

Biyani's Think Tank
Concept based notes

Marketing Management

(BBA Part-II)

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Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

Syllabus

B.B.A. Part-II

Marketing Management

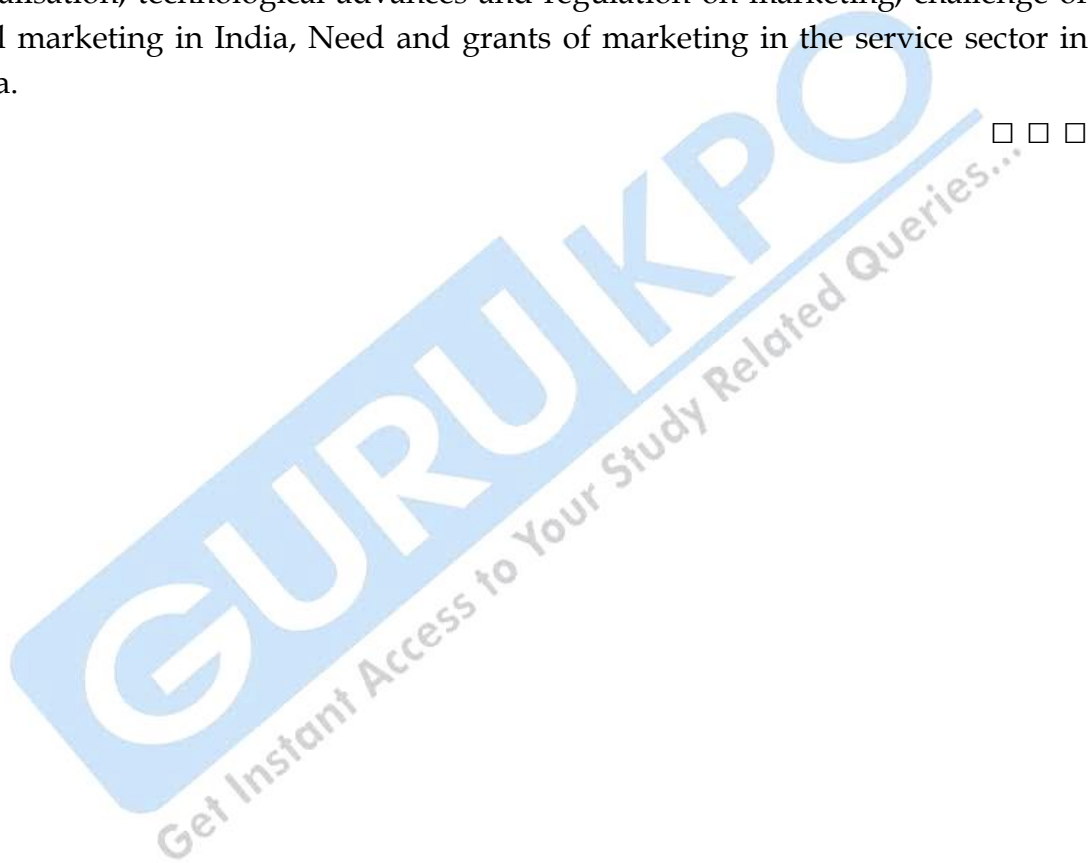
- 1. Introduction** : Nature & Scope of marketing, importance of marketing, the marketing concept, selling v/s marketing concept, societal marketing concept, growth relevance of marketing in India.
- 2. Marketing Environment** : Demographic, Economies, natural, technology, political, legal & socio-cultural environment : The Indian marketing Environment.
- 3. Buya Behaviour & Marketing Segmentation** : Factors influencing Buyer behaviour, buying decision process, profile and features of Indian consumers, Market segmentation meaning, levels, basis of segmentation, concept of niche marketing.
- 4. Managing the Product** : Product planning, product mix, deciding product policy, product lines decision, product differentiation, brand equity packaging, labelling, concept of PLC, NPD process.
- 5. Pricing** : Factors influencing pricing, pricing objectives, methods of pricing, pricing procedure.
- 6. Marketing Channels, Logistics and Physical distribution** : Types of channels, channel functions, selection of channels, logistics role & types, physical distribution, objectives and functional areas of physical distribution, physical distrib in Indian context.
- 7. Marketing Communication** : Meaning and importance, communication objectives, effective communication, communication process.
- 8. Promotion Tools** : Advertising-meaning, objectives, types of advertising decisions, planning and evaluation of campaign, trends in advertising in India,

personal selling-objectives, functions of and principles, public relations— Importance and methods, Direct marketing concept, sales promotion— purpose, consumer and dealer promotion methods.

9. Marketing Research and Control: Marketing research-need, techniques and process, Need and tools of control (elementary Knowledge only).

10. Marketing Challenges : Marketing in the 21st Century, Impact of globalisation, technological advances and regulation on marketing, challenge of rural marketing in India, Need and grants of marketing in the service sector in India.

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1.	Introduction ⇒ Nature & Scope ⇒ Marketing concept ⇒ Relevance of marketing in India
2.	Marketing Environment ⇒ Indian marketing environment
3.	Buyers behaviour and Marketing Segmentation ⇒ Factors Influencing Buyer Behaviour ⇒ Buying Decision process ⇒ Levels and Basis of Segmentation ⇒ Niche Marketing
4.	Managing the Product ⇒ Product planning & product mix ⇒ Product line decisions ⇒ Concept of PLC ⇒ NPD process
5.	Pricing ⇒ Factors affecting pricing ⇒ Methods of pricing ⇒ Pricing procedure
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	<ul style="list-style-type: none"> ⇒ Logistics role and types ⇒ Functional areas of physical distribution ⇒ Physical distribution in Indian context
7.	<p>Advertising</p> <ul style="list-style-type: none"> ⇒ Advertising-meaning, objectives ⇒ Advertising decisions ⇒ Personal selling-objectives ⇒ Public relations-importance & methods ⇒ Direct marketing concept ⇒ Sales promotion-purposes
8.	<p>Marketing Communication</p> <ul style="list-style-type: none"> ⇒ Meaning & Importance ⇒ Communication Objectives ⇒ Communication Process
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Chapter-1

Introduction

Q.1 What is the nature & scope of marketing & why is marketing important?

Ans.: Nature & Scope of Marketing : Marketing is an ancient art & is everywhere. Formally or informally, people & organizations engage in a vast numbers of activities that could be called marketing. Good marketing has become an increasingly vital ingredient for business success. It is embedded in everything we do- from the clothes we wear, to the web sites we click on, to the ads we see.

Marketing deals with identifying & meeting human & social needs or it can be defined as “meeting needs profitably”.

The American Marketing Association has defined marketing as “an organizational function & a set of processes for creating, communicating & delivering value to the customers & for managing customer’s relations in ways that benefit the organization & the stake holders.

Or

Marketing management is the art & science of choosing target markets & getting, keeping & growing customers through creating, delivering & communicating superior customer value.

Or

“Delivering a higher standard of living”

For a managerial definition, marketing has been defined as “the art of selling products” but people are surprised when they hear that the most

important part of marketing is not selling. Selling is only the tip of marketing iceberg.

Peter Drucker says it this way that the aim of marketing is to know & understand the customer so well that the product or service fits him & sells itself. All that should be needed is to make the product or the service available.

Eg. The success of Indica, the first indigenously designed car by Tata Motors. Backed by strong customers delight, the company designed a vehicle with luggage space & legroom & offered it a price easily available & affordable to middle class.

(2) Gillette launched its March III razor.

Marketing people are involved in marketing 10 types of entities : goods services, events, experiences, persons, places, properties, organizations, information & ideas.

Therefore ideal marketing should result in a customer who is ready to buy.

Importance of Marketing : Financial success of any organization depends upon marketing ability of that organization. There should be sufficient demand for products & services so the company can make profit. Therefore many companies created chief marketing officer (CMO) position to put marketing on a more equal footing with other e-level executives.

Marketing is tricky & large well known business such as Levi's, Kodak, Xerox etc. had to rethink their business models, Even Microsoft, Wal-Mart, Nike who are market leaders cannot relax.

Thus, we can say that making the right decision is not easy & marketing managers must take major decisions about the features of the product prices & design of the product, where to sell products & expenditure on sales & advertising. Good marketing is no accident but a result of careful planning & execution. Marketing practices are continuously being refined to increase the chances of success. But marketing excellence is rare & difficult to achieve & is a never ending task.

Eg. NIRMA - The brand icon of the young girl has adorned the package of Nirma washing powder. The jingle has become one of the enduring times in Indian advertising.

Q.2 What are some fundamental marketing concept?

Ans.: The various fundamental concepts are :-

- (1) **Exchange Concept :** The Exchange concept holds that the exchange of a product between seller & buyer is the central idea of marketing Exchange is an important part of marketing, but marketing is a much wider concept.
- (2) **Production Concept :** The production concept is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available & expensive. Manager of production oriented business concentrate on achieving high production efficiency low cost & mass distribution.

Eg. Haier in China take advantage of the country's huge inexpensive labor pool to dominate the market, to manufacture PC & domestic appliances.

- (3) **Production Concept :** This concept holds that consumers will prefer those products that are high in quality, performance or innovative features. Managers in these organization focus on making superior products & improving them. Sometimes, this concept leads to marketing myopia, Marketing myopia is a short sightedness about business. Excessive attention to production or the product or selling aspects at the cost of customer & his actual needs creates this myopia.
- (4) **Selling Concepts :** This concept focuses on aggressively promoting & pushing its products, it cannot expect its products to get picked up automatically by the customer. The purpose is basically to sell more stuff to more people, in order to make more profits.
Eg. Coca Cola
- (5) **Marketing Concept :** The marketing concept emerged in the mid 1950's. The business generally shifted from a product - centered, make & sell philosophy, to a customer centered, sense & respond

philosophy. The job is not to find the right customers for your product, but to find right products for your customers. The marketing concept holds that the key to achieving organizational goals consist of the company being more effective than competitors in creating, delivering & communicating superior customers value. This concept puts the customers at both the beginning & the end of the business cycle. Every department & every worker should think customer & act customer.

