MARKETING STUDY MATERIAL

PREPARED BY
S Chandra Mohan
PS Govt. Degree College
Penukonda

Unit-I: Introduction: Concepts of Marketing: Product Concept – Selling Concept - Societal Marketing Concept – Marketing Mix - 4 P's of Marketing – Marketing Environment.

Q1. DEFINE MARKETING? WRITE A NOTE ON MARKETING CONCEPTS?

MARKETING: Broadly defined, marketing is a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value and exchange relationships with customers.

There are 5 different concepts of marketing, each of which vary in the function that they deal with. Each of the concepts was developed as per the need of the market. As the market changed, so did the concepts of marketing. And today, we have an opportunity to look at all 5 concepts of marketing and what they represent. They are

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

1. PRODUCTION CONCEPT: The basic proposition of the production concept is that customers will choose products and services that are widely available and are of low cost . So business is mainly concerned with making as many units as possible. By concentrating on producing maximum volumes, such a business aims to maximize profitability by exploiting economies of sale.

In a production-orientated business, the needs of customers are secondary compared with the need to increase output. Do note the production concept is a thing of the past and was used when there was very less competition. An example in this case is FORD, which manufactured huge number of automobiles through its manufacturing assembly line which was the first of its kind.

2. PRODUCT CONCEPT

The product concept proposes that consumers will prefer products that have better quality, performance and features as opposed to a normal product. The concept is truly applicable in some niches such as electronics and mobile handsets.

Two companies which stand apart from the crowd when we talk about the product concept are Apple and Google. Both of these companies have strived hard on their products and deliver us feature rich, innovative and diverse application products and people just love these brands.

3. SELLING CONCEPT: The Selling Concept proposes that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so through selling effort. This approach is applicable in the cases of unsought goods like life insurance, vacuum cleaner, fire fighting equipments including fire extinguishers. These industries are seen having a strong network of sales force. This concept is applicable for the firms having over capacity in which their goal is to sell what they produce than what the customer really wants..

4.MARKETING CONCEPT: The marketing concept proposes that the success of the firm depends on the marketing efforts of the company and in delivering a better value proposition as compared to its competitors in its own target market.

Example of Marketing concept

Let's take an example of 2 eternal rivals Pepsi and Coke - Both of these companies have similar products. However the value proposition presented by both is different. These companies thrive on the marketing concept. Where Pepsi focuses on youngsters, Coke delivers on a holistic approach. Also the value proposition by Coke has been better over ages as compared to Pepsi which shows that coke especially thrives on the marketing concept, i.e it delivers a better value proposition as compared to its competitor.

5. SOCIETAL CONCEPT:

The societal marketing concept calls upon marketers to build social and ethical considerations into their marketing practices. They must balance and juggle the often conflicting criteria of company profits, consumer want satisfaction, and public interest. Yet a number of companies have achieved notable sales and profit gains by adopting and practicing the societal marketing concept. Some companies practice a form of the societal marketing concept called cause related marketing.

Q2. EXPLAIN IN DETAIL ABOUT MARKETING MIX?

Ans: According to **Mr. Jerome McCarthy,** *"Marketing mix is a pack of four sets of variables, namely product variable, price variable, promotion variable, and place variable". In simple words marketing mix means a marketing programme that is offered by a firm to its target consumers to earn profits through satisfaction of their wants. Such a marketing programme is a mixture of four ingredients, namely Product mix, Price mix, Place (Distribution) mix and Promotion mix.*

Let us discuss these 4 elements of marketing mix in detail.

1. PRODUCT: Product is the main element of marketing. Without a product, there can be no marketing. *"A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need'',* says **Philip Kotler**.

Product is the most important element of marketing mix. Hence, the marketing manager has to put all his effortsin framing marketing strategies of its product offered to the market. In doing so, all the sub-elements of product are to be considered. The sub-elements (or variables) of product are - product design, product range, product line, product package, product features, product quality, product branding, trade mark, labeling, after sale services and guarantees, etc. A proper combination of these sub-elements gives a product its ability to succeed in market. Product strategy also covers the marketing decisions about product modification, product simplification, removal of non-profitable products, etc.

2. PRICE: Price is the second element of marketing mix. The product has to be adequately priced. Price is the only element that brings revenue to the business. The other elements of marketing mix, such as product, promotion and physical distribution involve expenditure. Hence, pricing should be done with utmost care .

The factors considered while determining the prices are target customers, price el asticity of demand, cost of production, level of competition, government restrictions on price, if any, and social responsibility of business. A proper pricing policy in different market conditions determines the acceptance of the product by the customer. The sub-elements of price are - price level, pricing policies, margin of profit, terms of credit, terms of delivery, rebates and discounts, resale price, maintenance, etc.

3. PROMOTION: Promotion is a process of communication that informs influences and persuades a potential consumer to buy the product or service. It is the third essential ingredient of marketing mix. The sub-elements of promotion are - personal selling, advertising, publicity, sales promotion, public relations, trade fairs and exhibitions, etc. Promotion strategies include decisions on budgets, theme, media selection, timing, proper evaluation of the promotional effectiveness and appropriate feedback system to facilitate market research.

4. PLACE (PHYSICAL DISTRIBUTION):

The fourth element of product mix, namely place or physical distribution does this work of carrying products at the place of consumption at right time.

Place or distribution activities add value to the products by creating time, distance and possession utilities. It makes the products easily available to the consumers, whenever and wherever they want to buy. The sub-elements of place (or physical distribution) are - channels of distribution, transportation, and warehousing and inventory control.

