problems with channel members. DAC results in an overall improvement of channel communication and helps the manufacturer to learn more about the needs and problems of his channel members.

3.9 NETWORK MARKETING

Q38. What is network marketing.

(OR)

Explain briefly about various types of network marketing.

Ans :

The marketing activities used by producers or manufactures of a company to increase their sales and expand the business network is referred as network marketing. In a network marketing company an agent or distributor is appointed to create a network of channelizing and expanding the sale of business. It helps to reach the customers on time without consuming much resources and in an interactive manner. It mainly takes place in a business-to-business context, wherein the companies allocate resources for developing positions in a network based on relationship with customers, distributors, suppliers, median and competitors.

Types of Network Marketing**1. Single Tier form of Network Marketing**

Single tier form of network marketing is the simple and easy way to enter into the world of network marketing. It is important for the distributors to concentrate only on sales, because in this type of marketing, the company does not allow the distributor to recruit its sub-distributor. Therefore, the distributor may get profits/commission only on the sales made by him through his networks only. The individuals who are interested can sign up the program whenever they want and can start earning by selling the various products and services into their channels. The distributor needs to concentrate on building customer relationship. The companies which uses single tier network marketing are Avon, kleeneze, Betterware, etc. This type of marketing is also followed by some online platforms where the individual receives his payment as Per Pay Per Click (PPC) or Pay Per Lead (PPL).

2. Two-Tier form of Network Marketing

Two-tier form of network marketing is the another type of network marketing. In this, the distributor can recruit the sub-distributors, but the payment is not completely depended on recruitment. They may get payment according to the direct sales and recruitments made by them. It is also known as double tier network marketing. It is a unique and effective type of marketing. The example for two tier company is ken Envoy's site sell.

3. Multi-Level Form of Network Marketing

Multi-level form of network marketing is the most popular type of network marketing across the globe. In this, there are more than two levels of network marketing strategies they are, demand-

driven contact network marketing and name driven network marketing. It uses various multi-level software to run the organization effectively and efficiently.

The distributors of multi-level marketing can earn greater profits through various programs. It also provide many other incentives for the people involved in this kind of marketing.

Q39. Explain the role of intermediaries in network.

Ans :

Intermediaries play a great role in distributing and creating value for the consumers. The generic value network as proposed by Michael Porter describes the activities involved in the manufacture, marketing and delivery of products and services by the firm. A value network consists of two sets of components, namely primary activities and secondary activities. The primary activities include inbound logistic, operations, outbound logistics, marketing and sales and services. The secondary activities include procurement, technology development, human resource management and development of organisational infrastructure. The primary activities are value adding activities whereas the secondary activities are value creating activities. Atypical value network is shown in the Figure.

Porter value chain template

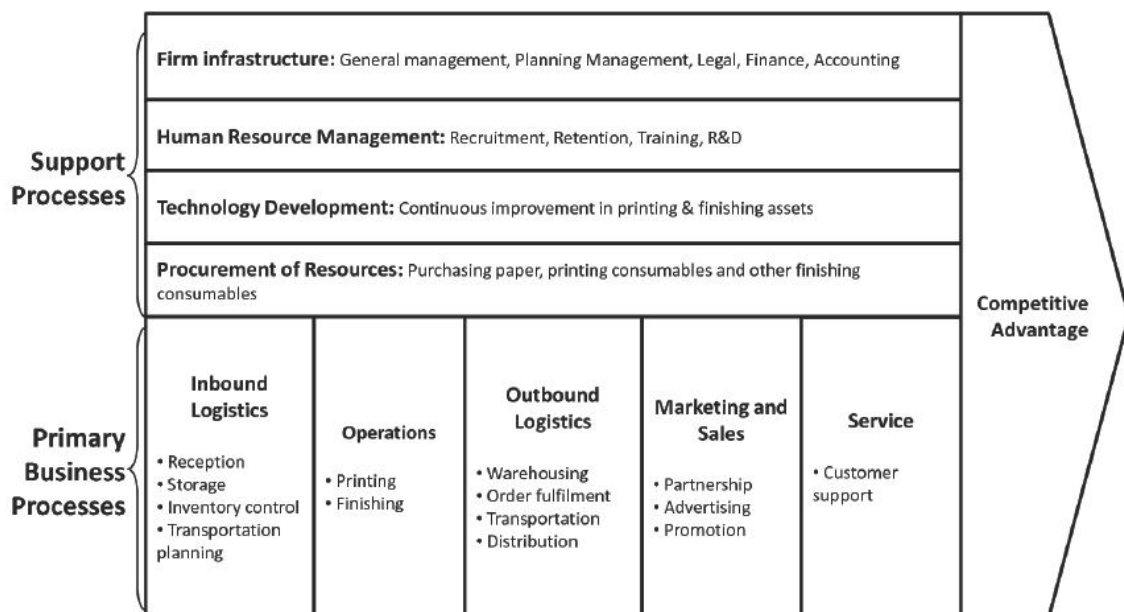


Fig. : Generic Value Chain

Value can be added during movement of goods from supplier's point to the end customer through the manufacturing process at any of the identified five primary activities. Marketing channels perform important role in the three of the latter stages, namely outbound logistics covering order processing, storage and transportation; marketing and sales covering marketing research, sales presentation and demonstration and sales promotions; and services covering repair, after sales service and maintenance, training and supply of spare parts. In few of the rare instances, marketing manager controls the entire value network. So, it is important to manage the distribution channel intermediaries to minimise the cost of serving customer and optimizing the competitive advantage for the firm. One should understand and analyse the role of intermediaries before making a final decision in designing the distribution channel for the benefit of the organisation.

3.10 PROMOTION MIX

Q40. What is Promotion Mix ?

Ans :

A promotional mix is important to the success of a firm because all firms want to promote and grow their firm to generate more revenue. By using promotional tools, a firm can bring in new customers and encourage these customers to come back through high quality service. A good promotional campaign starts with the promotional tools, but a great promotional campaign uses the promotional tools along with great customer service to create customer loyalty, realizing the potential loyal customers have on future business.

Objectives

The promotion objectives centers around the following six stages to attract the target audience. They are,

- i) Awareness
- ii) Knowledge
- iii) Liking
- iv) Preference
- v) Conviction, and
- vi) Purchase.

The six stages together constitute "hierarchy of effects" as the buyers go through each of these stages before purchasing and it also facilitates effect of promotion.

i) Awareness

The seller's task is to create awareness in the minds of the buyers towards the brand or products.

Example : Dental check up for avoiding tooth related problems, Indian Medical Dental Association is establishing camps where free dental check up is carried out for all the patients.

ii) Knowledge

Knowledge is more than awareness where a buyer gathers and learns about the usage of products and its associated features. With the help of knowledge, customers get an idea about the product and its usefulness.

Example: Fem Bleach cream contains a leaflet in its pack which gives information to the customers about its application, use and affects.

iii) Liking

Liking refers to the market's perception towards the product. Various techniques are used to differentiate one brand from another. The common technique for the brand is to associate with attractive logo, symbol or person.

iv) Preference

Preference refers to giving more preference (priority) to the products of a particular brand over the products of other brands. Customers give preference to the brand if they are satisfied with that brand or that brand has special effects in the minds of customers irrespective of other brands offering the same benefits.

v) Conviction

Conviction factor helps the customers to take final decision of purchasing the product, which fulfill the buyers' needs.

Example : Cameras with Bluetooth, image clarity, dual sim card facility etc., satisfies the customers needs which enables them to purchase the product.

vi) Purchase

A customer may delay the purchase of a product even though he wants to by due to the hinderance caused by the situational factors such as lack of sufficient money at the time of shopping, customer's resistance to change. Promotional efforts acts as a tool in maintaining loyalty among customers who purchase the product in specific stores frequently.

Q41. What are the elements of promotion mix?

Ans : (Aug.-18)

The different elements of promotional mix are :

1. **Advertising :** Any paid form of non personal presentation of ideas, goods or services by an identified sponsor.

2. **Personal Selling** : It is an oral presentation for prospective customers to generate the sales.
3. **Sales Promotions** : It is short incentives for sale of goods or services.
4. **Publicity and Public Relation** : Stimulate demand in a non personal way. PR maintains effective relation of the organization with different public like employees, customers, shareholders, suppliers, dealers, govt. and media. Any form of non paid commercially significant news about ideas, products or institutions.
5. **Direct Marketing** : Direct communication with carefully targeted individual consumers - the use of Telephone, Mail, Fax, E-mail, the internet, and other tools to communicate directly with specific consumers.
6. **Internet Marketing** : The internet is a world wide means of exchanging information and communicating through a series of inter connected computers. The commercial importance of internet attributed to web.

3.10.1 Advertising

Q42. What is advertising ? Explain the features of advertising.

Ans ;

The term Advertising originates from the Latin 'Advetro'. Which means to turn Round. Advertising thus denotes the means employed to draw attention to any object or purpose. In marketing context, Advertising has been defined "as Any paid form of Non-personal presentation and promotional of ideals, good or services by an identified sponsor. Through Advertisement, the Advertiser intends to spread his ideals about his products/ offerings among his customers and prospects. Popularisation of the products is the basic aim of the Advertising Activity.

Meaning

Advertising is a paid form of a non-personal message communicated through the various media by industry, business firms, nonprofit organisations,

or individuals. Advertising is persuasive and informational and is designed to influence the purchasing behaviour and/or thought patterns of the audience. Advertising is a marketing tool and may be used in combination with other marketing tools, such as sales promotions, personal selling tactics, or publicity.

Definition

Advertising is defined differently by different people, some of the definitions are as follows:

- i) **According to Richard Buskirk**, "Advertising is a paid form of non-personal presentation of ideas, goods or services by an identified sponsor."
- ii) **According to Wheeler**, "Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducing people to buy."

Features

1. Tool for Market Promotion

There are various tools used for market communication, such as advertising, sales promotion, personal selling and publicity. Advertising is a powerful, expensive and popular element of promotion mix.

2. Non-personal

Advertising is a type of non-personal or mass communication with the target audience. A large number of people are addressed at time. It is called as non-personal salesmanship.

3. Paid Form

Advertising is not free of costs. Advertiser, called as sponsor, has to spend money for preparing message, buying media and monitoring advertising efforts. It is the costliest option of market promotion. Company has to prepare its advertising budget to appropriate advertising costs.

4. Wide Applicability

Advertising is a popular and widely used means for communicating with the target market. It is not used only for business and

profession, but is widely used by museums, charitable trusts, government agencies, educational institutions, and others to inform and attract various target publics.

5. Varied Objectives

Advertising is aimed at achieving various objectives. It is targeted to increase sales, create and improve brand image, face competition, build relations with publics or to educate people.

6. Forms of Advertising

Advertising message can be expressed in written, oral, audible or visual forms. Mostly, message is expressed in a joint form, such as oral-visual, audiovisual, etc.

7. Use of Media

Advertiser can use any of the several advertising media to convey the message. Widely used media are print media (newspapers, magazines, pamphlets, booklets, letters, etc.), outdoor media (hoardings, sign boards, wall-printing, vehicle, banners, etc.), audio-visual media (radio, television, film, Internet, etc.), or any other to address the target audience.

Q43. What are the Objectives of Advertising?

Ans :

The real objective of advertising is effective communication between producers and consumers with the purpose to sell a product, service, or idea. The main objectives of advertising are as follows:

1. Informative

Objective of advertising is to inform its targeted audience/customers about introduction of new product, update or changes in existing products or product related changes, information regarding new offers and schemes. Informative advertising seeks to develop initial demand for a product. The promotion of any new market entry tends to pursue this objective because marketing success at this stage often depends simply on announcing product availability. Thus, informative advertising is common in the introductory stage of the product life cycle.

2. Persuasive

Objective of advertising is to increase demand for existing product by persuading new customer for first time purchase and existing customers for repurchases. Persuasive advertising attempts to increase demand for an existing product. Persuasive advertising is a competitive type of promotion suited to the growth stage and the early part of the maturity stage of the product life cycle.

3. Reminder

The objective of advertising is to remind customers about existence of product, and ongoing promotional activities. Reminder advertising strives to reinforce previous promotional activity by keeping the name of a product before the public. It is common in the latter part of the maturity stage and throughout the decline stage of the product life cycle.

Q44. Explain the importance of advertising.

Ans :

Organisations are benefited through various advantages of advertising which are as follows :

1. Importance to Manufacturers

"It pays to advertise", is quite a rational statement as advertising is beneficial for manufacturers in many ways :

i) Increased Sales

The primary purpose of every producer engaged in advertisement of the products manufactured, is to stimulate and increase sales of the product. Goods manufactured on a large scale are marketed by advertising, which is a common influential method. Advertising assists in increasing the sales figures. Frequent and persistent broadcasting of an advertisement will help the producer, to grab attention of more customers and increase its market coverage apart from the current markets. It helps in indicating additional benefits of the product to potential customers.

ii) Steady Demand

Seasonal fluctuations cause decrease in demand of the product. But advertising regularises these variations in demand for various products. Producers are always searching for new benefits and features of a seasonal product, to advertise and attract new customers. For example, new and innovative products like cold coffee and ice-tea have become popular beverages in the month of summer. These beverages are preferred by customers thus increasing the demand. Refrigerator can be considered as another example which has similar demand pattern.

iii) Lower Costs

Advertising acts as a motivator for sales and an enormous increase in the turnover ratio is observed. This is beneficial in two ways, i.e.. firstly, advertising expenses (included in the total selling costs) get evenly distributed over huge sales volume, which ultimately reduces per unit selling cost. And secondly, the per unit production cost is reduced due to increase in production levels initiated by increase in turnover ratio.

iv) Greater Dealer Interest

Retailers receive a considerable amount of help, while performing their task of selling goods (which are being advertised by the manufacturers). Retailers are always interested in selling advertised goods, because advertising creates demand for such goods in the market and hence, they are never concerned about increasing sales of such goods.

v) Quick Turnover and Smaller Inventories

A well-regulated and efficient advertising campaign enables expeditious turnover of products due to creation of a highly reactive market. It also decreases the inventory cost due to constant demand.

vi) Supplementing Salesmanship

The most essential premise for selling a product is done by advertising. Advertising simplifies

the job of a salesman. It supplements the work of the salesman as he has to only suggest the product which the prospective buyer is already acquainted with (by way of advertisements).

vii) Encouragement to Better Performance

Advertising of the products manufactured by the organisation gives a proud feeling and sense of self-esteem to the employees of that organisation as they are part of the whole process. It increases efficiency levels of employees and workers and also motivates them to increase their efforts. This raises the team spirit and confidence of the employees of the organisation.

viii) Creation of Goodwill

The advertising benefits the manufacturer by establishing a good reputation for it. It makes the organisation a producer who has developed a positive image of delivering quality products to the society.

2. Importance to Consumers

Following points highlight the advantages of advertising to consumers:

i) Facility of Purchasing

The shopping experience of customers is simplified due to advertising, because the re-sale value of products sold by retailers is predetermined, which is mentioned in the ads. An explicit and absolute commitment is given by an advertisement to target audience that the product offered is not excessively priced, thus, making the customer comfortable while finalising their choice.

ii) Improvement in Quality

Usually, organisations promote their products under the respective brand names. Thus, when a customer decides to buy a product after watching the advertisement, it is the brand assurance which helps him to prefer the product over other similar options available under different brand names. The organisation can expect regular orders from

the customer if he gets the anticipated benefit from the product. If not, the organisation may experience a steep fall in the sales, once the anticipated quality is not received by the customer.

iii) Elimination of Unnecessary Intermediaries

Advertising builds up a direct link between the producer and the consumer. This association can help to reduce the price of the product which has been increased due to middlemen margins and subsequently increase the profit margin of the producer. It implies that consumers are being offered products at low rates and huge earnings are generated by the producer.

iv) Consumer's Surplus

Many people discover the value of products through advertisements, as it results in increased utility of available products. In case of products with higher utility rate, advertising adds more points to their popularity. It will lead to consumer's surplus with reference to the additional satisfaction obtained from the products, if these products are made available at cheaper rates.

v) Education of Consumers

Advertising is a powerful and informative concept. It is a medium to inform and educate the consumers about various innovative products being launched in the market and their uses and benefits. Thus, it induces them to shun their old behavioural pattern and embrace modern lifestyle. Hence, it leads the customers to a superior standard of living.

Q45. What are the functions of Advertising ?

Ans :

Advertising has become an essential marketing activity in the modern era of large scale production and serve competition in the market. It performs the following functions:

1. Promotion of Sales

It promotes the sale of goods and services by informing and persuading the people to buy them. A good advertising campaign helps in winning new customers both in the national as well as in the international markets.

2. Introduction of New Product

It helps the introduction of new products in the market. A business enterprise can introduce itself and its product to the public through advertising. A new enterprise can't make an impact on the prospective customers without the help of advertising. Advertising enables quick publicity in the market.

3. Creation of Good Public Image

It builds up the reputation of the advertiser. Advertising enables a business firm to communicate its achievements in an effort to satisfy the customers' needs. This increases the goodwill and reputation of the firm which is necessary to fight against competition in the market.

4. Mass Production

Advertising facilitates large-scale production. Advertising encourages production of goods in large-scale because the business firm knows that it will be able to sell on large-scale with the help of advertising. Mass production reduces the cost of production per unit by the economical use of various factors of production.

5. Research

Advertising stimulates research and development activities. Advertising has become a competitive marketing activity. Every firm tries to differentiate its product from the substitutes available in the market through advertising. This compels every business firm to do more and more research to find new products and their new uses. If a firm does not engage in research and development activities, it will be out of the market in the near future.

6. Education of People

Advertising educate the people about new products and their uses. Advertising message about the utility of a product enables the people to widen their knowledge. It is advertising which has helped people in adopting new ways of life and giving-up old habits. It has contributed a lot towards the betterment of the standard of living of the society.

7. Support to Press

Advertising provides an important source of revenue to the publishers and magazines. It enables to increase the circulation of their publication by selling them at lower rates. People are also benefited because they get publications at cheaper rates. Advertising is also a source of revenue for TV network. For instance, Doordarshan and ZeeTV insert ads before, in between and after various programmes and earn millions of rupees through ads. Such income could be used for increasing the quality of programmes and extending coverage.

Q46. Explain various benefits of advertising.

Ans ;

(Jan.-18)

The benefits of advertising to various manufacture are as follows:

I) Benefits to Manufacturer

1. It enhances sales volume.
2. It helps to know competitors.
3. It helps in enhancing the brand image.
4. It helps in making advertising strategies.
5. It enhances the demand for the product.
6. It helps to promote innovate products and services.
7. It helps in gaining customer loyalty.
8. It ensures lower inventory costs.
9. It motivates the employees.
10. It enhances the productivity.
11. It enhances the efficiency.
12. It saves the business from seasonal fluctuations.
13. It is a good selling tool for big businessmen.
14. It stimulates business recovery in severe recessions.
15. It increases interest among dealers in manufacturer's goods.

II) Benefits to Salesmen

1. It is quite easy for the salesmen to introduce products, services and ideas.
2. It reduces the efforts of sales men.
3. It helps in customer relationship management.
4. It helps to drive the consumer towards the salesmen at the point of sale.

5. It educates the sales-force.
6. It enhances self-confidence in sales men.
7. It motivates the sales-force.
8. It enhances the efficiency of sales force.
9. It helps the sales force in achieving their sales target.
10. It enhances the sales force efficiency.

III) Benefits to Distribution Channel (Wholesalers and Retailers)

1. It enhances the sales volume.
2. It enhances the labour efficiency.
3. It reduces the selling costs.
4. It supplements the selling activities.
5. It discourages bargaining with retailers.
6. It is a very potent and effective salesman of middlemen.
7. It ensures easy sales of the products.
8. It enhances the turn-over of the stock.
9. It ensures economical selling by reducing selling overheads.
10. It ensures good customer relationship.

IV) Benefits to Customers

1. It helps the customer to find the best products or services.
2. It helps the customers to compare various products and services.
3. It helps the customer in buying decision process.
4. It ensures value for money.
5. It enhances the knowledge of the consumers.
6. It creates a positive image of good products.
7. It reduces dissonance.
8. It enhances living standards.
9. It helps in eliminating the middlemen.
10. It results in cheaper goods.

V) Benefits to Society

1. It leads to development of society.
2. It enhances employment.
3. It gives choices to buyers with self interest.
4. It leads to healthy competition.
5. It enhances standard of living.
6. It provides information on social, economical and health issues.
7. It helps educating people.
8. It helps to address social issues such as welfare of animals.
9. It accepts and maintains the value structure of society.
10. It imparts cultural ideas and valuable lessons of life-styles.

3.10.2 Social Media and Advertising**Q47. Compare and contrast social media and advertising.***Ans :*

S.No.	Basis	Social Media	Advertising
1.	Meaning	Social media refers to the platforms or websites, where the users create and share the content.	Advertising refers to any paid of non personal communication about an organization, product or service.
2.	Type of Communication	It provides two way communication, where the users can interact with each other.	It provides one way communication through single message.
3.	Cost	It involves low cost when compared to advertising.	It involves high cost to advertise the product.
4.	Generation of Content	It's Content is generated by the audience or un-professionals.	It's content is generated by the professional, expert in that field.
5.	Type of system for communication	It is a open system, where the person can share their opinions and give feedback.	It is a closed system, there is no interaction between people.
6.	Target Audience	It targets the potential. audience.	It targets the audience at large.
7.	Hidden Information	It provides transparent information i.e., there is no hidden information of a product.	It provides non-transparent information i.e., one or more features or information is hidden from the user.
8.	Control	It provides more control over the message.	It provides less control over the message.

3.10.3 Sales Promotion**Q48. Define sales promotion? Explain the need of sales promotion.****(OR)****What is sales promotion.***Ans :***(Nov.-20, Feb.-20)**

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Where as advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest) trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager's responsibility to specify promotion objectives and policies.

Definitions

- (i) **According to the Institute of Sales Promotion**, "Sales Promotion comprises that range of techniques used to attain sales or marketing objectives in a cost effective manner by adding value to a product or service either to intermediaries or end users, normally but not exclusively within a defined time period. Almost every Company uses Sales Promotion techniques at some stage of the product life cycle since sales promotion techniques provide a strong incentive to Buy.
- (ii) **According to William J. Stanton**, "Sales promotion is an exercise in information, persuasion and influence".
- (iii) **According to American Marketing Association**, "These marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness such as display shows and exhibitions, demonstrations and various non-recurrent selling efforts not in the ordinary routine".
- (iv) **According to Philip Kotler**, "Promotion encompasses all the tools in the marketing mix whose major role is persuasive communication".

Need

The various objectives of sales promotion are as follows.

- 1. To Introduce New Products**
To induce buyers to purchase a new product, free samples may be distributed or money and merchandise allowance may be offered to business to stock and sell the product.
- 2. To Attract New Customers**
New customers may be attracted through issue of free samples, premiums, contests, and similar devices.
- 3. To Induce Present Customers to Buy More**
Present customers may be induced to buy more by knowing more about a product, its ingredients, and uses.

4. To Help Firm Remain Competitive

Sales promotions may be undertaken to meet competition from a firm.

5. To Increase Sales in Off Season

Buyers may be encouraged to use the product in off seasons by showing them the variety of uses of the product.

6. To Increase the Inventories of Business Buyers

Retailers may be induced to keep in stock more units of a product so that more sales can be affected.

7. To Develop Patronage Habits among Customers

It can be done by popularising goods and services of the producer among the potential consumers and to motivate them towards larger purchases.

8. To Educate Customers

Educating customers/dealers and salesmen simplifies the efforts of salesforce and motivate them for larger purchase.

9. To Stimulate Sales

Sales promotion can promote larger sales in certain specified segments of market. To stimulate maximum sales on special occasions such as Diwali, religious festivals, and other such occasions.

10. To Facilitate Coordination

Sales promotion can be easily used to facilitate coordination and proper link between advertising and personal selling.

Q49. Explain the Scope of Sales Promotion.

Ans :

The scope of sales promotion can be visualised in following aspects:

1. Exposure

The important objective is simply to expose an adequate number of target consumers to it. Managers must choose promotional media that will reach adequate number of target co-planning for exposure, marketers should take the following steps:

- i) Define target consumers,
- ii) Determine their numbers,
- iii) Choose the promotion media, and
- iv) Determine the promotion budget needed to acquire the number of exposures.

2. Attention

The term attention refers to the state of focusing one's mind upon something. Marketers are faced with the need to take steps to make their promotion stand-out and say or do something to attract consumer attention.

3. Comprehension

To comprehend is to understand, or to receive communicated knowledge. The objective is achieved when consumers interpret the message in the manner intended by the marketer. Consumers often fail to comprehend promotional message when the messages are poorly designed or simply not able to create interest.

4. Attitude Change

It involves readiness to respond in a particular way. When a message promises a reward, it will change the attitude of the customer. **For example**, a strong cleaning powder or a detergent will increase the chances of attitudinal change.

5. Behaviour/Action

Inducing behaviour or action is especially important in personal selling and sales promotion. Many managers encourage consumers to:

- i) Buy the brand for the first time,
- ii) Continue to buy the brand,
- iii) Buy more of the brand,
- iv) Urge friends to buy the brand,
- v) Visit a retail store.
- vi) See a demonstration of the brand, and
- vii) Try-out the brand.

Q50. Explain the distinct Characteristics of sales promotion.

Ans :

Sales promotion is one of the powerful tools used to achieve various promotional objectives. The following are the important characteristics of a successful sales promotion.

1. Maximum Effect at Minimum Cost

The nature of promotion objective involves achievement of objective by way of sales promotion instead of advertising, then the promotion objective is achieved through minimum cost.

2. Motivates Consumers to Buy Now

Successful sales promotions strive towards purchasing now rather than postponing to future. The role of consumers in this case is to take instant decision to process the transaction further.

3. Offers What the Consumers Want

Sales promotion should never use that strategy which is not desirable by target consumers. They can attract consumers only if the offers are interesting, exciting and valuable to them.

4. The Promotion should be Clear and Uncomplicated

The successful sales promotions have powerful incentive to carry-out the process. There is a direct relationship between subsidiary offer and main offer. The promotion should be clear so that the consumers can understand the promotional offer better. If the promotion is not clear, then the target consumers will not get attracted to the offer made.

5. Promotion should be Highly Visible

The strategy behind making the offer is to attract the target consumers. In this case, the selection of media : crucial. If the promotion is effective, then it results in high visibility and creative qualities.

6. Promotion should Benefit all Concerned

Promotions consist of co-operation of sales force and channel members. These few aspects are motivated to; greater extent in order to get the promotional efforts successful.

7. Promotion must be Believable and Honest

The foremost aspects of promotion which are crucial to the target consumers are promotion should be both: believable and honest, otherwise, the consumers lose interest in this aspect. The other key aspects which the target consumers look in to promotion are exact details of the product, no exaggerations, respecting public intelligence etc.

8. Promotion must be Legal

Promotion by no means should be illegal. The marketers must carefully analyze the authenticity and legality of promotion prior to announcement in the market.

9. Promotion must be Implemented Efficiently

Few types of promotions comprises of handling houses and premium suppliers. Proper arrangement in this case helps in reducing complexities arising due to involvement of outside parties.

Q51. Explain the various Reasons for the growth of Sales Promotion

Ans :

- 1. Cost-Effective:** High cost of media advertising such as newspapers and TV, is one of the main reasons to find more cost-effective forms of sales promotion.
- 2. Growth of Super markets:** The growth of huge supermarkets necessitated the need for aggressive selling. On-the-shelf promotion is another reason for its growth.
- 3. Accelerates Cashflow:** By inducing more sales through sales promotion, inflow, of cash increases — This could be one of the objectives of the firm.

- 4. Production capacity:** To maintain the high production capacity, a company may go for sales promotion to accelerate sales.

- 5. Creation of Goodwill:** Media advertising tends to be impersonal whereas sales promotion is more personal, linking the manufacturer with the customer.

- 6. Fun and Excitement :** The introduction of a certain amount of fun and excitement into promotions which customers can enjoy as participants.

- 7. To attract buyers:** To encourage impulse buying and attract first-time buyers, sales promotion is used.

Q52. Explain the various tools of sales promotion.

Ans : (Nov.-20)

1. Consumer Promotion/Consumer Oriented Sales Promotion

Consumer-oriented sales promotion focuses on the ultimate consumers of goods and services. They are customer focused sales promotions. They are especially designed to motivate customers to buy the company's product or service. Consumer-oriented sales promotions is one of the elements of promotional pull strategy. They work in coordination with advertising to induce customers to buy a particular product or service and thereby increase the demand for the product or service.

2. Trade Promotion/Trade Oriented Sales Promotion

Trade oriented sales promotion is a type of promotion which is used to motivate the resellers or dealers, retailers, producers to promote the products in an effective manner.

Trade oriented sales promotion basically depend upon the well-defined objectives, measurable goals, and marketer's consideration to achieve the goals.

3. Business Promotion

Business promotion refers to a marketing communication used for creating interest among the target audiences regarding a business.

4. Sales Force Promotion

The sales promotional activities which are directed towards sales people are termed as 'Sales Force Sales Promotions' or 'Sales Force Promotions'. The major purpose of sales force promotions is to enhance the performance related to sales force.

3.10.4 Public Relations**Q53. Define Public Relations ? Explain the features of Public Relations.**

Ans :

Public relations is, "The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its public". A firm's public includes its employees, stakeholders, trade unions, general public, customers (past, present and future), charities, media, government and politicians etc.

An organisation needs to communicate with the public both internally as well as externally. As the attitude of the public influences the sales of an organisation, enhanced public relations work to enhance the overall image and create goodwill for the company. Hence organisations need to communicate with one or all members of its public regularly.

Definition

According to International conference of public relations institutions held in Mexico City, "Public relations practice is the art and social science of analysing trends, predicting their consequences, counseling organisation leaders and implementing planned programmes of action which will serve both the organisation and the public interest."