Distinguishing Features of the Marketing Concept :

- (i) **Consumer Orientation :** The purpose of any business is to create a customer. It is the customer who determines what a business is-
- (ii) **Integrated Management with Marketing as the Fulcrum :** Integrated management means that all the different functions of a business must be tightly integrated with one another. This is essential because every function has a bearing on the consumers & the aim is to see that all the functions make a favourable impact on the consumer.
- (iii) **Consumers Satisfaction :** The marketing concept emphasizes that it is not enough if a firm has consumer orientation, it is essential that with such an orientation, it should lead to consumer satisfaction.
- (iv) **Realization of all Organizational Goals, Including Profits :** The firm should not forget its own interests. It treats consumer satisfaction as the pathway to the attainment of goals of the organization.

In short the marketing concept essentially represents a shift in orientation.

From production orientation to marketing orientation.

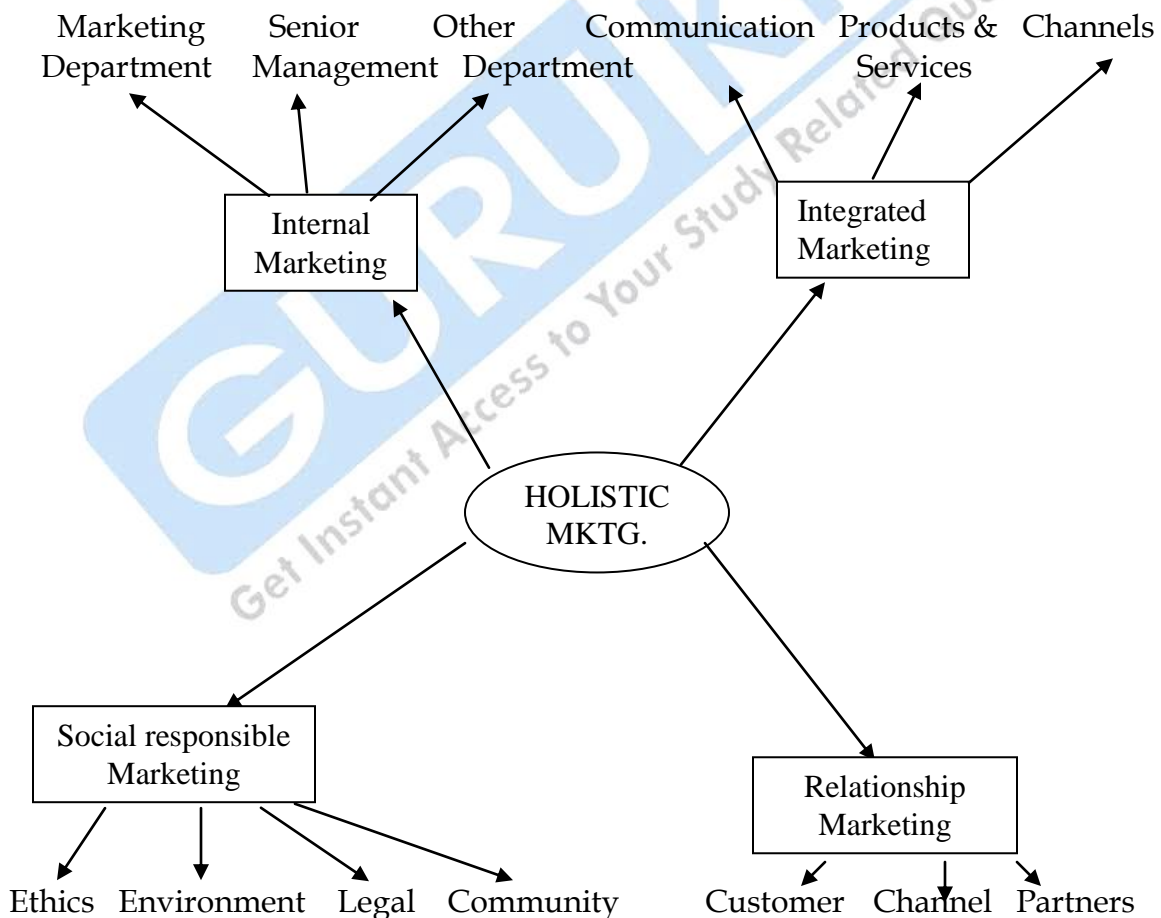
From product orientation to customers orientation.

From supply orientation to demand orientation.

From sales orientation to satisfaction orientation

From internal orientation to external orientation.

- (6) **Social Marketing Concept** : This concept holds understanding broader concerns & the ethical, environmental & legal & social context of marketing activities & programs. The cause & effects of marketing extend beyond the company & the consumes to society as a whole. Social responsibility also requires that marketers carefully consider the role that they are playing & could play in terms of social welfare.
- (7) **Holistic Marketing Concept** : This concept is based on the development, design & implementation of marketing programs, processes & activities that recognizes their breadth. Holistic concept realizes that “everything matters” with marketing. Four components of Holistic marketing are as follows:



Q.3 Differentiate between selling & marketing concept.**Ans.:**

S.No.	Selling	Marketing
1.	Selling starts with the seller & the needs of the seller	Marketing starts with the buyer & needs of buyer
2.	Seeks to quickly convert products into cash.	Seeks to convert customer 'needs' into products
3.	Seller is the centre of business universe	Buyer is the centre of the business universe
4.	Views Business as a goods producing process	Views businesses as a customer satisfying process.
5.	Seller preference determines the formulation of marketing mix.	Buyer determines the shape marketing mix should take.
6.	Selling is product oriented	Marketing is customer oriented.
7.	Sellers motives dominate marketing communication	Marketing communication is looked upon as a tool for communicating the benefits / satisfactions provided by the product.

Q.4 How business & marketing are changing in India?

Ans.: Companies should adopt a clear vision of the proper direction in which to take their brands & challenged marketing convention through product innovation, advertising or some other aspect of marketing.

The market place isn't what is used to be. It has new behaviours, new opportunities & new challenges.

- (i) **Changing Technology** - The digital revolution has created an information age. The information age promises to lead to more

accurate levels of production more targeted communications & more relevant pricing. Today's business is carried on over electronic networks, internal external & the Internet.

- (ii) **Globalization** - Technological advances in transportation shipping & communication have made it easier for companies to market in other countries & easier for consumers to buy products & services from marketers in other countries
- (iii) **Deregulation** - Many countries have deregulation industries to create greater competition. In India, the domestic airline industry have been growing very rapidly after deregulations.
- (iv) **Privatization** - Many countries have converted public companies to private ownership & management to increase their efficiency.
- (v) **Customer Empowerment** - Customers increasingly expect higher quality & service. They want more convenience. They can obtain extensive product information from the Internet & other sources.
- (vi) **Customization** - The company is able to produce individually differentiated goods whether ordered in person on the phone or online. The company also has the capacity to interact with each customer personally.
- (vii) **Heightened Competition** - Brand manufactures are facing intensive competition from domestic & foreign brands which is resulting in rising promotion costs & shrinking profit margins.
- (viii) **Industry Convergence** - Industry boundaries are blurring at an incredible rate as companies are recognizing that new opportunity's lie at the intersection of two or more industries. Eg: Pharmaceutical companies are now adding biogenetic research capacities in order to formulate new drugs, new cosmetics, new foods.

Chapter-2

Marketing Environment

Q.1 What are the various factors in Indian marketing environment & what is the need to analyze the marketing environment?

Ans.: Purpose of marketing environment analysis:-

- (a) To know where the environment is leading, to observe & size up the relevant events & trends in the environment.
- (b) Strategic response to environment is possible only with proper environment analysis.
- (c) To assess the scope of various opportunities & shortlist those that can favorably impact the business.
- (d) To help secure the right fit between the environment & the business unit which is the crux of marketing.

The marketing environment consist of the following factors :-

- (1) **Demographic** : Demographic is a major element to be studied in environment analysis. Several factors relating to population, such as size, growth rate, age distribution, religious composition, need to be studied. Aspects such as composition of workforce, household patterns, regional characteristics, population shifts etc. also need to be studied as they are a part of demographic environment.
- (2) **Socio-cultural Environment** : Socio-cultural environment is another important component of the environment. Culture, traditions, beliefs, values & lifestyles of the people in a given society constitute the socio-cultural environment.

Culture : Culture is the combined result of factors like religion, language, education & upbringing. Meaningful, information on the consumption habits, lifestyles & buying behaviour can be obtained through a survey of socio-cultural environment. Cultural shifts carry with them marketing opportunities as well as threats.

Social Class : Social class is one important concept in socio cultural environment. A social class is determined by income, occupation, location, of residence etc. Each class has its own standards with respect to lifestyle, behaviours etc., they are known as class values or class norms. These values have a strong bearing on the consumption pattern & buying behaviour.

Economic Environment : The factors to be considered under economic environment are :-

- (a) General Economic conditions
- (b) Economic conditions of different segments of the population, their disposable income, purchasing power etc.
- (c) Rate of growth of the economy, rate of growth of each sector of the economy
- (d) Income, prices & consumption expenditure
- (e) Credit availability & interest rates
- (f) Inflation rate
- (g) Foreign exchange reserves
- (h) Exchange rates
- (i) Tax rates
- (j) Behaviour of capital market

Political Environment : Economic environment is a by- product of the political environment, since economic & industrial policies followed by a nation greatly depends on its political environment. Political environment has several aspects, industrial growth depends to a great extent on the political environment. Legislation regulating business are also a product

of the political configuration. Apart from this political stability, form of govt. elements like social & religious organizations, media & pressure grps & lobbies of various kinds also form the part of political environment

Natural Environment :

- (1) **Natural Resources :** Business firms depends on natural resources. Raw material is one major part of these resources & firms are concerned with their availability, they need to know whether there will be a shortage in any of the critical raw materials, they also need to know the trends governing their cost. Besides raw materials, they are also concerned about energy, its availability as well as cost.
- (2) **Ecology :** Issues like environmental pollution, protection of wild life & wealth are the factors concerned with ecology & govt. is becoming active bargainer in environmental issues.
- (3) **Climate :** Firms with products whose demand depends on climate & firms depending on climate dependent raw materials will be particularly concerned with this factor. These firms have to study the climate in depth & decide their production location & marketing territories respectively.