Conclusion: Thus, marketing mix is the proper combination of the above four ingredients. The business firms use such a mix to achieve desired level or turnover in the target market. The marketing mix should be regularly revised in order to meet the requirements of changes in the marketing environment of the business. Changes in the customer, preferences also call for alterations in the marketing.

Q3. WRITE A NOTE ON MARKETING ENVIRONMENT?

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

The marketing environment is made up of:

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

We discuss them in detail:

1. MICRO-ENVIRONMENT:

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

This includes the following:

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

Internal Environment (Within the Co.):

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

1. Top Management
2. Finance
3. R&D
4. Manufacturing
5. Purchasing
6. Sales Promotion
7. Advertisement etc

.2.MACRO ENVIRONMENT:

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

The components of a macro-environment are:

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

A. DEMOGRAPHIC ENVIRONMENT:

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

B. ECONOMIC ENVIRONMENT:

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

(i) General Economic Conditions:

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

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

(ii) Industrial Conditions:

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

A marketer needs to pay attention to the following aspects:

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

(iii) Supply sources for production:

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

They are:

1. Land
2. Labour

3. Capital
4. Machinery and equipment etc.

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

C. PHYSICAL/NATURAL ENVIRONMENT:

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

D. TECHNOLOGICAL ENVIRONMENT:

Technology affects not only the type of products available but also the ways in which people organize their lives and the ways in which goods and services can be marketed. Computer systems have also contributed substantially to the growth of various forms of direct marketing such as direct mail, direct response marketing etc.

E. POLITICAL ENVIRONMENT:

Political environment has a close relationship with the economic system and the economic policy. Some Governments specify certain standards for the products including packaging. Some other Governments prohibit the marketing of certain products. In most nations, promotional activities are subject to various types of controls India is a democratic country having a stable political system where the Government plays an active role as a planner, promoter and regulator of economic activity.

F. LEGAL ENVIRONMENT:

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

The following laws affected business in India:

1. Indian Contract Act 1872
2. Factories Act 1948
3. Minimum Wages Act 1948
4. Essential Commodities Act 1955
5. Securities Contracts Regulation Act 1956 (SEBI Act)
6. The Companies Act 1956
8. Monopolies and Restrictive Trade Practice Act 1969
9. The water (Prevention and Control of Pollution) Act 1974
10. The Air (Prevention and Control of Pollution) Act 1981
11. Sick Industrial Companies (Special Provisions) Act 1985
12. Environment Protection Act 1986
13. Consumer Protection Act 1986
14. Securities and Exchange Board of India Act 1992
15. Different Taxation Laws.

G. SOCIAL AND CULTURAL ENVIRONMENT:

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

Culture influences every aspect of marketing. Marketing decisions are based on recognition of needs and wants of the customer, a function of customer perceptions.

Unit-2: Consumer Markets and Buyer Behaviour: Buyer Decision Process – Stages – Buying Behaviour – Market Segmentation – Selecting Segments – Advantages of Segmentation

Q4. Explain various stages of Buying Decision Process?

Ans: Generally, the purchaser passes through five distinct stages in taking a decision for purchasing a particular commodity. These stages are:

1. Problem/need recognition

This is often identified as the first and most important step in the customer's decision process. A purchase cannot take place without the recognition of the need. The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

2. Information search

Having recognised a problem or need, the next step a customer may take is the information search stage, in order to find out what they feel is the best solution. This is the buyer's effort to search internal and external business environments, in order to identify and evaluate information sources related to the central buying decision. Your customer may rely on print, visual, online media or word of mouth for obtaining information.

3. Evaluation of alternatives

As you might expect, individuals will evaluate different products or brands at this stage on the basis of alternative product attributes - those which have the ability to deliver the benefits the customer is seeking. A factor that heavily influences this stage is the customer's attitude. Involvement is another factor that influences the evaluation process. For example, if the customer's attitude is positive and involvement is high, then they will evaluate a number of companies or brands; but if it is low, only one company or brand will be evaluated.

4. Purchase decision: The penultimate stage is where the purchase takes place. Philip Kotler (2009) states that the final purchase decision may be 'disrupted' by two factors: negative feedback from other customers and the level of motivation to accept the feedback. For example, having gone through the previous three stages, a customer chooses to buy a new telescope. However, because his very good friend, a keen astronomer, gives him negative feedback, he will then be bound to change his preference. Furthermore, the decision may be disrupted due to unforeseen situations such as a sudden job loss or relocation.

5. Post-purchase behaviour

If your customer is satisfied, this will result in brand loyalty, and the Information search and Evaluation of alternative stages will often be fast-tracked or skipped altogether.

On the basis of being either satisfied or dissatisfied, it is common for customers to distribute their positive or negative feedback about the product. This may be through reviews on website, social media networks or word of mouth. Companies should be very careful to create positive post-purchase communication, in order to engage customers and make the process as efficient as possible.

Q5. Explain various factors that influence Consumer Behaviour?

Definition: The **Consumer Behavior** is the study of how an individual decides to purchase a particular product over the other and what are the underlying factors that mold such behavior.