Characteristics of Public Relations**1. Relatively Low Cost**

The major advantage of public relations is that it tends to be much cheaper, in terms of cost

per person reached, than any other type of promotion. Apart from nominal production costs, much PR activity can be carried out at almost no cost, in marked contrast to the high cost of buying space or time in the main media. To make the most use of this apparently free resource, many companies retain outside PR consultants who can prove themselves to be cost-effective in developing these opportunities.

2. Can be Targeted

Public relations activities can be targeted to a small specialised audience if the right media vehicle is used.

3. Credibility

The results of PR activity often have a high degree of credibility, compared with other promotional sources such as advertising. This is because the audience may regard such a message as coming from an apparently impartial and non-commercial source. Where information is presented as news, readers or viewers may be less critical of it than if it is presented as an advertisement, which they may presume to be biased.

4. Relatively Uncontrollable

A company can exercise little direct control over how its public relations activity is subsequently handled and interpreted. If successful, a press release may be printed in full, although there can be no control over where or when it is printed. At worst, a press release can be misinterpreted and the result can be very unfavorable news coverage. This is in contrast to advertising, where an advertiser can exercise considerable control over the content, placing and timing of an advert.

5. Saturation of Effort

The fact that many organisations compete for a finite amount of media attention puts pressure on the public relations effort to be better than that of competitors. There can be no guarantee that PR activity will have any impact on the targets at whom it is aimed.

Q54. Explain the objectives and tools of public relation.

Ans :

Objectives and Public Relation

- (i) To build up mutual understandings and good relations.
- (ii) To inform the public through different media.
- (iii) How to employ the objectives.
- (iv) To create a public opinion,
- (v) To win the publics.
- (vi) To build up a good image of organization.
- (vii) To help the company in informing the public about good work done by the organization.
- (viii) To inform the public about the activities achievement outstanding performances of the organization to the publication through n/p and other media.
- (ix) To advise the management about what the public thinks about the company i.e. to provide the management with necessary feedback.
- (x) To publish the launchings of a new product or services.
- (xi) To establish and maintain cordial relation with the press and other media for avoiding adverse criticism.
- (xii) To maintain good relations with the government both state and central and the community in adverse criticism
- (xiii) To mould public opinion in favor of the organization.
- (xiv) To arrange effective and timely publicity of the performance and the policies of the organization.
- (xv) To establish and maintain mutual understanding and cordial relations between the organization and its internal publics i.e. employees.

Tools of Public Relations

A wide range of tools is available to the PR practitioner, and the suitability of each tool is dependent upon the promotional objectives at which it is directed. In general, the tools of public relations are best suited to creating awareness of an organization and its products, or a liking for them. Public relations tend to be less effective in directly bringing about action in the form of purchase decisions.

Some of the important tools of public relations are described below:

1. Press Releases

A press release can be defined as a communication that seeks to secure editorial space in the media, as distinct from paid-for advertising space. Because of its important contribution towards the promotion mix, this tool is considered in more detail later.

2. Lobbying

Professional lobbyists are often employed by a company in an effort to inform and hence influence those key decision makers who may be critical to its success. Lobbying can take place at a local level (e.g. a fast food company seeking to convince members of a local authority' about the benefits of allowing them to locate in a sensitive area); at a national level (e.g. lobbying by UK brewers to bring UK tax on beer down to the lower levels of many other European Countries); and at a supranational level (e.g. the lobbying by herbal remedy companies in 2003 against planned new EU regulations which would require expensive product testing).

3. Education and Training

In an effort to develop a better understanding – and hence liking – of an organization and its products, many firms aim education and training programmes at important target groups. In this way, food manufacturers

frequently supply schools and colleges with educational material that will predispose recipients of the material to their brand. Open days are another common method of educating the public by showing them the complex processes that occur 'behind the scenes' in order to ensure a high quality of output for customers.

4. Exhibitions and Trade Shows

Most companies attend exhibitions not with the intention of making an immediate sale, but to create an awareness of their organization which will result in a sale over the longer term. Exhibitions offer the chance for potential customers to talk face to face with representatives of the organization and to sample products. Exhibitions are used to target both consumer and commercial audiences. Many trade shows are important events in their respective business sectors, where a high proportion of key decision makers are likely to be present. The annual World Travel Market in London, for example, is an ideal opportunity for travel-related organizations to communicate with their key business customers. The absence of a company at such key exhibitions may lead to concern among some visitors about why they have chosen not to be there.

3.10.5 Personal Selling

Q55. Define Personal Selling.

Ans :

Personal selling is an oral presentation for prospective customers to generate the sales. It involves a face to face relationship or interpersonal interaction or communication between a sales person and buyer.

Personal selling is an important aspect of sales activity which in its broader sense, is the means for implementing marketing programmes to achieve sales target and marketing objectives. Personal selling is the overall activity and salesmanship is the one aspect of personal selling. Salesmanship is one of the skills used in personal selling.

Q56. Explain the objectives of personal selling.

Ans :

The objectives of personal selling could be quantitative and qualitative.

(a) **Quantitative** : These are all short-term objective.

(b) **Qualitative** : These are long-term objectives.

(a) Quantitative Objectives

- To get the orders and execute these orders to customer satisfaction.
- To meet sales target and profits and expenses.
- To maintain the present account and add new customers.
- To maintain the market share and competitive edge.
- To reach sales volume
- To submit the management reports regularly as per company policies.

(b) Qualitative Objectives

- To do the entire selling jobs.
- To serve the existing accounts in terms of their order booking, stock position, requirements.
- To generate new enquires and new prospects.
- To convert some of the new prospects in to long term customers.
- To keep regular contact with customers to inform them of product information, production technical facilities and company's quality of work and payment policies.
- To co-ordinate with distribution of channel to improve sales and market share.
- To collect the information from markets, customer, suppliers, distribution channels and consultants for use by company management.

Q57. Explain the importance of personal selling.

Ans :

1. Personal selling is an important element in the promotion mix. It has become a dynamic element in the marketing mix. It has been observed that 20 percent of the total sales are effected through personal selling.
2. The salesman pinpoints the prospective buyers when other sales promotional activities cannot reach them. Here thee is a minimum waste of effort and time.
3. Personal selling is to maintain attention and interest in the public. This is useful to motivate of the buyers.
4. Through personal selling, the salesman understanding the reactions and objections of the prospects.
5. In sales presentation, the salesman can adjust the reaction of the potential buyers. It is two way communication, so the salesman can findout the weakness of the buyers.
6. Feedback is possible in personal selling.
7. Salesman can other services to customers and retailers.
8. Personal selling is useful to prepare market lands and management controlling, planning and execution.
9. Salesman can easily find the target customers. They can formulate suitable strategies and effective policies for increasing the sales.

Q58. Explain the advantages and disadvantages of personal selling.

Ans :

The nature of personal selling positions this promotional tool uniquely among those available to marketers. Its advantages include the following:

Advantages**1. Allowing for two-way interaction**

The ability to interact with the receiver allows the sender to deter-mine the impact of the message. Problems in comprehension or

objections can be resolved and in-depth discussions of certain selling points can be provided immediately. In mass communications this direct feedback is not available and such information cannot be obtained immediately (if at all).

2. Tailoring of the message

Because of the direct interaction, messages can be tailored to the receiver. This more precise message content lets the sender address the consumer's specific concerns, problems, and needs. The sales rep can also determine when to move on to the next selling point, ask for the sale, or close the deal.

3. Lack of distraction

In many personal selling situations, a one-to-one presentation is conducted. The likelihood of distractions is minimized and the buyer is generally paying close attention to the sales message. Even when the presentation is made by a group of salespeople or more than one decision maker is present, the setting is less distracting than those in which nonpersonal mass media are used.

4. Involvement in the decision process

Through consultative selling and relationship marketing, the seller becomes more of a partner in the buying decision process, acting in conjunction with the buyer to solve problems. This leads the buyer to rely more on the salesperson and his or her products and services. An added benefit may be increasing the involvement of the organization's own employees.

5. Source of research information

In a well-integrated marketing/sales department the sales force can be the "eyes and ears" of the firm. Sales reps can collect information on competitors' products and services, promotions, pricing, and so on, firsthand. In addition, they can learn about the buying needs and wants of customers and potential customers.

Disadvantages**1. Inconsistent messages**

Earlier we stated that the ability to adapt the message to the receiver is a distinct advantage of personal selling. But the lack of a standardized message can become a disadvantage. The message to be communicated is generally designed by the marketing staff with a particular communications objective in mind. Once this message has been determined, it is communicated to all receivers. But the salesperson may alter this message in ways the marketer did not intend. Thus, the marketing staff is at the mercy of the sales force with respect to what exactly is communicated. (Sales communications aids can offset this problem to some degree, as you will see later in this chapter.)

2. Sales force/management conflict

Unfortunately, there are situations in even the best companies when one wonders if the sales staff and marketing staff know they work for the same company and for the same goals. Because of failure to communicate, corporate politics, and myriad other reasons, the sales force and marketing may not be working as a team. The marketing staff may not understand the problems faced by the sales staff, or the salespeople may not understand why marketing people do things the way they do. The result is that the sales force may not use materials provided from marketing, marketing may not be responsive to the field's assessment of customer needs, and so forth. The bottom line is that the communications process is not as effective as it could be due to faulty internal communications and/or conflicts.

3. High cost

As the cost per sales call continues to climb, the marketer may find mass communications a more cost-effective alternative.

4. Poor reach

Personal selling cannot reach as many members of the target audience as other elements. Even if money were no object (not a very likely scenario!), the sales force has only so many hours and so many people it can reach in a given time. Further, the frequency with which these accounts are reached is also low.

Q59. What are the Functions of Personal Selling?

Ans :

The important functions of personal selling are as follows,

(a) To Provide Customer Service

The main function of personal selling is to provide services to the customers in the following manner,

- (i) Explaining the use of the product.
- (ii) Providing guidelines about the product use.
- (iii) Effective demonstration of product handling.
- (iv) Convincing customers about the product's quality and demands
- (v) Clearing/eliminating the customer's doubts related with the product.

(b) To Sell the- Products

Personal selling primarily aims at selling the products to both the customers and consumers.

(c) To maintain the Sales Record

Personal selling functions also includes the maintenance of the sales record for the business. The organisations would be able to achieve business stability only by continuously maintaining the sales records accurately.

(d) Executive Function

Personal selling also performs certain executive functions as follows,

- (i) Provides training to salesmen
- (ii) To formulate and develop short-term and long-term training programs
- (iii) Providing management with information related to market trends.

(e) To promote Goodwill

In order to withstand the cut-throat competition in the competitive market, a business firm needs to build a good image in the market. Personal selling helps in developing and promoting goodwill for the company.

(f) To Achieve Sales Target

Profits are being increased by increasing the sales volume of the company's products. Thus, personal selling helps in achieving the sales targets by increasing profits with the help of sales volumes.

Q60. Explain the process of personal selling.

Ans :

(June-18)

The process of personal selling consist of the following steps.

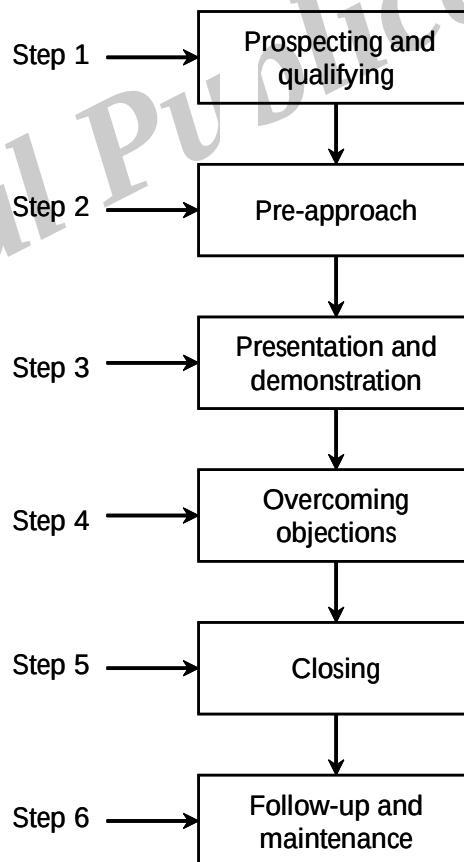


Fig. : Steps in Personal Selling

1. Prospecting and Qualifying

It is the first step in the personal selling process. Sales people can make use of their valuable time for companies customers in prospecting. Selling companies can qualify the leads by using mail or phone in order to determine their level of interest and financial soundness.

2. Preapproach

The sales person is supposed to gather more information about the future of the company and its buyers. He should set clear strategy towards his responsibilities that enable him to make immediate sale. Beside this the sales person must also take care of the personal visit, phone call or a letter.

3. Presentation and Demonstration

The sales people give presentation and demonstration about the product so that the buyer understands the product's features, its usage its needs etc., clearly. The sales persons usually follows AIDA formula [gaining attention, holding interest, arousing desire and obtaining action] and FABV approach [Features, Advantages, Benefits and Value approach].

4. Overcoming Objections

Customers generally raise objections while presentation or orders are placed. Sales people must politely handles their objections by clearing their doubts. Handling objections is an essential aspect of negotiation. The two type of resistance which occurs in this stage are as follows,

(a) Psychological Resistance

It refers to the resistance with respect to a reference, apathy, dislike of making decisions, neurotic attitude towards money etc.

(b) Logical Resistance

It refers to the objections raised with respect to price, delivery schedule, product or company characteristics etc.

5. Closing

Sale people cannot directly close the sale. They should determine the closing signs such as physical actions, repeating the important feature of the product. They ask whether the buyer likes the product, can they place order right now. The salesperson ends the closing process through emphasizing on special price, token gift, price, discount if placed earlier etc.

6. Follow-up and Maintenance

Follow-up and maintenance are essential in the personal selling process. After closing the sales the salesperson provides necessary information which the buyer may need while placing the order such as delivery time, purchase terms etc. Follow-up technique helps in proper installation, instructions and servicing if the buyers faces any problem then the salesperson deals immediately. Thus, the salesman must develop a maintenance and growth plan.

3.11 ONLINE MARKETING**Q61. Define online marketing ? Explain its objectives of online marketing.**

Ans : **(June-18)**

Online marketing is the marketing of products or services over the Internet. It ties together creative and technical aspects of the internet, including design, development, advertising and sales. Online marketing is the process of promoting an organization using online media, typically with the goals of increasing sales and boosting profits.

Internet marketing does not simply mean building or promoting a website nor does it mean simply putting a banner ad up on another website. Effective online marketing requires a comprehensive strategy that synergizes a given company's business model and sales goals with their website function & appearance, focusing on their target market through proper choice of advertising type, media, and design.

Objectives of Online Marketing

Online marketing can serve several purposes:

1. Actual Sales of Products

Products are ordered, sale and purchase online through internet. Many sites like amazon.com, eBay involve in actual sales of products.

2. Promotion/Advertising

Customers can be quite effectively targeted in many situations because of the context that they, themselves, have sought out.

3. Customer Service

The sites may contain information for those who no longer have their manuals handy and, for electronic products, provide updated drivers and software patches.

4. Market Research

Data can be collected relatively inexpensively on the Net. However, the response rates are likely to be very unrepresentative and recent research shows that it is very difficult to get consumers to read instructions. This is one of the reasons why the quality of data collected online is often suspected.

Q62. Explain the tools required to Manage Online Marketing ?

Ans :

There are various approaches and method to e-marketing and advertising. It is important know about each method so that one can compare the results. These various forms are :

1. E-Mail Marketing

The primary reason many people use the internet is to send and receive e-mail messages. With millions of people online and the numbers substantially increasing each year, it is little wonder that marketing communicators have turned to e-mail as a viable advertising medium. E-mail advertising is simply the use of the internet for sending commercial messages. However, as with any other advertising medium, there is no such

thing as a single type of e-mail message; rather, e-mail messages appear in many forms, ranging from pure-text documents to more sophisticated versions that use all the audio-video powers of the internet.

2. Web Blogs Marketing

Blogs are, in a manner of speaking, "everyman's" way of communicating with others and establishing digital communities wherein individuals, mostly of like mind, can exchange their views on issues of personal relevance. It is in this context that products and brands are sometimes discussed. It is here where companies can endeavor to further enhance the equity of their brands and perhaps even to generate additional business.

3. Article Marketing

Article marketing is a type of advertising in which businesses write short articles related to their respective industry. These articles are made available for distribution and publication in the marketplace. Each article contains a *bio box* and *byline* (collectively known as the resource box) that include references and contact information for the author's business. Well-written content articles released for free distribution have the potential of increasing the authoring business' credibility within its market as well as attracting new clients. These articles are often syndicated by other websites, and published on multiple websites.

4. Viral Marketing

Viral marketing sometimes refers to Internet-based stealth marketing campaigns, including the use of blogs, seemingly amateur websites designed to create word-of-mouth for a new product or service. Often the goal of viral marketing campaigns is to generate media coverage via "off-beat" stories worth many times more than the campaigning company's advertising budget.

5. Buzz Marketing

Buzz marketing is a marketing technique consisting, as its name suggests, of making a

noise around a new product or offer. Similar to Viral Marketing, it differs from it in the control of the content of the advertising message. Buzz marketing activities are designed to get consumers talking about a product or service. Buzz fosters mystery, stimulates questions, surprises audiences and exploits consumption contexts to generate the desired behaviour.

6. Rich Media Advertising

These are any web ads that move, talk, beep, or flash. As communication lines improve and desktop computers get more powerful, transmission times shorten and become less of an issue with users. This opens the door for these kinds of ads that require more processing capability - and provide the first glimpse of what filmed commercials on the web would be like. It was only a matter of time before internet advertisers began using online formats that were more dynamic than banners in their use of motion, sights, and sounds. This newer form of virtual advertising is referred to as rich media, and includes pop-up ads, interstitials, superstitials, and now even video advertisements.

7. Display or Banner Ads

The most popular advertising format in the internet's short advertising history has been the static advertisement known as a display, or banner, ad. This format can be considered analogous to a static print ad in a magazine or newspaper. Banner ads are a staple of internet advertising. These are typically small, static ads placed in frequently visited Websites. Banner ads on the internet are ubiquitous. Click-Through Rates (CTRs) to banner ads are very low, averaging less than 0.3 per cent. Banner ads for B2B companies receive somewhat higher CTRs than do those for B2C companies.

8. RSS Marketing

RSS stands for Really Simple Syndication and it may be difficult to conceptualise in the beginning. RSS works by RSS feeds which

needs to be generated by website. People can subscribe to these RSS feeds and can view the content of the website via their RSS reader. By this people are enabled to receive the content directly on their desktop. This method is quite new as compared to others and has become really popular following spam issues in email marketing.

9. Forum Marketing

Forum is a place where people gather and discuss their problems, strategies etc. There are many forums on the web that you can join and participate in discussion. Most of the forums allow a link back to the website in the signature text which would appear below the post you make. Again a good traffic builder.

10. Search Engine Optimisation Marketing

There is a much loved saying among the interactive advertising community that "If you are not on Google, the business does not exist". Although this statement is true to an extent, there is much more to SEO than simply submitting the website to Google Search Engine. The ultimate goal of SEO is to increase the quality or volume of traffic to websites via search engines.

11. Social Media Marketing

It is the new kid on the block as far as interactive advertising is concerned, but it is increasing exponentially in popularity. Popular networking sites including Myspace, Facebook, and Twitter are social media most commonly used for socialisation and connecting friends, relatives, and employees.

Q63. What are the Challenges faced by Online Marketing.

Ans : (Aug.-21, Nov.-20)

- **Limited consumer exposure and buying:** Online marketing still reaches only a limited market space. Web users appear to do more window browsing than actual buying.

Only an estimate 18 percent of web surfers actually use the web regularly for shopping or to obtain commercial services such as travel informations.

➤ **Skewed user demographics and psychographics** : Online users tend to be more upscale and technically oriented than the general population. This makes online marketing ideal for marketing computer hardware and software, consumer electronics financial services, and certain other classes of products. It makes online marketing less effective for selling mainstream products.

➤ **Chaos and clutter** : The Internet offers up millions of web sites and a staggering volume of information. Thus, navigating the Internet can be frustrating, confusing, and time consuming for consumers. In this chaotic and cluttered environment, many web ads and sites go unnoticed or unopened. Even when noticed, marketers will find it difficult to hold consumer attention.

➤ **Security** : Consumers worry that unscrupulous snoopers will eavesdrop on their online transactions or intercept their credit card numbers and make unauthorized purchases. In turn, companies doing business online fear that others will use the Internet to invade their computer systems for the purposes of commercial espionage or even sabotage.

Online marketers are developing solutions to such security problems. However, there appears to be never ending competition between the technology of security systems and the sophistication of those seeking to thwart them.

➤ **Ethical concerns** : Privacy is a primary concern. Marketers can easily track Web site visitors, and many consumers who participate in Web site activities provide extensive personal information. This may leave consumers open to information abuse if companies make unauthorized use of the information in marketing their products or exchanging electronic lists with other companies.

There are also concerns about segmentation and discrimination. The Internet currently serves upscale consumers well. However, poor consumers have less access to the Internet, leaving them increasingly less informed about products, services, and prices.

Q64. Explain the Benefits of Online Marketing.

Ans :

A) Benefits to Consumers

1. **Convenient** : customers can shop 24 hours a day from anywhere without going to the store physically.
2. **Interactive & Immediate** : consumers can interact with the seller's site to find the information, products, or services they desire, then order or download them on the spot.

B) Benefits to Marketers

1. **Customer Relationship Building** : Companies can interact with customers to learn more about their needs and to build customer databases.
2. **Reduce Costs & Increase Efficiency** : Avoid the expense of maintaining a physical store, costs of rent, insurance, and utilities. Digital catalogs cost less to produce than printing and mailing paper catalogs.
3. **Greater Flexibility** : Unlike a paper catalog whose products and prices are fixed until the next printing, an online catalog can be adjusted daily or even hourly, adapting product availability, prices, and promotions to match changing market conditions.
4. **Access to Global Markets** : The Internet is a global medium, which allows buyers and sellers to click from one country to another in seconds.

Short Question and Answers

1. What is sales promotion.

Ans :

Sales promotion consists of diverse collection of incentive tools, mostly short-term designed to stimulate quicker and / or greater purchase of a particular product by consumers or the trade. Where as advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (for example samples, coupons, prizes, cash refund, warranties, demonstrations, contest) trade promotion (for example buying allowances, free goods, merchandise allowances, co-operative advertising, advertising and display allowances, dealer sales contests); and sales-force promotion (for example bonuses, contests, sales rallies).

Sales promotion efforts are directed at final consumers and designed to motivate, persuade and remind them of the goods and receives that are offered. Sales persons adopt several techniques for sales promotion. Creative sales promotion can be very effective. It is the marketing manager's responsibility to specify promotion objectives and policies.

2. What is brand?

Ans :

Definition

i) According to American Marketing Association Chicago, A brand is defined as "a name, term, sign, symbol or special design or some combination of these elements that is intended to identify the good or services of one seller or group sellers. A brand differentiates these products from those of competitors.

ii) According to Mellerowics, "Brand is defined as branded product as an ubiquitous finished product of consistent or increasing quality for private consumption with tan identification mark, standardized amount, and appearance, acceptance in the market and existing consumer advertising".

iii) According to Stanley Hainsworth, "A brand is an entity that engenders an emotional connection with a consumer."

3. Branding

Ans :

According to Lisa Buyer, "Branding is morethan a name and symbol. A brand is created and influenced by people, visuals, culture, style, perception, words, messages, PR (Public Relations), opinions, news media and especially social media".

According to Dave Kerpen, "Branding is the representation of your organization as a personality. Branding is who you are that differentiates you".

According to Kotler and Keller "Branding is endowing products and services with the power of a brand".

4. Explain variuos stages of product life cycle.

Ans :

(i) Introduction

- The product is introduced in the market.
- Its sales growth is low because customers are not aware of the product and even when they become aware of the availability of the product, they are not sure if it will be useful to them.
- Losses are incurred because of heavy development and promotional costs.
- Companies monitor speed of product adoption and if it is disappointing may terminate the product at this stage.

(ii) Growth

Growth is the period of faster sales and profit growth due to rapid market acceptance and repeat purchase.

- Customers become aware of the product and are convinced that it is useful to them.

- Companies will have to spend substantially in production and marketing as they reach out to a larger number of customers and expand their manufacturing facilities to meet the rapidly growing demand.
- Availability of resources becomes a critical factor in this stage.
- At the later stage of growth, large numbers of competitors enter the market, as they are attracted by fast sales growth and high profit potential of the market. Profits decline due to intense competitor activity, and at the end of growth period, weaker players exit the market.

(iii) Maturity

- In this stage, all the customers who could have bought the product have already bought the product, resulting in a saturated market.
- Sales are largely driven by replacement purchases and population growth.
- Sales reach their peak, and eventually start stagnating. Flat sales force weaker competitors to exit the market.
- The surviving companies compete for market share by product improvements, advertising, sales promotion, dealer discount and price cutting, resulting in lesser profit margins for all players.
- It is important that companies have strong brands at this stage, because in times of product parity, customers' affiliation to a brand reduces their migration to a rival brand which has reduced its price.
- A company with strong brands will be able to protect its profit margins in the maturity stage, and will face less erosion of market share in face of competitors' price moves.

iv) Decline

- Sales decline as a new technology or change in consumer needs reduce demand for the product.

- It is important to remember that the decline stage sets in due to events that are outside the purview and control of the company.
- Typewriter is in decline stage, because a computer can do its job better. Therefore, a company should read the writing on the wall and exit. It is not wise to prolong one's stay in a market if customers have found a better way of satisfying the need that the company was serving, or when that need no longer exists.

5. Define online marketing.

Ans :

Online marketing is the marketing of products or services over the Internet. It ties together creative and technical aspects of the internet, including design, development, advertising and sales. Online marketing is the process of promoting an organization using online media, typically with the goals of increasing sales and boosting profits.

Internet marketing does not simply mean building or promoting a website nor does it mean simply putting a banner ad up on another website. Effective online marketing requires a comprehensive strategy that synergizes a given company's business model and sales goals with their website function & appearance, focusing on their target market through proper choice of advertising type, media, and design.

6. What are the steps involved in new product development?

Ans :

- i) Idea Generation
- ii) Idea Screening
- iii) Concept Testing and development
- iv) Product development
- v) Test Marketing
- vi) Marketing Strategy development
- vii) Business Analysis
- viii) Test marketing methods
- ix) Commercialisation

7. What are the Challenges faced by Online Marketing.

Ans :

- **Limited consumer exposure and buying:** Online marketing still reaches only a limited market space. Web users appear to do more window browsing than actual buying.

Only an estimate 18 percent of web surfers actually use the web regularly for shopping or to obtain commercial services such as travel informations.

- **Skewed user demographics and psychographics :** Online users tend to be more upscale and technically oriented than the general population. This makes online marketing ideal for marketing computer hardware and software, consumer electronics financial services, and certain other classes of products. It makes online marketing less effective for selling mainstream products.

- **Chaos and clutter :** The Internet offers up millions of web sites and a staggering volume of information. Thus, navigating the Internet can be frustrating, confusing, and time consuming for consumers. In this chaotic and cluttered environment, many web ads and sites go unnoticed or unopened. Even when noticed, marketers will find it difficult to hold consumer attention.

- **Security :** Consumers worry that unscrupulous snoopers will eavesdrop on their online transactions or intercept their credit card numbers and make unauthorized purchases. In turn, companies doing business online fear that others will use the Internet to invade their computer systems for the purposes of commercial espionage or even sabotage.

8. Promotion Mix

Ans :

A promotional mix is important to the success of a firm because all firms want to promote and grow their firm to generate more revenue. By using promotional tools, a firm can bring in new customers and encourage these customers to come back

through high quality service. A good promotional campaign starts with the promotional tools, but a great promotional campaign uses the promotional tools along with great customer service to create customer loyalty, realizing the potential loyal customers have on future business.

Objectives

The promotion objectives centers around the following six stages to attract the target audience. They are,

- i) Awareness
- ii) Knowledge
- iii) Liking
- iv) Preference
- v) Conviction, and
- vi) Purchase.

The six stages together constitute “hierarchy of effects” as the buyers go through each of these stages before purchasing and it also facilitates effect of promotion.

i) Awareness

The seller’s task is to create awareness in the minds of the buyers towards the brand or products.

Example : Dental check up for avoiding tooth related problems, Indian Medical Dental Association is establishing camps where free dental check up is carried out for all the patients.

ii) Knowledge

Knowledge is more than awareness where a buyer gathers and learns about the usage of products and its associated features. With the help of knowledge, customers get an idea about the product and its usefulness.

9. Define product.

Ans :

Meaning

A product is the item that is developed and refined for sale in the market. It aims to meet the customers’ needs and wants. The concept of

product can be categorised into two, i.e., narrow concept and wide concept. In its narrow concept, a product is a combination of physical or chemical characteristics which has some utilities. It is not just a non-living object or a physical substance.

A product also has other functions than its utility like satisfying customer needs and wants, e.g., fan, table, pen, cooler, chair, etc. In its wider concept, a product having a variety of colours, designs, packaging and brand is said to be a different product. For example, if a shampoo is made available in three different variants and smells, then these are three products, as they are fulfilling needs of customers with varied choices. Hence, product is defined as a complete package of benefits received by a consumer.

Definitions

- i) **According to George Fisk**, "Product is a cluster of psychological satisfactions".
- ii) **According W. Alderson**, "A product is a bundle of utilities consisting of various features and accompanying services".
- iii) **According to Rustom S. Davar**, "A product may be regarded from the marketing point of view as a bundle of benefits which are being offered to consumer".

10. What are the functions of branding.

Ans :

Branding is a powerful instrument of promotion which performs the following functions:

(i) Product Differentiation

Branding is essential particularly for big and up-coming manufacturing enterprises. Branding helps in distinguishing a product from other similar products in the market.

(ii) Advertisement

If brand name attains goodwill, it will serve as a useful medium of advertisement. A registered brand name and mark is a protection from imitation of the product by other manufacturers. Brand name is highly used for advertising product and maintaining its individuality.