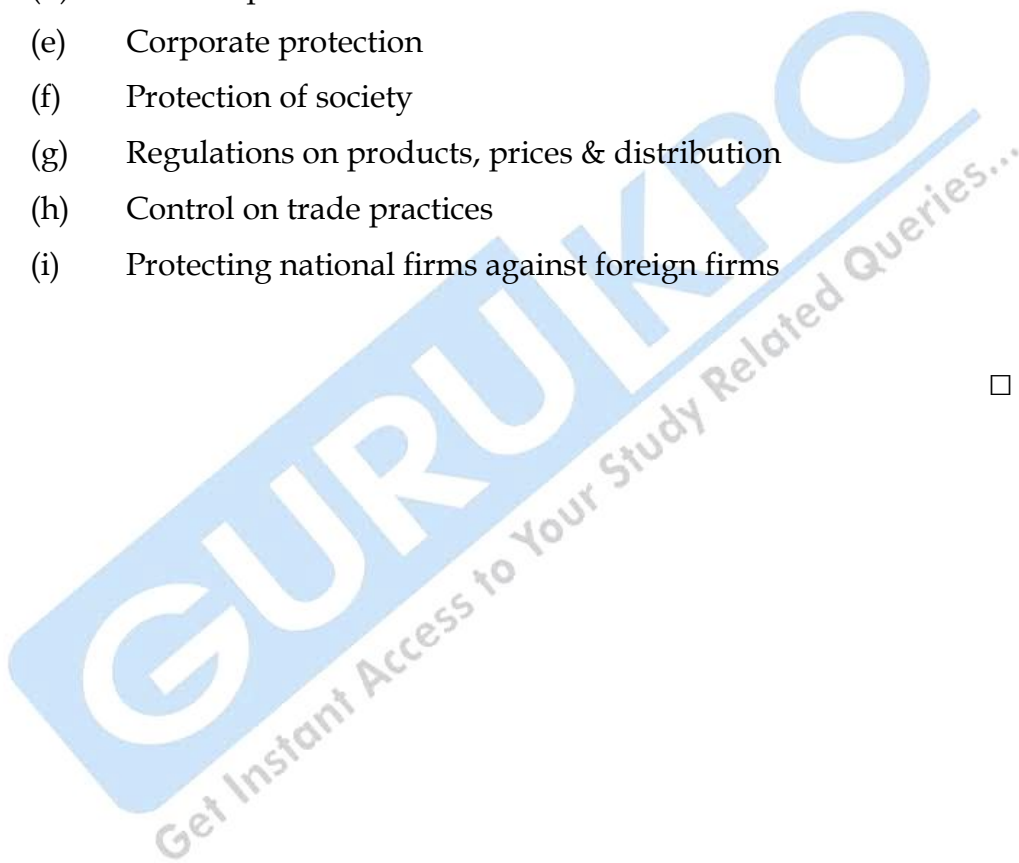
Technology Environment : For a firm technology affects not only its final products but also its raw material processes & operations as well as its customer segments e.g. IT Industry, Telecom industry.

- (a) **Options Available in Technology :** A firm has to assess the relative merits & costs effectiveness of alternate technologies. It has to analyze technological changes taking place in the industry.
- (b) **Govt's Approach in Respect of Technology :** Regulations by the govt. in matters relating to technology restrict the freedom of operation of business firm. There may be areas where technology may support the use of modern technology or they may ban technologies that are potentially unsafe.
- (c) **Technology Selection :** Firms have to scan the technology environment & select technologies that will be appropriate for the firm & the given product - market situation. They have to forecast technological trends, assess current & emergency techniques.

Legal Environment - Business have to operate within the framework of prevailing legal environment. They have to understand all legal provisions. Legal environment depends on :-

- (a) Corporate affairs
- (b) Consumers protection
- (c) Employee protection
- (d) Sectoral protection
- (e) Corporate protection
- (f) Protection of society
- (g) Regulations on products, prices & distribution
- (h) Control on trade practices
- (i) Protecting national firms against foreign firms

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Chapter-3

Buyers Behaviour & Marketing Segmentation

Q.1 Explain the need of studying buyer's behaviour & what influences consumer behaviours?

Ans.: The study of buyer's behaviour is basic to marketing as to who motivates the buyers? What induces him to buy? Why does he buy specific brand? Why does he buy from a particular shop? Why does he shift from one shop to other? How does he react to a new product in the market? These questions are of central interest to the marketing man & above all a buyer is a riddle. His needs & desire are often at a different stage of emergence & actualization.

The buyer has a selective perception & is exposed to a variety of products & information. He may ignore certain piece of information whereas actually seek out some other information whereas actively seek out some other information

Therefore, marketers must fully understand both the theory & reality of consumer behaviour. A consumer's buying behaviour is influenced by cultural, social & personal factors & they are a part of the buyer as an individual.

(1) Cultural Factors : Culture is the fundamental determination of a person's wants & behaviour. The growing child acquires a set of values perceptions, Preferences & Behaviours through his or her family. Each culture consist of various subcultures that provide

more specific identification. It includes nationalities, religions, social groups & geographic regions.

Every culture dictates its own unique patterns of social conduct. Within each religion there may be several sects & sub sects, there may be orthodox group & cosmopolitan groups. The do's & don'ts listed out by religion & culture impacts the individual's lifestyle & buying behaviour.

Eg. Kellogg India launched cornflakes in Indian market, the response from the consumers was not so encouraging. The company conducted a market research & found that Indians prefer hot milk with cornflakes, whereas the crispiness benefit that it was claiming could be delivered only when the cornflakes were mixed with cold milk.

Indian marketer use a term called socio economic classification (SEC) which uses a combination of the education & occupation of their chief wage earner of the household to classify buyers in the urban areas. This classifies all the urban households into A1, A2, B1, B2, C, D, E1, & E2 with A1 with highest purchase potential E2 the lowest.

- (2) **Social Factors** : Consumer's behaviour is influenced by social factors such as reference groups, family, social roles & status. The buyer is living in a society, is influenced & There is a constant interaction between the individual & the groups to which he belongs. All these interactions effect him in his day to day life.

Reference Groups : A person's reference groups consist of all the groups that have a direct or indirect influence on his attitude. They can be family friends, neighbours, co-worker, religious, professional & trade union groups. Reference groups expose an individual to new behaviours & lifestyles & influence attitude & self concept.

Brands like Levi, Prologue & Planet M used teenage icon as brand Ambassadors for in store promotions.

Family : The family is the most important buying organization in society. From parents a person acquires an orientation toward

religion politics & a sense of personal ambition, self worth & love. Eg. In traditional joint families, the influence of grandparents on major purchase decisions affect the lifestyles of younger generations. In urban India with the growth of nuclear families & both husband and wife working the role of women in major family decisions is prominent.

Children & teenagers are being targeted by companies using the internet as an interactive device.

Role & Status : The person's position in each group can be defined in terms of role & status. A role consist of all activities that a person is expected to perform. Each role carries a status. A Vice President of marketing has more status than a sales manager & a sales manager has more status than an office clerk & people choose those products that reflect & communicate their role & desired status in society.

- (3) **Personal Factors :** The personal factors include the buyer's age & stage in the life cycle, occupation & economic position, personality & self concept & lifestyle & values.

Age & Stage in the Life Cycle : People buy different products like food, cloths furniture & this is often age related. Trends like delayed marriages, children migrating to distant cities, tendency of professionals has resulted in different opportunities for marketers at different stages in consumer life cycle.

Occupation & Economic Position : Occupation also influences buyer's behaviour. A blue collar worker will buy work clothes, work shoes & lunch boxes, a company president will buy dress suits, air travel & club membership's. Marketers try to identify the occupational groups & then make products according to their needs & demands.

Product choice is greatly affected by economic circumstances - spendable income, savings & assets & attitude towards spending & savings.

Personality & Self Concept : Each person has personality characteristics that influence his / her buying behaviour.

Personality means a set of distinguishing psychological traits that has to response to environmental stimuli. Personality can be a useful variable in analyzing consumer brand choice. The idea is that brands also have personalities & consumers like to choose those brands which suits or match their personality

Q.2 Explain briefly the steps in buying decision process.

Ans.: The marketing scholars have developed a “stage model” of the buying process. The consumer passes through 5 stages : problem recognition information search, evaluation of alternatives; purchase decision, & post purchase behaviour. But consumers do not always pass through all five stages in buying a product. They may skip some stages.

- (1) **Problem Recognition :** The buying process starts when the buyer recognizes a problem or need. The need can be triggered by internal or external stimulus. With an internal stimulus, one of the person’s normal needs hunger thirst etc. become a drive or a need can be aroused by external stimuli. Marketers needs to identify the circumstances that trigger a particular need by gathering information from a number of consumers.
- (2) **Information Search :** An aroused consumer will be inclined to search for more information. A person at times simply becomes receptive to information about a product or he may enter looking for a reading material, phoning friends, going online etc. Through gathering information, the consumer learns about competing brands & other features.
- (3) **Evaluation of Alternatives :** The information search & comprehension (evaluation) stages represent the information processing stage. These 2 stages constitute the cognitive field of the purchase process. Cognition refers to acquisition of knowledge.

Some basic concept help us in understanding consumer evaluation : first the consumer is trying to satisfy a need, second the consumer is looking for certain benefits & third the consumer views each product as a bundle of attributes to satisfy this need.