Factors Influencing Consumer Behavior

The marketers try to understand the actions of the consumers in the marketplace and the underlying motives for such actions. These motives are the factors that influence the consumer behavior. These are:

a. **Psychological Factors:** The human psychology plays a crucial role in designing the consumer's preferences and likes or dislikes for a particular product and services. Some of the important psychological factors are:

- Motivation
- Learning
- Perception
- Attitudes and Beliefs

b. **Social Factors:** The human beings live in a complex social environment wherein they are surrounded by several people who have different buying behaviors. Since the man is a social animal who likes to be acceptable by all tries to imitate the behaviors that are socially acceptable. Hence, the social factors influence the buying behavior of an individual to a great extent. Some of the social factors are:

- Family
- Reference Groups
- Roles and status

c. **Cultural Factors:** It is believed that an individual learns the set of values, perceptions, behaviors, and preferences at a very early stage of his childhood from the people especially, the family and the other key institutions which were around during his developmental stage. Thus, the behavioral patterns are developed from the culture where he or she is brought up. Several cultural factors are:

- Culture
- Subculture
- Social Class

d. **Personal Factors:** There are several factors personal to the individuals that influence their buying decisions. Some of them are:

- Age
- Occupation
- Income
- Lifestyle

e. **Economic Factors:** The last but not the least is the economic factors which have a significant influence on the buying decision of an individual. These are:

- Personal Income
- Consumer Credit
- Family Income
- Liquid Assets of the Consumer
- Income Expectations
- Savings

These are some of the underlying factors that influence the consumer behavior, and the marketer must keep these in mind, so that appropriate strategic marketing decision is made.

Q6. Define market segmentation? Explain the base for market segmentation?

Ans: Segmentation refers to a process of bifurcating or dividing a large unit into various small units which have more or less similar or related characteristics**.**

Market Segmentation is a process of dividing the market of potential customers into different groups and segments on the basis of certain characteristics. The member of these groups share similar characteristics and usually have one or more than one aspect common among them.

There are many reasons as to why market segmentation is done. One of the major reasons marketers segment market is because they can create custom marketing mix for each segment and cater them accordingly.

Basis of Market Segmentation

1. **Gender**

The marketers divide the market into smaller segments based on gender. Both men and women have different interests and preferences, and thus the need for segmentation. A woman would not purchase a product meant for males and vice a versa. The segmentation of the market as per the gender is important in many industries like cosmetics, footwear, jewellery and apparel industries.

2. **Age Group**

Division on the basis of age group of the target audience is also one of the ways of market segmentation. The products and marketing strategies for teenagers would obviously be different than kids.

Age group (0 - 10 years) - Toys, Nappies, Baby Food, Prams

Age Group (10 - 20 years) - Toys, Apparels, Books, School Bags

Age group (20 years and above) - Cosmetics, Anti-Ageing Products, Magazines, apparels and so on

Income

Marketers divide the consumers into small segments as per their income. Individuals are classified into segments according to their monthly earnings.

The three categories are:

High income Group: Mid Income Group : Low Income Group

Stores catering to the higher income group would have different range of products and strategies as compared to stores which target the lower income group.

Pantaloons, Carrefour, Shopper's stop target the high income group as compared to Vishal Retail, Reliance Retail or Big bazaar who cater to the individuals belonging to the lower income segment.

3. **Marital Status**

Market segmentation can also be as per the marital status of the individuals. Travel agencies would not have similar holiday packages for bachelors and married couples.

4. **Occupation:** Office goers would have different needs as compared to school / college students. A beach house shirt or a funky T Shirt would have no takers in a Zodiac Store as it caters specifically to the professionals.

5. **Place**

The place where the target audience lives affects the buying decision the most. A person living on mountains will have less or no demand for ice cream than the person living in a desert.

6. **Usage**

Product usage also acts as a segmenting basis. A user can be labelled as heavy, medium or light user of a product. The audience can also be segmented on the basis of their awareness of the product.

7. **Lifestyle**

Other than physical factors, marketers also segment the market on the basis of lifestyle. Lifestyle includes subsets like marital status, interests, hobbies, religion, values, and other psychographic factors which affect the decision making of an individual.

Q7. Explain various advantages of market segmentation?

Ans: Segmentation of target markets has several advantages.

1. Determining market opportunities: Market segmentation enables to identify market opportunities. The marketer can study the needs of each segment in the light of current offerings by the competitors. From such study, the marketer can find out the current satisfaction of customers.

Segments with low level of satisfaction from present offering may represent excellent market opportunities. For example, customers may not be satisfied with the current offering of water purifiers in terms of product or after-sale service. Such situation enables a marketer to launch a new range of water purifiers and market them well.

2. Adjustments in marketing appeals:

Sellers can make best possible adjustments of their product and marketing appeals. Instead of one marketing programme aimed to draw in all potential buyers, sellers can create separate marketing programmes designed to satisfy the needs of different customers. Proper advertising and sales promotional appeals can be made depending on the target audience.

3. Developing marketing programmes:

Companies can develop marketing programmes and budgets based on a clearer idea of the response characteristics of specific market segments. They can budget funds to different segments depending on their buying response.

4. Designing a product:

Market segmentation helps in designing products that really match the demands of the target audience. Products with high market potential can be designed and directed to meet the satisfaction of the target market.

5. Media selection:

It helps in selection of advertising media more intelligently and in allocating funds to various media. The funds are allocated to various media depending on the target audience, impact of the media, competitor advertising, and so on.

6. Timing of marketing efforts:

It helps in setting the timings of the promotional efforts so that more emphasis is placed during those periods when response is likely to be at its peak. For instance, consumer goods can be heavily advertised to Christians during Christmas season and to Hindus during Diwali time.