11. Define Packaging? Explain its functions?

Ans :

Meaning

Packaging has on most widely accepted definition. It is an art, science and technology of preparing goods for transport and sale. Packaging has two dimensions- the technical which is related to packaging materials, pack design and the behavioral which is related to the art of product design which is so closely linked to consumer motivation and buying behavior.

Packaging materials include metal, plastic, wood, paper, glass, laminates and polyester. There is wide variety of package formations. However, the master carters is which unit packages are kept are standardized to facilitate handling and transportation.

12. Explain the importance of labelling strategies in marketing.

Ans :

- i) They provide detail information about the product i.e., size, dimension, quantity, price, increments etc.
- ii) They helps in marketing and advertising the product.
- iii) They helps customers to identify the product.
- iv) They help marketers to explain about the usage of product.
- v) They improves the personality and appearance of product.

13. Define Product Life Cycle (PLC).

Ans :

Definitions

- (i) **According to Phillip Kotler**, "The product life-cycle is an attempt to recognize distinct stage in the sales history of the product".
- (ii) **According to Arch Patton**, "The life-cycie of a product has many points of similarity with the human life-cycle; the product is bom, grows lustily, attains dynamic maturity then enters its declining year".

- (iii) **According to Willian J. Stanton**, "From its birth to death, a product exists in different stages and in different competitive environments. Its adjustment to these environments determines to great degree just successful its life will be".

14. Pricing

Ans :

Pricing is the process of determining what a company will receive in exchange for its products. Pricing factors are manufacturing cost, market place, competition, market condition, Quality of product. The effective price is the price the company receives after accounting for discounts, promotions, and other incentives.

Definition

According to Prof. K.C. Kite, "Pricing is a managerial task that involves establishing pricing objectives, identifying the factors governing the price, ascertaining their relevance and significance, determining the product value in monetary terms and formulation of price policies and the strategies, implementing them and controlling them for the best results".

15. What is network marketing.

Ans :

Meaning

The marketing activities used by producers or manufactures of a company to increase their sales and expand the business network is referred as network marketing. In a network marketing company an agent or distributor is appointed to create a network of channelizing and expanding the sale of business. It helps to reach the customers on time without consuming much resources and in an interactive manner. It mainly takes place in a business-to-business context, wherein the companies allocate resources for developing positions in a network based on relationship with customers, distributors, suppliers, median and competitors.

16. What is advertising ?

Ans ;

The term Advertising originates from the Latin 'Advetro'. Which means to turn Round. Advertising

thus denotes the means employed to draw attention to any object or purpose. In marketing context, Advertising has been defined "as Any paid form of Non-personal presentation and promotional of ideals, good or services by an identified sponsor. Through Advertisement, the Advertiser intends to spread his ideals about his products/ offerings among his customers and prospects. Popularisation of the products is the basic aim of the Advertising Activity.

Meaning

Advertising is a paid form of a non-personal message communicated through the various media by industry, business firms, nonprofit organisations, or individuals. Advertising is persuasive and informational and is designed to influence the purchasing behaviour and/or thought patterns of the audience. Advertising is a marketing tool and may be used in combination with other marketing tools, such as sales promotions, personal selling tactics, or publicity.

Definition

Advertising is defined differently by different people, some of the definitions are as follows:

- i) **According to Richard Buskirk**, "Advertising is a paid form of non-personal presentation of ideas, goods or services by an identified sponsor."
- ii) **According to Wheeler**, "Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducing people to buy."

17. Define Public Relations. Explain the features of Public Relations.

Ans :

Public relations is, "The planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its public". A firm's public includes its employees, stakeholders, trade unions, general public, customers (past, present and future), charities, media, government and politicians etc.

An organisation needs to communicate with the public both internally as well as externally. As the attitude of the public influences the sales of an

organisation, enhanced public relations work to enhance the overall image and create goodwill for the company. Hence organisations need to communicate with one or all members of its public regularly.

Definition

According to International conference of public relations institutions held in Mexico City, "Public relations practice is the art and social science of analysing trends, predicting their consequences, counseling organisation leaders and implementing planned programmes of action which will serve both the organisation and the public interest."

18. Define Personal Selling.

Ans :

Personal selling is an oral presentation for prospective customers to generate the sales. It involves a face to face relationship or interpersonal interaction or communication between a sales person and buyer.

Personal selling is an important aspect of sales activity which in its broader sense, is the means for implementing marketing programmes to achieve sales target and marketing objectives. Personal selling is the overall activity and salesmanship is the one aspect of personal selling. Salesmanship is one of the skills used in personal selling.

19. What is Cannibalization

Ans :

Cannibalization refers to a situation in marketing where the demand of company's original product get reduced due to the introduction of new product of same company. Due to cannibalization, companies faces heavy loss not only in sales but they may also lose some market share. Because of this reason, some companies which had good market share and high sales of existing products, they avoid to introduce new products in market. However, new products sometimes replaces old products but fails to stay in the market for a longtime, due to which company's sales get effected i.e., new product does not provide that much sales as it was provided by the existing product. For example, Redmi mobile phone company introduces Note 10 in 2020, but in 2021 it releases a new product instantly as Note 10S with some advance features. The introduction of new Note 10S attracts the customers and they started buying Note 10 S instead of Note 10. So, this is an cannibalization situation where the Redmi company's sales for Note 10 was reduced due to the introduction of Note 10S.

20. What are the advantages of packaging?

Ans :

- i) Protection during Transportation and Storage.
- ii) Identification of products and quality
- iii) Packaging is an Advertisement at the point of sales
- iv) Carrying the messages from the marketer to the consumer
- v) Package serves as a silent salesman in consumer products
- vi) Attract the consumers
- vii) Packing is Reminder.
- viii) It increases the sales & profit.

Choose the Correct Answers

1. One of the main decision areas in packaging is [b]
(a) Package container (b) Package aesthetics
(c) Package value (d) Package timing
2. The formula for mark up price is [a]
(a) $\frac{\alpha}{(1-r)}$ (b) $\frac{\beta}{(1-r)}$
(c) $\frac{\alpha}{(r-1)}$ (d) $\frac{\alpha}{(1-r)^2}$
3. _____ is not the principles of personal selling [c]
(a) Prospecting and qualifying (b) Closing
(c) Negotiation (d) Presentation and demonstration
4. Online marketing channels are [a]
(a) Commercial online services and internet
(b) Only internet
(c) Mail, fax, telephone etc.
(d) T.V
5. _____ involves a conflict between members at the same level within the channel. [d]
(a) Vertical channel conflict (b) Multichannel conflict
(c) Vertical and multichannel conflict (d) Horizontal channel conflict
6. One of the major cause of channel conflict is [c]
(a) Competition (b) Cooperation
(c) Goal incompatibility (d) Differences in values
7. _____ includes all the activities involved in selling goods or services directly to final consumers for personal, nonbusiness use. [a]
(a) Retailing (b) Personal selling
(c) Public relations (d) Sales promotion
8. _____ involves a variety of programs designed to promote or protect a company's image or its individual products. [d]
(a) Advertising (b) Personal selling
(c) Management programs (d) Public relations
9. _____ is an organization that offers services of promoting the product through creative ways. [c]
(a) Bidding (b) Management strategy
(c) Advertising agency (d) Advertising agent
10. Adding a higher-price product to a line in order to attract a broader market is usually referred as [c]
(a) Trading down (b) Trading
(c) Trading up (d) Trading up and down

Fill in the blanks

1. A _____ is offered in the market in order to satisfy a want or need.
2. _____ reduces the buyer's perceived risk.
3. The term _____ refers to the value of company's brand name.
4. A _____ marketing system is a tightly coordinated distribution channel which is specifically designed to improve the operating efficiency and marketing effectiveness.
5. _____ is the ability to influence or determine the behaviour of another channel member.
6. _____ involves adding value to an existing brand by improving product attributes and enhancing its overall appeal.
7. _____ tests are conducted to ensure that the package stands up under normal conditions.
8. Online marketing is also known as _____
9. A promotion mix is an organizations combination of _____
10. The product mix is composed of _____

ANSWERS

1. Product
2. Guarantee
3. Brand equity
4. Vertical
5. Channel power
6. Brand rejuvenation
7. Engineering
8. Internet marketing or web marketing
9. Personal selling, advertising, sales promotion and public relations
10. Product lines

UNIT IV

CONSUMER & INDUSTRIAL MARKETS:

Classification of Products, Consumer Behavior, Seven Os Structure, Factors affecting Consumer Behavior, Model of Buyer Behavior, Adoption Process, AIDA Model, Industrial Markets – Characteristics, Industrial Buyer Behavior, Services Markets – Characteristics and Strategies, Emergence of Online Services. Use of I C T in Service Marketing.

4.1 CLASSIFICATION OF PRODUCTS

Q1. Describe the classification of products.

Ans :

The products are classified as follows:

i) Consumer Products

Consumer goods can be classified on the basis of their shopping habits. They are grouped as convenience goods, shopping goods, specialty goods and unsought goods. Consumer goods are targeted for consumption of either individuals or family members.

1. Convenience Goods

These are goods frequently purchased by consumers. They often buy them in frequent consumption situations and they are purchased immediately and with minimum efforts. Examples include toiletries, soaps, cigarettes and newspapers. These goods can be further classified as follows:

a) Staple Goods

Consumer purchases on regular basis. There is a high level of routinised response behaviour for this kind of products. Toothpastes and soaps fall under this category.

b) Impulse Goods

Consumer purchases without any planning or search effort. Purchases of

a magazine a chocolate candy are examples of situations in which customers buy on impulse.

c) Emergency Goods

Consumer purchases on urgent need. There is no previous decision to buy them but consumer is forced to buy due to the emerging situation. These include purchase of umbrella, antiseptic creams like Burnol or knife to cut down trees during the rainy season.

2. Shopping Goods

These are goods that the customer purchases by undergoing a comparative process of selection and purchase on such bases as price, psychological fitment, suitability, style and quality. Examples include furniture, electrical appliances, home furnishings and clothing. Shopping goods can be classified as follows:

- a) Homogeneous Shopping Goods which are the goods that are similar in quantity but differ in price levels, justifying a pricing comparison by the buyer.
- b) Heterogeneous Shopping Goods which are the goods, which differ in product features, and services and these differences, are more important than price for a decision.

3. Specialty Goods

These are goods with unique characteristics or brand identification for which the buyers

need to make a special purchasing effort. Examples include music systems, televisions, cars and men's clothing. There is hardly any comparison in specialty goods as each brand is unique and different than others.

The buyer is ready to spend more time and effort while making a purchase decision for this kind of goods.

4. Unsought Goods

These are goods the consumer does not know about or does not normally think of buying. These goods need advertising and more of personal selling efforts for making a sale. These include life insurance products, coffins and fire alarms.

II) Business Products

Many of the goods coming out of a firm enter another firm's production process, so that the final goods can be made ready for consumption by individual or family consumers. Many of these products go to the production process as raw materials and spare parts; some of them also enter as capital items for augmenting the finished goods and the rest as consumables or supplies. These are ably supported by services targeted towards business class customers.

Following is the classification of industrial goods applicable for the purpose of product management.

1. Materials and Parts

These are goods that enter the manufacturer's product completely. They are of two types namely raw materials and manufactured materials and component parts. Raw materials can be of farm products like rice, maize, cotton, starch or natural products like fish, petroleum, gas, iron and aluminium ore. Farm products are renewable as they involve agricultural production. The natural products are very often limited and often available in great bulk and low unit value. There are a few but large producers and marketers

supplying natural products. Long-term supply contracts are a common phenomenon in these categories, as the industry needs an uninterrupted supply of products and services for running their business process. Manufacture materials can be classified as component materials like iron, steel, zinc and component parts like motors, printed integrated circuits. The component materials are further fabricated like from alumina to aluminium, pig iron to steel and cloth from yarn. Components enter the final product without being changed or modified. In this case price, quality and service are important factors while making a decision.

2. Capital Items

These are long-lasting' goods that facilitate developing or managing the finished product. They include two groups: installations and equipment. Examples of installation include buildings, shades, offices and shop floors and heavy equipments like earthmovers, trucks, drillers, servers and mainframe computers. Installations are major purchases for the organisation. Equipments include hand tools and office equipments like personal computers, laptops. These equipments are not permanent and they need to be replenished at different period of time.

3. Supplies and Business Services

These are short-term goods and services that facilitate managing or developing the finished product supplies. They can be of two kinds namely maintenance and repair items and operating supplies. Maintenance supplies include painting, nailing and operating supplies include writing papers, consumables for computer, lubricants and coal. Business services can be classified as maintenance service like copier repair, window and glass cleaning and business advisory services include consultancy, advertising and legal services.

4.2 CONSUMER BEHAVIOR**Q2. Define consumer behaviour.**

Ans :

The Dictionary of Marketing and Advertising defines consumer behaviour as an observable activity chosen to maximise satisfaction, through the attainment of economic goods and services such as choice of retail outlet, preference for particular brands and so on.

1. Consumer behaviour refers to the actions of consumers in the market place and the underlying motives for those actions. Marketers expect that by understanding what causes consumers to buy particular goods and services they will be able to determine which products are needed in the market place, which are obsolete, and how best to present the goods to the consumers.
2. Consumer behaviour is defined as the process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services.
3. Consumer behaviors reflects the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by (human) decision making units [overtime].
4. Consumer behaviour refers to the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Study of consumer behaviour is the study of how individuals make decisions to spend their available resources like time, money and effort on consumption related items.
5. Consumer behaviour refers to the actions and decision processes of people who purchase goods and services for personal consumption.

6. Consumer behaviour refers to "the mental and emotional processes and the observable behaviour of consumers during searching for, purchasing and post consumption of a product or service."

Consumers can be different in age, income and occupation. The items to be consumed can be of any form; from a product to a service, a concept or an idea. The needs and desires to be satisfied range from basic needs like hunger, thirst to psychogenic needs like love, care and even higher order fulfilments. The consumer can resell, dispose of the packaging and also recommend others to use the product or service after using the product himself. The domain of study of consumer behaviour covers all these processes involved through which the consumer makes decisions. Study of consumer behaviour assumes that consumers are actors in the market place. The perspective of role theory assumes that consumers play various roles in the market place. Starting from information provider to consumer, from user to payer and to disposer, consumers play these roles in the decision process. The roles also vary in different consumption situations, for example a mother plays the role of an influencer in a child's purchase process whereas she plays the role of disposer for the products consumed by the family. Consumer behaviour involves many different actors. The common assumption is that a consumer is a person who identifies a need or desire, makes a purchase and then disposes of the product during the three stages of the consumption process i.e., pre-purchase, purchase and post purchase processes.

Q3. Explain the role of Maslow's hierarchy of needs in understanding the motives of consumer behaviour.

Ans : **(Oct.-21)**

The advocate of this theory is Abraham Maslow who first of all presented the Need Hierarchy Theory of Motivation in 1943. Maslow developed the theory of motivation on the basis of a chain or sequence of needs. According to him, a man has

countless needs and they can be categorized on the basis of priority. For example, the needs which are more sharply felt should be satisfied first and the less sharply felt needs should be satisfied afterwards. Similarly, the least felt needs should be thought of last of all. Maslow has divided different human needs on the basis of priority into five parts which are shown in the following diagram:

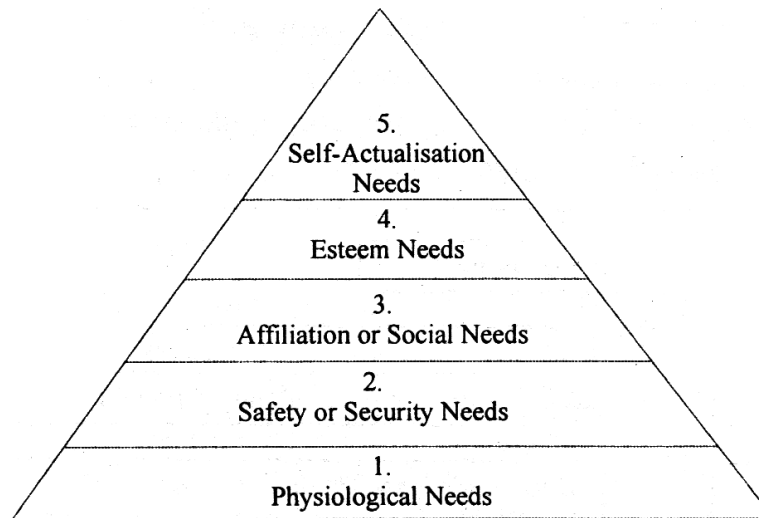


Fig.: Pyramid Representing Maslow's Hierarchy of Need

- (i) **Physiological Needs:** In this category, those needs are included which need to be satisfied to keep a man alive. These needs include food, shelter, clothing and sleep, etc.
- (ii) **Safety Needs:** After physiological needs are satisfied, a man thinks about his safety. Safety needs include physical, economic and psychological needs. Physical Safety refer to defence against accidents, attacks, diseases and other unexpected problems. Economic Safety means safety of livelihood and arrangement for old age. Psychological Safety means maintaining one's prestige.
- (iii) **Affiliation or Social Needs:** Man is a social animal and wants to live in society honourably. It is, therefore, necessary that he should have friends and relatives with whom he can share his joys and sorrows. Maslow has placed social needs at number three in order of priority.
- (iv) **Esteem and Status Needs:** These needs are called ego needs of man. This means every human being wants to attain a higher status so that his power increases and he gets authority.
- (v) **Self Actualization Needs:** Last of all, a man tries to satisfy himself by attaining self-realisation. This means that a man should be whatever he can be, meaning thereby, that he should actually be an achiever in respect of his capability. For example, a musician wants to be proficient in music, an artist wants to excel in the field of creating works of art. Similarly, a poet wants to be a specialist in his field.

Assumptions

Following are the assumptions of Maslow's theory:

- (i) People's behaviour, being affected by their needs.
- (ii) There are many needs of people and their order or priority can be made.

- (iii) Motivation ends with the satisfaction of needs. After that the next higher need serves as a motivator.
- (iv) People move to next higher need only when the lower level needs are satisfied.

The above analysis shows that an individual has many needs and that their order can be determined. The moment an individual's one need is satisfied, he gets worried about his next need. After the satisfaction of the second need comes the third and this order continues till all his needs are satisfied. It is, therefore, clear that needs can be motivators. In order to satisfy needs an individual himself wants to work with vigour and full capacity.

Criticisms

If the special study is not undertaken, Maslow's theory of hierarchy of needs will appear to be right. However, many researchers have opposed this theory and given their own criticisms which are as under:

- (i) Maslow's hierarchy of needs is not permanent. This changes according to the situation.
- (ii) It is not necessary that the needs of only one category be strong at a time and the remaining remain unimportant.

4.3 SEVEN O's STRUCTURE

Q4. Explain the Seven O's structure of consumer behaviour.

Ans : (Jan.-18)

A framework is developed to understand consumer behaviour by addressing various issues involved in consumer behaviour. This framework is popularly known as 7 O's Framework and is used for basic understanding of consumer behaviour.

i) Consumer (Occupants)

Answer to this question enables the understanding of consumer's geographic,

demographic, and psychographic and media graphic profile. Obviously, this question helps in explaining the state of being of the consumer. Demographic profile is the study of age, income, sex, occupation and educational qualifications etc. of the consumer. Psychographic profile is the study of the lifestyle of the consumer as expressed by activities, interests and opinions of the consumer. Geographic profile is the region to which the consumer belongs. Media graphics are the media habits of the consumer e.g. rubber slipper brands sell more in the coastal areas than the those in the hinterland. Frooti for example is now being repositioned as a brand that brings out the latent child in a man. The advertisement featuring Shah Rukh Khan spells out the message that childishness is deep seated in the psyche of every man and as one opens a bottle of Frooti he comes to terms with his childish behaviour. This has enabled the brand to successfully cross the barrier posed by the demographic profile that had been promoted earlier.

ii) Consumer Buy (Object of Purchase)

This question explains what product proposition the consumer is buying. The answer is in terms of product (e.g. soft drinks, soft drink concentrate, syrups, etc.), product forms (in soft drinks - Cola vs. Lime vs. Orange) and brands (Coke vs. Pepsi). What are the features, sizes, colours, flavours, etc. that the consumer seeks?

iii) Why is the Consumer Buying (Objective)

This answers the reason 'why' of buying and explains what benefits the consumer expects the product or service to serve. This also explains what benefit the consumer is seeking.

What motives is he trying to satisfy? For example, Fair and Lovely caters to a very strong motive of women, based on the desire to look fair, in a country obsessed with fair skin. Consumers today are also looking for sun protection in their cream.

iv) When do they Buy or How Often do they Buy and Use (Occasion)

This explains the buying rate or buying frequency of consumers and the occasion on which they would buy the product or service for the desired benefits e.g. big-ticket items like refrigerators, air-conditioners, are bought during Diwali. Pepsi has always adopted an event based marketing strategy to launch new brands and position existing ones. Pepsi has identified IPL (Indian Premier League) as a million dollar opportunity to connect with the youth of the country with the punch line of "Oh, Yes Abhi!"

v) Where do they Buy (Outlets)

The answer to this question explains the type and nature of outlets from where the customer makes a choice? The type of outlet can be a retail shop, grocery store, wholesaler's shop or a virtual platform. The nature of outlets also includes urban outlets, shopping malls or rural shops. For example, do consumers buy soaps from grocery and general stores or more from chemists?

vi) How do they Buy (Operations)

This explains what kind of background information do consumers collect before buying and from whom do they seek this information. For example, before buying a car the consumer collects a lot of background information from friends and does a lot of deliberation before buying. Also when he enters a dealer's showroom he asks the dealer or salesman many questions.

vii) Who is Involved (Organisation)

This explains the organisation of information sources around the key players in the decision process. It describes the various roles played by people in the purchase process.

4.4 FACTORS AFFECTING CONSUMER BEHAVIOR

Q5. What are the Factors Effecting Consumer Behaviour ?

(OR)

Explain briefly the factors affecting consumer behaviour.

Ans : (Aug.-21, June-18, Jan-18, Aug.-17)

1. Cultural Factors: Cultural factors exert the broadest and deepest influence on consumer behavior. We will look at the role played by the buyer's culture, sub-culture and social class.

(a) Culture : People living in this society learns on basic set of values, perceptions, preferences and behaviors through a process of socialization involving the family and other key institutions. The behavior of the individuals is influenced by the culture they acquired from is influenced by the culture they acquired from their environment.

(b) Sub-culture : Each culture contains smaller groups of sub-cultures. They are (i) National groups (ii) Religious groups (iii) Racial groups (iv) Geographical areas.

(c) Social-class : Social class show distinct product and brand preferences in such areas as clothing, home furnishing, leisure activities and automobiles.

- 2. Social Factors:** A consumer's behavior is also influenced by social factors, such as the consumer's reference groups, family and social roles and statuses.

(a) Reference Groups : A person's reference groups are those have a direct (face-to face) or indirect influence on the person's attitudes or behavior. The reference groups are (i) Membership groups (ii) Primary groups (iii) Secondary groups (iv) Aspiration groups. Marketers try to identify the reference groups of their target customers.

Reference groups had a strong influence in brand choice. Group influence will be stronger for products that will be visible to others whom the buyer respects.

Cultural	Social	Personal	Psychological	Buyer
a) Culture	Reference Groups	- Age and life - Cycle stage	- Motivation - Perception	
b) Sub-Culture	Family	- Occupation - Economic circumstances	- Learning - Beliefs and attitudes	
c) Social class	Roles and statuses	- Life Style - Personality and self - concept		

(b) Family : The family orientation consists of one's parents. A more direct influence on every day buying behavior is one's family of procreation, namely, one's spouse and children. The wife has traditionally been the main purchasing agent for the family, especially in the areas of food, sundries and staple clothing items.

(c) Roles and Statuses : A person participates in many groups through out life – family, clubs, and organization. The person's position in each group can be defined in terms of role and status. The

role of Supreme Court justice carries more status than the role of brand–manager, and the role of brand manager carries more status than the role of office clerk.

- 3. Personal Factors:** A buyer's decisions are also influenced by his or her personal characteristics, notably the buyer's age and life cycle stage, occupation, economic circumstances, life style, and personality and self-concept.

(a) Age and life-cycle stage : People change the goods and services they buy over their life time. The eat baby food in the early years, most of the foods in the growing and mature years, and special diets in the later years. People's taste in cloths, furniture and recreations is also age related.

(b) Occupation : Marketers try to identify the occupational groups that have an above average interest in their products and services.

(c) Economic Circumstances : A person's economic circumstances will greatly affect product choice.

(d) Life Style : A person's life style then is the person's pattern of living in the world as expressed in the person's activities, interests and opinions.

- 4. Psychological Factors:** A person's buying choices are also influenced by four major psychological factors – motivation, perception, leaning and beliefs and attitudes.

(a) Motivation : A person has many needs at any given time. Some needs are biogenic and others are psychogenic. Psychologists have developed theories of human motivation. The most popular

of these are – the theories of Sigmund Freud, Abraham Maslow, and Fredrick Herzberg – carry quiet different.

(b) Perception : Perception is the process by which an individual selects, organizes, and interprets information inputs to create meaningful picture of the world. How the motivated person acts is influenced by his or her perception of the situation. People can emerge with different perceptions of the same stimulus object because of three perceptual processes. They are (a) Selective exposure (b) selective – distortion, and selective retention.

(c) Learning : When people act, they learn. Learning describes changes in an individual's behavior arising from the experience. Most human behavior is learned. Learning theorists say that a person's learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement.

(d) Beliefs and attitudes : Through acting and learning, people acquire their beliefs and attitudes. These in turn influence their buying behavior. A belief is a descriptive thought that a person holds about something manufactures, of course, are very interested in the beliefs that people carry in their heads about their products and services.

An attitude describes a person's enduring favorable or un-favorable cognitive evaluations, emotional feelings, and action tendencies towards some object or ideas. People have attitudes towards everything: religion, politics, clothes, music, food and so on.

4.5 MODEL OF BUYER BEHAVIOR

Q6. Explain Nicosia Model of consumer decision making.

Ans :

(Imp.)

The Nicosia model was proposed by Nicosia (1976) and is depicted in Figure below.

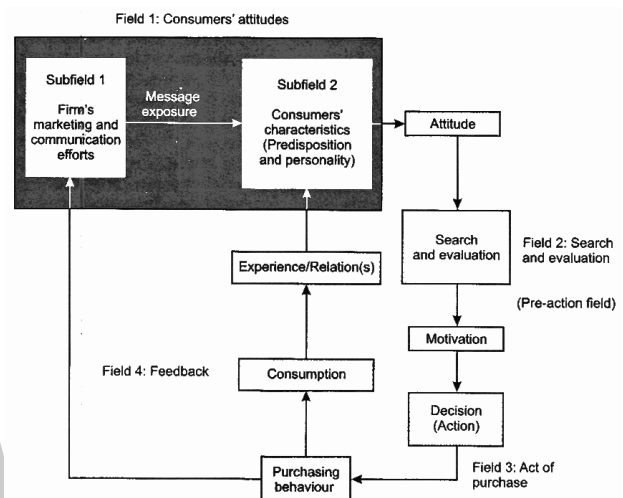


Figure : The Nicosia Model (1976)

A marketer tries to influence consumer's choice decision by means of several messages that finally lead to purchase. Predisposition towards the firm's offerings and current advertising messages influence the consumers and create an attitude that leads to some positive disposition towards advertised brands.

Generally, positive attitude results in the motivation to purchase those brands. Given its reliance on a marketer's communication initiative, the Nicosia model focuses on the relationship between the message and its impact on the potential consumers. In the broadest term, the model assumes consumers are exposed to the firm's various advertising messages and they respond to the firm by their purchase actions. The model, which is interactive in nature, proposes

that the marketer tries to influence its target consumers, and the consumers through advertising, react through buying (or not buying) those advertised brands.

The Nicosia model has focussed on four major fields :

1. Consumers' attitude formation based on message exposure
2. Consumers' information search and evaluation of alternatives
3. The act of purchase
4. Feedback given by the consumer

Field 1. The consumer attitude based on the firms' messages.

The first field is divided into two subfields. The first subfield deals with the firm's marketing environment and communication efforts that affect consumer attitudes, the competitive environment, and characteristics of target market. Subfield two specifies the consumer characteristics e.g., experience, personality, and how he perceives the promotional idea toward the product in this stage the consumer forms his attitude toward the firm's product based on his interpretation of the message.

Field 2: Search and evaluation

The consumer will start to search for other firm's brand and evaluate the firm's brand in comparison with alternate brands. In this case the firm motivates the consumer to purchase its brands.

Field 3: The act of the purchase

The result of motivation will arise by convincing the consumer to purchase the firm products from a specific retailer.

Field 4: Feed back

This model analyses the feedback of both the firm and the consumer after purchasing the product. The firm will benefit from its sales data as a feedback, and the consumer will use his experience with the product affects the individuals attitude and predisposition's concerning future messages from the firm.

The Nicosia model offers no detailed explanation of the internal factors, which may affect the personality of the consumer, and how the consumer develops his attitude toward the product. For example, the consumer may find the firm's message very interesting, but virtually he cannot buy the firm's brand because it contains something prohibited according to his beliefs. Apparently it is very essential to include such factors in the model, which give more interpretation about the attributes affecting the decision process.

Q7. Explain Howard-Sheth Model of consumer behaviour.

Ans :

The Howard-Sheth model is a major revision of an earlier systematic effort to develop a comprehensive theory of consumer decision-making. This model distinguishes among three levels of learning (i.e., stages of decision making).

- a) **Extensive Problem Solving** takes place when the consumer's knowledge and beliefs about brands are very limited or non-existent, and he or she does not have specific brand preference. Here the consumer actively seeks information concerning a number of alternative brands.
- b) **Limited Problem Solving** takes place when the consumer's knowledge and beliefs about the brands are only partially established, and he or she is not fully able to assess brand differences in order to arrive at a preference. Some comparative brand information is sought, although the decision criteria are likely making to be fairly well defined.
- c) **Routinized Responses Behaviour** occurs when the consumer's knowledge and beliefs about the brand and its alternatives are well established, and the consumer is predisposed to the purchase of one the particular brand.