- (4) **Purchase Decision** : The buyer must be convinced that the purchase of the product is the legitimate course of action. This stage stands as a barrier between a favorable attitude towards the product & actual purchase. Only if the buyer is convinced about the correctness of the purchase decision, will be proceed. At this stage, he may seek further information regarding the product or attempt to assess the information already available.
- (5) **Post Purchase Behaviour** : The purchase leads to a specific post purchase behaviour, usually it creates some restlessness in the mind of the individual. He is not sure about the product. He may feel that the other brand would have been better. It can be defined in terms of satisfaction. If the performance of the product falls short of expectations, the consumers is disappointed, if it meets expectations, the consumer is satisfied, it is exceeds expectations, the consumer is delighted. These feelings make a difference in whether the customer buys the product again & talks favourably or unfavorably about it to others.

Q.3 What are the distinguishing features of an Indian consumer? (Short Answer)

Ans.: India being very vast geographically, consumers here are naturally scattered over a vast territory, as the country is marked by great diversity in climate, religion, language, literacy level, customs lifestyles & economic status. A Broad sketch of Indian consumer can be drawn on the basis of :-

- (a) Demographic which includes size of population literacy & education.
- (b) Geographic spread - consist of northern, southern, western & eastern belts.
- (c) Diversity based on religion, language diversity in dress & food habits etc.

Classification of Indian consumers based on economic status :-

- (a) Affluent Group
- (b) Middle Class

- (c) Relatively Poorer Section
- (d) BPL Section
- (a) **Affluent Group** : This group is small, but it has a good deal of marketing significance. This is because it is useful segment for luxury products. The super premium brands also depend on it. Therefore, this group is sometimes referred to as the "Image segment" This segment is looking out for something new.
- (b) **Middle Class** : It is the middle class that constitutes the largest segment of consumers for manufactured goods in the industry. The middle class has emerged as a result of socio-economic developments that took place over the years & is now emerging as the consumption community of the country as they are better educated & are better exposed to global lifestyle. They often spend more than what they earn at any given point-in-time in order to cope up with their new social image.
- (c) **Relatively Proper Section** : They also account for a good sized demand base for certain products. Though their purchasing power is very low, their size is very large. Over 75% of the purchase in categories like cooking oil, tea, detergent cake, bath soap, tooth powder, come from people with income levels below Rs. 25000 per annum.
- (d) **BPL Section** : This is also large is size , it does not form part of the demand base. This category is projected to shrink substantially.

In fact the middle classification can be defined :-

- (i) Middle Class Male
- (ii) Middle Class Woman
- (iii) Middle Class Teenager

Middle Class Male : He is a blend of traditional & non traditional values, they prefer ready-mades today. They are status conscious, they have strong family ties & above all he is the sole decision maker in purchase.

Middle Class Women : She is cautious, but not averse to change, quality conscious, as well cost conscious, seeking leisure & is aware of new development, have good sense of grooming.

Middle Class Teenager : They are more than 150 million & more modern & adventurous than their elders. They care less for religion & tradition. They value material comforts & physical well being more, they are quick in adopting fashion.

Q.4 Define the term market segmentation? What is the need to segment the markets?

OR

Elucidate the term market segmentation & briefly explain the need to segment the market?

Ans.: Markets are not homogenous & they are made of several segments. A market is the aggregate of consumers of a given product and consumers vary in their characteristics buying behaviour. It is feasible to disaggregate the consumers into segments in such a manner that in needs characteristics & buying behaviour, the members vary significantly among segments.

Segmentation benefits the marketer as :-

- (1) **Facilitates Proper Choice of Target Market :** Segmentation helps in distinguishing one customer group from another & thereby enables him to decide which segment should form his target market.
- (2) **Facilitates Taping of the Market, Adopting the Offer to the Target:** Segmentation also enables the marketer to crystallize the needs of the target buyers. It also helps him to generate an accurate predication of the likely responses from each segment of the target buyers.

Eg. Ford Strategy – Through segmentation car manufacturers have gained useful insights on the product features to be provided to different segments of car buyers.

- (3) **Makes the Marketing Effort More Efficient & Economic :** Segmentation makes the marketing effort more efficient & economic. It ensures that the marketing effort is concentrated on well defined & carefully chooses segments. After all, the resources

of any firm are limited & no firm can normally afford to attack & tap the entire market.

- (4) Benefits the customer as well.
- (5) Helps spots the less satisfied segments & succeed by satisfying such segments.
- (6) Helps achieve the specialization required in product, distribution, promotion & pricing for matching the customer group & develop marketing offers.

Therefore, to compete more effectively, many companies go for target marketing which can establish & communicate the distinctive benefits of the company's market offering. This process is called as market segmentation.

Eg.: GM has identified 40 different customer needs & 40 different market segments in which it would be present with its vehicle.

Q.5 How can a company divide a market into segments?

OR

What are the basis for market segmentation?

Ans.: Market can be segmented using several relevant bases they are :-

- (i) **Geographic Segmentation** : Geographic segmentation calls for dividing the market into different geographical units such as nations, regions, countries, cities or neighborhood. One of the major geographic segmentation in India is the division of rural & urban areas. The need to segment the market geographically becomes clearer when we look at some of the characteristics of the market. In India, there are more than 5000 towns & over 6,38,000 villages. Nearly 87% of these villages have a population of less than 2000 people. This variation in population is important for the marketer while formulating marketing strategy & plans. In addition to this products penetration, income levels & availability of infrastructure like roads & electricity make the task of geographic segmentation important.

For most products, penetration levels in rural areas are lower than in urban areas. Income & lifestyle issues influence the penetration rate of products & services.

E.g.: Haats & mandis serve important roles in the exchange of goods & services in rural areas.

- (ii) **Demographic Segmentation** : In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle, gender, income occupation, education religion, race generation, nationality & social class.

Age & Life Cycle Stage : Consumer wants & abilities change with age. E.g.: Hindustan Uni Level introduced Pears soap in pink colour specially for children. Johnson & Johnson Baby Powder & Talcum Powder are classic examples of products for infants & children. Television channels in India indicate the segmentation based on age & life cycle. There are channels like Aastha & Sanskaar target which towards the old generation, cartoon network, Disney are channels for children etc.

Gender : Men & women have different behavioral orientation. Gender differentiation has been long applied to product categories such as clothing, cosmetics & magazines. Eg: Axe deodorant is positioned as a masculine product. Park avenue from Raymond is positioned as masculine brand. Bajaj wave is a brand specifically designed for women in the scooter segment.

Income : Income segmentation is a long standing practice in a variety of products & services & is a basic segmentation variable. Eg: Nirma Washing Powder, was launched as the lowest priced detergent in India primarily targeted at middle income group. Markets for many consumers products in India are showing rapid growth due to low unit price packaging.

Generation : Each generation is profoundly influenced by the time in which it grows- the music movies, politics.

Social Class : Social class has a strong influence on preference in cars, clothing, home , furnishings, leisure activities, reading habits, retailers etc.

- (iii) **Psychographic Segmentation** : In psychographic segmentation, elements like personality traits, attitude lifestyle & value system form the base. The strict norms, that consumers follow with respect to good habits or dress codes are representative examples. Eg: Mr. Donald's changed their menu in India to adopt to consumer preference. The market for Wrist Watches provides example of segmentation. Titan watches have a wide range of sub brands such as Raga, fast track, edge etc. or instant noodle markers, fast to cook food brands such as Maggi, Top Ramen or Femina, women's magazine is targeted for modern women.
- (iv) **Behavioural Segmentation** : Markets can be segmented on the basis of buyer behaviour as well. The primary idea in buyer behaviour is that different customer groups expect different benefits from the same product & accordingly they will be different in their motives in owning it. In buyer behavior based segmentation also, several sub factors form the basis. Eg: Purchase occasion can be one base, buyers can be segmented on the basis of whether they are regular buyers or special occasion buyers. Degree of use can be another base, they can be segmented on the basis of whether they are light, medium or heavy users of the product or whether they are enthusiastic or indifferent or negative towards the product.

Q.6 What are the different levels of market segmentation?

Ans.: The starting point for discussing segmentation is mass marketing. In mass marketing, the seller engages in mass production, mass distribution & mass promotion of one product for all buyer. Eg: Henry ford offered the model T-ford in one color i.e. black.

The argument for mass marketing is that it creates the largest potential market, which leads to lower cost & proliferation of advertising media & distribution channels making it difficult. Therefore more companies are turning to micro marketing at one of four levels: segments, niches, local & individual.

Segment Marketing : A market segment consist of a group of customers who share a similar set of needs & wants. Eg: We can distinguish between

car buyers who are primarily seeking low cost basic transportation, seeking a luxurious driving experience & those seeking driving thrills & performance, segment & sector should not be confused. A car company might say that it will target young, middle income car buyers. Young middle car buyers are a sector, not a segment.

The marketer does not create the segments, the marketers task is to identify the segments & decide one which to target. Segment marketing offers key benefits over mass marketing. The company can design better price & deliver the product or service to satisfy the target market.

Niche Marketing : A niche is a narrowly defined customer group seeking a distinctive mix of benefits. Marketers usually identify niches by dividing a segment into sub segments. The customers in the niche have distinctive sets of needs, they will pay a premium to the firm that best satisfies their needs, the niche is not likely to attract other competitors & the niche has size, profit & growth potential.

Eg :

- (i) Larger companies such as IBM have lost prices of their market to nichers.
- (ii) Ezee, the liquid detergent from godrej is a fabric washing product for woolen clothes
- (iii) Crack and ointment for pain is another product with niche focus. This product is primarily targeted at women for prevention of cracked heels.
- (iv) Itch guard, focuses on niche requirement of treating itching sensation
- (v) Television channels particularly focusing on religion & spirituality.
- (vi) Matrimonial websites like www.shadi.com. Niche Marketers understand their customer needs so well that customer is willing to pay a premium & as marketing efficiency increases niches that were too small, becomes more profitable.

Local Marketing : Target marketing is leading to marketing programs tailored to the needs & wants of local customers groups. Many banks in India have specialized branches that cater to the needs of corporate

customer. The in city courier companies in many cities specialize in delivering packets on the same day.