7. Efficient use of resources:

By tailoring marketing programme to individual market segments, management can do a better marketing job and make more efficient use of the marketing resources. For example, a small firm can effectively use its limited resources - money, sales force, etc. - in one or two segmented markets rather than unsuccessfully aiming at a wider market.

8. Better service to customers:

Market segmentation enables a company to concentrate its marketing efforts in a particular market area, thereby, providing a better service to the target customers. Proper marketing segmentation can facilitate customer satisfaction.

9. Helps in fixing prices:

The marketing segmentation also enables to fix prices of the goods and services. Since different market segments have different price perceptions, it is necessary to adopt different pricing strategies for the markets. For instance, the prices for lower-income groups have to be lower and the product and promotional efforts are adjusted accordingly.

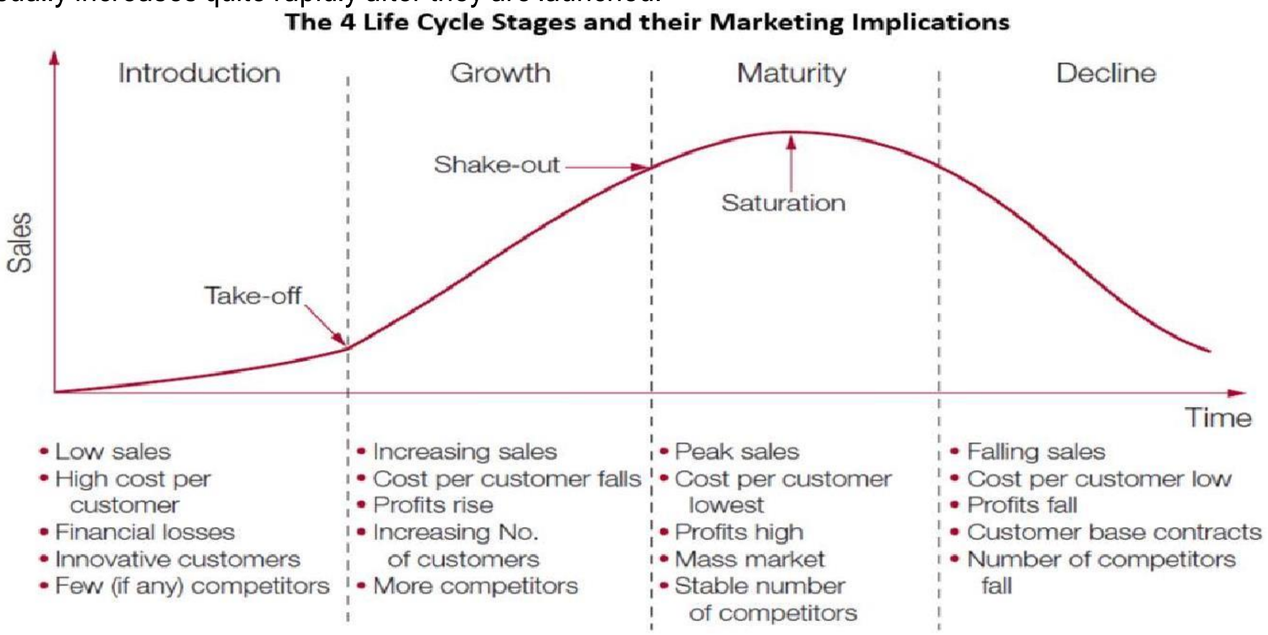
10. Assist in distribution strategies:

Segmentation also assists in adopting suitable distribution strategies. Different market segments may require different distribution mix. For example, if the product is of very high quality intended to target the upper class, then it must be distributed at prestigious outlets located at selective places.

Unit-3: Product Management: Product Life Cycle- New products, Product mix and Product line decisions - Design, Branding, Packaging and Labeling.

Q8. Write a note on Product Life Cycle?

As consumers, we buy millions of products every year. And just like us, these products have a life cycle. Older, long-established products eventually become less popular, while in contrast, the demand for new, more modern goods usually increases quite rapidly after they are launched.



The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

Introduction Stage - This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.

Growth Stage - The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

Maturity Stage - During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

Decline Stage - Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

Example of Product line and Product mix

Let us take an example of P&G as a company and understand product mix. This will be not be a precise example and all products of P&G might not be taken into consideration. But the example will help you understand product mix within an organization.

Detergents - Arial, Arial oxyblue, Ariel bar, Tide, Tide naturals, Tide bleach, Tide plus.

Shampoos - Head and shoulders, Head and shoulders anti dandruff, Pantene, Pantene damage repair, Pantene pro-v

In the above example the following can be learned about the product mix of P&G

Product mix Length – 12

Product mix Width - 2

Product mix Depth - 7 in detergents and 5 in shampoos

Product mix consistency - High as both are bathroom products.

Q9. Write a note on New Product Development Process? Or Explain the steps involved in developing a new product?

Ans: 8 Steps of New Product Development

New Product development is a journey. It's the road which leads to the actual product and then the actual product to the market. As it is said, it all starts with an idea. Every product goes through a number of stages before being introduced in the market.

New Product Development (NPD)

1. **Idea Generation**

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

- **Internal sources** - many companies give incentives to their employees to come up with workable ideas.
- **SWOT analysis** - Company may review its strength, weakness, opportunities and threats and come up with a good feasible idea.
- **Market research** - Companies constantly reviews the changing needs, wants, and trends in the market.