A simplified version of the basic Howard-Sheth model is shown in Figure

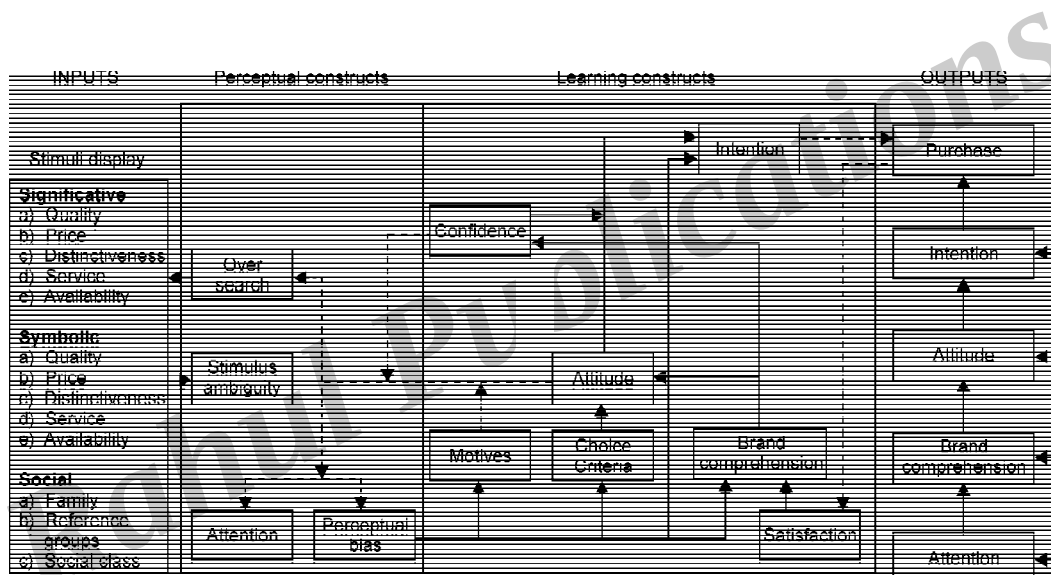


Figure : Simplified version of the Haword-Sheth model of Buyer Behaviour

The model consists of fur major sets of variables.

- (i) inputs
- (ii) perceptual and learning constructs
- (iii) output
- (iv) exogenous (external) variables

(i) Inputs

The input variables consist of three distinct type of stimuli (information sources) in the consumer's environment.

1. Physical brand characteristics (*significance* stimuli)
2. Verbal or visual product characteristics (*symbolic* stimuli) are furnished by the marketer in the form of product or brand information.
3. Consumer's social environment (family, reference groups, social class)

All three types of stimuli provide inputs concerning the product class or specific brands to the prospective consumer.

(ii) Perceptual and Learning Constructs

The central component of the Howard-Sheth model consists of psychological variables that are assumed to operate when the consumer is contemplating a decision. These constructs are treated as abstractions, and are not operationally defined or directly measured. Some of the variables are perceptual in nature and are concerned with how the consumer receives a process information acquired from the input stimuli and other parts of the model.

For example, *stimulus ambiguity* occurs if a consumer is unclear about the meaning of information received from the environment; *perceptual bias* occurs if the consumer disorts the information received so that it fits his or her established needs or experiences.

Learning constructs serve the function of concept formation. Included in this category are the consumer's goals, information about brands in the evoked set, criteria for evaluation alternatives, preferences, and buying intentions. The proposed interaction (linkages) between the various perceptual and learning variables and the variables in other segments of the model give the Howard-Sheth model its distinctive character.

(iii) Output

The model indicates a series of output that correspond in name to some of the perceptual and learning construct variables (attention, brand comprehension, attitudes, intention), in addition to the actual purchases.

(iv) Exogenous Variables

Exogenous variables are not directly part of the decision making process. Relevant exogenous variables include the importance of the purchase, consumer personality traits, time pressure, and financial status.

Q8. Explain Engel-Kollat-Blackwell Model (EKB) of consumer behaviour.

Ans :

The Engel-Kollat-Blackwell model of consumer behaviour also known as the Engel-Black-Miniard model was originally designed to serve as framework for organizing the fast-growing body of knowledge concerning consumer behaviour. Like the Howard-Sheth model, it has gone through a number of revisions aimed at improving its descriptive ability and clarifying basic relationships between components and subcomponents. The model consists of four sections :

- Decision-process stages
- Information input,
- Information processing, and
- Variables influencing the decision process.

The Structure of EKV Model is Depicted in Figure

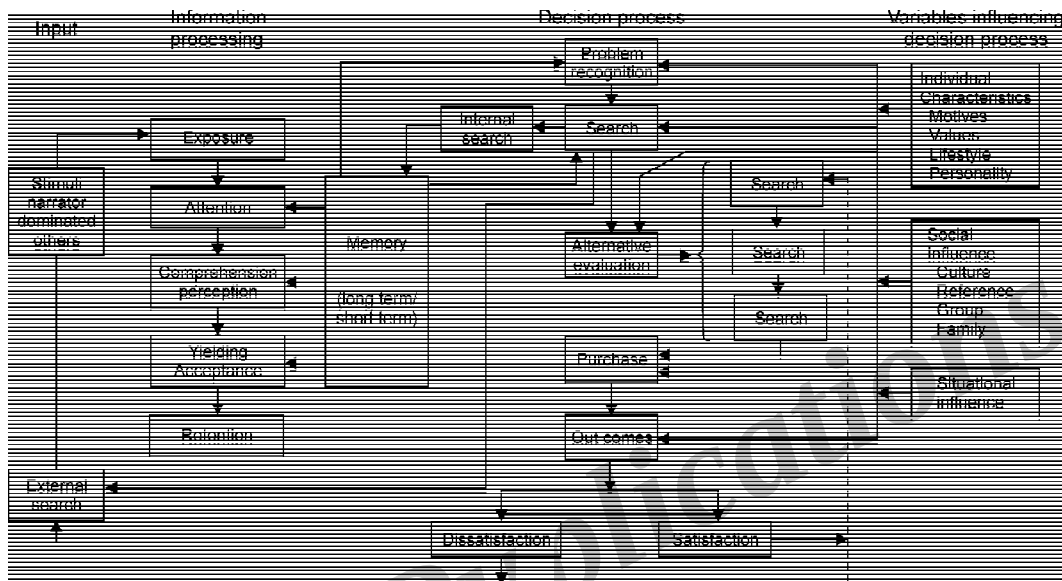


Figure : The Engel - Kollat - Blackwell (Engel - Blockwell - Miniard) Model

a) Decision-Process Stages

The central focus of the model is on five basic decision-process, stages; problem recognition, search, alternative evaluation (during which beliefs may lead to the formation of attitudes, which in turn may result in a purchase intention) purchase, and outcomes. The number of stages that figure in a specific purchase decision, and the relative amount of attention given to each stages, are functions of how extensive the problem-solving tasks are felt to be.

For example, in extended problem-solving behaviour, consumers presumably pass through all five stages; in routine problem-solving behaviour, consumers presumably do not require external search and alternative evaluation-they know what they want.

b) Information Input

Information from marketing and non-marketing source; feeds into the information processing section of the model. After going through the consumer's memory, which serves as a filter, the information has its initial influence at the problem recognition stage of the decision-making process. Search for external information is activated if additional information is required in order to arrive at a choice, or if the consumer experiences dissonance because the selected alternative is less satisfactory than expected.

c) Information Processing

The information processing section of the model consists of the consumer's exposure, attention, comprehension / perception, yielding / acceptance and retention of incoming market-dominated and non-marketing information. Before a message can be used, the consumer must first be exposed to it, allocate information-processing capacity to it, interpret the stimulus, be persuaded by it, and retain the message by transferring the input to the long-term memory as information and experience, the message must pass through sensory memory - which analyses the input in terms of its physical properties - and short-term memory, where the message (stimulus) is analysed for decision making.

d) Variables Influencing the Decision Process

The last section of the model consists of individual and environmental influences that affect of all five stage of the decision process. Individual characteristics include motives, values, life-style, and personality, the social influences are culture, references groups and family. Situational influences, such as a consumer's financial condition, also influence the decision process.

4.6 ADOPTION PROCESS**Q9. What are the Stages of Consumer Adoption Process ?****(OR)****List out the stages involved in adoption process.****Ans :****(Feb.-20)**

A new product is a good, service or idea that is perceived by some potential customers as Neo. It might have been around for a while, but our interest is in how consumers learn about products for the first time and make decision on whether to adopt them.

Adoption Process: The mental process through which an individual passes first hearing about an innovation to find adoption. And adoption as the decision by an individual to become regular user of the product.

Stages in the Adoption Process

Consumers go through five stages in the process of adopting a new product.

- 1. Awareness :** The consumer becomes aware of the new product. But lack of information about it.
- 2. Interest :** The consumer seeks information about the new product.
- 3. Evaluation :** The consumer considers whether trying the new product make sense.
- 4. Trail :** The consumer tries the new product on a small scale to improve his or her estimate of its value.
- 5. Adoption :** The consumer decided to make full and regular use of the new product.

This model suggests that the new product marketer should think about how to help consumers move through these stages.

Categories of Adopters

Depending on the time of adoption, consumers are grouped into five categories. It is not possible for all consumers to adopt the innovation at the same time. The categories of adopters are innovator, early adopter, early majority, late majority and laggard. These categories of adopters help the market to segment the market and plan strategies based on type of adopters.

Categories of Adopters

S.No.	Categories	Characteristics
1.	Innovators	The persons who first adopt the new product are innovators. They occupy 2.5 percent of the market and are very courageous who take risks and try new ideas.
2.	Early adopters	The second group who adopt the innovation are early adopters. They occupy 13.5 percent of the market and are more sociable than innovators. The social status of early adopters is high but the risk capital is less than innovators.
3.	Early Majority	The most organized group in categories of adopters are early majority group, their adoption period is very long. They occupy 34 percent of market and are active members of a formal organization.
4.	Late majority	The late majority occupies 34 percent of a market and adopt the innovation due to economic necessity or increasing social pressures. They are uncertain about new ideas and adopt an innovation only after average consumer in the market place.
5.	Laggards	The last group who adopt an innovation are laggards and occupy 16-percent of a market. They highly depend on tradition and make decision on the basis past decisions. They suspect the innovations and innovators and their adoption process takes longer time.

4.7 AIDA MODEL

Q10. Discuss in detail about AIDA Model.

Ans :

AIDA Model is a selling concept presented by Elmo Lewis to explain how personal selling works. AIDA Model outlines the processes for achieving promotional goals in terms of stages of consumer involvement with the message. The Stages are Attention, Interest, Desire, and Action.

1. Attention

In this media filled world, advertisers need to be quick and direct to grab audience attention. Ads are required to be eye catchy which can make audience stop and read or watch what advertiser have to say next. Powerful words and pictures are used in ads to make them attractive.

2. Interest

After getting attention of a chunk of the targeted audience, it is required to keep them engaged with the ad to make them understand the message in more detail. Gaining the reader's or audience

interest is more difficult process than grabbing their attention. To gain audience interest the advertisers must stay focused on audience needs.

3. Desire

The Interest and Desire parts of AIDA goes hand-in-hand. As advertiser builds the audience interest, he also need to help them understand how what he is offering can help them in a real way. The way of doing this is by appealing to their personal needs and wants.

A good way of building the reader's desire for advertiser offering is to link features and benefits. Hopefully, the significant features of the offering have been designed to give a specific benefit to members of the target market.

4. Action

Finally, advertiser need to be very clear about what action he want the audience to take trial, purchase, repurchase, or other.

AIDA and the Promotional Mix

Nature	Attention	Interest	Desire	Action
Advertising	Very Effective	Very Effective	Somewhat Effective	Not Effective
Public Relations	Very Effective	Very Effective	Very Effective	Not Effective
Sales Promotion	Somewhat Effective	Somewhat Effective	Very Effective	Somewhat Effective
Personal Selling	Somewhat Effective	Very Effective	Very Effective	Very Effective

4.8 INDUSTRIAL MARKETS

4.8.1 Characteristics

Q11. What is an Industrial Market ? State the characteristics of Industrial market.

Ans :

(Nov.-21, Jan.-19, June-18, Jan.-18)

Industrial Market

Industrial marketing is the marketing of goods and services to the industrial customers. Industrial customers are those customers who purchase the goods for processing or as part of processing.

Characteristics

Industrial markets can be clearly understood through the following characteristics,

1. Purchasing Power

The purchasing power of business buyer is increased when there is only few users of business products. The seller must maintain close relationship and have continuous contact with his customers, so that any sales opportunity is not neglected.

2. Concentration of Buyers

The buyers of industrial products are less in number and situated in specific geographic areas only. Hence, it provides them a facility of special bargaining power over the seller.

3. Direct Relationship with Seller

In business market, there is direct contact between producer and the buyer, especially in case of those products which are based on advanced technology. At different levels, executives involve in personal selling to reach business buyers.

4. Practical Assistance for Buying

At the time of purchasing complex products, business buyer requires practical support and assistance throughout the purchase process. Any wrong decision made by the business buyer will be more expensive for his firm. Hence, the work of business buyer is very responsible and sensitive.

5. Derived Demand

Many business products involves derived demand which is effected by economic cycles. The sales forecasts of the firm are necessary for business buyer at the time of purchasing.

6. Adoption of New Product is Slow

In case of business buying, buyer need more time to introduce new uses of existing products or a new substitute products, as it effects the process, assembly and end-product specifications of buyer's firm.

7. Observing the Sources of Supply/Prices of Products

In case of business buying, purchases, are made in large quantity which involves inventory. Buyer emphasis on cost reduction and observe the sources of supply and changes in price of the products. The important decisions relating to time of purchase, price and quantity to be ordered influences, the final cost of output and profitability of the firm.

8. Business Buying is Partnering

In present scenario, business buying is most essential task of management. As it involves huge funds and full attention to acquire raw material, equipment and other inputs at most competitive prices. The close relationship between buyer and supplier is not effective, hence a new concept of partnering i.e., partnering between the buyer and suppliers in introduced.

Q12. Compare and constrast industrial markets and consumers markets.

Ans :

(Nov.-21)

S.No.	Basis	Industrial Markets	Consumer Markets
1.	Markets	Industrial markets have less markets.	Consumer markets have more markets.
2.	Customer	Industrial markets have specific customer base.	The base of consumers is high in case of Base consumer markets.
3.	Items	There are innumerable items available in industrial markets.	Very few items are available in consumer markets.
4.	Process	Industrial buyers purchase goods and services, convert it into finished products and earn high profits by selling them.	Consumers purchase goods from the market for their own consumption.
5.	Individual Items	In industrial markets, the value of individual items is small.	In consumer markets, the value of individual items is sizeable.
6.	Knowledge	Industrial buyers have the clear knowledge about the products and prices and are very careful before buying any product.	Buyers in consumer markets lack knowledge about products and prices.
7.	Purchase Planning	Industrial buyers make unplanned purchases.	Consumers make planned purchases.

4.8.2 Industrial Buyer Behavior

Q13. Write about industrial buyer. Explain its classification.

Ans : (Feb.-21)

Industrial buyer is a person who engage in purchase decision of goods and service for the following reasons,

1. For producing other goods and service
2. For reselling
3. For using as raw material in the organization.

Usually, business markets were referred to as industrial markets, so many people assume that only manufacturing firms are referred a business market. Though manufacturers occupy a major part of business market but it also compresses of agriculture, reseller, government, services, non-profit and international markets.

1. The Agriculture Market

Agricultural products are generating huge profits which increases the purchasing power and make then highly attractive business market. Farming become auto-mated and mechanized in order to expand so that it helps in surviving.

Agriculture market is transformed into a modern industry. Wherein like business executives, farmers are concentrating on different ways to increase their productivity, reduced their expenses and to manage their cash flows.

2. The Reseller Market

The reseller market involves intermediaries like wholesalers and retailers. Resellers purchase goods from suppliers and sell then to reseller's customers, they does not create any form utility. Sometimes, reseller acts as business users because they purchase goods and services for using them as raw material in operations of the business.

3. The Government Market

Government market is one of the; largest market as it involves nearly 90,000 federal state and local units. The process of procurement for government is different from that of the private sector of business market. Government buying involves competitive, bidding system. Many government agencies give advertisements for bids using a (standard format known as Request for Proposals (RFP). Based on those bids, government can select the supplier and can negotiate a contract with that supplied.

4. The Services Market

In present conditions, the number of service firms is more than total number of manufacturers, mining companies, construction firms and enterprises related to farming, forestry and fishing. The business services market comprises of buyers of marketing research and services provided by ad agencies.

Service marketers along create a huge market which purchase goods and other services. They provide distinct services like repairs, temporary help, rental housing and executive search services.

5. The "Non-business" Business Market

In modern situation, more attention of marketing is given to so-called non-business or not for profit organizations. The non-business market comprises of churches, hospitals, museums, colleges, universities, political parties, labour unions and charitable organizations. These non business organizations are considered as business enterprises which were not for making profit in the past. These organizations conduct marketing campaigns to gain billons of dollars in grants donations and contributions and utilize them in purchasing goods and services to perform their operations.

6. The International Market

The exports of goods and services are generating huge profits and increasing rapidly. The international market is growing mostly in case of medical products, scientific instalment environmental protection systems and consumer goods. Even small organizations are now heavily engaged in the export market.

Q14. Explain the variables influencing industrial buying behaviour?

Ans : (Nov.-20)

1. Environmental Variables

The environmental factors are the most important factors which influences the organizational purchases. Some of the environmental factors are level of demand, economic outlook, rate of interest, technological change, competition etc. In order to avoid the problems emerging from these factors buyer and seller engage in short term or long term agreements.

2. Organizational Variables

The internal variables within the organization like culture and environment also effect the buying decisions. Factors like organizational structures, policies, systems may affect the buying decisions of the firm.

3. Interpersonal Variables

The buying centre variables of many people with different power, status and efficiencies. The marketer identifies who imposes the maximum authority and whether he is able to influence others to agree on his point of view. The marketer can develop strategies on selling to the buying centre.

4. Individual Variables

Many organizational factors and environmental variables influence the buying decisions but at the end it will be the decision

of individual who is involved. It is necessary for the marketer to have complete knowledge about the individuals involved in buying decisions. As the perception, motivation and preference of individual are influenced by personal factors like age, income, job, education etc.

4.9 SERVICES MARKETS**Q15. Define services. Explain the nature of services.**

Ans :

Service is an act (or) performance which is usually offered by one party to the other one, it can be either tangible (or) intangible in nature. Example the services offered at a hotel restaurant to the customer is tangible in nature i.e., clean and pleasant atmosphere, tasty food, prompt attention and service from the staff side and so on. While on the otherhand the services which are being offered by Indian Airlines, Indian Railways (or) APSRTC are intangible in nature as they cannot be touched, seen (or) felt.

Goods and services are interrelated in nature for which goods-services continuum has been introduced and it makes quite easier for the company to take a division on as what they want to become whether goods oriented (or) service-oriented and the following are the companies who deals with both goods and the services, Tata steel, Indian Oil, etc.

Meaning

A Service is an economic activity, that is intangible or not be touched, not be stored, and not be owned. Postal service Delivering mail is a Service, and the use of expertise like person visiting a doctor is also a service. A service is consumed at the point of sale and does not result ownership.

Definitions

- (i) **According to Philip Kotler**, "A service is an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product".

- (ii) **According to Zeithmal and Bitner**, “Services are deeds, processes and performances”. Here, deeds are the actions of the service provider, processes are the steps in the provision of service, and performance is the customers’ understanding of how the service has been delivered.
- (iii) **According to the ,American Marketing Association**, “Services are activities, benefits or satisfaction, which are offered for sale are provided in connection with the sale of goods”. This definition makes it clear that services are activities, benefits or satisfaction and people find their uses for selling products which may be tangible or even intangible.

Nature

1. Lack of ownership

One cannot own or store a service as it can be done in case of a product. Service is consumed at the point of sale and does not result ownership. Services are used or hired for a period of time. For example buying a movie ticket the service lasts for two or three hours, but customer want and expect complete entertainment and excellent service for that time period.

2. Intangible

Services are intangible in nature, you cannot touch it, cannot see it, cannot taste it. You cannot touch or hold a service as you can do with a product. For example one cannot touch or hold the services provided by his financial adviser. This makes it difficult to evaluate the quality of service prior to consuming it since there are fewer attributes of quality in comparison to a product.

3. Inseparable

Service is inseparable in nature means to say that it cannot be separated from the service provider. A product when produced can be taken away from its producer whereas a service is produced at or near the point of

purchase. For example visiting a restaurant, you order your meal, wait for the meal, meal delivered to you and services provided by waiter/waitress are all part of service production process and is inseparable.

4. Perishable

Service last for specific time period, it cannot be stored as like a product for future use. Service production and utilisation goes simultaneously. For example watching a movie in cinema hall, service will only last the duration of the show. Again because of this time constraint consumers demand more.

5. Heterogeneous

It is very difficult to make each service experience identical, for example you travelling by plane the service quality may differ from the first time you travelled by that airline to the second, because the air hostess is less or more experienced. Systems and procedures are followed in service production process to minimise this heterogeneity and to provide consistent services all the time.

Q16. Discuss about service market.

Ans : (Feb.-21)

Services marketing is a form of marketing which focuses on selling services. Services can be tricky to sell and the marketing approach for them is much different than the approach for products.

Some companies offer both products and services and must use a mixture of styles; for example, a store which sells computers also tends to offer services such as helping people select computers and providing computer repair. Such a store must market both its products and the supporting services it offers to appeal to customers.

Types of Service Market

1. Institutional Market
2. Government Market

1. Institutional Market

This consists of schools, hospitals, nursing, homes, prisons and other institutions that provide goods and services to people in their care. Institutions differ from one another in their sponsors and in their objectives.

Many markets set up separate divisions to meet the special characteristics and needs of institutional buyers.

2. Government Market

The government market offer large opportunities for many companies both big and small. In most countries, the governments organizations are more buyers are major buy.

4.9.1 Characteristics and Strategies**Q17. What are the Characteristics of Service Market ?**

(OR)

Describe the characteristics of services markets.

Ans :

(Aug.-21, Feb.-20, Aug.-18, Jan.-18)

1. Intangibility

Services do not have tangible features that appeal to the consumer's senses of sight, hearing, smell, taste and touch. Therefore, they are different to demonstrate at trade shows, to display in retail store, to illustrate in magazine advertisements, and to sample. Instead, personal selling and advertising must communicate the benefits of using a service.

Because services are intangible, it is generally difficult for the prospective customer to evaluate a service in advance. The special benefits of a service are not easily displayed or communicated because there are no features that directly demonstrate the existence of a benefit.

For example, one can infer the operating economy of an automobile by examining its size and its type of engine. But one cannot inspect the financial counseling offered by an investment broker or banker.

2. Inseparability

In most cases, a service can not be separated from the person or firm providing it. A service is provided by a person who possesses a particular skill (singer), by using equipment to handle a tangible product (dry cleaning) or by allowing access to or use of a physical infrastructure (hotel, train). A plumber has to be physically present to provide the service; the beautician has to be available to perform the message.

This is in direct contrast to products which can be produced in the factory today, stocked for the next two, three or more months and sold when an order is procured.

3. Perishability

For most services, production and consumption occur simultaneously: the hair stylist designs as the client consumes. Thus, the consumer becomes involved in the production process to some extent, and in many cases the individuals involved in producing the service are the same people who serve as the sales force.

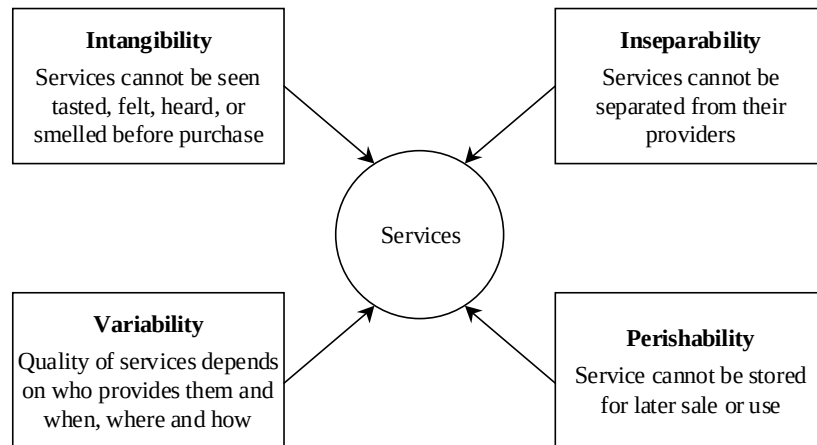


Fig. : Four service characteristics

Services cannot be stored e.g., a car mechanic who has no cars to repair today, spare berths on a train, or unsold seats in cinema hall represent a service capacity which is lost forever. Apart from the fact that a service not fully utilized represents a total loss, the other dimension of this perishability aspect is that most services may face a fluctuating demand.

4. Heterogeneity/Variability

It is often impossible to standardize offerings among sellers of the same service or even to standardize the service of a single seller. Buyers prefer to know what level of quality they are going to receive when they make a purchase. Consistent quality often is a critical basis for customer decisions. However, consistent quality is more difficult to achieve for service providers than for goods providers.

For example, no two haircuts or auto repair jobs are exactly alike, because two employees may provide same service in slightly different ways and because the precise needs of customers receiving the service are slightly different. This is an especially important problem when the essence of the service depends on contact personnel, since the performance of individuals is bound to fluctuate from day-to-day and from client to client.

Q18. Explain strategies and prospects of services marketing.

Ans :

(Nov-20)

In service business the customer and frontline service employee interact to create the service. Thus, service providers must work to interact effectively to create superior value during service encounter. Thus focusing on both employees and customer is a must. It calls for more than just traditional external marketing it requires also internal marketing and interactive marketing.

Internal marketing means that the service firm must effectively train and motivate its customer contact employees and all the supporting service people to work as a team to provide customer satisfaction.

Interactive marketing means there perceived service quality depends heavily on the quality of the buyer-seller interaction. Unlike in product marketing everything depends upon the service delivery in service marketing.

Strategies

The different strategies applied by service markets are :

- (a) Managing differentiation
- (b) Managing service quality
- (c) Managing productivity

(a) Managing differentiation

Service market frequently complain about the difficulty of differentiating their service from those of competitors. To the extent that customers view a service as fairly homogeneous.

The solution to price competition is to develop a differentiated offer, delivery and image. The offer can include innovative feature to distinguish it from competitors offers. Apart from primary service package, secondary service can also be buying provided. For example in the transportation industry, various carriers have introduced secondary service feature like movies, merchandise for sale, air to ground telephone service, etc.

The major problem is that most service innovations are easily copied. Few of them are preemptive in the long run. Still the service company that regularly researches and introduces service innovations will gain a succession of temporary advantages over its competitors and through earning a reputation for innovation, may retain customers who want to go with the best.

The service company can differentiate its service delivery in three ways namely through people, through physical environment and through process. A service company can develop a more attractive physical environment in which service is delivered.

Service companies can also work on differentiating their image, specifically through symbols and branding.

(b) Managing service quality

One of the major ways a service firm can differentiate itself's by delivering consistently higher quality than its competitors. Service industries also have started joining the total quality movement and realized the competitive edge gained through quality of service.

The best way is to exceed the customers, service quality expectations. If perceived service exceeds expected service, customers will come again. The best measure of quality is customer retention. For this customers expectations regarding quality should be identified difficult but what ever the level of service provided, it should be clearly communicated so that employees know what to deliver and customer what to expect.

Well-managed service marketers shares a number of common virtues regarding service quality.

1. To service companies are customer obsessed. They have distinctive strategies for satisfying customer needs and winning their loyalty.
2. Top management commitments to quality.
3. They set high service quality standards.
4. They watch service performance closely (their own and competitors).

(c) Managing productivity

With costs rising rapidly, service firms are under great pressure to increase service productivity. This can be done by :

1. Training current employees better or hiring new ones who will work harder and more skillfully for the same pay.

2. Increasing the quantity of service by giving up some quality.
3. Industrialize the service by adding equipment and standardizing production. Eg. commercial dish washing, jumbo objects, multiple unit movie theatres.
4. Designing more effective services. Eg. how to quit smoking clinics and exercise recommendations may reduce the need for expensive medical service later on but companies must be careful as not to over push productivity so as to reduce the quality.

In generally the many companies are following these strategies :

Q19. Explain about Services Marketing Mix.

Ans :

The 7Ps includes the traditional elements, plus three new elements. In the services marketing concept, these are defined as following.

The Traditional Elements**1. Product**

In the service industry, the production and consumption of the product are simultaneous and the product is intangible, diverse and perishable. The nature of this 'product' allows for on the spot customization. This also means that the point at which this activity is occurring becomes very important. Ideally, to ensure repeat experiences of similar quality and a consistently good user experience, most service providers aim to give some customization within an overall standardized mode of delivery.

2. Pricing

Since a service cannot be measured by what material goes into its creation nor is the actual tangible cost of production measurable, it can be challenging to put a price tag on it. There are some tangibles of course, such as the labor costs and overheads. But additionally, the ambiance, the experience and the brand name also factor into the final price offering.

3. Place

As mentioned, the service is produced and consumed in the same place. It cannot be owned and taken away from the location. This is why the place at which this transaction occurs is of vital importance. The location of the service provision is carefully analyzed to allow ease of access and the desire to make the effort to reach it. Fast food restaurants and sales and service centers may be located in busy main streets to allow walk in customers, while a fine dining restaurant may be located in a quiet street to maintain exclusivity and privacy.

4. Promotion

Promotion fulfills the same role as it does in any other marketing context. A service may be more easily replicated than a physical product. To prevent a service becoming interchangeable with its competitors, it becomes vital to create a desirable brand image and name in the market. Differentiation becomes a key goal in order to attract both new and repeat customers.