The marketing activities concentrate on getting as close to the individual customers.

Eg : Nike.

Customization : The ultimate level of segmentations leads to one to one marketing. Today's customers are taking more individual initiative in determining what & how to buy. They log on to the internet, look up information, evaluates the product /service & in many cases, design the product they want. Companies sees it more efficient as the marketers can achieve more precision & effectiveness by addressing individual needs.

□ □ □

Chapter-4

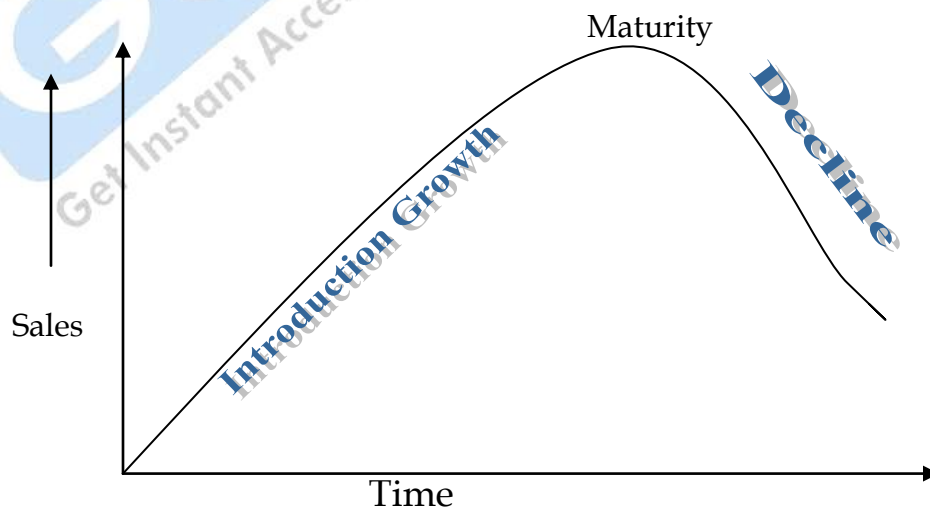
Managing the Product

Q.1 What are the distinct stages in PCC?

Ans.: A product passes through distinct stages during its life & is called product life cycle. The PLC is normally presented as a sales curve spanning the product's course from introduction to exit. The PLC concept says that each stage in the cycle is characterized by a typical marketer behaviour & each stage leads to a distinctive marketing strategy.

A product passes through 4 stages :-

- (a) Introduction
- (b) Growth
- (c) Maturity
- (d) Decline



- (a) **Introduction Stage :** The product is in introductory stage. At this stage, there may not be a ready market for the product. Sales are low. Profit seems a remote possibility, demand has to be created & developed & consumers have to be prompted to try out the product. One of the crucial decisions to be taken in this stage is the pricing strategy to be adopted either market skimming or market penetration. Skimming strategy involved high price, taking advantage of early entry & the novelty of the product.

Penetration pricing involves low prices with a view to having a good market coverage. It also aims at keeping the competition out.

- (b) **Growth Stage :** During the market growth stage, demand for the product increases & size of market grows. The sales & profits also go up. But by the time the marketer settles down with his product, competitors may enter the scene with similar or slightly improved versions. The marketer has to stay ahead of his competitor & has to reconsider his pricing strategy. He follows competition oriented pricing, because the total market is being shared among many firms. Marketing & distribution efficiency becomes decisive factor at this state.
- (c) **Maturity Stage :** In the maturity stage, the demand tends to reach a saturation point & there is enough supply from competitive sources. Price competition becomes intense & exploits the brand loyalty. The marketer try out product & packaging modification, & promotional. Deals & make special offers to new market segments so that his sales volume do not shrink. Long term & short term marketing plans are implemented to profitably prolong the maturity stage.
- (d) **Decline Stage :** In the decline stage, sales begin to fall. The demand for the product shrinks, probably due to new & functionally advanced products, becoming available in the market. The prices & margins get depressed, total sales & profits diminish. But some firms at this stage may try to link up the sales of these products with some other premium products they have developed & thus try to stretch the life of the decline product.

Thus, PLC concept helps & is used as a tool in formulating & implementing marketing strategy.

- It facilitates pre planning the product launch.
- Facilitates prolonging the profitable phase.
- Facilitates investment decisions on products.
- Facilitates choice of appropriate entry strategy.
- Facilitates choice of the right time to exit.
- Provides useful clues for managing customers.

Q.2 What are the various stages in New Product Development.

OR

Explain the steps in NPD process.

Ans.: The various stages in NPD are :-

- (1) **Generating New Product Ideas** : New product ideas may come from customers, dealers, in company sources including the market research group & external research organization. Customer's problems are the most fertile ground for the generation of new product ideas. In a variety of product, ranging from shampoos to computers, company workforce, market research staff, R&D staff & salesmen are also sources of new product ideas. Market research group are a particularly useful sources. They conduct frequent studies on the consumers, products, competition etc. These studies often reveal product gaps- gaps between existing supply of products.

Gravity techniques like brainstorming & synectics are also used for product idea generation. In brainstorming, a small group of people is encouraged to come up with ideas on a specified problem. In synectics, the real problems is initially kept away from the group & only a broader framework is given to them. Sometimes new product ideas come out just as a matter of happening.

Eg. Portable stereo cassette player of Sony of Japan.

- (2) **Idea Screening** : In this stage, various new products ideas are put under rigorous screening by evaluation committees. Answers are sought like:

It there a felt need for the new product? It is an improvement over the new product? etc.

- (3) **Concept Testing** : Concept testing is different from market test / test marketing. What is tested at this stage is the product concept itself, whether the prospective customers understand the product ideas, whether they are receptive forwards the ideas; whether they actually need a product. This exercise helps the firm to thrash out much of the vagueness associated with the new product idea. Concept testing is of special importance when a totally new product in contrast to a "mee too" product - is being planned for introduction.

- (4) **Business / Market Analysis** : This stage is of vital importance because several important decisions regarding the project are undertaken based on the analysis done at this stage.

This stage will decide whether from the financial & marketing point of view, the project is worth proceeding with. Investment analysis & profitability analysis of the project under difference assumptions are made at this stage.

- (5) **Estimating the Demand for New Product** : Firms usually take up estimating the demand for the new product as a part of business analysis / market analysis. There are 2 methods to estimate demand of new products :-

(a) Substitution method

(b) End use method

In substitution method, the demand for the existing product is forecasted using standard forecasting method. Based on that, an idea of the demand for the new product is gained. Analysis will show which products & market are open for substitution by the new product. The estimated demand for the existing product can serve as the maximum limit for the demand for the new product.

In, end use method, products that have an altogether new end use do come to the marketer once in a while. The only way to assess the demand for such products is to define the end use of the new product & to locate the potential customers for it. The aggregate of potential customers in each use category is taken as the potential demand in that category. By adding the demand in the various use categories, one can get an indication of the total potential demand for the new product. This is to be taken as the upper limit of potential. In this method, the forecaster has to be particularly cautious in defining the end use for the product.

- (6) **Actual Development of the Product** : In this stage, the firm develops the product as such. In the actual development, production & marketing departments are actively involved besides R & D.
- (7) **Market Test** : Now, the new product has to be tried out in selected market segments. Market test is essentially a risk control tool. It is experimental marketing at minimum cost & risk. When firms decide on a full scale manufacturing & marketing of the product on the basis of the results of the experiment, it helps avoid costly business errors.
- (8) **Test Marketing** : In test marketing, the new product, with the support of the chosen marketing mix is actually launched & marketed in few selected cities / towns / territories. Test marketing needs careful handling. Care is required in the first place in selecting the test markets. Test marketing is also a time consuming process, it has to be carried out for a fairly long duration in order to obtain a reliable indications. Eg. HUL introduced organics, but failed.
- (9) **Commercialization** : At this stage, the company takes the decision to go in for large scale manufacturing & marketing of the product. At this stage the company fully commits itself to commercialize the new product with the required investment in manufacturing & marketing.

Q.3 What are the main decision areas in packaging?

OR

**Packaging & labeling is an important part of product management?
Elaborate?**

OR

Illustrate the main decision areas in packaging & labeling.

Ans.: Packaging is defined as all the activities of designing & producing the container for a product. In modern days packaging has become an important part of product management. With competition increasing marketers are turning to innovative packaging to establish a distinctive edge. This is especially so in the marketing of consumer products like processed foods, soft drinks, toiletries, cosmetics & other personal care products. The following are the main decision areas in packaging.

- (a) Package Materials
- (b) Package Aesthetics
- (c) Package Size & Convenience

(a) Package Materials : Changing trends - from wood to paper & plastics - In the earlier days, wood was the main material. Paperboard cartons, paper bags, have become popular forms of packaging for a variety of products from groceries to garments. Metal containers are an excellent packaging medium for processed goods, fruits, vegetables, oil, paint etc. Aluminum foil, packaging are used in products like tea, coffee & spices.

Plastics, the New Packaging Material : Plastics as a group are now dominating the packaging field in India. Popular brands like Tata Tea, Nescafe, Dalda, Amul Milk chocolates have gone for plastic packaging. They have several merits like 1) water proof & moisture proof 2) capacity to provide resistance to sun exposure 3) light weight 4) Thermal stability 5) attractiveness & transparency.

Tetra Packs : Frooti, Slice, Amul's buttermilk, Fruit Juices like real have gone for tetra packs.

(b) **Package Aesthetics** : For enhancing the sales appeal of the package, more & more attention is now being given to package. For Eg. Doy soap with different animal structures. For the first time in the soap category, the customer could see the shapes, colour & appearance of the product.

(c) **Package Size & Convenience** :

Eg.

- (i) Pond's cold cream & Bryl cream In tube's
- (ii) Application conveyance of Harpic.
- (iii) The cold drink cans.
- (iv) Economy packs
- (v) Sachets
- (vi) Reusable containers
- (viii) Refill packs.