- **Customers** - Sometimes reviews and feedbacks from the customers or even their ideas can help companies generate new product ideas.
- **Competition** - Competitors SWOT analysis can help the company generate ideas.

2. **Idea Screening**

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

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

3. **Concept Development & Testing**

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

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

4. **.Business Strategy Analysis & Development**

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

Other important analytics includes

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

5. **Product Development**

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

6. **Test Marketing**

Unlike concept testing, here the actual prototype is introduced for research and feedback. Actual customers feedback is taken and further changes, if required, are made to the product. This process is of utmost importance as it validates the whole concept and makes the company ready for the launch.

7. **Commercialization**

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

8. **Introduction**

This stage involves the final introduction of the product in the market. This stage is the initial stage of the actual product lifecycle.

Q10. Define the concepts of Product Mix and Product Line?

The complete range of products present within a company is known as the product mix. In any multi brand organizations, there are numerous products present. None of the organizations wants to take the risk of being present in the market with a single product. However, if the business market is any example, than all the top companies have multiple products. Coca cola, Apple, Microsoft, Nestle, Hindustan unilever, Pharmaceutical companies, so on and so forth.

Product mix

As explained, product mix is a combination of total product lines within a company. A company like HUL has numerous product lines like Shampoos, detergents, Soaps etc. The combination of all these product lines is the product mix.

Product line

The product line is a subset of the product mix. The product line generally refers to a type of product within an organization. As the organization can have a number of different types of products, it will have similar number of product lines. Thus, in Nestle, there are milk based products like milkmaid, Food products like Maggi, chocolate products like Kitkat and other such product lines. Thus, Nestle's product mix will be a combination of the all the product lines within the company.

Product line length

If a company has 4 product lines, and 10 products within the product line, than the length of the product mix is 40. Thus, the total number of products against the total number of product lines forms the length of the product mix. This equation is also known as **product line length**.

Product line width

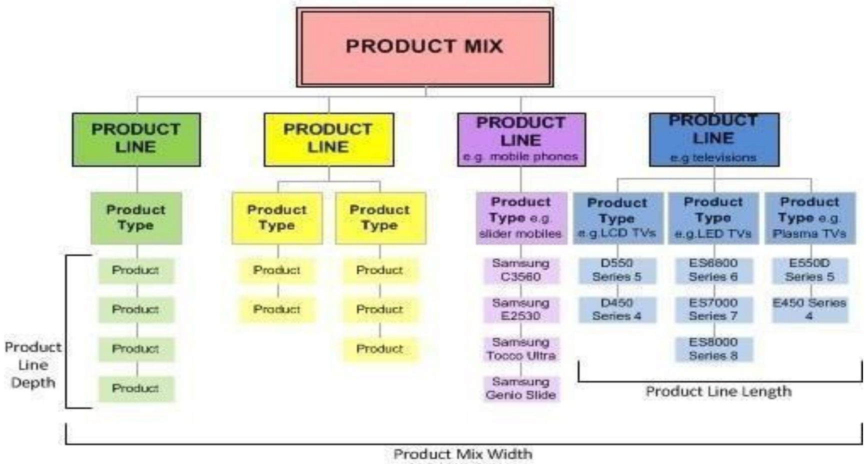
The width of the product mix is equal to the number of product lines within a company. Thus, taking the above example, if there are 4 product lines within the company and 10 products within each product line, than the product line width is 4 only. Thus, product line width is a depiction of the number of product lines which a company has.

Product line depth

It is fairly easy to understand what depth of the product mix will mean. Where length and width were a function of the number of product lines, the depth of the product mix is the total number of products within a product line. Thus if a company has 4 product lines and 10 products in each product line, than the product mix depth is 10. It can have any variations within the product for form the product line depth.

Product line consistency

The lesser the variations between the products, the more is the product line consistency. For example, Amul has various product lines which are all dairy related. So that product mix consistency is high. But Samsung as a company has many product lines which are completely independent of each other. Like Air conditioners, televisions, smart phones, home appliances, so on and so forth. Thus the product mix consistency is low in Samsung.



Unit-4: Pricing Decision: Factors influencing price determination, Pricing strategies: Skimming and Penetration pricing.

Q11. Explainthefactorsthatinfluencepricingdecision?

Factors Influencing Pricing

Pricing of a product is influenced by various factors as price involves many variables. Factors can be categorized into two, depending on the variables influencing the price.

Internal Factors

The following are the factors that influence the increase and decrease in the price of a product internally −

- Marketing objectives of company
- Consumer's expectation from company by past pricing
- Product features
- Position of product in product cycle
- Rate of product using pattern of demand
- Production and advertisement cost
- Uniqueness of the product
- Production line composition of the company
- Price elasticity as per sales of product

Internal factors that influence pricing depend on the cost of manufacturing of the product, which includes fixed cost like labor charges, rent price, etc., and variable costs like overhead, electric charges, etc.

External Factors

The following are the external factors that have an impact on the increase and decrease in the price of a product −

- Open or closed market
- Consumer behavior for given product
- Major customer negotiation
- Variation in the price of supplies
- Market opponent product pricing
- Consideration of social condition
- Price restricted as per any governing authority

External factors that influence price depend on elements like competition in market, consumer flexibility to purchase, government rules and regulation, etc.

Q12. Explain different types of pricing?

Ans: Pricing is one of the four elements of the marketing mix, along with product, place and promotion. Pricing strategy is important for companies who wish to achieve success by finding the price point where they can maximize sales and profits. Companies may use a variety of pricing strategies, depending on their own unique marketing goals and objectives.