The New Elements

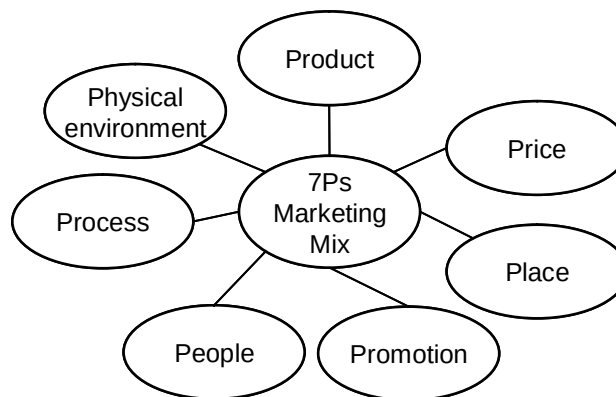


Fig.: Entrepreneurial Insights

5. People

This is a vitally important element of the service marketing mix. When a service is being delivered, the person delivering it is not unique from the service itself. When dining at a restaurant, if a rude waiter is encountered, the entire experience will be labeled as bad service. This is why many businesses invest in defining the right kind of person to fill their service role and then making efforts to find or train people to fit this definition.

6. Process

Since service provision needs to strike a balance between customization and standardization, the processes involved in the activity require special mention and attention. A process needs to be clearly defined for the service provider. This basic process should ensure the same level of service delivery to every customer, at any time of day, on any day. Within this process, there should be defined areas where a customer preference can be accommodated to provide a unique experience.

7. Physical Evidence

The location of the service delivery also takes on significance. The level of comfort and attractiveness of a service location may make a lot of difference to the user experience. A calm and soothing environment with thoughtful comfort measures may provide a sense of security to a new customer which will make them return.

Q20. Distinguish between product and services.

Ans :

(Feb.-17)

The following are the major differences between products and services,

S.No.	Basis	Products	Services
1.	Aim	Intended to satisfy customer needs.	Aims at serving the customers to satisfy their needs.
2.	Nature	Tangible in nature i.e., can be seen and felt.	Service is always an intangible outcome i.e., it can't be seen but felt.
3.	Storage	It can be stored for future purpose.	It is perishable at that instant.

4.	Quality	It can be evaluated on quality standards in the form of data.	Its quality can be evaluated by the experience gained.
5.	Repetition	It can be easily repeated by various processes.	It can't be repeated as done previously.
6.	Imitation	It is easy to imitated.	Imitation is difficult because services requires unique features.

4.9.2 Emergence of Online Services

Q21. Explain an Emergence of online Services.

Ans :

(Imp.)

In 1960's, the research organizations used to perform their researches through mainframe computers, which were the stand-alone devices. The thought the emergence of online services. The communication between the two different manufactured computers was not possible. The Advanced Research Project Agency (ARPA) in the Department of Defence (DOD), wanted to generate a way to connect computers so that the researchers can share their discoveries thereby, reducing costs, wastage of time and also eliminates the duplication of effort.

In 1967, ARPA introduced the idea of ARPANET, which is actually a small network of interconnected computers, at the meeting of Association for Computing Machinery (ACM). The idea for ARPANET was described, as each host computer being attached to a specialized computer called, an Interface Message Processor (IMP), which in turn is connected to one another. Each IMP in the ARPANET is required to communicate with other IMP'S as well as with its host. This ARPANET came into existence in 1969. A network was established between four universities of California, by connecting the four nodes via IMPs. The communication between the hosts was provided by the Network Control Protocol (NCP) software.

In 1972, two members of the ARPANET group, Vint Cerf and Bob Kahn introduced Internetting project. In 1973, Cerf and Kahn's paper outlined the protocols in order to achieve end-to-end delivery of packets. This paper included the concepts such as encapsulation, the datagram and the functions of a gateway on the Transmission Control Protocol (TCP) and Internet working Protocol (IP), where TCP would handle higher level functions such as, segmentation, reassembly and error detection, whereas, IP also known as TCP/IP would handle datagram routing.

The concept of online services came into existence during 1980s, when some online services are started as America online, CompuServe and prodigy. These services provide information of various aspects education, sport, entertainment, shopping etc. The online services removed computer mediated networks from the research labs and universities and allowed it to the general public. These services also allowed everyone to use a modem and communication software for emailing chatting, reading news and other financial or stock information. Presently, America Online is the largest commercial online service provider which has around 22 million paying subscribers.

Addition to this, internet and online services are directly connected without internet, online work cannot proceed a single step. Initially when internet was introduced, there was limited access provided. In India, only government, academic and corporate researches were having the access to internet. But, during 1992, the access was also given to commercial entities. 'Delphi' was the first commercial entity which got access to internet during 1992.

In 1994, there was an outburst of the “World Wide Web” which became popular all over the world. The World Wide Web (WWW), or the web is a repository of information linked together. It has a unique combination of flexibility portability and user-friendly features that distinguish it from other services provided by the internet. The other online service provider also came into existence to give access to the internet which was called as Internet Service Providers (ISPs).

4.9.3 Use of ICT in Service Marketing

Q22. Explain the use of ICT in services marketing.

Ans :

The communication technology which is used to manage communication processes like telecommunications, transmission systems, broad cast media, audio visual processing etc., referred as Information and Communications Technology (ICT). It plays a vital role in the field of business. It is useful for the organizations to enhance their organisational abilities for competing in the market. It is a marketing tool which involves internet enabled and mobile powered technologies. It also helps to identify the opportunities and implement them through various communication technologies. It ensures the upstream and downstream flow of information in real time on 24/7 basis. It is a combination of two technologies i.e., information technology and communication technology. Both the technologies has gained an excessive technological progress in the last few decades. The important marketing channels of ICT includes search engine marketing, content marketing, social media marketing, affiliate marketing, email marketing and SMS marketing. These technologies creates a network of agents for business clients to target customers and expand sales.

Use of Information and Communications Technology (ICT) in Service Marketing

The service marketing includes banking services, insurance services, government services, non-profit organizations services, super markets services etc.

Short Question and Answers

1. Service Market

Ans :

Services marketing is a form of marketing which focuses on selling services. Services can be tricky to sell and the marketing approach for them is much different than the approach for products.

Some companies offer both products and services and must use a mixture of styles; for example, a store which sells computers also tends to offer services such as helping people select computers and providing computer repair. Such a store must market both its products and the supporting services it offers to appeal to customers.

2. What is an Industrial Market ?

Ans :

Industrial marketing is the marketing of goods and services to the industrial customers. Industrial customers are those customers who purchase the goods for processing or as part of processing.

Characteristics

Industrial markets can be clearly understood through the following characteristics,

(i) Purchasing Power

The purchasing power of business buyer is increased when there is only few users of business products. The seller must maintain close relationship and have continuous contact with his customers, so that any sales opportunity is not neglected.

(ii) Concentration of Buyers

The buyers of industrial products are less in number and situated in specific geographic areas only. Hence, it provides them a facility of special bargaining power over the seller.

(iii) Direct Relationship with Seller

In business market, there is direct contact between producer and the buyer, especially in case of those products which are based on

advanced technology. At different levels, executives involve in personal selling to reach business buyers.

3. Characteristics of Service Market

Ans :

(i) Intangibility

Services do not have tangible features that appeal to the consumer's senses of sight, hearing, smell, taste and touch. Therefore, they are different to demonstrate at trade shows, to display in retail store, to illustrate in magazine advertisements, and to sample. Instead, personal selling and advertising must communicate the benefits of using a service.

(ii) Inseparability

In most cases, a service can not be separated from the person or firm providing it. A service is provided by a person who possesses a particular skill (singer), by using equipment to handle a tangible product (dry cleaning) or by allowing access to or use of a physical infrastructure (hotel, train). A plumber has to be physically present to provide the service; the beautician has to be available to perform the message.

(iii) Perishability

For most services, production and consumption occur simultaneously: the hair stylist designs as the client consumes. Thus, the consumer becomes involved in the production process to some extent, and in many cases the individuals involved in producing the service are the same people who serve as the sales force.

4. Seven O's structure

Ans :

i) Consumer (Occupants)

Answer to this question enables the understanding of consumer's geographic,

demographic, and psychographic and media graphic profile. Obviously, this question helps in explaining the state of being of the consumer. Demographic profile is the study of age, income, sex, occupation and educational qualifications etc. of the consumer. Psychographic profile is the study of the lifestyle of the consumer as expressed by activities, interests and opinions of the consumer. Geographic profile is the region to which the consumer belongs. Media graphics are the media habits of the consumer e.g. rubber slipper brands sell more in the coastal areas than the those in the hinterland. Frooti for example is now being repositioned as a brand that brings out the latent child in a man.

The advertisement featuring Shah Rukh Khan spells out the message that childishness is deep seated in the psyche of every man and as one opens a bottle of Frooti he comes to terms with his childish behaviour. This has enabled the brand to successfully cross the barrier posed by the demographic profile that had been promoted earlier.

ii) Consumer Buy (Object of Purchase)

This question explains what product proposition the consumer is buying. The answer is in terms of product (e.g. soft drinks, soft drink concentrate, syrups, etc.), product forms (in soft drinks - Cola vs. Lime vs. Orange) and brands (Coke vs. Pepsi). What are the features, sizes, colours, flavours, etc. that the consumer seeks?

iii) Why is the Consumer Buying (Objective)

This answers the reason 'why' of buying and explains what benefits the consumer expects the product or service to serve. This also explains what benefit the consumer is seeking. What motives is he trying to satisfy? For example, Fair and Lovely caters to a very strong motive of women, based on the desire to look fair, in a country obsessed with fair skin. Consumers today are also looking for sun protection in their cream.

iv) When do they Buy or How Often do they Buy and Use (Occasion)

This explains the buying rate or buying frequency of consumers and the occasion on which they would buy the product or service for the desired benefits e.g. big-ticket items like refrigerators, air-conditioners, are bought during Diwali. Pepsi has always adopted an event based marketing strategy to launch new brands and position existing ones. Pepsi has identified IPL (Indian Premier League) as a million dollar opportunity to connect with the youth of the country with the punch line of "Oh, Yes Abhi!"

v) Where do they Buy (Outlets)

The answer to this question explains the type and nature of outlets from where the customer makes a choice? The type of outlet can be a retail shop, grocery store, wholesaler's shop or a virtual platform. The nature of outlets also includes urban outlets, shopping malls or rural shops. For example, do consumers buy soaps from grocery and general stores or more from chemists?

vi) How do they Buy (Operations)

This explains what kind of background information do consumers collect before buying and from whom do they seek this information. For example, before buying a car the consumer collects a lot of background information from friends and does a lot of deliberation before buying. Also when he enters a dealer's showroom he asks the dealer or salesman many questions.

vii) Who is Involved (Organisation)

This explains the organisation of information sources around the key players in the decision process. It describes the various roles played by people in the purchase process.

5. Characteristics of industrial buyer.

Ans :

The unfinished or finished goods to sell and distribute to other industrial buyers or to retail consumers. They will form long-term relationships with their vendors. Professional purchasing managers usually buy enormous quantities of goods. Two concepts are followed; they are derived demand and cost performance.

Derived demand refers to demand for raw materials, parts, and other inputs that depend on demand for some other good. Cost performance is the expected performance of a product relative to the cost to buy and use it. This is used in firms to maximize profitability

6. Learning Process

Ans :

In simple terms, learning may be understood as a continuous process through which an individual understands a behaviour, imitate it and acquire expertise to demonstrate the observed behaviour, over a period of time.

The consumer learning process involves various steps, which are shown in below :

Step 1 : Motive

Step 2 : Cues

Step 3 : Response

Step 4 : Retention

Step 5 : Reinforcement

7. 4 C's Structure

Ans :

The four C's of customer service mix in interactive marketing are as follows,

(i) Convenience

Interactive marketing along with its technology helps in providing convenience for customer to make use of the company's home page over internet. It helps in providing quick use to the customer about the product information and also helps in meeting the customer's expectations conveniently.

(ii) Connectivity

Interactive technology helps the company to stay connected with the prospective customers. This connectivity enables the organization or the company identify and respond immediately to the changing relation among the buyer and the seller.

(iii) Choice

Interactive technology helps the customers in selecting from a wide range of services on the basis of price, size, energy source and other characteristics.

(iv) Creativity

'Creativity' has been encouraged with the help of interactive technology. It is an outcome of continuous interaction with the customers which has helped in ascertaining the customer's needs and expectations which further leads to the creation of newer service or modifications of the existing services.

8. Define consumer behaviour.

Ans :

The Dictionary of Marketing and Advertising defines consumer behaviour as an observable activity chosen to maximise satisfaction, through the attainment of economic goods and services such as choice of retail outlet, preference for particular brands and so on.

- (i) Consumer behaviour refers to the actions of consumers in the market place and the underlying motives for those actions. Marketers expect that by understanding what causes consumers to buy particular goods and services they will be able to determine which products are needed in the market place, which are obsolete, and how best to present the goods to the consumers.
- (ii) Consumer behaviour is defined as the process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services.
- (iii) Consumer behaviors reflects the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by (human) decision making units [overtime].

9. Stages in the Adoption Process

Ans :

Consumers go through five stages in the process of adopting a new product.

- (i) **Awareness** : The consumer becomes aware of the new product. But lack of information about it.
- (ii) **Interest** : The consumer seeks information about the new product.
- (iii) **Evaluation** : The consumer considers whether trying the new product make sense.
- (iv) **Trail** : The consumer tries the new product on a small scale to improve his or her estimate of its value.
- (v) **Adoption** : The consumer decided to make full and regular use of the new product.

10. AIDA Model.

Ans :

AIDA Model is a selling concept presented by Elmo Lewis to explain how personal selling works. AIDA Model outlines the processes for achieving promotional goals in terms of stages of consumer involvement with the message. The Stages are Attention, Interest, Desire, and Action.

(i) Attention

In this media filled world, advertisers need to be quick and direct to grab audience attention. Ads are required to be eye catchy which can make audience stop and read or watch what advertiser have to say next. Powerful words and pictures are used in ads to make them attractive.

(ii) Interest

After getting attention of a chunk of the targeted audience, it is required to keep them engaged with the ad to make them understand the message in more detail. Gaining the reader's or audience interest is more difficult process than grabbing their attention. To gain audience interest the advertisers must stay focused on audience needs.

(iii) Desire

The Interest and Desire parts of AIDA goes hand-in-hand. As advertiser builds the audience interest, he also need to help them understand how what he is offering can help them in a real way. The way of doing this is by appealing to their personal needs and wants.

A good way of building the reader's desire for advertiser offering is to link features and benefits. Hopefully, the significant features of the offering have been designed to give a specific benefit to members of the target market.

4. Action

Finally, advertiser need to be very clear about what action he want the audience to take trial, purchase, repurchase, or other.

11. Industrial Buyer

Ans :

Industrial buyer is a person who engage in purchase decision of goods and service for the following reasons,

- (i) For producing other goods and service
- (ii) For reselling
- (iii) For using as raw material in the organization.

Usually, business markets were referred to as industrial markets, so many people assume that only manufacturing firms are referred a business market. Though manufacturers occupy a major part of business market but it also compresses of agriculture, reseller, government, services, non-profit and international markets.

12. Services Mix.

Ans :

The marketing mix makes use of a combination of marketing elements for attaining the organizational objectives and for meeting the needs of the target market. Marketing mix consists of four p's i.e., product, price, promotion and place. However, with respect to the services, different authors has recommended alternative approaches and the need for expanding these four p's of marketing. This resulted in the

expansion of mix to seven p's. These additional 3p's i.e., people, physical evidence and process are called as "service marketing mix".

The 7p's of service marketing mix or services mix are as follows,

1. Product

It is the seller's perspective about the marketing tools with which buyers can be influenced.

2. Place

Place is a important tool used by the firm to fulfill its objectives and to provide the product in a convenient form.

3. Promotion

Promotion helps the firm to communicate about the product to the buyers by using the following methods, Personal selling, Advertisement, Sales promotion, Publicity and Direct marketing.

4. Price

Price gives profit to the company so it acts as an important device.

5. People (Employees)

The people or employees play a vital role in the company. They represent the company in front of the customer and acts as an actual marketers.

6. Physical Evidence

Physical evidence needs mapping. The various aspects of physical evidence which need to be managed are, Facility design, Equipment, Employee uniform/dresscode, Other tangibles, Reports, Guarantees, Business cards.

7. Process

It deals with managing the flow of activity. The various aspects of the process needs to be managed are, Standardized and Customized.

Choose the Correct Answers

1. The model in which consumer has a complex set of deep-seated motives that force to make purchase decisions is [b]
(a) Economic model (b) Psychoanalytical model
(b) Learning model (c) None
2. The factors influencing buyer behaviour as an individual are [d]
(a) Personal factors (b) Cultural factors
(c) Psychological factors (d) All the above
3. The consumers who first adopt the new product, and who are very courageous and try new ideas are [c]
(a) Early adopters (b) Early majority
(b) Innovations (d) Laggards.
4. _____ describes changes in an individuals behaviour arising from experience [d]
(a) Cognitive dissonance (b) Perception
(c) Lifestyle (d) Learning
5. Family is one of the _____ factors that influence consumer behaviour [a]
(a) Social (b) Personal
(c) Cultural (d) Psychological
6. A business buying situation in which the buyer purchases a product or service for the first time is called a [b]
(a) Systems selling (b) New task
(c) Modified rebuy (d) Straight rebuy.
7. Purchases who depends on derived demand are [b]
(a) Institutional (b) Producer
(c) Reseller (d) Government
8. The factors influencing the industrial buyer's decision making process are [d]
(a) Assured delivery (b) Price
(c) Appropriate technology (d) All the above
9. Following are the characteristics of service [d]
(a) Intangibility (b) Inconsistency
(c) Inseparability (d) All the above.
10. Following are the members in buying center [c]
(a) Users (b) Influences
(c) Both (a) and (b) (d) Leaders

Fill in the blanks

1. The learning model of buyer behaviour emerged from _____.
2. The Howard-Sheth model was developed by _____ and _____.
3. _____ is the stage of adoption process in which consumer identifies the existence of product and have very less information.
4. Personal factors like life styles and personality are also called as _____.
5. _____ products demand more time of customer and have complex features.
6. _____ is the process through which a person/group influences the actions, views and attitudes of others.
7. The buying situation where the customer usually repeats his choice is known as _____.
8. _____ are consumers who are bound by tradition and are the last group of consumers to adopt an innovation.
9. The activity of marketing goods and services to business users rather than to ultimate consumers is _____.
10. _____ is an outcome of application of human or mechanical efforts to people or objects.

ANSWERS

1. Pavlovian stimulus-response theory
2. John Howard and Jagdish Sheth
3. Awareness
4. Psychographic variables
5. High involvement
6. Opinion leadership
7. Straight rebuy
8. Laggards
9. Business marketing
10. Service.

UNIT V

MARKETING CONTROL & CONSUMERISM:

Types of Marketing Organization Structures and Factors affecting Global marketing Organization, Changing practices of Marketing, Marketing Control, Annual Plan Control, Efficiency Control, Profitability Control and Strategic, Marketing Audit, Consumerism, Consumer rights and Consumer forums.

5.1 MARKETING ORGANIZATION

Q1. What is marketing organization? State the various reasons for successful marketing organization.

Ans :

The marketing manager is expected to achieve the present goals of profit maximization to the firm on one hand and enhancement of satisfaction to the class of consumers. These functional goals can be achieved through a kind of internal arrangement or a mechanism or organization.

Organization

Organization is the framework of relationships among the persons in a group, specifying the responsibilities, authorities and role of each. Organization stands for structure, processes, culture and people.

Structure is the formal arrangement of people's roles and relationships so as to achieve corporate and marketing objectives; organizational culture is the collection of beliefs, expectations and values shared by the employees.

Marketing Organisation

A marketing organization is simply a framework for planning and making decisions in the key marketing activities that are essential to marketing success. Marketing organization is the vehicle for making decisions on all marketing areas such as product- price-promotion and place.

It is a group of marketing persons working together towards the attainment of certain common objectives. Marketing organization is one that provides a system of relationships among the various marketing functions to be performed as a means of coordinating among the marketing people who perform these functions.

Reasons for Successful Marketing Organisation

Any viable marketing organization is the frame-work of relations designed to discharge the marketing responsibilities. The real need for such an organization arises due to the following reasons:

- 1. Lack of Spontaneity :** In an organization, one faces a problem of lack of spontaneity on the part of people to undertake specific responsibilities and the inability of these people to come together for mutual and close relations. Hence, the people are to be brought together, knit into meaningful relations and assigned the positions or roles and therefore, responsibilities.
- 2. Over-riding personal goals :** In an organization, people are unique because they are known for their individual personalities, traits and purposes which differ widely with job specifications and organizational goals and philosophy. There is no any such automatic mechanism that reconciles these differences. There is urgent need for deliberate attempt to replace individual goals by organizational goals which is made possible by an organization.

3. **The nature of organizational job :** The nature of marketing functions is such that the individuals in various positions or the roles, are called upon to deal with intangibles like ideas, innovations and the behavioural aspects of consumers, competitors and middlemen which is the most difficult task unless these people are scientifically organised. A sense of orderliness and productive willingness are guaranteed by an organization only.
4. **Defining official relations :** Organisation is the structure of relations both vertical and horizontal. Organization means people and, therefore, every person should know his specific role and relations to avoid conflicts arising out of breach of lines of authority. It is a clearly designed organization that gives clear vision and direction to marketing efforts and secures subordinates commitment and conformation to these directions.
5. **Ensuring functional performance :** Marketing is one of the basic functions of every business unit. Marketing department is totally responsible for marketing functions. Marketing in itself involves sub-functions and activities. It, therefore, follows that all the individuals charged with specific marketing responsibilities should discharge them with ease, efficiency and economy.

It implies synchronization of all sub-functions to give operating impact on marketing the products and services. In addition, it implies a balance being achieved by coordinating the marketing activities with other basic functions like production, finance and personnel.
6. **Optimising the managerial inputs :** Managerial inputs are the efforts and time which are to be geared to yield optimum results. Input optimisation is possible in that type of operation which welcomes and supports the ideas of management by exception on one hand and management by objectives, on the other. That is, essential tasks are to be handled by highly talented and specialised people and the routine ones by others.
7. **Encouraging newness :** A successful marketing organization is one which is on-going, dynamic, open and adaptive. It is one that welcomes new ideas, and innovations. It is possible only when an organization goes beyond the defined official relations; such an organization grants freedom to individual to exhibit their initiative, drive, zest and zeal so that an atmosphere of unconventionalism prevails.

The Marketing Organization Planning Process

Constructing an organization structure for the first time from scratch is not going to pose a serious problem; very often, the problem is one of improving the existing organization with a view to make it more market oriented and more streamlined with the changing conditions well outside and around the firm.

Certain steps are essential, to be taken in order of priority for such planning. Prof. Harold Stylists of New York states the following six logical steps in the planning process.

1. **Determine the objectives :** To determine the objectives, there should be clear-cut definition of company's business, markets, products and services and the policies and the organizational principles it plans to follow as to achieve its objectives.
2. **Analyse the existing organisation :** Analysis of existing organization is the in-depth analysis of personnel functions and the relationship both vertical and horizontal so that you can determine "where you are"?

3. **Formulate long-range target organization :** This is the task of visualization of a structure of relations deemed to be the 'best' to meet the redefined objectives at some defined future point of time. This means that you are to visualize "where you want to be"?
4. **Determine the method of change :** While building such an ideal organization structure, it should be based on the needs of functions of the positions rather than the people. One should also assess the ability of people for their easy and successful stepping into new positions. This is to be done gradually.
5. **Prepare the phase plans :** As the change-over is not expected to be sudden there should be phase plans. These spell out the intermediate organizational changes in activities, personnel and relationships including the plans for upgrading skills of present executives to bridge the gap between existing and target structure.
6. **Implement the plan :** Implementing a plan appears logically the last step in the process; in reality, however, it may not be so because the target structure may change. It is obvious that it is harder to hit at moving target than the fixed one.

In fact, implementation may warrant refinement in the proposed structure. In effect, an ideal plan paves the way for another ideal plan in the light of constant changes that take place.

5.2 TYPES OF MARKETING ORGANIZATION STRUCTURES

Q2. Explain various types of marketing organization structures.

Ans : (Aug.-21, Nov.-20, Jan.-19, Jan.-18, Jan.-16)

Designing The Marketing Department

There are numerous arrangements of organising marketing departments. The most common ways of organising marketing department are:

1. Functional Organisation
2. Geographical Organisation
3. Product & Brand Management Organisation
4. Matrix Organisation

1. Functional Organisation

The most common form of marketing organisation consists of functional marketing specialists reporting to a marketing vice-president who coordinates that activities. This is depicted in figure 3.

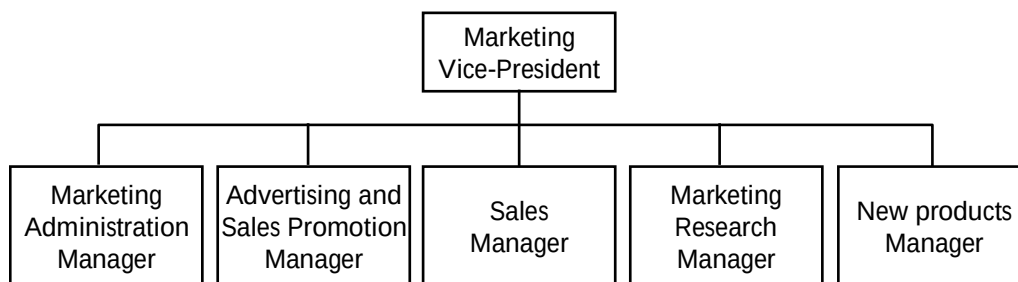


Fig.: Functional Organization

In this set up, five activities have been shown. Additional functional specialists like customer service manager; marketing planning manager and physical distribution manager might be accommodated as the need arises. The functions may be divided in two sub-groups.

- a) Service functions - (Sale force, advertising, marketing research) vs Programme functions (Products, markets, customers, ventures).
- b) Planning functions - (strategic planning, product planning, Marketing projects) vs. Marketing communications (sales force, Advertising, sales promotion, public relations etc.)

2. Geographical organisation

The companies having all India marketing network often organise their force along the geographical lines. The figure shows one such arrangement where the planning and support functions are located at the head office and

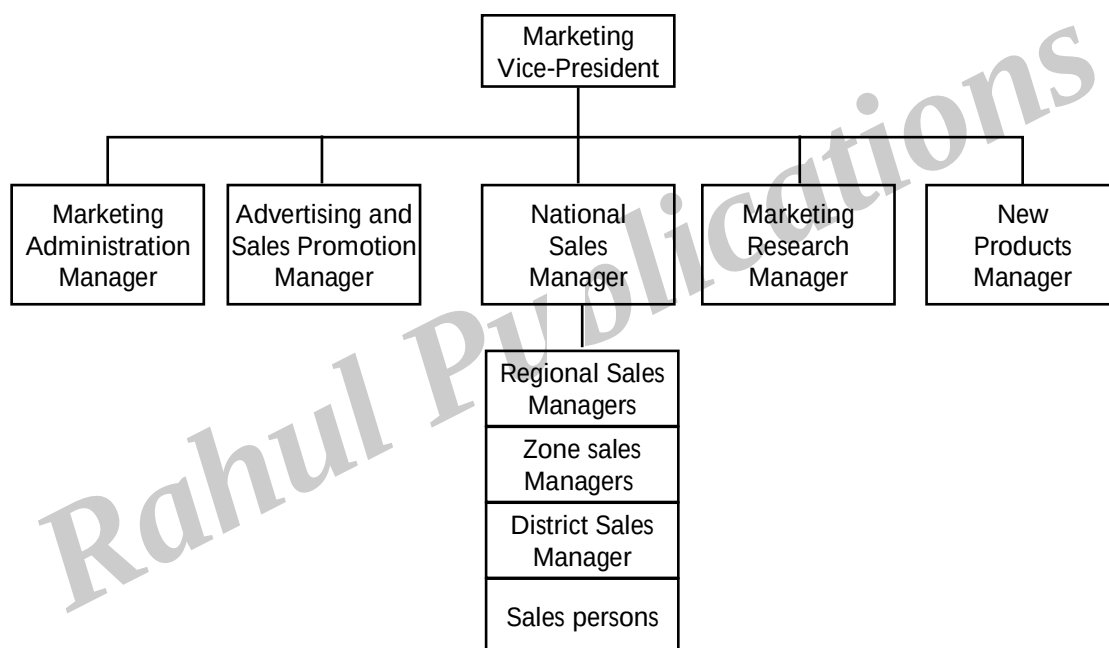


Fig.: Geographical Organization

The sales force is spread across the country. The field force has locations depending on hierarchy. Some companies also add local market specialists to support sales in high volume markets. Such an organisation is shown in Figure.

3. Product and brand management organisation :

Companies producing a variety of products and/or brands often establish a product or brand management organisation. The product management organisation does not replace the functional management organisation but serves as another layer of management. The product management organisation is headed by a products manager who supervises several product group managers incharge of specific products.