Labeling : Sellers must label products. The label may be a simple tag attached to the product or an elaborately designed graphic. The label might carry the brand name or a great deal of information. Labels identify the product or the brand. Eg. The name frooti is stamped on Mango Juice. The label might grade the product, they might describe the product, who made it, where it was made when it was made, expiry date, what it contains, how it is to be used. Finally the label should promote the product through graphics. It is mandatory to print MRP on all packaged products.

Q.4 What are the various tasks in product line appraisal?

Ans.: Company objectives influence product line length. One objective is to create a product line to induce up selling. Thus, maruti would like to move customers up from maruti 800 to Alto to Zen. Thus, increasing the line length adds more & more products / brands to the line to capture new marketing opportunities.

Eg. Videocon offers wide range of products such as refrigerators, washing machines, televisions, microwave, & air conditioners under different brand names to cater the needs of entry level, middle level & premium segments. Line stretching & line filling – Two ways of increasing line length:

Line Stretching : Line stretching is a measure firms undertake frequently in product mgmt. The aim is to enter a new price slot & a new market segment. Stretching occurs in two ways-

- (i) Stretching up
- (ii) Stretching down

At times, a company which has initially taken its position in the high price slot, stretches the line downwards by offering products in the same line for the lower end markets. This is called stretching down. Eg. Kodak introduced Kodak fun time film to counter lower priced brands.

In some other instance, a company which has initially positioned its products for the lower end markets, decides to make higher priced offers for the top slots. This is called stretching up. Many markets have spawned surprising upscale segments starbucks in coffee. Toyota's lexus, Honda's acura.

Two Way Stretch : Companies serving the middle market might decide to stretch their line in both directions. Texas instruments introduced its first calculators in the medium price medium quality end of the market. Gradually it added calculators at the lower end taking market share from Bowmar & at the higher end to compete with Hewlett Packard.

Line Filling : In line filling the firm introduces more items to the line to plug certain gaps in its current range of offers to plug holes to keep out competitors. Line filling is overdone if it results in confusion of consumer. The company needs to differentiate each item in the consumer's mind.

Eg. Videocon has several product lines & room air conditioners is one of them. Videocon entered the market for air conditioners with just two or three models, but later on introduced dozens of models.

Line Modernization Featuring & Pruning : Product lines need to be modernized. Companies plan improvements to encourage customer migration to higher valued, higher priced items. Companies like Microsoft & Oracle introduce more advanced versions of their products. This is product modernization. Line pruning is the opposite of line stretching. Here a consumers decision is taken to reduce the no. of items in the line, the company is trying to save cost maximizes efficiency in production.

Q.5 Explain the following terms or write short notes on :

- (a) **Brand Equity**
- (b) **Product Differentiation**
- (c) **Product Mix**
- (d) **Product Planning**

Ans.: (a) Brand Equity : David Aakar defines brand equity as the unique set of brand assets & liabilities that is linked to a brand. According to Aakar, brand equity is the net result of al the investment of effort that a marketer puts into building a band. It is made up of :-

- User ship of the brand
 - Consumers loyalty
 - Perceived quality
 - Positive symbols & favorable associations around the brand.
- Brand equity also adds to the bottom line on a long term basis. For, when a brand has high brand equity, it means that consumers are willing to pay a premium for the brand & its extensions. The values of brands owned by firms, like HLL, ITC, & the IT majors like Infosys & wipro are many times their total assets.

Brand equity can be measured & quantified. Through it is an asset, traditionally, brand equity has been omitted from the balance sheets because of its intangibility. Criteria such as market share,

market ranking, brand stability & track record, stability of product category, internationally market trends, advertising & promotional support & legal protection are used for measuring brand equity.

(b) **Product Differentiation** : Product differentiation & product positioning are central themes in the marketing strategy. Product differentiation is one of the basic routes to marketing strategy. The major attraction & the major benefit in resorting to differentiation is that it takes the firm away from a total price based competition. Products can be differentiated on the basis of a number of different product or service dimensions such as product features, performance, conformance durability, reliability, style & design. Besides these specific concerns, on more general positioning for brands is as "best quality". The strategic planning studied the impact of higher relative product & found a significantly positive correlation between relative product based differentiation.

- (i) Close up with get - Colgate, the leader in the industry was compelled to copy this differentiation as its market share fill at the hands of new brand.
- (ii) Vatika with herbal ingredients.
- (iii) TTK prestige with Teflon.
- (iv) Titan matches (differentiation based on product design).
- (v) Ray Ban (Differentiation on the basis of glass).

There are two conditions for differentiation to exceed :-

- (i) differentiation should be perceptible
- (ii) Should be rooted in competitive advantage

(c) **Product Mix** : A product mix is the set of all products & items a particular seller offers for sale. A product mix consist of various product line. A company's product mix has a certain width, length, depth & consistency. Eg. These concepts are illustrated through an example of Hindustan Unibuer Ltd. (HUL).

The width of a product mix refers to how many different products lines the company carries. The length of the product mix refers to the total number of items in the mix. This is obtained by dividing the total length (25) by the number of lines (11) or an average product length of less than 3.

The depth of product mix refers to how many variants are offered of each product in the line. Since lux comes in 4 scents (exotic flower petals & jojoba oil, almond oil & milk cream, fruit extracts & honey & sandal saffron in milk cream), it has a depth of 8. The consistency of the product mix refers to how closely related the various product lines are.

Product Mix Width

Deo.	Personal Wash	Laundry	Skin Care	Hair Care	Oral Care	Colour Cosmetic	Coffee	Foods
Axe	Lux	Suf Excel	Fair & Lovely	Sun Silk	Peposodent	Lakme	Bru	Kissan
	Lifebuoy	Rim	Ponds	Clinic	Close Up			Knors
Rexeno	Liril	Wheel						Annpurna
	Hamam							
	Breeze							
	Dove							
	Pears							
	Rexona							
Product Line length								

Product mix width & product line length of HUL.

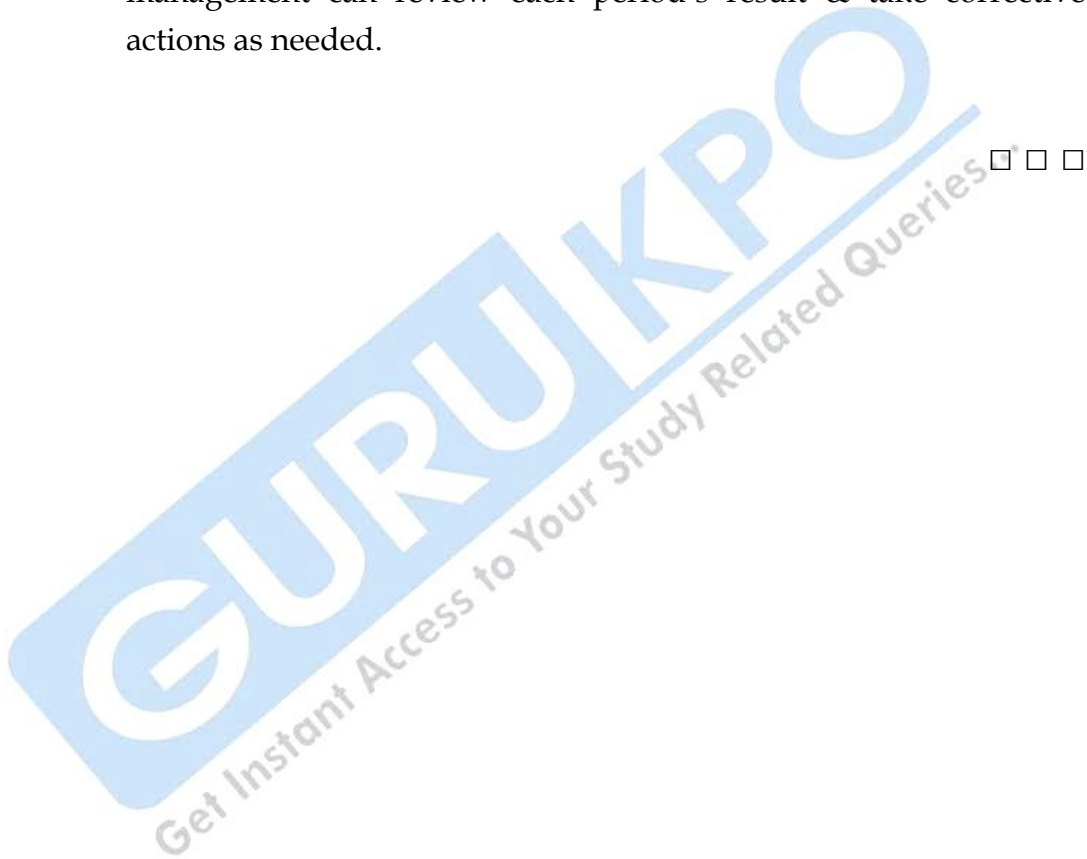
- (d) **Product Planning** : To carry out the responsibilities, marketing managers follow a marketing process & the product managers come up with a marketing plan for individual product lines, brands, channels or customer groups. Each product level must develop a marketing plan for achieving its goals. A marketing plan is a written document that summarizes what the marketer has learned about the market place & indicates how the firm plans to reach its marketing objectives. It is one of the most important outputs of the marketing process. Marketing plans & product planning are becoming more customer & competitor oriented & is becoming a continuous process to respond to rapidly occurring & changing market conditions.

Contents of Marketing Plans :

- (a) **Executive Summary & Table of Contents** : The marketing plan should open with a brief summary of the main goals & recommendations. A table of contents outlines the rest of the plan & all the supporting & operational details.
- (b) **Situation Analysis** : This section presents relevant background data on sales, costs the market, competitors & various forces in the macro environment. All this information is used to carry out SWOT Analysis.
- (c) **Marketing Strategy** : Here, the product manager defines the mission & marketing & financial objectives. The manager also defines those groups & needs that the market offerings are intended to satisfy. The manager then establishes the product lines competitive positioning which will inform the game plan to accomplish the plan's objectives.
- (d) **Financial Projections** : Financial projections include a sales forecast, an expense forecast & a break even analysis on the

revenue side, the projections show the forecasted sales volume by month & product category. On the expense side, the projections show the expected costs of marketing.