An organization has various options for selecting a pricing method. Prices are based on three dimensions that are cost, demand, and competition. The organization can use any of the dimensions or combination of dimensions to set the price of a product.

1. Premium Pricing

Premium pricing strategy establishes a price higher than the competitors. It's a strategy that can be effectively used when there is something unique about the product or when the product is first to market and the business has a distinct competitive advantage. Premium pricing can be a good strategy for companies entering the market with a new market and hoping to maximize revenue during the early stages of the product life cycle.

2. Penetration Pricing

A penetration pricing strategy is designed to capture market share by entering the market with a low price relative to the competition to attract buyers. The idea is that the business will be able to raise awareness and get people to try the product. Even though penetration pricing may initially create a loss for the company, the hope is that it will help to generate word-of-mouth and create awareness amid a crowded market category.

3. Economy Pricing

Economy pricing is a familiar pricing strategy for organizations that include Wal-Mart, whose brand is based on this strategy. Aldi, a food store, is another example of economy pricing strategy. Companies take a very basic, low-cost approach to marketing--nothing fancy, just the bare minimum to keep prices low and attract a specific segment of the market that is very price sensitive.

4. Price Skimming

Businesses that have a significant competitive advantage can enter the market with a price skimming strategy designed to gain maximum revenue advantage before other competitors begin offering similar products or product alternatives.

5. Psychological Pricing

Psychological pricing strategy is commonly used by marketers in the prices they establish for their products. For instance, $99 is psychologically "less" in the minds of consumers than $100. It's a minor distinction that can make a big difference.

6. Bundle Pricing

With bundle pricing, small businesses sell multiple products for a lower rate than consumers would face if they purchased each item individually. Not only is bundling goods an effective way of moving unsold items that are taking up space in your facility, but it can also increase the value perception in the eyes of your customers, since you're essentially giving them something for free.

Unit- 5: Promotion and Distribution: Promotion Mix - Advertising - Publicity – Public relations - Personal selling and Direct marketing - Distribution Channels – Online marketing- Global marketing.

Q13 Define promotion and write a note on Promotion Mix?

Ans: Marketing promotion includes a variety of communication activities to educate customers, increase awareness, increase demand, build brand value and recognition and provide differentiation.

Promotion is one of the P's of marketing mix. Promotional activities works in tandem with other three P's which are: Pricing decisions, Product and Place (Distribution strategies).

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There are five promotional sub categories:

a. Personal Selling:

It is a promotional activity wherein an individual in involved in interacting with customers/ clients in order to achieve sales: Example: Salesman

b.Advertising:

Advertisements are a form of communication such as commercials on TV, ads on internet, hoardings, print medium like newspapers, magazines, fliers etc. which is intended to influence the public viewing it and which is paid for

c. Sales Promotion:

It can be of two types- Trade or Consumer. Example is coupon or price discounts which stimulates sales

d.Direct Marketing:

Directly selling to customers without any retailer in between They have a call to action. Example is selling through newspaper advertising, magazines, mailers, fliers, catalogues, targeted TV commercials etc.

e.Public Relations (PR):

PR is managing information flow between an organization and public. It is aimed at maintaining a particular image in the minds of customers, investors and other stakeholders.

Q14. Define Distribution channel and write a note on distribution channels?

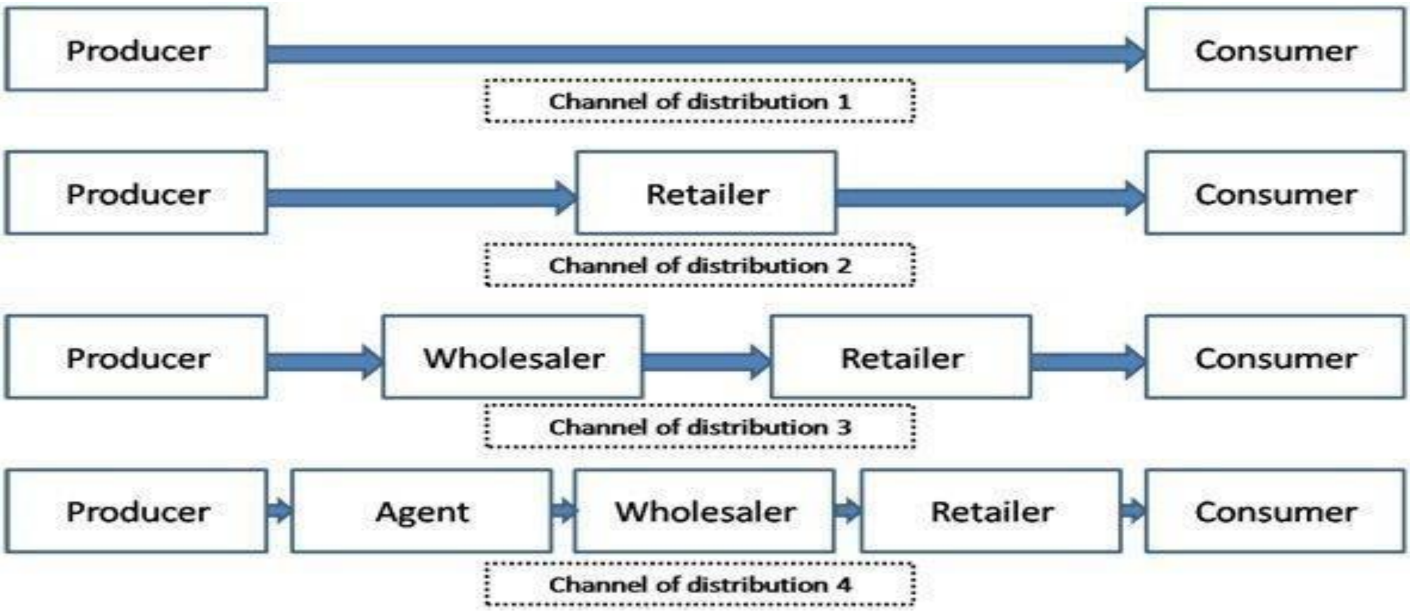
Ans: Definition: A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers, distributors and even the internet itself. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer, and an "indirect" channel allowing the consumer to buy the good from a wholesaler or retailer.