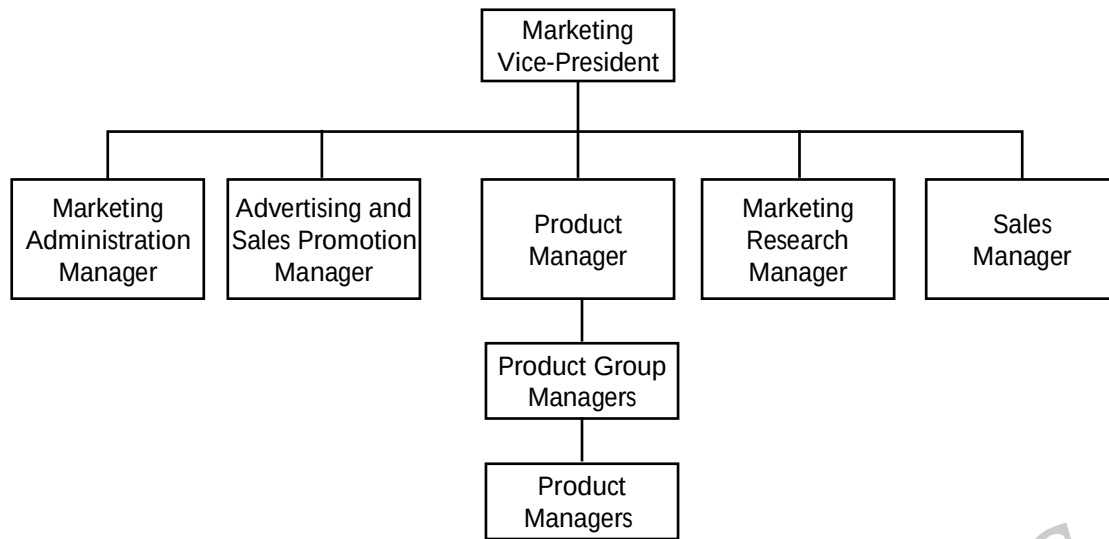


Fig.: Product and Brand Management

The concept of product management was introduced by Proctor & Gamble in 1927 to promote their brand named Camay. Since then many firms, especially in the food, soap, toiletries, pharmaceuticals and chemical industries have established product management organisations. The product manager's role is to develop product plans, see that these are implemented, monitor the results and take corrective action. The responsibility breaks down into six tasks :

1. Developing long range and competitive strategy for the product
2. Preparing an annual marketing plan & sales forecast
3. Working with advertising and merchandising agencies to develop, copy programmes and campaigns
4. Stimulating interest in the support of product among the sales force distributors.
5. Gathering continuous intelligence on the product's performance, customer and dealer attitude and new problems and opportunities.
6. Initiating product improvements to meet challenging market needs.

Advantages

1. The product manager develops a cost effective marketing mix for the product.
2. The product manager can react more quickly to problems in market place than a committee of specialists would.
3. The product management system is often costly as the structure is large with product management team (as shown earlier) and associate brand managers, assistant brand managers.
4. The product managers tend to manage their brands for a short time because often they have to shift their focus to other products or they may even change the company.

A second alternative to this set up is to shift from a product manager to a product team approach. Usually three types of team structures are proposed (as shown in figure)

- a) Fertil product team
- b) Triangular product team
- c) Horizontal product team

a) Vertical Product Team

In such a management, the hierarchies of team are vertically aligned. The product assistants occupy bottom line positions and perform all support activities. The associate product managers manage teams of product associates and report to the product manager. This type of arrangement is workable in small companies with relatively simple nature of marketing functions.

b) Triangular Product Team

As the organisations grow, there arises a need to appoint specialists like market researcher, communication specialist etc. In early stages, the number of such specialised functions is less and a triangular hierarchy emerges with the product manager at the top.

c) Horizontal Product Team

As the team grows, the span of a product manager widens with other specialists, even from other functional areas such as finance, engineering etc reporting to him. Since it is not feasible to evolve a vertical hierarchy and place various specialists in that order, management often evolves a horizontal hierarchy with various functional heads reporting to the product managers.

4. Matrix Form of Marketing Organization Structure

Matrix organization is beneficial to implement when the organization has to handle such projects where there is a combination of small or large projects. It is a combination of functional organization and project organization. It is created by merging project organization and functional organization. It permits better planning, flexibility and service. In case of matrix organization a person has to work under two bosses one is the project

manager and other is the functional boss. It may create certain problems in the organization as well as problem of coordination. Project manager may not have authority over the persons, as those persons are taken from different departments for a temporary period. Project structure provides a horizontal authority flow to vertical authority flow of the functional organization.

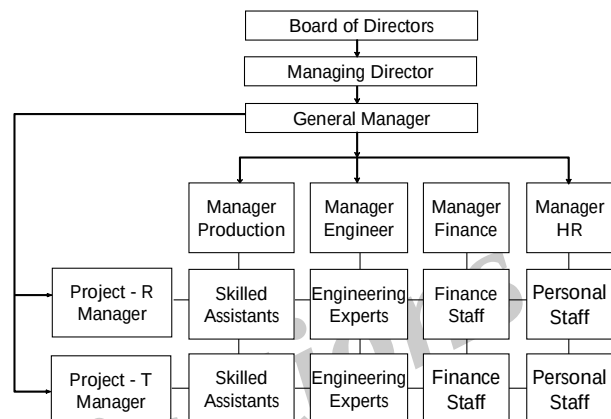


Fig.: Matrix Organization

5.3 FACTORS AFFECTING GLOBAL MARKETING ORGANIZATION

Q3. What are the various factors affecting global marketing organization?

Ans :

An organization structure is said to be an effective organization structure when it is constructed by taking, in to consideration internal environment, external environment and products/services to be sold to the customers. After identifying the activities to be performed in an organization, an organization structure is designed in such a way that it assist the company in successful performance of such identified activities. An organization structure of the company need to be changed as per the changes in the internal and external environment of the company. It is very essential for global managers to analyse the strengths and weakness of different organizational structures and various factors affecting global marketing organization structure.

The factors affecting global marketing organization can be studied under two headings. They are internal factors and external factors.

Internal Factors**1. Corporate Objectives**

A mission statement directs the company, and a vision statement reflects where the company wants to be in future. After setting mission statement, a company need to set its objectives and strategies. Mission statements of few global companies include strategy statements too. Corporate objectives affect global marketing organization structure.

2. Corporate Orientations

There are various orientations relating to global markets. Corporate management can take up any one of its choice, the three types of orientations are,

(a) Policentric Orientation : In policentric orientation, each and every market is assumed to be unique and local subsidiaries are given freedom to develop and execute independent strategies.

(b) Ethnocentric Orientation : Companies who had adopted ethnocentric orientation give more importance to home market. Ideas obtained from home market are given high significance than ideas obtained from foreign markets.

(c) Geocentric Orientation : A company with geocentric orientation focus on global markets/forcing markets instead of home markets/domestic markets. Ideas are encouraged from all countries. Geocentric companies follow global marketing strategy and task of decision making is shared by subsidiaries and headquarters. Orientations affect global marketing organization.

3. Flexibility

The organization structure designed must be flexible enough to adopt changes in the environment. In order to satisfy changing consumer demands and to face global competition, flexibility in organization structure is very essential.

4. Adequate Resources

In order to achieve success in global marketing the structure of global marketing organization should be designed in such a way that it facilitates adequate financial resources available for taking up global activities. The financial resources allocated for global marketing affects global marketing organization structure.

5. The Size and Significance of International Sales

The size and significance of international sales also affect global marketing organization structure. The organization structure change as per the change in the size of international sales. In case of small size of international sales, export department is arranged. If the size of international sales is increased to some more extent then company prefer setting international division rather than export department. In the same way company prefer having worldwide organization in case of large international sales.

6. Human Resource

The company's success in global markets relays upon the availability and skills of human resource. Few companies send their executives to foreign countries to handle the business there. The main objective behind this is to find out whether the executives possesses required skills to handle international business or not.

7. Number of International Markets

Higher the number of international markets served by the company, more complex will be the organization structure designed to handle marketing activities. More number of human resource will be needed to understand market situations and execute marketing strategies.

External Factors

The various external factors affecting global marketing organization structure are listed down below.

1. Geographical Distance

Geographical distance between the countries affect a global marketing organization. Eventhough the problem of geographical distance is half solved through technological innovations such as mobile phones, e-mail, internet etc., geographical distance is still considered as hinderence to global marketing. If companies are located at developed countries where geographical innovations are at peak, geographical distance might not be the problem. But developing countries lack behind in terms of technology and geographical distance act as barrier to global marketing there.

2. Time Zone Difference

In global marketing, company located in one country maintain deals with companies located in other countries. In this situations, difference in time zones of different countries may act as barrier. For example, if managers in New York have dealings with headquarters in London, then it becomes difficult for managers to fix any meeting with headquarters in London because there is a difference of five hours between the time zones of these two countries (i.e., New York and London). Electronic mail to a large extent shortened the time zone differences.

3. Government Regulations

The rules and regulations imposed by the Government differ from country to country. The global organization structure get affected by government regulations of the country. Rules and regulations pertaining to imports exports, taxes etc., vary from country to country and organization structure must be designed by taking into consideration rules and regulation prevailing the country.

4. Types of Customers

Types of customers served by the company also affects global marketing organization structure. If company wants to serve small number of geographically concentrated global customers, then organizations are located where customers are located. On the

others side, if company wants to serve large number of customers, then company focus on setting regional specific organizations.

Thus the above are the various internal and external factors affecting global marketing organization.

5.4 CHANGING PRACTICES OF MARKETING**Q4. Describe the changing practices of Marketing.**

Ans :

1. Globalization

Companies are able to market their products in other, countries and consumers are able to purchase products from other countries due to the technological advances that took place in shipping, communication and transportation. This way globalization has brought a drastic change in the market place.

2. Privatization

Countries are increasingly converting their public companies to private companies (eg. British Airways and British Telecom in UK). This is being done to increase the work efficiency.

3. Cut Throat Competition

There is a tough competition in the market place. Many domestic and foreign brands are competing with brand manufacturers. As a result of this, companies are required to spend more on promotion and their profit margins are shrinking.

4. Deregulation

Countries are increasingly adopting the idea of deregulation to increase the number of growth opportunities and to create more competition in the market. India has witnessed a substantial growth in economy after adopting the policy of deregulation and liberalization. Infact, deregulation has lead to the rapid growth of airline industry in India.

5. Industry Convergence

Companies are realizing that they are able to create new opportunities by converging/

intersecting two or more industries. The convergence in computer and electronic industries is observed as the leading companies like Hewlett-Packard, Dell and Gateway are producing the entertainment devices such as camcorders, plasma TVs, MP3 players etc.

6. Network Information Technology

The resolution in information technology has brought many changes in the way the business is carried out. Industrial age involved mass production, mass consumption, stores with adequate inventory, uncontrolled discounting and advertisements everywhere. The information age, on the other hand, has resulted in precise level of production, more clear pricing and more targeted communication.

5.5 MARKETING CONTROL

Q5. What is Marketing Control?

Ans :

Introduction

All managers from top to down are involved in control. Control procedure itself varies from manager to manager, organization to organization, department to department. The job position decides the types of performance controlled, the information used and the nature of the analysis conducted.

Meaning of Marketing Control

Marketing control is concerned with analyzing the performance of marketing decisions, uncovering performance problems or opportunities and taking actions to resolve the problems or to take advantage of the opportunities.

Definitions

Marketing control refers to the process by which a company manipulates its marketing plans to reach its original goals. This process is achieved by setting up performance standards that will ideally be reached at each step of a marketing campaign. If these standards are not being met, corrective action needs to be taken.

Traditionally, marketing performance has been measured in terms of market share, sales, and profits. Hence, most control measures or performance measurement tools have been designed with these parameters in mind. But the contemporary view of marketing demands other performance indicators.

Specifically a marketer needs to measure the following :

- a) Customer satisfaction
- b) Customer's perception of the firm and its competitor brands
- c) Market share
- d) Sales
- e) Profits
- f) Marketing effectiveness
- g) Preparedness of marketing organization to respond to external environmental challenges.

Q6. What are the different types of marketing control?

Ans :

To measure these, there are four types of controls in place in most successful marketing firms. As shown in table. These controls have different objectives and tools. Also, each of these controls exist at different levels in the management hierarchy.

The four types of control, as mentioned by Kotler are :

1. **Annual Plan Control** Used by the top or middle management to evaluate actual performance against targeted performance and analyze variances, if any. The tools used here are sales analysis, market share analysis, sales to expense ratios, financial analysis, and attitude tracking studies.
2. **Profitability Control** Used by marketing control to examine a firm's profitability by product, territory, customer segment, trade channel, and order size.
3. **Efficiency Control** Used by both line and staff executives or marketing controller to assess the effectiveness of money spent on sales force, advertising, sales promotion, and distribution.

4. **Strategic Control:** Used by top management to examine whether the company and marketing fit with the external environment is perfect. Tools used here are marketing effectiveness audit or marketing audit. These are still not formally used by most Indian firms, however, informal analysis is conducted.

Q7. Briefly explain regarding the marketing control measures.

Ans : (Aug.-21)

There are many marketing control methods are available some of the important methods are given below.

1. Traditional Methods

Various traditional methods of international marketing control are discussed as under,

1. Strategic Control

The main purpose of control method is to evaluate the organization. It checks whether the organization has accomplished its objectives in term of qualitative and quantitative aspects. Using marketing audit the control gets activated.

2. Financial Control

Financial control is considered as one of the important type of controls. It comes in different forms such as return on sales, earning per share, return on investment, profitability and cash flow etc.

3. Annual Plan Control

Annual plan control is implemented to check if the specified annual operating plans are achieved or not. Marketing managers or functional managers stand responsible to carry out this process.

4. Brand Equity Metrics

The objective of brand equity metrics is to assess if the equity is increasing or

decreasing. It also ascertains the 'equity' that is represented in the brand. The equity can also be assessed through many other techniques including consumer value, end user, trade/retail matrices and innovation.

II) Modern/Non-Traditional Methods

The non-traditional methods of international marketing control are discussed as follows,

1. Stakeholder Value

It is very important to maximize the stakeholder value in the marketing profession. Stakeholders and management can increase the stakeholder value by concentrating more on services and products that would produce potential profitability. It is good to apply this idea than trying to satisfy all customers.

To achieve this, Initially the organization's mission, values and vision must be quantified. Furtherly, appropriate strategies can be implemented to achieve the quantified targets.

2. Self-assessment

Self-assessment is almost similar to benchmarking. The industries can set up their standards as similar to the retailers who may tick off their performance on a scale.

3. Double-Loop Learning

This control checks if the feedback from performance is observed and applied at the same time.

4. Benchmarking and Best Practice

These techniques are basically applied to check/ measure the organization on the basis of likeliness/ similamess of a business. Using the industry 'average' the organizations may assess their level i.e., below or above the norm.

5.5.1 Annual Plan Control**Q8. What is Annual Plan Control and Explain.**

Ans : (Nov.-20)

Annual plan control is the responsibility of top an middle level management. Annual plan control aims at comparing the actual performance against the preplanned/ budgeted/targeted performance to find out the variance. Annual plan control is a widely popular control mechanism among the firms. The various tools used in Annual Plan control are.

- (i) Sales analysis
- (ii) Financial analysis
- (iii) Market share analysis
- (iv) Customer attitude tracking
- (v) Sale-to-expense ratio

(i) Sales Analysis

Sales analysis is the process of measuring actual sales against the budgeted sales. Variance may be found, when actual sales are compared against the budgeted sales. For instance, a company aims at selling 2,00,00 units in the year 2009. This is nothing but the budgeted sales. But the actual number of units sold in the year 2009 are 1,50,000 units. The difference between the budgeted sales and actual sales (i.e., 2,00,000 - 1,50,000) is 50,000 units. The variance is equal to 50,000 units. After the above analysis, company focuses on finding out the reasons behind such variance, and to find out the reasons, detailed analysis is done on consumer buying patterns, competition in the market, performance levels of each individual sales person etc., even the forecasting techniques followed by the company are also analyzed properly.

Identifying the sales variance is very essential as this variance assist the company in taking up corrective measures to overcome such variance in the future intervals.

(ii) Financial Analysis

Financial analysis is the analysis of various factors influencing the company's return on assets, financial leverage and rate of return. Marketer should focus on the methods which can be adopting for enhancing the company's financial leverage in the market place. A effective financial analysis can stop the criticisms from entering the company.

(iii) Market Share Analysis

The marketing performance of the company in relation with its competitors can be judged better through market share analysis than sales analysis. Because company's sales are also influenced by the external factors, which are not under the control of the company like shutdown of competitor firms, improvement in economic situations etc.

Market share analysis is the analysis of company's relative market share. Enhanced market share indicates the company's competitive position in the market place.

One problem pertaining to this analysis is the unavailability of market share data with small sized firms. The market share analysis must be done region-wise, product wise and segment wise.

(iv) Customer Attitude Tracking

Sales analysis, market share analysis, expense to sales analysis and financial analysis measures only quantitative data and qualitative information is completely ignored in this analysis. Customer satisfaction is a qualitative information and measuring customer satisfaction is very essential in today's competitive world. There are three methods available for tracking customer satisfaction and attitude. They are,

(a) Customer Panels

Few companies make use of customer panels to grab information regarding customer attitude and customer satisfaction. Customer panels are the group of customers who are ready to share their experience with the product through questionnaire, investigator or via telephone.

(b) Customer Surveys

Customer surveys is a traditional method of analyzing customer satisfaction. Questionnaire is usually used in surveys.

(c) Customer Feedback, Complaints and Suggestion System

The feedback received from the customers assists the company in making further improvements. Customer driven companies often invite feedback, complaints and suggestions from their customers.

(v) Sales Expense Ratio Analysis

Today, most of the companies have a fear of excess- investment in marketing activities. A company can overcome this fear by the analysis of sales to expenses ratio. Some more ratio's which can be computed are,

- (a) Sales force cost to sales ratio
- (b) Advertising to sales ratio
- (c) Distribution expenses to sales ratio
- (d) Sales promotion to sales ratio
- (e) Sales administration to sales ratio
- (f) Marketing research to sales ratio etc.

A marker should keep track on all these ratios in order to take up corrective action whenever the variance occurs in the ratios.

5.5.2 Efficiency Control**Q9. What is efficiency control? Explain.**

Ans :

Efficiency control is the prime responsibility of line and staff management and marketing controller. The objective of efficiency control is to assess and improve the spending efficiency of advertising, sales promotion, sales force and distribution activities. Marketing controller is appointed to improve the marketing efficiency levels. Efficiency control focuses on finding out the better and more efficient ways of doing a work. Efficiency control is a system or mechanism which is used to asses the efficiencies of advertising, sales force, sales promotion and distribution.

1. Assessment of Advertising Efficiency

Eventhough assessing the value obtained from the advertising expenditure is not possible, an advertising manager should monitor the following aspects to assess the advertising efficiency.

- (i) Advertising expenditure for thousand custom-ers for each separate advertising medium used.
- (ii) Number of target customers got attracted to the advertisement or saw the advertisement on television nor read the advertisement in print media.
- (iii) Views of target market customers on adver-tisements.
- (iv) Evaluate customer behaviour towards the product both before and after the advertise-ment campaign.
- (v) Record the number of enquires generated by the advertisement.
- (vi) Cost incurred on each enquiry.

Managers can improve advertising efficiency by product positioning, objective setting, examining the ad-vertising messages first before communicating, selecting the media through computer technology etc.

2. Assessment of Sales force Efficiency

Sales managers should keep track of the following as they indicate the efficiency of sales force.

- (i) The number of sales calls made by one single sales person in a day.
- (ii) The time spent on each sales call.
- (iii) The cost incurred on each sales call.
- (iv) The income generated from each sales call.
- (v) Cost of entertainment of each sales call.
- (vi) Number of orders received from 100 sales calls.
- (vii) Number of new customers attracted in an year.
- (viii) Number of customers showed dissatisfaction and left the company in an year.
- (ix) Cost of sales force as a percentage to overall sales revenue.

Evaluation of salesforce efficiency leads to identification of areas where improvement is needed.

3. Assessment of Sales Promotion Efficiency

Sales promotion comprises of various tools which can be used by the company to attract customers and induce customers to try the product once. In order to improve the efficiency of sales promotion, the management must make a note of promotion cost and its impact on sales. Management should keep track of the following

- (i) Number of sales made on deal
- (ii) Cost of display per sales rupee.

- (iii) Number of coupons exchanges.

- (iv) Number of enquiries received in response in demonstration.

A sales promotion manager can assess the performance of various promotional tools and this information helps the product manager in selecting the most economical promotion tool to be used in the company.

4. Assessment of Distribution Efficiency

It is very essential for management to ensure economics of distribution in inventory control, sites for warehouses and types of transport used. The management should monitor the following,

- (i) Cost of logistics as a percentage to sales.
- (ii) Number of orders filled accurately.
- (iii) Number of orders delivered at right time.
- (iv) Number of mistakes occurring in billing.

The distribution efficiency of the company decreases with the increase in sales. When management provide incentives to the sales force, sales force focus on meeting the targeted sales in order to get incentives but on the other hand channel members fail in delivering the orders on time due to increase in sales. Lack of on-time delivery leads to customer dissatisfaction and bad-mouthing about the company in the market place. This leads to decline in sales. To increase sales, management offer incentives to sales force. Enhanced sales again leads to company's incapability to deliver product on time. To avoid this situation, management should identify the causes of problem and should spend its capital on improving production and distribution efficiency.

5.5.3 Profitability Control

Q10. Explain the concept of Profitability Control.

Ans :

Higher the competition levels, lower will be the profit margins of the company. Focus is laid on developing profit making strategies. Usually marketers are consulted to find out the profit obtained from products, territories and distribution channels. In order to control the profit levels of an organization, three steps are recommended by Philip Kotler. They are :

- (a) Identifying the functional expenses
- (b) Allocating the functional expenses to marketing entities
- (c) Preparing profit and loss account for each marketing entity.

(a) Identifying Functional Expenses

The first and foremost step involved in profitability control is concerned with identifying the various functional expenses incurred by the company in selling its products in a particular territory or region. Functional expenses of a particular region might include warehousing expenses, transportation expenses, travelling expenses, takes, salaries, rent, advertising expenses, sales promotion etc. The cost of goods sold must be subtracted from the total sales to get gross contribution on goods sold. And from this, functional expenses of the region have to subtracted to get the profit contribution from the region.

(b) Allocating the Functional Expenses to Marketing Entities

The second step is concerned with allocating the functional expenses to marketing entities. This is done when expenses incurred on non-selling / non-marketing activities are also included in the total functional expenses of the region. By allocating the functional

expenses to marketing entities, we can find the percentage of expenses incurred on selling and non-selling functions.

(c) Preparing Profit and Loss Account for each Marketing Entity

Profit and loss statement is prepared for each marketing entity in the third step.

5.5.4 Strategic Control

Q11. Explain the concept of strategic control.

Ans : (Jan.-19)

Top management take up the responsibility of strategic control. Strategic control is the analysis of strategic fit between the company's marketing and external environment. Strategic control systems are particularly used to find solutions to the issues pertaining to strategies, policies, programmers, structure and systems.

The two tools used by the management for strategic control are :

- (a) Customer relationship barometer
- (b) Marketing audit

(a) Customer Relationship Barometer

The main purpose of customer relationship barometer is to find out to what extent customer is aligned in an organization. Customer relationship barometer provide information on to the following aspects.

- Customer retention strategy
- Policies of the organization
- Structure of the organization
- Organizational system
- Technology used in an organization
- Employees skills, knowledge and attitude.
- Organizations core values and beliefs.

The core values and beliefs of the organization are focused upon to determine the role of customer in an organization. Whether the organizations activities show the priority given to the customers.

(b) Marketing Audit

The term “marketing audit” can be defined as a “systematic, comprehensive, unbiased, independent, periodic and critical review and assessment of company’s marketing objectives, strategies, plans and programmes, environment and marketing activities in order to identify problem areas and opportunities and to suggest corrective actions to improve the company’s marketing performance”.

If we take into consideration the broader perspective, marketing audit is the assessment of the entire marketing program of the company. Eventhough the person inside the firm i.e., marketing controller can take up the responsibility of marketing audit, in order to get expert services and to ensure unbiased evaluation the task of marketing audit is often outsourced to outside firms who are specialized in such activities. Rather than focusing on introducing new plans, auditors focus on evaluating the plans and programs being executed in the company. An effective marketing audit make sure that the company’s marketing strategies are directed towards achieving marketing objectives and are executed properly.

Q12. Differentiate between profitability control and strategic control.

Ans :

(Nov.-20)

Profitability Control	Strategic Control
1. Profitability control is used by the firms which follows profit making strategies for finding the profits obtained from products, territories, customer segment, trade channel and order. 2. The responsibility for carrying out the profitability control is on the marketing chief. 3. The main aim behind conducting profitability control is to analyse the sources of profit and loss efficiently, products and channels objectives. 4. The profitability control is conducted by identifying functional expenses, assigning the functional expenses to marketing entities and by preparing a profit and loss statement for each marketing entity. 5. With the help of profitability control, the firm can take the decisions whethers to increasing or decreasing the productions. 6. The areas or regions incurring losses, the product due to which losses are incurred and the non-marketing expenses on profit contributions are easily determined through profitability control. 7. Contribution margin direct profit, controllable profit, income before income taxes and net incomes are the various types of profitability measures.	1. Strategic control is used by the firms for determining whether the fit between firms marketing and external environment is perfect or not. 2. The responsibility for carrying out the strategic control is on the top management. 3. The main aim behind conducting strategic control is to analyse whether the firm is chasing marketing goals, 4. The strategic control is conducted with the help of customer relationship barometer and marketing audit. 5. With the help of strategic control, the firm can take the decisions regarding to the type of strategy which should be adopted for attaining the first place. 6. Any pit falls in strategices structures, policies, programmes and systems can be easily and quickly identified through strategic control. It also helps in providing the remedies for overcoming them. 7. Premise control, implementation control, strategic surveillance and special alert control are the various types of strategic control.

Q13. Explain various model of direct marketing.**Ans :** (Aug.-17)**1. Direct Mail Advertisement**

Shopping in reaction to direct mail advertisements satisfy real consumer needs like availability of goods, reduced price, convenience and good quality. Research studies revealed that nearly 50% of consumers favour direct mail advertisements. Preference over direct mail advertisements decrease with increase in education and income levels of consumers.

2. Telemarketing

Today, over 20% of direct response orders are placed through telephone call which is known as 'outbound telemarketing'. In case of 'inbound telemarketing', toll-free number is used to place orders. Inbound telemarketing is highly used by young, better-educated households with high income levels and kids at home.

3. Direct Selling

Direct selling refers to any type of direct contact between salesperson and a customer taking place at any location other than fixed retail location. Direct selling usually takes place at home or office. Direct personal selling covers around 2% of the total sales.

5.6 MARKETING AUDIT**Q14. What is marketing audit. Explain the principles of marketing audit.****Ans :** (Feb.-20)**Introduction**

It is a systematic and objective study of total marketing efficiency of the firm. It critically evaluates the marketing policies and activities of the firm, and measures the extent and direction of its growth. Its concerned with the long-term business interests and challenges of the firm rather than short-term

achievements. It is essential for the firm to assess whether the marketing policies, programmes, systems and methods established in the distant past are valid for today and would be valid for the future. Marketing audit ensures such assessments.

Meaning

A marketing audit is an extensive, orderly, regular appraisal of the company's marketing environment, its goals, strategies and other operations, preferably carried out by an independent organization to: identify areas where there are problems or opportunities; and advise the company as to the actions to be taken to improve its performance.

The marketing audit is all pervasive and covers every single major activity of an organization. Audits that cover only one or two activities like advertising or product pricing are called functional audits. These functional audits are known to misguide managements at times. A through marketing audit usually results in detecting the actual problems and hence is much more successful.

The marketing audit is a very systematic in investigation of both the macro and micro environments, the marketing goals and strategies, other marketing programs and activities. The audit will point out areas where the most improvements have to be made. These points are converted into an action plan for implementation on both short and long term strategies.

Principles

Followings are the few basic guidelines that would help marketing control system to work smoothly and effectively :

1. Obtain inputs from individuals whose performance would be evaluated.
2. Show individuals how they can benefit from the control system.
3. Emphasis should be on performance improvement, not on the poor performance.

4. Responsibility must be assigned for marketing control systems.
5. Control should be continuous and be frequent.
6. Performance standards must reflect difference according to the different territories, product, customers etc.
7. Management by exception must be practiced.
8. Cost vs. Benefit of the marketing control system must be determined.

Q15. What are the Components of Marketing Audit?

Ans :

The marketing audit consists of the detailed examination of six major components of the company's marketing situation. Each component is semi-autonomous in status in case firm wants less than total marketing audit. These six major components are made up of sub-components which can be outlined as under :

1. **Marketing Environment Audit :** It is divided into two broad groups as macro-environment and task-environment. 'Macro-environment' audit is the analysis of forces and trends in the areas of demography, economy, ecology, technology, politics and culture. The 'task-environment' audit covers the audit of the key components namely, markets, customers, competitors, distributors, dealers, suppliers, facilitators and marketing firms and publics.
2. **The Marketing Strategy Audit :** This audit calls for critical review of the firm's marketing mission, objectives and goals and strategies to appraise how well these are adapted to the present and future marketing environment.

3. **The Marketing Organization Audit :** This audit warrants evaluation of the capability of the marketing organization implementing the necessary strategy for the future marketing environment. It is the review of the formal structure, functional efficiency and interface efficiency.
4. **The Marketing Systems Audit :** It is the in-depth study of subsystems of the system namely, organization for marketing to their quality standards. It covers the review of marketing information system, marketing planning system, marketing control system and new product development system.
5. **Marketing Productivity Audit :** It is the crucial and, therefore, critical examination of profitability of different marketing entities and cost effectiveness of different heads of marketing expenditure. Thus, it is a matter of profitability and cost effectiveness analysis.
6. **The Marketing Function Audit :** This is a functional audit covering each function or marketing mix components namely, products, price, distribution, sales-force, advertising, sales-promotion and publicity.

Q16. Explain the objectives of marketing audit.

Ans :

(Feb.-17)

- (i) Evaluating all the marketing activities of the company.
- (ii) Assessing the company's objectives, policies and strategies, and their basic assumptions.
- (iii) Exploring opportunities and resources to improve the performance company's performance and profits.
- (iv) Identifying the marketing weakness and problems of the company and taking measures for improvement.

Q17. Explain the need and importance of marketing audit.**Ans :** (June-18, Jan-18)**Need of Marketing Audit**

The following are the reasons which supports the need for marketing audit,

1. Marketing audit is needed to identify the weak areas in ongoing marketing activities of a firm and provide necessary corrective and suggestive measures to improve their area-wise performance.
2. It is needed to highlight the areas where the company is performing well and also the areas of improvement for the company.
3. It is needed to collect information about the environmental i.e., internal and external changes that may affect ongoing marketing activities.
4. It helps the firm to create a comprehensive database which would help in evaluation of standard objectives against the actual achieved targets."