- (e) **Implementation Control** : This section outlines the controls for monitoring & adjusting implementation of the plan. Typically the goals & budgets are spelled out for each month or quarter so management can review each period's result & take corrective actions as needed.



Chapter-5

Pricing

Q.1 Illustrate briefly the concept of pricing & the factors that influence pricing.

Ans.: Price is all around us. We pay rent for our apartment, tuition for our education, airline, railways, buses charge you a fare, local bank charge interest for the money a fee to your doctor etc. Thus price is not just a number on a tag or an item.

Traditionally, price has been the major determinant of a buyer's choice & is the only element in the marketing mix that generates revenue. Pricing acquires its importance on account of yet another factor. It is a highly risky decision area & mistakes in pricing seriously affects the firm, its profits, growth & future.

Factors Influencing Pricing : There are internal as well as external factors that affect pricing :-

Internal Factors :

- (i) Corporate & marketing objectives of the firm.
- (ii) The image sought by the firm through pricing
- (iii) The characteristic of the product
- (iv) Price elasticity of demand of the product.
- (v) Stage of product in its life cycle.
- (vi) Use pattern & turnaround rate of the product.
- (vii) Cost of manufacturing & marketing

- (viii) Extent of differentiation practiced
- (ix) Other elements of the marketing mix & their interaction with pricing
- (x) Composition of the product line of the firm.

External Factors :

- (i) Market characteristics (relative to demand, customer & competition)
- (ii) Buyer behaviour in respect of the product
- (iii) Bargaining power of major customers
- (iv) Bargaining power of major suppliers
- (v) Competitor's pricing policy
- (vi) Government controls / regulation on pricing
- (vii) Other relevant legal aspects
- (viii) Societal consideration.

Q.2 What objectives does a firm seek in pricing?

OR

Identify the various pricing objectives.

Ans.: A business firm will have a number of objectives in the area of pricing. These objectives can be short term or long term or primary objectives :-

- (i) Profit maximization in the short term.
- (ii) Profit optimization in the long term.
- (iii) A minimum return on investment
- (iv) A minimum return on sales turnover.
- (v) Achieving a particular sales volume.
- (vi) Achieving a particular market share.
- (vii) Deeper penetration of the market.
- (viii) Entering new markets.

- (ix) Target project on the entire product line.
- (x) Keeping competition out, or keeping it under check.
- (xi) Keeping parity with competition.
- (xii) Fast turn around & early cash recovery.
- (xiii) Stabilizing price & margins in the market.
- (xiv) Providing the commodities at prices affordable by weaker section.
- (xv) Providing the commodities at prices that will stimulate economic development.

Q.3 What are the various routes taken by the firm in fixing the prices?

OR

What are the various methods of pricing?

OR

Explain the different pricing strategies.

Ans.: There are several methods of pricing & they can be grouped into few broad categories :-

- (1) Cost Based Pricing
- (2) Demand Based Pricing
- (3) Competition Oriented Pricing
- (4) Value Pricing
- (5) Product Line Oriented Pricing
- (6) Tender Pricing
- (7) Affordability Based Pricing
- (8) Differentiated Pricing.

(1) Cost Based Pricing : Under the cost based pricing, different methods used are :-

- Mark Up Pricing
- Absorption Cost Pricing

- Target Rate of Return Pricing
- Marginal Cost Pricing

Mark Up Pricing : It refers to the pricing methods in which the selling price of the product is fixed by adding a margin to its cost price. The mark ups may vary depending on the nature of the product & the market. Usually, the higher the value of the product, the larger is the mark up. Again, the slower the turnaround of the product, the larger is the mark up. Mark-up pricing proceeds on the assumption that demand cannot be known accurately, but costs are known.

Absorption Cost Pricing : ACP rests on the estimated unit cost of the product at the normal level of production & sales. The method uses standard costing techniques & works out the variable & fixed costs involved in manufacturing, selling & administering the product. By adding the costs of 3 operations, we get the total costs. The selling price of the product is arrived by adding the required margin towards profit to such total costs. The main merit of this method is that as long as the market can absorb the production at the determined price, the firm is assured of its profits without any risk & the main demerit is that the method simply assumes price to be a function of cost alone & this method becomes ineffective.

Target Rate of Return Pricing : It is similar to absorption cost pricing. The rate of return pricing uses a rational approach to arrive at the mark up. It is arrived in such a way that the ROI criteria of the firm is met in the process. But this process amounts to an improvement over absorption costing since it uses a rational basis for arriving at the mark up. Second, since the rate of return on the funds employed is a function of mark up as well as turnaround of capital employed, rate of return pricing constantly reminds the firm that there are 2 routes for profits- improvement in the capital turnover & increase in the mark up. The main limitation of the method is that the rate of return is linked to the level of production & sales assumed.

Marginal Cost Pricing : It aims at maximizing the contribution towards fixed costs. Marginal costs include all the direct variable

costs of the product. In marginal cost pricing, these direct variable costs are fully realized. In addition, a portion of the fixed costs is also realized under competitive market conditions marginal cost pricing is more useful. Moreover, when a firm has a number of product lines marginal cost pricing is useful. This method is also useful in quoting for competitive tenders & in export marketing.

On the demerits side, marginal costing makes certain assumptions, regarding cost & revenue behaviours which can turn out to be incorrect in some cases. Moreover, while marginal costing rests on a two fold classification of cost into fixed costs & variable costs, in reality there can be a third class of costs - The Semi variable costs.

(2) **Demand Based Pricing** : The following methods belong to the category of demand / market based pricing :-

- What the Traffic can Bear' Pricing
- Skimming Pricing
- Penetration Pricing

What the Traffic can Bear' Pricing : The seller takes the maximum price that the customers are willing to pay for the product under the given circumstances. This method is used more by retail traders than by manufacturing firms. This method brings high profits in the short term. But in the long run it is not a safe concept, chances of errors in judgment are very high.

Skimming Pricing : This method aims at high price & high profits in the early stage of marketing the product. It profitably taps the opportunity for selling at high prices to those segments of the market, which do not bother much about the price. This method is very useful in the pricing of new products, especially those that have a luxury or specialty elements.

Penetration Pricing : Penetration pricing seeks to achieve greater market penetration through relatively low price. This method is also useful in pricing of new products under certain circumstances. For eg. when the new product is capable of bringing in large volume of sales, but it is not a luxury item & there is no affluent /

price insensitive segment, the firm can choose the penetration pricing & make large size sales at a reasonable price before competitors enter the market with a similar product. Penetration pricing in such cases will help the firm have a good coverage of the market & keep competition out for some time.

In all demand based pricing methods, the price elasticity of demand is taken into account directly or indirectly. Price elasticity of demand refers to the relative sensitivity of demand for a product to changes in its price in other words how significantly the sales of the product are affected when price is changed. If an increase or decrease in the price of the product results in significant decrease or increase the product is said to be price elastic conversely, if price change does not significantly affect the sales volume, a product is said to be price inelastic.

(3) **Competition Oriented Pricing** : In a competitive economy, competitive oriented pricing methods are common. The methods in this category rest on the principle of competitive parity in the matter of pricing. Three policy options are available to the firm under this pricing method :-

- Premium Pricing
- Discount Pricing
- Parity Pricing

Premium pricing means pricing above the level adopted by competitors. Discount pricing means pricing below such level & parity pricing means matching competitors pricing.

(4) **Value Pricing** : Value pricing is a modern innovative & distinctive method of pricing. Value pricing rests on the premise that the purpose of pricing is not to recover costs, but to capture the value of the product perceived by the customer. Analysis will readily show that the following scenario are possible with the cost value price chain.

- Value > Price > Costs

- Price > Value > Costs
- Price > Costs > Value
- Price > Value > Costs

Under Scenario :

- (i) Marketer recovers his costs through price, but fails to recover the value of his product.
 - (ii) He recovers his costs as well as the value.
 - (iii) The value that he passes on to the customer is still lesser.
 - (iv) He matches the value & price & wins customer loyalty & since the value created is larger than his costs, he ensures his profits.
- (5) **Product Line Pricing :** When a firm markets a variety of products grouped into suitable product lines, a special possibility in pricing arises. As the product in a given product line are related to each other, sales of one influence that of the others. They also have interrelated costs of manufacturing & distribution. It can fix the prices of the different product in such a manner that the product line as a whole is priced optimally, resulting in optimal sales of all the products put together & optimal total profits from the line.
- (6) **Tender Pricing :** Business firms are often required to fix the prices of their products on a tender basis. It is more applicable to industrial products & products purchased by Institutional customers. Such customers usually go by competitive bidding through sealed tenders. They seek the best price consistent with the minimum quality specification & thus bag the order.
- (7) **Affordability Based Pricing :** The affordability based pricing is relevant in respect of essential commodities, which meet the basic needs of all sections of people. Idea here is to set prices in such a way that all sections of the population are in a position to buy & consume the products to the required extent.

- (8) **Differentiated pricing** - Some firms charge different prices for the same product in different zones/ areas of the market. Sometimes, the differentiation in pricing is made on the basis of customer class rather than marketing territory.

Q.4 Discuss briefly the steps involved in pricing procedure.

Ans.: The term pricing procedure refers to the actual process /mechanics of working out the price. The steps involved in the pricing procedure will vary depending on the pricing objectives & pricing methods chosen by the firm. The general steps of pricing procedure are:

- (i) Identify the target customer segments & draw up their profiles.
- (ii) Decide the market position & price image that the firm desires for the brand.
- (iii) Determine the extent of price elasticity of demand of the product & the extent of price sensitivity of target customer groups.
- (iv) Take into account the life cycle stage of the product. Analyze competitors prices.
- (v) Analyze, other environmental factors.
- (vi) Choose the pricing methods to be adopted taking all the above factors into account.
- (vii) Select the final price.
- (viii) Periodically review the pricing method as well as procedure.