While a distribution channel can sometimes seem endless, there are three main types of channels, all of which include a combination of a producer, wholesaler, retailer and end consumer.

The first channel is the longest in that it includes all four, from producer to the end consumer. The wine and adult beverage industry is a perfect example of this long distribution channel. In this industry, thanks to laws born out of prohibition, a winery cannot sell directly to a retailer. It operates in what is known as the three-tier system, meaning the winery is required by law to first sell its product to a wholesaler, who then sells to a retailer. The retailer, in turn, sells the product to the end consumer.

The second channel is one where the producer sells directly to a retailer, who then sells the producer's product to the end consumer. This means the second channel contains only one intermediary. Dell, for example, is large enough where it can sell its products directly to reputable retailers such as Best Buy.

The third and final channel is a direct to consumer model where the producer sells its product directly to the end consumer. Amazon, using its own platform to sell Kindles to its customers, is an example of a direct model, which is the shortest distribution channel possible.



NOTE: BELOW QUESTION IS MORE IMPORTANT FOR JOB INTERVIEWS. YOU MUST READ THIS BEFORE GOING TO ANY INTERVIEW IN WHICH THE MAIN JOB IS MARKETING OF GOODS OR SERVICES

Q15. Write a note on the essential of personal selling?

Ans: Personal selling is a creative work an art and a profession. It demands a command over certain requisites making selling a thrilling success. A salesman can attain zenith height of his success by his philosophy, attitude andwork-culture where knowledge of variables affecting his line is acquired and practiced.

These requisites or essentials are:

1. Knowledge of self:

Self portrait of a salesman has its contribution to success. It is sales-personality. 'Sales-personality' is the sum-total of very thing about a salesman that influences the prospects favourably.

Such a personality is the presence of certain qualities which are inborn, acquired, produced and developed. The personality of a salesman can be divided into four sector qualities as physical, mental, social and character.

The physical qualities are: sound health–alluring posture– good appearance and impressive voice; the mental qualities are: amazing alertness–rising resourcefulness–unfading confidence–live enthusiasm–enduring initiative and keen observation; the social qualities are: extroversy–conversability– poise–courtesy–tact cooperation and good manners.

The-character qualities are: maturity–courage– sincerity–determination–integrity, loyalty and industry. To know where he stands, he should have self-evaluation so that cavities and the gaps are known and filled for the brighter future.

2. Knowledge of selling process:

Since the selling is the breath of every salesman, he should know the selling process. He should have in-depth knowledge of the selling process and each stage of it.

Selling process is made up of at least six stages to convert prospect into a customer namely, prospecting–pre-approach– approach–presentation and demonstration– overcoming objections and closing the deal.
His task of selling would go easy and cosy if he has understood the psychological process consumer decision making. That is, he should know the magical tinge of A-I-D-A-S Formula.

3. Knowledge of the company:

To build up stronger and lasting morale, to shape personality and to achieve high degree of success a salesman is to know a good deal about his company.
The major aspects of which he cannot escape are: history of the company its origin and later changes current affairs physical aspects of plant manufacturing processes financial aspects reputation personnel of the organisation its philosophy and policies of the selling house and the like.
The past, present and future multidimensional aspects of company will make him well equipped salesman to answer all the questions that he faces from his potential and actual customers.

4. Knowledge of products:

Product knowledge is almost inevitable, as the very existence of salesman is dependent on the products. The specific aspects of product knowledge cover the areas such as general information regarding products origin and history of product research and development undertaken product modifications brands competitive products product availability; physical dimensions of product such as, size, weight, colour, models, product line placement, physical make up, packaging, manufacture, quality control, prices and discounts; product performance points such as benefits best ways of using range of performance limits cost of maintenance replacements and the like; services rendered include after-sale services such as installation maintenance credit spare parts and the like.

5. Knowledge of customers:

This knowledge of customers involves the thread-bare study of buying motives, instincts, likes and dislikes and the types of customers. It is to with sizing-up the customers which is the delicate task of character analysis.
It is a psychological investigation to convert the desire of customer into demand. In essence, it is to do with character finding and customer buying policy. Character finding helps in identifying them to extend the right kind of treatment. Thus, the treatment differs from person to person, sex to sex, age to age, because, these customers may be silent, talkative, hesitant, suspicious, nervous, handicapped, ill-mannered, middle- aged or old. Though, all are customers, their buying motives are differing that warrant discriminating treatment.