Significance/Importance of Marketing Audit

The significance of marketing audit can be understood from the following points,

1. The marketing audit plays a significant role in designing a marketing plan with a 'bottom-up' process which provides important information regarding organization and the environment under which it works.
2. It helps in evaluating the effectiveness of a firm's marketing resources, abilities and activities.
3. It assists the management in efficient allocation of marketing resources.
4. It helps in examining the internal conditions and the external environment.
5. It helps in evaluating the past performance and the present actions.
6. It identifies the upcoming opportunities and the possible risks.

Q18. Explain the process of Marketing audit.**Ans :** (Nov.-21)

Marketing audit involves three main steps:

1. Review of Marketing Environment

This is the first step of marketing audit in which the efficiency of marketing programs is evaluated in the context of the marketing environment factors such as customers, competitors, markets, demography, social and culture.

2. Review of Marketing System

After studying the existing and future environment, at this step suitability of the internal marketing system such as objectives, plans, program, and organization for their implementation is assessed.

3. Extensive Examination of Marketing Processes

Finally, all the marketing processes such as product, price, personal, sales, advertising, sales promotion is examined, and their weakness is identified and corrective measures are initiated.

5.7 CONSUMERISM**Q19. Define the term consumerism. Explain the need for consumerism.****Ans :**

Philip Kotler had defined Consumerism as, "An organized movement of citizen and government to impose right and power of buyers in relation to sellers".

Cravens and Hills had defined consumerism as, "a social force within the environment designed to aid and protect the consumer by exerting legal, moral and economic pressure on business".

Need for Consumerism

The following points highlight the need and reasons of consumerism,

1. The most important reason for the growth of Consumerism is the protection of the interest of the consumers against fake, duplicate, and hazardous goods and services.

2. Many global business houses had resorted to forceful selling of goods and services at very high prices. The consumer is forced to purchase these products as he does not have any choice. Thus this grievance of the unsatisfied consumer led to the rise of Consumerism globally.
3. It added like a social movement to force the government and the business community to address the grievances of the consumers.

5.8 CONSUMER RIGHTS AND CONSUMER FORUMS

Q20. Define the term consumer.

Ans :

'Consumer' means any person, who:

- (i) Buys any goods for a consideration (a) Which has been paid or promised or partly paid and partly promised, or (b) Under any system of deferred payment. The use of such goods must be made with the approval of the buyer.

'Consumer' does not include a person who obtains goods for resale or for any commercial purpose.

'Commercial purpose' does not include use by a person of goods bought and used by him and services availed by him exclusively for the purposes of earning his livelihood by means of self employment.

- (ii) Hires or avails of any service for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment. 'Consumer' also includes any beneficiary of such services other than the person who hires or avails of such services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment. Further such services must be availed of by the beneficiary with the approval of the hirer but does not include a person who avails of such services for any commercial purpose.

Q21. Discuss briefly about Rights of Consumer.

Ans :

Consumers play a vital role in the economic system of a nation because in the absence of effective demand that emanates from them, the economy virtually collapses. Mahatma Gandhi said, "A consumer is the most important visitor on our premises. He is not dependent on us, we are on him. He is not an interruption to our work, he is the purpose of it."

We are not doing a favour to a consumer by giving him an opportunity. He is doing us a favour by giving us opportunity to serve him. But, of late, unfortunately cheating by way of overcharging, black marketing, misleading advertisements, etc. has become the common practice of greedy sellers and manufacturers to make unreasonable profits.

In this context, it is the duty of the government to confer some rights on consumers to safeguard their interests.

Consumer Rights

1. **Right to Safety:** The right to be protected against goods which are hazardous to life and property.
2. **Right to Information:** The right to be informed about the quality, quantity, purity, price and standards of goods.
3. **Right to Choose:** The right to be assured access to a variety of products at competitive prices, without any pressure to impose a sale, i.e., freedom of choice.
4. **Right to be Heard:** The right to be heard and assured that consumer interests will receive due consideration at appropriate forums.
5. **Right to Seek Redressal:** The right to get relief against unfair trade practice or exploitation.
6. **Right to Education:** The right to be educated about rights of a consumer.

Q22. Explain in detail different types of consumer protection councils.

(OR)

Explain the role of consumer councils in consumer protection.

(OR)

Discuss the functioning of central and state consumer protection councils.

Ans : (Imp.)

The consumer protection council is established at central, state and district level. The consumer protection council established at central level is known as 'central consumer protection council', the consumer protection council established at state level is known as 'state consumer protection council' and the consumer protection council established at district level is known as 'district consumer protection council'.

1. Central Consumer Protection Council

Section 4 of the Consumer Protection Act provides that the central government may establish a council called the central consumer protection council. The central council shall consist of the following members,

- (a) The minister incharge of consumer affairs who shall be its chairman.
- (b) Such number of other official or non-official members representing such interests which include the following,
 - (i) The minister of the state who is not holding independent charge or deputy minister incharge of consumer affair will be vice-chairman.
 - (ii) The minister-in-charge of consumer affairs in states.
 - (iii) Eight members of Parliament, five from Lok sabha and three from Rajya sabha.

- (iv) The secretary of the national commission for scheduled castes and scheduled tribes.
- (v) Representatives of central government department, not more than 20.
- (vi) Representatives of the consumer organizations or consumers, not less than 35.
- (vii) Representatives of woman, not less than 10.
- (viii) Representatives of farmers, trade and industries, not more than 20.
- (ix) Persons capable of representing consumer interest not specified above, not more than 15.
- (x) The secretary incharge of consumer affairs shall be member secretary of the central council.

As per the consumer protection rules, the central council shall consist of 150 members and the term of the council shall be 3 years.

Resignation can be given by any member with letter written to the chairman of the central council. So, caused vacancy will be filled by the same category by the central government.

Meetings

Regarding the meetings of central council, the act provides that the central council shall meet as and when necessary, but at least one meeting shall be held every year. The central council shall meet at such place and time as the chairman thinks fit. Chairman will lead the meeting of the central council. In case chairman is absent then by vice chairman. If both are absent then council members will elect a member to lead the meeting. The resolution passed by the central council shall be recommendatory in nature (Sec. 5, Rule 4).

Objectives of the Central Council

The prime objects of the central council are the promotion and protection of the rights of the consumers. These rights are as follows,

- (i) Right to be protected against marketing of hazardous goods.
- (ii) Right to be informed about the quality, quantity, purity, standard, potency and price of the goods.
- (iii) Right to be assured to a variety of goods.
- (iv) Right to be assured that consumer interests will receive due consideration.
- (v) The right to seek redressal against unfair trade practices.
- (vi) Right to consumer education.

Powers of National Commission

To attain the objects of Consumer Protection Act, the national commission has also been right with the power of administrative control over the state commissions regarding the institutional disposal and pendency of cases by calling for periodical returns.

National commission has empower to issue instruction about,

- (i) Adoption of uniform procedure for hearing matters.
- (ii) The copies of documents produced by one party to other party for prior service.
- (iii) Speedy grant of document copies and
- (iv) Inspect the functions of state commission and district forum to confirm whether the object and purpose are performed without meddling with their judicial powers.

2. State Consumer Protection Council

According to the section 7 of consumer protection act (1986) state consumer protection council should be established by the state government to protect the rights of consumers at state level. The section 7 also states that, the

chairman of this council should be the minister of state government and the incharge of the consumer affair of the state and other members of the state council should be selected or prescribed by the state government itself. The state council must conduct at least two meetings every year and the term of this council shall be three years only. The meeting of state council shall be conducted after receiving the prescription of the state government and the procedure to be followed at such meeting would be based on its business transactions. The state consumer protection council follows same objectives as followed by central consumer protection council.

The state consumer protection council consists of 150 members in which members were drawn from various central or state departments. The structure of members of state council is as follows,

- (a) Chairman of the state council shall be the central minister of food and civil supplies.
- (b) 1 minister of state government and who will be the incharge of civil supplies.
- (c) 5 members from Lok sabha and 3 from Rajya Sabha shall be selected.
- (d) 1 member shall be the commissioner of scheduled castes and tribes.
- (e) 20 members shall be drawn from the departments of central government and autonomous organizations which are concerned with consumer interest.
- (f) 35 members shall be the representatives of consumer organization and 10 members shall be the representatives of women organization.
- (g) Maximum of 20 members shall be appointed who are representing traders, farmers and industries.
- (h) The persons who have the capability to represent consumer interest shall be appointed as the members of state council but not more than 15 members.

- (i) The secretary of civil supplies department shall be the central council's member secretary and an incharge of consumer affairs who should be a minister of state government shall be the member of state council.

Objectives of the State Council [Section 8]

The state council aims at protecting and promoting the rights of consumers at state level.

3. District Consumer Protection Council

The state government by notification will set up a council for every district which is called as the 'district consumer protection council' and shortly known as 'district council'.

Members

The members of the district council are,

- (i) The district collector who take up the position of chairman in the district council.
- (ii) Some number of other official and non-official members specified by the state government.

Meetings

Meetings are conducted as and when required but conducting at least two meetings in an year is mandatory. The time and place of the meeting is decided by the chairman of district council.

Objectives of the District Council

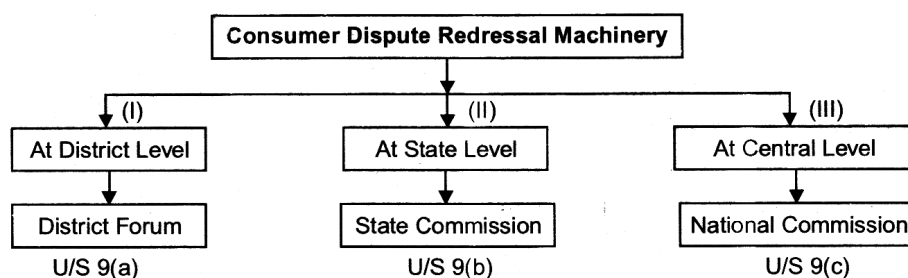
The district council aims at protecting and promoting within the district all the rights of consumers as mentioned in the section-6.

Q23. Explain briefly about consumer redressal agencies.

Ans :

The Consumer Dispute Redressal Machinery is a THREE-TIER, QUASI-JUDICIAL MACHINERY for speedy and inexpensive redressal of consumer grievances and disputes. The Consumer Dispute Redressal Machinery is an easy redressal alternative for the consumers than the ordinary process of the civil court which is a very expensive and time consuming litigation process.

It is clear that the Legislature while legislating intended to provide affordable and accessible machinery to an aggrieved consumer so that a consumer should be in position to seek adjudication on the subject-matter of dispute. The only condition to be fulfilled is that on the date when the consumer dispute has arisen and a complaint is filed before the Consumer Dispute Redressal Forum, the cause of action should not have become time-barred under the Limitation Act.



Q24. Discuss briefly about District Forum.**(OR)****Explain the working and composition of District Forum.****Ans :****(Imp.)****Composition** (Sec. 10). Each District Forum shall consist of:

- (a) A person who is, or has been, or is qualified to be a District Judge, who shall be its President;
- (b) 2 other members, one of whom shall be a woman, who shall have the following qualifications, namely,
 - (i) Be not less than 35 years of age.
 - (ii) Possess a bachelor's degree from a recognised university,
 - (iii) Be persons of ability, integrity and standing, and have adequate knowledge and experience of at least 10 years in dealing with problems relating to economics, law, commerce, accountancy, industry, public affairs or administration'.

Further a person shall be disqualified for appointment as a member, if he:

- (a) Has been convicted and sentenced to imprisonment for an offence which, in the opinion of the State Government, involves moral turpitude ;

(or)
- (b) Is an undischarged insolvent ;

(or)
- (c) Is of unsound mind and stands so declared by a competent court ;

(or)
- (d) Has been removed or dismissed from the service of the Government or a body corporate owned or controlled by the Government ;

(or)

- (e) Has, in the opinion of the State Government, such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member ;

(or)

- (f) Has such other disqualifications as may be prescribed by the State Government. [This clause has been substituted by Consumer Protection (Amendment) Act, 2002.]

Appointment on the recommendation of Selection Committee

Every appointment shall be made by the State Government on the recommendation of a selection committee consisting of the following, namely,

- (i) President of the State Commission—Chairman.
- (ii) Secretary, Law Department of the State—Member.
- (iii) Secretary incharge of the Department dealing with consumer affairs in the State—Member.

Where the President of the State Commission is, by reason of absence or otherwise, unable to act as Chairman of the Selection Committee, the State Government may refer the matter to the Chief Justice of the High Court for nominating a sitting Judge of that High Court to act as Chairman.

Term of office

Every member of the District Forum shall hold office for a term of 5 years or up to the age of 65 years, whichever is earlier. He shall not be eligible for re-appointment. However, a member shall be eligible for re-appointment for another term of 5 years or up to the age of 65 years, whichever is earlier, subject to the condition that he fulfils the qualifications and other conditions for appointment and such reappointment is also made on the basis of the recommendation of the Selection Committee.

Resignation

A member may resign his office in writing under his hand addressed to the State Government.

On such resignation being accepted, his office shall become vacant. The vacancy so caused may be filled by appointment of a person possessing the qualifications mentioned above in relation to the category of the member who has resigned.

Salary and terms of condition of service

The salary or honorarium and other allowances payable to, and the other terms and conditions of service of, the members of the District Forum shall be prescribed by the State Government. However, the appointment of a member on whole-time basis shall be made by the State Government on the recommendation of the President of the State Commission taking into consideration such factors as may be prescribed including the work-load of the District Forum. [Inserted by the Consumer Protection (Amendment) Act, 2002].

Jurisdiction (Sec. 11)

The District Forum shall have jurisdiction to entertain complaints where the value of the goods or services and the compensation, if any, claimed does not exceed Rs. 20,00,000. This is however subject to other provisions of this Act.

A complaint shall be instituted in a District Forum within the local limits of whose jurisdiction,—

- (a) The opposite party (i.e., the person who answers complaint or claim) or each of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides or carries on business or has a branch office, or personally works for gain, or
- (b) Any of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides, or carries on business or has a branch office or personally works for gain, provided that in such case either the permission of the State Commission is given or the opposite parties who do not reside or carry on business or have a branch office or personally works for gain, as the case may be, acquiesce in such institution; or
- (c) the cause of action, wholly or in part, arises.

Powers of the District Forum

The District Forum shall have the same powers as are vested in District Court under the Code of Civil Procedure, 1908, while trying a suit in respect of the following matters, namely.

- (i) The summoning and enforcing attendance of any defendant or witness and examining the witness on oath ;
- (ii) The discovery and production of any document or other material object producible as evidence ;
- (iii) The reception of evidence on affidavits ;
- (iv) The requisitioning of the report of the concerned analysis or test from the appropriate laboratory or from any other relevant source ;
- (V) Issuing of any commission for the examination of any witness ; and
- (vi) Any other matter which may be prescribed.

Every proceeding before the District Forum shall be deemed to be a judicial proceeding within the meaning of Secs. 193 and 228 of the Indian Penal Code, 1860 and the District Forum shall be deemed to be a Civil Court for the purposes of Sec. 195, and Chapter XXVI of the Code of Criminal Procedure, 1973.

Where the complainant is a consumer, the provisions of Rule 8 of Order I of the First Schedule to the Code of Civil Procedure, 1908 shall apply subject to the modification that every reference therein to a suit or decree shall be construed as a reference to a complaint or the order of the District Forum thereon.

Q25. Explain the procedure followed by the District Forum for the disposal of the complaint.

Ans :

(Imp.)

Complaint Concerning Goods

After receiving the complaint concerned with goods, the district forum send a copy of the

complaint to the opposite person specified in the complaint. The district forum ask the opposite party to his opinion on the complaint within 30 days. This 30 days period can be extended further maximum by 15 days as may be permitted by the district forum.

If the opposite party refuses to accept the statement made against him in the complaint or unable to take up any action in support of his case within the time specified by the district forum. The district forum follows the below given procedure to settle the consumer disputes,

1. Sending a Sample of Goods to Laboratory for Tests

The district forum takes the sample of goods from the complainant, seal them and send them to the laboratory for the purpose of analysis or test which can required. Such analysis or test is carried out in order to know whether goods have any defects mentioned in the complaint. The results of the laboratory test or analysis are sent to district forum within 45 days from the date on which reference of sample is sent to the laboratory. This period may be extended to some more days by the district forum.

2. Deposit of Fees

Before sending sample of goods to laboratory for test or analysis, the district forum ask the complainant to deposit some amount of fees as prescribed by the district forum.

3. Payment of Fees to Laboratory and Forwarding a Copy of Report to Opposite Party

The fees deposited to the credit of forum is paid to laboratory for conducting test or analysis. After receiving the report from the laboratory about the test or analysis results, a copy of this report along with the remarks identified by the forum are sent to opposite party.

4. Disapproval by Any Party

In case if any party raise objection against the results of the laboratory test or analysis, or raises objection against the methods used by laboratory for conducting test or analysis, the district forum ask that objecting party to submit his objections to the forum in the written form.

5. Equal Opportunity to Parties of Being Heard and Issue of Order

The district forum should give equal opportunity to both complainant and opposite party of being heard with respect to the correctness of the report given by the laboratory and also with respect to the objection raised concerning such report. Later on, forum will issue an order under section 14.

Complaint Concerning Services

In case of complaint concerning services (or goods for which above mentioned procedure cannot be followed), the district forum send a copy of such complaint to the opposite party asking him to give his opinion on the complaint within 30 days period. This period may be extended further to maximum 15 days as may be permitted by the district forum. If the opposite party refuses to accept the claim given in the complaint or unable to take up any action in support of his case within the time specified by the district forum then the following procedure is followed to settle the consumer disputes,

- (i) Ex parte depending upon the evidence brought into notice by the complainant and the opposite party, where the opposite party show disagreement to the claim made in the complaint.
- (ii) Ex parte depending upon the evidence brought into notice by the complainant, where the opposite party unable to take up any action to support his case within the time specified by the district forum.

- (iii) If the complainant is absent on the date of hearing in the district forum then district forum might band further hearings on the complaint or might decide it on merits.

Death of a Complainant or Third Party

In case of death of a complainant (or consumer) or the opposite party against whom complaint is made, the provisions of order XXII of the first schedule of the code of civil procedure, 1908 is applied subject to the constraint that each and every reference made to the dependent and plaintiff will be considered as reference to a complaint or opposite party depending upon the situation.

Period to Decide the Complaint

Each and every complaint is taken up as soon as possible and attempts are made to settle the complaint. If no analysis or testing of goods is required then complaint is settled within three months period from the date on which reference is made to opposite party. If analysis or testing of goods is required then complaint is settled within five months period.

Q26. Explain the composition and working of state commission as a redressal agency under the consumer protection act 1986.

Ans : (Imp.)

The State Commission – Secs. 16 to 19

Composition [Sec. 16 as amended by the Consumer Protection (Amendment) Act, 2002]. Each State Commission shall consist of:

- (a) A person who is or has been a Judge of a High Court, appointed by the State Government, who shall be its President. However, no appointment under this Clause shall be made except after consultation with Chief Justice of the High Court.
- (b) Not less than 2 and not more than such number of members as may be prescribed and one of whom shall be a woman who shall have the following qualifications, namely,

- (i) be not less than 35 years of age ;
- (ii) possess a bachelor's degree from a recognised university ; and

- (ii) Be person of ability, integrity and standing and have adequate knowledge and experience of at least 10 years in dealing with problems relating to economics, law, commerce, accountancy, industry, public affairs or administration.

However, not more than 50 per cent of the members shall be from amongst persons having a judicial background.

The expression "persons having a judicial background" shall mean person having knowledge and experience for at least a period of 10 years as presiding officer at the district level court or any tribunal at equivalent level.

Further a person shall be disqualified for appointment as a member, if he

- (a) Has been convicted and sentenced to imprisonment for an offence which, in the opinion of the State Government, involves moral turpitude ;
- (or)
- (b) Is an undercharged insolvent ;
- (or)
- (c) Is of unsound mind and stands so declared by a competent court ;
- (or)
- (d) Has been removed or dismissed from the service of the Government or a body corporate owned or controlled by the Government ;
- (or)
- (e) Has, in the opinion of the State Government, such financial or other interest, as is likely to affect prejudicially the discharge by him of his functions as a member ;

(or)

- (f) Has such other disqualifications as may be prescribed by the State Government.

Every appointment under Sec. 16 shall be made by the State Government on the recommendation of a Selection Committee consisting of the following members, namely.

- (i) President of the State Commission ... Chairman.
- (ii) Secretary of the Law Department of the State ... Member.
- (iii) Secretary in charge of the Department dealing with Consumer Affairs in the State... Member.

1. Jurisdiction [Sec. 17 (1)]

The State Commission shall have jurisdiction

- (a) To entertain -
 - (i) complaints where the value of the goods or services and compensation, if any, claimed exceeds Rs. 20 lakh but does not exceed Rs. 1 crore; and
 - (ii) appeals against the orders of any District Forum within the State; and
- (b) To call for the records and pass appropriate order in any consumer dispute which is pending before or has been decided by a District Forum within the State where it appears to the State Commission that such District Forum (i) has exercised a jurisdiction not vested in it by law, or (ii) has failed to exercise a jurisdiction so vested, or (iii) has acted in exercise of its jurisdiction illegally or with material irregularity.

A complaint shall be instituted in a State Commission within the limits of whose jurisdiction,

- (a) The opposite party or each of the opposite parties, where there are more than one at the time of the institution of the complaint, actually and voluntarily resides, or carries on business or has a branch office or personally works for gain ; or
- (b) Any of the opposite parties where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides or carries on business or has a branch office or personally works for gain, provided that in such case either the permission of the State Commission is given or the opposite parties who do not reside or carry on business or have a branch office or personally work for gain, as the case may be, acquiesce in such institution ; or
- (c) The cause of action, wholly or in part, arises [Inserted by the Consumer Protection (Amendment) Act, 2002].

2. Transfer of cases

On the application of the complainant or of its own motion, the State Commission may, at any stage of the proceeding, transfer any complaint pending before the District Forum to another District Forum within the State if the interest of justice so requires.

3. Circuit Benches

The State Commission shall ordinarily function in the State Capital but may perform its functions at such other place as the State Government may, in consultation with the State Commission, notify in the Official Gazette, from time to time.

4. Procedure (Sec. 18)

The provisions of Secs. 12, 13 and 14 and the rules made thereunder for the disposal of complaints by the District Forum shall, with such modifications as may be necessary, be

applicable to the disposal of disputes by the State Commission.

5. Appeal (Sec. 19)

Any person aggrieved by an order made by the State Commission may prefer an appeal against such order to the National Commission within a period of 30 days from the date of the order. The National Commission may entertain an appeal after the expiry of this period of 30 days if it is satisfied that there was sufficient cause for filing the appeal within that period.

Further no appeal by a person, who is required to pay any amount in terms of an order of the State Commission, shall be entertained by the National Commission unless the appellant has deposited in the prescribed manner 50 per cent of the amount or Rs. 35,000 whichever is less.

6. Hearing of appeal

An appeal filed before the State Commission or the National Commission shall be heard as expeditiously as possible and an endeavour shall be made to finally dispose of the appeal within a period of 90 days from the date of its admission.

No adjournment shall be ordinarily granted by the State Commission or the National Commission as the case may be, unless sufficient cause is shown and the reasons for grant of adjournment have been recorded in writing by such Commission.

Q27. Explain the formation and role of national commission in consumer protection Act 1986.

Ans :

National Consumer Disputes Redressal Commission (National Commission - Secs. 20 To 23).

1. Composition

The National Commission shall consist of

- (a) A person who is or has been a Judge of the Supreme Court, to be appointed by the Central Government, who shall be its President. However, no appointment under this Clause shall be made except after consultation with the Chief Justice of India ;
- (b) Not less than 4 and not more than such number of members, as may be prescribed and one of whom shall be a woman who shall have the following qualifications, namely,
 - (i) be not less than 35 years of age ;
 - (ii) possess a bachelor's degree from a recognised university ; and
 - (iii) be persons of ability, integrity and standing and have adequate knowledge and experience of at least 10 years in dealing with problems relating to economics, law, commerce, accountancy, industry, public affairs or administration.

However, not more than 50 per cent of the members shall be from amongst the persons having a judicial background.

The expression 'persons having a judicial background' shall mean persons having knowledge and experience for at least a period of 10 years as a presiding officer at the district level court or any tribunal at equivalent level.

Further a person shall be disqualified for appointment, if he

- (a) Has been convicted and sentenced to imprisonment for an offence which, in the opinion of the Central Government, involves moral turpitude ;
(or)
- (b) Is an undischarged insolvent ;
(or)

- (c) Is of unsound mind and stands so declared by a competent court ;
(or)
- (e) Has been removed or dismissed from the service of the Government or a body corporate owned or controlled by the Government ;
(or)
- (d) Has, in the opinion of the Central Government, such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member ;
(or)
- (f) Has such other disqualifications as may be prescribed by the Central Government.

Every appointment referred to above shall be made by the Central Government on the recommendation of a Selection Committee consisting of the following, namely,

- (a) A person who is a judge of the Supreme Court to be nominated by the
-Chairman Chief Justice of India
- (b) The Secretary in the Department of Legal Affairs in the Government of
- Member India
- (c) Secretary of the Department dealing with Consumer Affairs in the
- Member/ Government of India

2. Place of the National Commission

The office of the National Commission shall be located in the Union Territory of Delhi (Rule 5 of the Consumer Protection Rules, 1957).

3. Jurisdiction (Sec. 21)

Subject to the other provisions of this Act, the National Commission shall have jurisdiction-

- (1) To entertain (i) complaints where the value of the goods or services and compensation, if any, claimed exceeds Rs. 1 crore, and (ii) appeals against the orders of any State Commission ; and
- (2) To call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any State Commission where it appears to the National Commission that such State Commission (i) has exercised a jurisdiction not vested in it by law, or (ii) has failed to exercise a jurisdiction so vested, or (iii) has acted in the exercise of its jurisdiction illegally or with material irregularity.

4. Appeal (Sec. 23)

Any person, aggrieved by an order made by the National Commission in exercise of its powers, may prefer an appeal against such order to the Supreme Court within a period of 30 days from the date of the order. The Supreme Court may entertain an appeal after the expiry of this period of 30 days if it is satisfied that there was sufficient cause for not filing the appeal within that period.

Further no appeal by a person who is required to pay any amount in terms of an order of the - National Commission shall be entertained by the Supreme Court unless that person has deposited in the prescribed manner 50 per cent of that amount or Rs. 50,000, whichever is less.

5. Finality of orders (Sec. 24)

Every order of a District Forum, the State Commission or the National Commission shall, if no appeal has been preferred against such order under the provisions of this Act, be final.

Secs. 24-A and 24-B which have been inserted by the Consumer Protection (Amendment) Act, 2002 deal with 'limitation period' and 'administrative control' respectively.

6. Enforcement of orders of the District Forum, the State Commission or the National Commission

Where an interim order made under this Act is not complied with, the District Forum or the State Commission or the National Commission, as the case may be, may order the property of the person, not complying with such order to be attached.

No such attachment shall remain in force for more than 3 months at the end of which, if the non-compliance continues, the property attached may be sold and out of the proceeds thereof, the District Forum or the State Commission or the National Commission may award such damages as it thinks fit to the complainant and shall pay the balance, if any, to the party entitled thereto.

Short Question and Answers

1. What is efficiency control?

Ans :

Efficiency control is the prime responsibility of line and staff management and marketing controller. The objective of efficiency control is to assess and improve the spending efficiency of advertising, sales promotion, sales force and distribution activities. Marketing controller is appointed to improve the marketing efficiency levels. Efficiency control focuses on finding out the better and more efficient ways of doing a work. Efficiency control is a system or mechanism which is used to assess the efficiencies of advertising, sales force, sales promotion and distribution.

2. Strategic control.

Ans :

Top management take up the responsibility of strategic control. Strategic control is the analysis of strategic fit between the company's marketing and external environment. Strategic control systems are particularly used to find solutions to the issues pertaining to strategies, policies, programmes, structure and systems.

The two tools used by the management for strategic control are :

- (a) Customer relationship barometer
- (b) Marketing audit

3. Marketing Audit.

Ans :

A marketing audit is an extensive, orderly, regular appraisal of the company's marketing environment, its goals, strategies and other operations, preferably carried out by an independent organization to: identify areas where there are problems or opportunities; and advise the company as to the actions to be taken to improve its performance.

The marketing audit is all pervasive and covers every single major activity of an organization. Audits that cover only one or two activities like advertising

or product pricing are called functional audits. These functional audits are known to misguide managements at times. A thorough marketing audit usually results in detecting the actual problems and hence is much more successful.

4. Annual Plan Control

Ans :

Annual plan control is the responsibility of top and middle level management. Annual plan control aims at comparing the actual performance against the preplanned/ budgeted/targeted performance to find out the variance. Annual plan control is a widely popular control mechanism among the firms.

5. Global marketing organization

Ans :

An organization structure is said to be an effective organization structure when it is constructed by taking, in to consideration internal environment, external environment and products/services to be sold to the customers. After identifying the activities to be performed in an organization, an organization structure is designed in such a way that it assist the company in successful performance of such identified activities. An organization structure of the company need to be changed as per the changes in the internal and external environment of the company. It is very essential for global managers to analyse the strengths and weakness of different organizational structures and various factors affecting global marketing organization structure.

6. Marketing Organisation.

Ans :

A marketing organization is simply a framework for planning and making decisions in the key marketing activities that are essential to marketing success. Marketing organization is the vehicle for making decisions on all marketing areas such as product- price-promotion and place.

It is a group of marketing persons working together towards the attainment of certain common objectives.

7. Marketing Control

Ans :

Marketing control is concerned with analyzing the performance of marketing decisions, uncovering performance problems or opportunities and taking actions to resolve the problems or to take advantage of the opportunities.

Definitions

Marketing control refers to the process by which a company manipulates its marketing plans to reach its original goals. This process is achieved by setting up performance standards that will ideally be reached at each step of a marketing campaign. If these standards are not being met, corrective action needs to be taken.

Traditionally, marketing performance has been measured in terms of market share, sales, and profits. Hence, most control measures or performance measurement tools have been designed with these parameters in mind. But the contemporary view of marketing demands other performance indicators.

8. Profitability Control.

Ans :

Higher the competition levels, lower will be the profit margins of the company. Focus is laid on developing profit making strategies. Usually marketers are consulted to find out the profit obtained from products, territories and distribution channels. In order to control the profit levels of an organization, three steps are recommended by Philip Kotler. They are :

- (a) Identifying the functional expenses
- (b) Allocating the functional expenses to marketing entities
- (c) Preparing profit and loss account for each marketing entity.

9. Objectives of marketing audit

Ans :

- (i) Evaluating all the marketing activities of the company.
- (ii) Assessing the company's objectives, policies and strategies, and their basic assumptions.
- (iii) Exploring opportunities and resources to improve the performance company's performance and profits.
- (iv) Identifying the marketing weakness and problems of the company and taking measures for improvement.

10. Need of Marketing Audit

Ans :

The following are the reasons which supports the need for marketing audit,

1. Marketing audit is needed to identify the weak areas in ongoing marketing activities of a firm and provide necessary corrective and suggestive measures to improve their area-wise performance.
2. It is needed to highlight the areas where the company is performing well and also the areas of improvement for the company.
3. It is needed to collect information about the environmental i.e., internal and external changes that may affect ongoing marketing activities.
4. It helps the firm to create a comprehensive database which would help in evaluation of standard objectives against the actual achieved targets."

11. Define the term consumer.

Ans :

'Consumer' means any person, who:

Buys any goods for a consideration (a) Which has been paid or promised or partly paid and partly promised, or (b) Under any system of deferred payment. The use of such goods must be made with the approval of the buyer.

'Consumer' does not include a person who obtains goods for resale or for any commercial purpose.

'Commercial purpose' does not include use by a person of goods bought and used by him and services availed by him exclusively for the purposes of earning his livelihood by means of self employment.

12. Consumer Rights

Ans :

1. Right to Safety

The right to be protected against goods which are hazardous to life and property.

2. Right to Information

The right to be informed about the quality, quantity, purity, price and standards of goods.

3. Right to Choose

The right to be assured access to a variety of products at competitive prices, without any pressure to impose a sale, i.e., freedom of choice.

4. Right to be Heard

The right to be heard and assured that consumer interests will receive due consideration at appropriate forums.

5. Right to Seek Redressal

The right to get relief against unfair trade practice or exploitation.

6. Right to Education

The right to be educated about rights of a consumer.

Choose the Correct Answers

1. In _____ form of an organization structuring the entire market is divided into various segments region wise and each region is considered as a profit centre. [b]
(a) Functional (b) Territorial
(c) Contingent (d) Matrix
2. Which of the following theory states that “the effectiveness of the organization structure rely upon the external environment and manufacturing technology opted by the company”. [a]
(a) Contingency theory (b) Binomial theory
(c) Functional theory (d) Scientific theory
3. Which of the following is the simplest form of organization structure [d]
(a) Product-oriented organization structure
(b) Territory-oriented organization structure
(c) Complex organization structure
(d) Line and staff organization structure.
4. Which one of the following does not come under the tools used for annual plan control? [c]
(a) Financial analysis (b) Sales analysis
(c) Production analysis (d) Market share analysis.
5. _____ control is the analysis of strategic fit between the company's marketing and external environment. [b]
(a) Efficiency control (b) Strategic control
(c) Annual plan control (d) Profitability control.
6. Marketing audit comprises of how many components? [b]
(a) 4 (b) 6
(c) 3 (d) 5
7. MOB stand for, [a]
(a) Mail order business
(b) Management and organizational behaviour
(c) Mode of buying
(d) Money order business.
8. _____ form of organization structure aims at integrating the specialist functions of product management and the line functions of sales. [c]
(a) Functional form (b) Territorial form
(c) Matrix form (d) None of the above

9. In territory-oriented organization territory managers are also known as _____. [d]
(a) District managers (b) Regional managers
(c) Depot manager (d) All the above
10. AIETA stand for _____. [a]
(a) Awareness, Interest, Evaluation, Trial and Adoption
(b) Assessing, Interlinking, Evaluating, Tracking and Accepting
(c) Awareness, Introduction, Evaluation, Trial and Adoption
(d) Adoption, Interest, Evaluation, Trial and Awareness

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Fill in the blanks

1. The organization structure in the _____ era included three functional areas. They are manufacturing, finance and commercial (i.e., purchases and sales).
2. In _____ form of an organization structure, the organization as a whole is considered as profit centre and each functional area as cost centre.
3. _____, _____ is the organization of various functions and activities related to marketing.
4. _____ type of organization is usually adopted by multi-product or multi-market firms.
5. _____ is an interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location.
6. The actual marketing performance of the company is compared against the budgeted marketing performance in _____ control.
7. Two tools used for strategic control are, (a) Customer relationship barometer and (b) _____.
8. _____ control aims at assessing and improving the spending efficiency of advertising, sales promotion, sales force and distribution activities.
9. MOB is also known as _____.
10. _____ is a systematic comprehensive independent and periodic review and appraisal of company's marketing objectives, strategies, plans and programmes, environment and marketing activities in order to identify problem areas and opportunities and to suggest corrective actions to improve the company's marketing performance.

ANSWERS

1. Manufacturing
2. Functional
3. Marketing organization
4. Complex
5. Direct marketing
6. Marketing
7. Marketing audit
8. Efficiency
9. Catalogue marketing
10. Marketing audit.

FACULTY OF MANAGEMENT
M.B.A I Year I - Semester (CBCS) Examination
MODEL PAPER - I
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)

[Short Answer type]

Note: Answer **All** the Questions in not more than one page each

ANSWERS

- | | |
|-----------------------------------|-------------------|
| 1. What is marketing mix? | (Unit-I, SQA-2) |
| 2. Bases for market segmentation. | (Unit-II, SQA-6) |
| 3. What is sales promotion? | (Unit-III, SQA-1) |
| 4. What is an Industrial Market? | (Unit-IV, SQA-2) |
| 5. What is efficiency control? | (Unit-V, SQA-1) |

PART - B (5 × 12 = 60 Marks)

[Essay Answer type]

Note: Answer **All** the Questions by using internal choice in not exceeding four pages each

6. (a) Trace the evolution of marketing through its various philosophies. (Unit-I, Q.No.2)

OR

- (b) Explain various marketing philosophies based on which organisations can choose to conduct their marketing activities? (Unit-I, Q.No.13)

7. (a) Define consumer market. Discuss the bases for segmenting consumer market. (Unit-II, Q.No.9)

OR

- (b) What are the product positioning strategies? (Unit-II, Q.No.21)

8. (a) What are the steps involved in new product development. (Unit-III, Q.No.19)

OR

- (b) Explain the process of personal selling. (Unit-III, Q.No.60)

9. (a) What are the Factors Effecting Consumer Behaviour? (Unit-IV, Q.No.5)

OR

- (b) Explain the use of ICT in services marketing. (Unit-IV, Q.No.22)

10. (a) Explain various types of marketing organization structures. (Unit-V, Q.No.2)

OR

- (b) Briefly explain regarding the marketing control measures. (Unit-V, Q.No.7)

FACULTY OF MANAGEMENT
M.B.A I Year I - Semester (CBCS) Examination
MODEL PAPER - II
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)**[Short Answer type]****Note:** Answer **All** the Questions in not more than one page each**ANSWERS**

- | | |
|--|-------------------|
| 1. What are the differences between market and marketing? | (Unit-I, SQA-4) |
| 2. Active demand forecating Vs Passive demand forecasting. | (Unit-II, SQA-8) |
| 3. Explain variuos stages of product life cycle. | (Unit-III, SQA-4) |
| 4. Characteristics of industrial buyer. | (Unit-IV, SQA-5) |
| 5. Marketing Audit. | (Unit-V, SQA-3) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer type]****Note:** Answer **All** the Questions by using internal choice in not exceeding four pages each

- | | |
|---|---------------------|
| 6. (a) Explain various marketing philosophies based on which organisations can choose to conduct their marketing activites? | (Unit-I, Q.No.13) |
| OR | |
| (b) Explain macro environment of marketing management. | (Unit-I, Q.No.35) |
| 7. (a) What is market targeting? Explain the steps and levels of marketing targeting. | (Unit-II, Q.No.12) |
| OR | |
| (b) Define demand forecasting. Discuss the steps involved in forecasting demand. | (Unit-II, Q.No.24) |
| 8. (a) Elaborate the various stages of product life cycle. | (Unit-III, Q.No.23) |
| OR | |
| (b) Define sales promotion? Explain the need of sales promotion. | (Unit-III, Q.No.48) |

9. (a) What are the Stages of Consumer Adoption Process? (Unit-IV, Q.No.9)

OR

(b) What are the Characteristics of Service Market? (Unit-IV, Q.No.17)

10. (a) What is Annual Plan Control and Explain. (Unit-V, Q.No.8)

OR

(b) Explain the working and composition of District Forum. (Unit-V, Q.No.24)

FACULTY OF MANAGEMENT
M.B.A I Year I - Semester (CBCS) Examination
MODEL PAPER - III
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)**[Short Answer type]****Note:** Answer **All** the Questions in not more than one page each**ANSWERS**

- | | |
|--|-------------------|
| 1. Define Barter System. | (Unit-I, SQA-7) |
| 2. Niche Marketing | (Unit-II, SQA-10) |
| 3. What are the steps involved in new product development? | (Unit-III, SQA-6) |
| 4. 4 C's Structure | (Unit-IV, SQA-7) |
| 5. Objectives of marketing audit | (Unit-V, SQA-9) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer type]****Note:** Answer **All** the Questions by using internal choice in not exceeding four pages each

- | | |
|--|---------------------|
| 6. (a) What is marketing mix ? Discuss the various components and features of marketing mix. | (Unit-I, Q.No.17) |
| OR | |
| (b) Discuss the role of a company's micro environment in influencing its marketing strategy. | (Unit-I, Q.No.34) |
| 7. (a) What are the various differentiation strategies available to marketer? Discuss. | (Unit-II, Q.No.18) |
| OR | |
| (b) Discuss in brief the various sales forecasting methods. | (Unit-II, Q.No.26) |
| 8. (a) What are the different new product pricing strategies available to a marketer. | (Unit-III, Q.No.28) |
| OR | |
| (b) Compare and contrast social media and advertising. | (Unit-III, Q.No.47) |

9. (a) Explain the role of Maslow's hierarchy of needs in understanding the motives of consumer behaviour. (Unit-IV, Q.No.3)

OR

- (b) What is an Industrial Market? State the characteristics of Industrial market. (Unit-IV, Q.No.11)

10. (a) Differentiate between profitability control and strategic control. (Unit-V, Q.No.12)

OR

- (b) Explain in detail different types of consumer protection councils. (Unit-V, Q.No.22)

FACULTY OF MANAGEMENT
M.B.A. I - Semester (CBCS) Examination
October / November - 2021
MARKETING MANAGEMENT

Time : 2 Hours]

[Max. Marks : 80

PART – A (4 × 5 = 20 Marks)

Note : Answer any Four questions

ANSWERS

- | | |
|----------------------------------|--------------------|
| 1. What are the Marketing tasks? | (Unit-I, SQA-1) |
| 2. Explain Cost Leader. | (Unit-II, SQA-1) |
| 3. What is Cannibalization? | (Unit-III, SQA-19) |
| 4. Explain Services Mix. | (Unit-IV, SQA-12) |
| 5. What is Matrix Organization? | (Unit-V, SQA-6) |

PART – B (4 × 15 = 60 Marks)

(Essay Answer Type)

Note: Answer any four questions.

- | | |
|---|-------------------------|
| 6. Trace the evolution of marketing through its various philosophies. | (Unit-I, Q.No. 2) |
| 7. Define marketing concept and discuss in detail the various philosophies of marketing | (Unit-I, Q.No. 1, 13) |
| 8. What are the various differentiation strategies available to marketer? Discuss. | (Unit-II, Q.No. 18) |
| 9. What are the bases for segmenting consumer markets? Explain with suitable examples. | (Unit-II, Q.No. 9) |
| 10. Illustrate the importance of packaging and labelling strategies in marketing? | (Unit-III, Q.No. 9, 13) |
| 11. What are the different new product pricing strategies available to a marketer? | (Unit-III, Q.No. 28) |
| 12. What are the characteristics of industrial markets? How are they different from consumer markets? | (Unit-IV, Q.No. 11, 12) |
| 13. Explain the role of Maslow's hierarchy of needs in understanding the motives of consumer behaviour. | (Unit-IV, Q.No. 3) |
| 14. What is marketing audit? How is it carried out? | (Unit-V, Q.No. 14) |
| 15. What are the factors affecting global marketing? Illustrate with suitable examples. | (Unit-V, Q.No. 3) |

FACULTY OF MANAGEMENT
M.B.A. I - Semester (CBCS) Examination
July / August - 2021
MARKETING MANAGEMENT

Time : 2 Hours]

[Max. Marks : 80

PART – A (4 × 5 = 20 Marks)**Note : Answer any Four questions****ANSWERS**

- | | |
|------------------------------|-------------------|
| 1. Marketing mix | (Unit-I, SQA-2) |
| 2. Unique selling proportion | (Unit-II, SQA-2) |
| 3. Branding | (Unit-III, SQA-3) |
| 4. 4'Cs structure | (Unit-IV, SQA-7) |
| 5. Efficiency control | (Unit-V, SQA-1) |

PART – B (4 × 15 = 60 Marks)**(Essay Answer Type)****Note: Answer any four questions.**

- | | |
|---|----------------------|
| 6. Briefly explain the various marketing philosophies based on which organizations can choose to conduct their marketing activities. | (Unit-I, Q.No. 13) |
| 7. Explain regarding the firm's Micro environment factors. | (Unit-I, Q.No. 34) |
| 8. Briefly explain the bases for segmentation of consumer markets using suitable examples. | (Unit-II, Q.No. 9) |
| 9. Describe the brief the various sales forecasting methods. | (Unit-II, Q.No. 26) |
| 10. A company can change the product component of its marketing mix, describe in brief the various Product Line decisions. | (Unit-III, Q.No. 14) |
| 11. Product sold on an online platforms are posing stiff competition to products sold in brick and mortar shops, describe briefly the challenges of selling products. | (Unit-III, Q.No. 63) |
| 12. Explain briefly the factors affecting consumer behaviour. | (Unit-IV, Q.No. 5) |
| 13. Describe the characteristics of services markets. | (Unit-IV, Q.No. 17) |
| 14. Describe the types of marketing organization structures. | (Unit-V, Q.No. 2) |
| 15. Briefly explain regarding the marketing control measures. | (Unit-V, Q.No. 7) |

FACULTY OF MANAGEMENT
M.B.A. I - Semester (CBCS) Examination
November - 2020
MARKETING MANAGEMENT

Time : 2 Hours]

[Max. Marks : 80

PART – A (4 × 5 = 20 Marks)**Note : Answer any Four questions**

- | | <u>ANSWERS</u> |
|-------------------------------|-----------------------|
| 1. Marketing programme | (Unit-I, SQA-3) |
| 2. Unique Selling Proposition | (Unit-II, SQA-2) |
| 3. Delphi Technique | (Unit-II, SQA-3) |
| 4. Marketing Mix | (Unit-I, SQA-2) |
| 5. Annual Plan Control. | (Unit-V, SQA-4) |

PART – B (4 × 15 = 60 Marks)**(Essay Answer Type)****Note: Answer any four questions.**

- | | |
|--|--------------------------|
| 6. Discuss the role of a company's micro environment in influencing in marketing strategy. | (Unit-I, Q.No. 34) |
| 7. Discuss in detail the need for a company's orientation towards marketing concept. | (Unit-I, Q.No. 13) |
| 8. Explain the various techniques for demand measurement and sales forecasting. | (Unit-II, Q.No. 24, 26) |
| 9. What is market targeting? What are the steps involved in marketing targeting? | (Unit-II, Q.No. 12) |
| 10. What are the issues and challenges of online marketing? | (Unit-III, Q.No. 63) |
| 11. What is sales promotion? Explain the various tools of sales promotion. | (Unit-III, Q.No. 48, 52) |
| 12. Explain the variables influencing industrial buying behaviour. | (Unit-IV, Q.No. 14) |
| 13. Explain the strategies and prospects of services marketing. | (Unit-IV, Q.No. 18) |
| 14. Differentiate and discuss profitability control and strategic control. | (Unit-V, Q.No. 12) |
| 15. What are the various structures of the marketing department? | (Unit-V, Q.No. 2) |

FACULTY OF MANAGEMENT
M.B.A. I - Semester (CBCS) Examination
January / February - 2020
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART – A (4 × 5 = 20 Marks)**Note : Answer any Four questions****ANSWERS**

- | | |
|-------------------------------|-------------------|
| 1. Expanded Marketing Mix | (Unit-I, SQA-2) |
| 2. Geographic Segmentation | (Unit-II, SQA-4) |
| 3. Sales Promotion | (Unit-III, SQA-1) |
| 4. Services Markets | (Unit-IV, SQA-1) |
| 5. Concept of Marketing Audit | (Unit-V, SQA-3) |

PART – B (5 × 12 = 60 Marks)**(Essay Answer Type)****Note: Answer any four questions.**

- | | |
|--|-------------------------|
| 6. (a) Discuss in detail about Micro environment. | (Unit-I, Q.No. 34) |
| OR | |
| (b) What do you mean by marketing program and marketing strategy? Explain their significance | (Unit-I, Q.No. 19, 21) |
| 7. (a) What are bases for segmentation of consumer markets? Explain. | (Unit-II, Q.No. 9) |
| OR | |
| (b) What is meant by product positioning? Explain various positioning strategies. | (Unit-II, Q.No. 19, 21) |
| 8. (a) What suggestions do you offer when a product is in : | (Unit-III, Q.No. 23) |
| (i) Introduction stage | |
| (ii) Decline stage | |
| OR | |
| (b) Write in detail about various pricing strategies. | (Unit-III, Q.No. 28) |
| 9. (a) Explain in detail about services marketing. | (Unit-IV, Q.No. 16, 17) |
| OR | |
| (b) List out the stages involved in adoption process. | (Unit-IV, Q.No. 9) |
| 10. (a) What are the factors affecting global marketing organization. | (Unit-V, Q.No. 3) |
| OR | |
| (a) Write in detail about : | |
| (i) Efficiency control | (Unit-V, Q.No. 9) |
| (ii) Profitability control | (Unit-V, Q.No. 10) |

FACULTY OF MANAGEMENT
M.B.A. (CBCS) (I – Semester) Examination
December - 2018 / January - 2019
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS

Note: Answer all the questions in not more than one page each.

- | | |
|--|-------------------|
| 1. Differentiate the terms Market and Marketing. | (Unit-I, SQA-4) |
| 2. Write a short note about Market Targeting. | (Unit-II, SQA-5) |
| 3. Brand. | (Unit-III, SQA-2) |
| 4. Industrial Markets. | (Unit-IV, SQA-2) |
| 5. Strategic Control. | (Unit-V, SQA-2) |

PART - B (5 × 12 = 60 Marks)
[Essay Answer Type]

Note: Answer all the questions by using internal choice in not exceeding four pages each.

- | | |
|---|-------------------------|
| 6. (a) Discuss different tasks of Marketing. | (Unit-I, Q.No. 12) |
| OR | |
| (b) Write in detail about macro environment. | (Unit-I, Q.No. 35) |
| 7. (a) How do you measure demand? What are the sales forecasting methods? | (Unit-II, Q.No. 24, 26) |
| OR | |
| (b) How do you segment the business markets? Explain in detail. | (Unit-II, Q.No. 10) |
| 8. (a) What are the steps involved in New Product Development? Write in detail. | (Unit-III, Q.No. 19) |
| OR | |
| (b) Narrate the important channel management decisions. | (Unit-III, Q.No. 37) |
| 9. (a) Write in detail about any two models of consumer behaviour. | (Unit-IV, Q.No. 6, 8) |
| OR | |
| (b) What are the characteristics of industrial markets? Explain. | (Unit-IV, Q.No. 11) |
| 10. (a) Write different types of marketing organization structures. | (Unit-V, Q.No. 2) |
| OR | |
| (b) What is Marketing Audit? State its principles. | (Unit-V, Q.No. 14) |

FACULTY OF MANAGEMENT
M.B.A I - Semester (CBCS) Examination
July / August - 2018
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)**[Short Answer type]****ANSWERS**

- | | | |
|----|-------------------|-------------------|
| 1. | Marketing Mix | (Unit-I, SQA-2) |
| 2. | Market Targeting | (Unit-II, SQA-5) |
| 3. | Branding | (Unit-III, SQA-3) |
| 4. | Industrial Market | (Unit-IV, SQA-2) |
| 5. | Marketing Audit | (Unit-V, SQA-3) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer type]**

- | | | |
|-----|--|-------------------------|
| 6. | (a) How marketing interface with other functional areas? Explain. | (Unit-I, Q.No. 37) |
| | OR | |
| | (b) What is marketing environment? Explain micro environment with suitable examples. | (Unit-I, Q.No. 30, 34) |
| 7. | (a) Define market segmentation. How do you evaluate and select the market segments? | (Unit-II, Q.No. 1, 15) |
| | OR | |
| | (b) Explain various methods of sales forecasting. | (Unit-II, Q.No. 26) |
| 8. | (a) What are the steps involved in new product development process? | (Unit-III, Q.No. 19) |
| | OR | |
| | (b) Explain various elements in Promotion Mix. | (Unit-III, Q.No. 52) |
| 9. | (a) What are the factors affecting consumer behaviour? | (Unit-IV, Q.No. 5) |
| | OR | |
| | (b) Define service market. Explain its characteristics and strategies. | (Unit-IV, Q.No. 16, 17) |
| 10. | (a) What are the factors affecting Global Marketing organizations. | (Unit-V, Q.No. 3) |
| | OR | |
| | (b) Write a note on: | |
| | (i) Profitability Control and | (Unit-V, Q.No. 10) |
| | (ii) Strategic Control. | (Unit-V, Q.No. 11) |

FACULTY OF MANAGEMENT
M.B.A I - Semester (CBCS) Examination
May / June - 2018
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)**[Short Answer type]****ANSWERS**

- | | |
|---------------------------------|-------------------|
| 1. Marketing Strategy | (Unit-I, SQA-5) |
| 2. Bases of Market Segmentation | (Unit-II, SQA-6) |
| 3. Stages of Product life cycle | (Unit-III, SQA-4) |
| 4. Online Marketing | (Unit-III, SQA-5) |
| 5. Features of Services Market | (Unit-IV, SQA-3) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer type]**

- | | |
|---|--------------------------|
| 6. (a) Write in detail the concepts of Marketing programme and Marketing strategy. | (Unit-I, Q.No. 13, 21) |
| OR | |
| (b) What is Global Marketing? Examine the present status of Global Marketing Environment. | (Unit-I, Q.No. 26, 28) |
| 7. (a) "Product Positioning plays an important role in product promotion". Discuss. | (Unit-II, Q.No. 21) |
| OR | |
| (b) Explain briefly about various sales Forecasting methods. | (Unit-II, Q.No. 16) |
| 8. (a) Evaluate the process involved in New Product Development. | (Unit-III, Q.No. 19) |
| OR | |
| (b) "Despite many methods of selling, personal selling got its own image". Discuss. | (Unit-III, Q.No. 55, 56) |
| 9. (a) Outline the factors affecting consumer behaviour. | (Unit-IV, Q.No. 5) |
| OR | |
| (b) What is an Industrial Market? What are its characteristics? | (Unit-IV, Q.No. 11) |
| 10. (a) Outline the factors affecting Global Marketing organisation. | (Unit-V, Q.No. 3) |
| OR | |
| (b) Evaluate the need and importance of Marketing Audit. | (Unit-V, Q.No. 17) |

FACULTY OF MANAGEMENT
M.B.A. (CBCS) (I – Semester) Examination
January - 2018
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)
[Short Answer Type]

ANSWERS**Note:** Answer all the questions.

- | | |
|---------------------------------------|-------------------|
| 1. Marketing mix. | (Unit-I, SQA-2) |
| 2. Features of international Market. | (Unit-II, SQA-7) |
| 3. Stages in New Product Development. | (Unit-III, SQA-6) |
| 4. Seven Os structure | (Unit-IV, SQA-4) |
| 5. Global Marketing Organization | (Unit-V, SQA-5) |

PART - B (5 × 12 = 60 Marks)
[Essay Answer Type]

- | | |
|---|-------------------------|
| 6. (a) Define 'Marketing'. Examine the different objectives of Marketing Management. | (Unit-I, Q.No. 1, 6) |
| OR | |
| (b) What is Global Marketing? Distinguish between domestic marketing and global marketing. | (Unit-I, Q.No. 26, 29) |
| 7. (a) What is meant by Market Segmentation? Explain the bases for market segmentation. | (Unit-II, Q.No. 1, 5) |
| OR | |
| (b) Is sales forecasting compulsory? Briefly write about different methods of sales forecasting. | (Unit-II, Q.No. 25, 26) |
| 8. (a) What are the stages involved in a product life cycle? Explain with the help of an example of a product of your choice. | (Unit-III, Q.No. 23) |
| OR | |
| (b) "Expenditure on Advertising is not Waste". Do you agree or not? Give reasons. | (Unit-III, Q.No. 46) |
| 9. (a) What are the various factors which are influencing consumer behaviour in the present day Marketing Environment? | (Unit-IV, Q.No. 5) |
| OR | |
| (b) What is meant by Services Market? What are its characteristics? | (Unit-IV, Q.No. 16, 17) |
| 10. (a) What is a Marketing Organization? What are the types of Marketing Organization? | (Unit-V, Q.No. 1, 2) |
| OR | |
| (b) What do you understand by the concept of Marketing Audit? Examine its need and significance. | (Unit-V, Q.No. 14, 17) |

FACULTY OF MANAGEMENT
M.B.A I - Semester (CBCS) Examination
July / August - 2017
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

PART - A (5 × 4 = 20 Marks)**[Short Answer type]****ANSWERS**

- | | | |
|----|--|-------------------|
| 1. | Explain about marketing strategy? | (Unit-I, SQA-5) |
| 2. | Active demand forecasting vs Passive demand forecasting? | (Unit-II, SQA-8) |
| 3. | Discuss the limitation of online marketing? | (Unit-III, SQA-7) |
| 4. | What is learning process? | (Unit-IV, SQA-6) |
| 5. | Explain the role of strategic control. | (Unit-V, SQA-2) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer Type]**

- | | | |
|-----|--|------------------------|
| 6. | (a) Define marketing? Discuss various philosophies of marketing? | (Unit-I, Q.No. 1, 2) |
| | OR | |
| | (b) Explain the micro and macro environment of marketing management? | (Unit-I, Q.No. 34, 35) |
| 7. | (a) Describe the basis for segmentation of consumer markets. | (Unit-II, Q.No. 9) |
| | OR | |
| | (b) Briefly explain various methods of sales forecasting. | (Unit-II, Q.No. 26) |
| 8. | (a) What is PLC? Explain various stages of PLC? | (Unit-III, Q.No. 23) |
| | OR | |
| | (b) Discuss the advantages and limitations of personal selling? | (Unit-III, Q.No. 56) |
| 9. | (a) Explain the factors affecting? Consumers behaviours? | (Unit-IV, Q.No. 5) |
| | OR | |
| | (b) Explain various channels employed in the distribution of industrial goods. | (Unit-III, Q.No. 35) |
| 10. | (a) What are the forces affecting global marketing? | (Unit-V, Q.No. 3) |
| | OR | |
| | (b) Various models of direct marketing? | (Unit-V, Q.No. 13) |

FACULTY OF MANAGEMENT
M.B.A I - Semester Examination
February - 2017
MARKETING MANAGEMENT

Time : 3 Hours]

[Max. Marks : 80

Note : Answer **all** the questions**PART - A (5 × 4 = 20 Marks)****[Short Answer type]****ANSWERS**

- | | | |
|----|--|-------------------|
| 1. | What do you mean by marketing mix ? | (Unit-I, SQA-2) |
| 2. | Explain the importance of product differentiation. | (Unit-II, SQA-14) |
| 3. | Briefly describe the promotion mix. | (Unit-III, SQA-8) |
| 4. | What are the characteristics of industrial buyer ? | (Unit-IV, SQA-5) |
| 5. | What is Efficiency Control ? | (Unit-V, SQA-1) |

PART - B (5 × 12 = 60 Marks)**[Essay Answer Type]**

- | | | |
|-----|--|--------------------------|
| 6. | (a) What is marketing ? What are the major functions of marketing. | (Unit-I, Q.No. 1, 9) |
| | OR | |
| | (b) Enumerate the controllable and uncontrollable variables in the marketing environment. | (Unit-I, Q.No. 27) |
| 7. | (a) What is segmentation ? Describe the conditions essential for successful market segmentation. | (Unit-II, Q.No. 1, 2) |
| | OR | |
| | (b) Briefly explain various competitive situations in marketing. | (Out of Syllabus) |
| 8. | (a) Discuss the strategies relating to the product planning and development. | (Unit-III, Q.No. 1) |
| | OR | |
| | (b) What is channel? Explain the need of channels. | (Unit-III, Q.No. 30, 31) |
| 9. | (a) Explain Engel-Kollat-Blackwell Model (EKB) of consumer behaviour. | (Unit-IV, Q.No. 8) |
| | OR | |
| | (b) Distinguish between product and service. What are the peculiar features of services ? | (Unit-IV, Q.No. 20, 17) |
| 10. | (a) What is Global Marketing ? What are the features of global marketing ? | (Unit-I, Q.No. 26) |
| | | (Unit-V, Q.No. 3) |
| | OR | |
| | (b) What is Marketing Audit ? What are the objectives of Marketing Audit? | (Unit-V, Q.No. 14, 16) |