6. Knowledge of competitors:

It is essentially the basic department of salesman to accept competition. So far as the knowledge of competitors is concerned, a salesman is to have the perfect knowledge of product comparison and selling strategies of his close rivals.
Product comparison is to do with the detailed information regarding the strength and weaknesses of products of rivals as opposed to his own; it relates product dimensions such as colour, size, shape, price, package, quality, performance and the like.
Selling successfully is a strategy and is based on the strategies of competitors. About the selling activities of the rival he is to keep abreast of details of his personality his way of dealing with the customers' length of service his remuneration method of operation consumer reaction attitudes towards his line sales territory he likes and so on.

7. Knowledge of advertising:

Publicity work undertaken by the concern is a propulsive source of information and a force that creates stage for his effective performance. The advertising copies help him in planning his sales talk as selling points for each copy has rich, varied and vivid information depicting a theme, a story.
These go a long way in minimizing the sales resistance. He is to study and analyse the advertisements, sales literature, price-lists, and catalogues as is common that the customers are likely to quote the terms of rivals to have bargain in their favour. Though advertising is an indirect way of selling, it supports and reinforces the efforts of salesmen and salesmanship.

SHORT QUESTIONS AND ANSWERS FROM UNIT 5

Q1. Write a note on sales promotion techniques?

Ans: Important techniques of sales promotion are as follows:

a. Rebates
b. Discounts
c. Refunds
d. Product comibination
e. Quantity gift
f. Instant draw and assigned gift

g. Lucky draw
h. Usable coupons
i. Full Finance @ 0%
j. Samples
k. Contests

Q2.Define advertising and write its advantages?

Ans: Definition: Advertising is bringing a product (or service) to the attention of potential and current customers. Advertising is focused on one particular product or service. Thus, an advertising plan for one product might be very different than that for another product. Advertising is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.

Advantages of Advertising

1. Creates Awareness
2. Creates brand image
3. Helps to reach global markets
4. Plenty of choice

Q3. Write a note on various types of advertising?

Ans: Advertising is the action of calling public attention to something through paid announcements by an identified sponsor. The choice of advertising medium depends on two aspects -

- The product/service to be advertised.
- The Target Group.

Types of Advertising Media

Selection of the perfect advertising media where the advertisements will be presented is really important for the success of the marketing campaign. There are several advertising mediums which can be categorized under five heads:

1. **Print Advertising**: News paper advertisements; Magazine advertisements; Brochures; Fliers
2. **Broadcast Advertising**: Television Advertising; Radio Advertising
3. **Outdoor Advertising**: Banners & Hoardings; Flags; Wraps; Events and sponsorship; Automobiles;
4. **Digital Advertising**: Internet; Mobile phones and other media like Kindle, Echo, Google home etc
5. **Product/Brand Integration**: brand Integration is nothing but a form of authentic storytelling which is crafted according to the trend and needs and wants of the consumer and the brand.

Q.4 Write a note on A-I-D-A-S Formula?

Advertising should be effective. The selection of the addresses plays a decisive role in the effectiveness of a direct marketing campaign, since those who do not drive a motorcycle will not be interested in buying a new motorcycle. Furthermore, the advertising mail should also be designed to be as effective as possible. The AIDA formula, which was already drafted by Elmo Lewis in 1898, provides several tips for this purpose:

1. **Attention**: The first goal is to attract the customer's attention, that is, to actually pay attention to the advertisement.
2. **Interest**: After that, you want to arouse their interest. The customer should look at the advertising and sales message in detail.
3. **Desire**: In doing so, and with the help of accompanying promotional measures such as special discounts or free gifts, the customer's desire for the product should be awakened.
4. **Action**: Finally, if possible, the customer should then purchase the product. In order to ensure the success of this last phase, the actual purchasing of the product should be as easy for the customer as possible.
5. **Satisfaction**: This fifth step should also be included in the classic AIDA formula. Since only a satisfied customer will turn into a regular customer and will recommend the product and/or the advertised company.

Q5. Define Publicity and explain its importance and its types?

Ans: According to Philip Kotler Publicity means "Non-personal stimulation of demand for the product or service, or business unit by placing commercially significant news about it in public medium or obtaining favourable presentation of it upon radio, television, or stage that is not paid for by the sponsor."

Importance of Publicity in Marketing your Products

- To announce new products
- To announce new policies
- To announce technological breakthrough
- To report performance
- To counter negative rumors

Types of Publicity:

- News releases

- Feature articles
- Press conferences
- Sponsorship of social events

Q6. Define Direct Marketing and its types?

Ans: Direct marketing is a form of advertising sent directly from your business to a potential or existing customer. You are sending the customers your marketing messages directly. Effective direct marketing campaigns use a strong call-to-action to get customers to act on a message or an offer.

Types of direct marketing

1. Direct mail
2. Telemarketing
3. Email marketing
4. Text [SMS] marketing
5. Leaflet marketing
6. Social media marketing
7. Direct selling

Q.7 Define Online Marketing and write its advantages?

Ans: Online marketing is a set of powerful tools and methodologies used for promoting products and services through the internet. Online marketing includes a wider range of marketing elements than traditional business marketing due to the extra channels and marketing mechanisms available on the internet.

Online marketing is also known as internet marketing, web marketing, digital marketing and search engine marketing (SEM)

Online marketing has several advantages, including:

- Low costs
- Flexibility and convenience
- Multiple options
- Demographic

Q8. What do you mean by Global Marketing?

Ans: Global marketing is more than simply selling a product internationally. Rather, it includes the whole process of planning, producing, placing, and promoting a company's products in a worldwide market. Large businesses often have offices in the foreign countries they market to; but with the expansion of the Internet, even small companies can reach customers throughout the world

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