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Chapter-6

Marketing Channels, Logistics & Physical Distribution

Q.1 Briefly explain the concept of marketing channels, their types?

OR

What are the different levels of channels?

Ans.: Most producers do not sell their goods directly to the final users, between them stand a set of intermediaries performing a variety of functions. These intermediaries constitute a marketing channel. Marketing channels are sets of independent organization involved in the process of making a product or service available for use of consumption. They are set of pathways a product or service follows after production, culminating in purchase & use by the final end user.

Types of Marketing Channels :

1	Sole selling agent	7	Retailer / dealer
2	Marketer	8	Broker
3	C & F agents	9	Franchises
4	Redistribution stockiest	10	Authorized representatives
5	Distributor / Wholesaler	11	Commission agents
6	Semi wholesaler	12	Jobbers

- 1) **Sole Selling Agent / Marketer** : When a manufacturer prefers to stay out of the marketing & distribution task, he appoints a suitable agency as his sole selling agent. A sole selling agent is usually large marketing intermediary with large resources & extensive territory of operation. He will be having his own network of distributors / stockiest / wholesales & retailers. He takes care of most of the marketing & distribution functions on behalf of the manufacturer.
- 2) **CFA's** : In many cases, manufacturer employ carrying & forwarding agents, often referred to as CFA's . The CFA's can be described as special category wholesalers. They, supply stocks on behalf of the manufacturer to the wholesale sector or the retail sector. Their function is distribution. Their distinguishing characteristics is that they do not resell products.
- 3) **Wholesaler / Stockiest / Distributor** : A wholesaler is also a large operator but not on a level comparable with a marketer or sole selling agent in size, resources & territory of operation. The wholesaler operates under the marketer sole selling agent. A wholesalers buys the product in large quantities & resells the goods in sizeable lots to other intermediaries down the line, such as semi-wholesalers, & retailers. The wholesalers do not sell to the ultimate consumer. Wholesalers add value by performing a number of vital marketing functions. Stock holdings & sub distribution are the main functions of wholesalers. They also perform functions like promotion, financing, collection of accounts receivable.
- 4) **Semi Wholesalers** : Semi wholesalers are intermediaries who buy products either from producers or wholesalers in bulk, break the bulk, & resell the goods to retailers. Semi wholesalers also perform the various wholesaling functions that are part of the distribution process. In some cases, they may also perform the retailing functions.

- 5) **Retailer / Dealers :** Retailers sell to the household / ultimate consumers. They are at the bottom of the distribution hierarchy, working under wholesalers / stockiest / distributors / semi wholesalers. The retailers are also sometimes referred to as dealers. They operate in a relatively smaller territory or at a specific location.

Q.2 What are the various functions performed by marketing channels?

Ans.: The various functions performed by marketing channels are:-

- (i) Facilitate selling by being physically close to the customers.
- (ii) Provide distributional efficiency by bridging the manufacturer with the user, efficiently & economically.
- (iii) Break the bulk & cater to the tiny requirements of buyers.
- (iv) Assemble products into assortments to meet buyer's needs, match segments of supply with segments of demand.
- (v) Look after a part of physical distribution/ marketing logistics.
- (vi) Share the financial burden of the principle, provide deposits, finance the stock till they are sold to the ultimate consumers
- (vii) Provide salesmanship.
- (viii) Provide pre sale & after sale service.
- (ix) Assist sales promotion.
- (x) Assist in introducing new products.
- (xi) Assist in developing sales forecast/ sales plan for the territory.
- (xii) Provide market intelligence & feedback.
- (xiii) Maintain records
- (xiv) Take care of liaison requirement.
- (xv) Help diffuse innovation among consumers.

Q.3 What are the various objectives & components functions of physical distribution / marketing logistics?

Ans.: Physical distribution is the process of delivering the product to the marketing channels & consumer. It encompasses the various activities involved in the physical flow of the product from the producers to the consumers. Marketing logistics is somewhat larger in scope compared to physical distribution. It covers physical distribution plus a part of the task of marketing channels. Marketing logistic bring in greater value addition in the delivery chain beyond transportation or distribution.

Objectives of Physical Distribution / Marketing Logistics :

- 1) **Confers Place & Time Utility on Products :** It is physical distribution that confers place utility & time utility to a product by making it available to the user at the right place & at the right time. Thereby it maximizes the chance to sell the product & strengthen the company's competitive position.
- 2) **Where Production Locations & Markets are Distant Physical Distribution Becomes More Crucial :** At some points, the point of production might be far away from the markets for the product. In such cases, the product has to be marketed over an extended territory, it has to be transported over long distances, then there physical distribution becomes crucial.
- 3) **Helps Build Clientele :** It is physical distribution that determines the customers service level to a large extent, as a result, it serves as a vital tool in building market for the product.
- 4) **A Promising Area for Cost Reduction :** Physical distribution is a fertile area for cost savings over the years in most businesses. Physical distribution costs have grown into a sizeable chunk of the total costs & now ranks second amongst all cost elements.
- 5) Ensures the physical flow of the product from the producer to the consumer. Without this flow, marketing cannot take place.

Component Functions of Physical Distribution / Marketing Logistics :

The component functions of physical distribution are :-

- Planning the overall physical distribution system
- In plant warehousing
- Field warehousing
- Transportation
- Receiving
- Handling
- Secondary transportation, secondary handling & sub distribution
- Inventory management at each level of the chain
- Order processing
- Accounting / record keeping
- Communication

The three major functions are :-

- (a) Transportation
- (b) Warehousing
- (c) Inventory Management

(a) Transportation : Transportation management involves decision on :-

- How much to move?
- When to move?
- Where to move?
- By what mode or combination of modes to move?

Main Tasks in Transportation Management :

- Assessment of the transportation requirement.
- Choosing the mix of transport modes.

- Deciding the routing.
- Development of operational plans.
- Implementation / review.
- Control of transportation costs.

(b) **Warehousing :**

Role & Importance of Warehousing :

- Like transportation, warehousing vests the products with time utility & place utility.
- In the case of some commodities, warehousing is needed on a larger scale.
- In some cases sub distribution realities necessitate extra storage.
- Storage reduces the need for instant transportation, which is often difficult & costly.
- Storage is a competitive advantage, as with better storage, better servicing of the channel & consumer is possible. Storage also helps in balancing demand & supply & in stabilizing prices.

(c) **Inventory Management :** Inventory management is the third major component of physical distribution task. The major elements of inventory cost :-

- Interests on capital tied up in the inventory
- Warehouse rent
- Staff salaries
- Insurance
- Rates & taxes
- Stationary

- Postage & communication charges
- Administrative overheads.
- Costs & handling, unloading & stocking
- Loss due to damage & deterioration
- Cost of order processing

Q.4 What is the contemporary channel scenario in India?

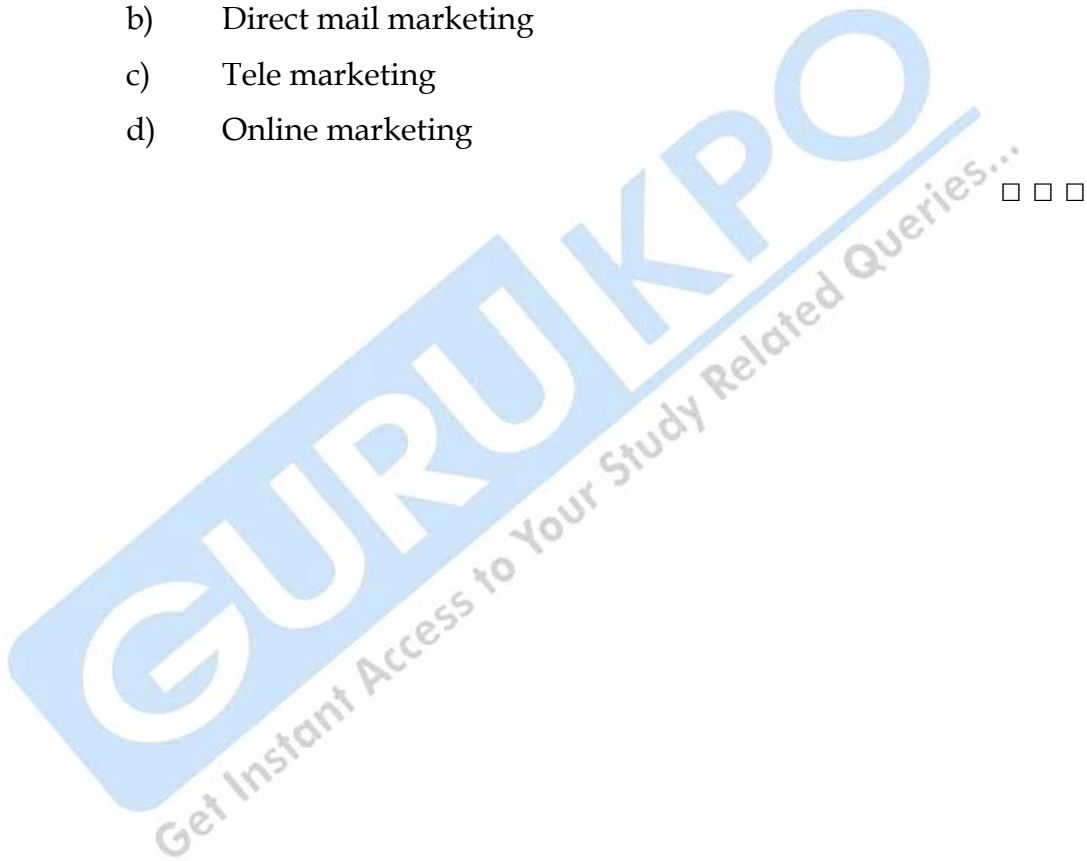
OR

What is the scene of physical scenario in Indian context?

Ans.: The contemporary channel scenario in India involves :

- Conventions whole sale-retail trade continue to dominate the scene, through formats like supermarkets, retail chains & shopping malls are making a mark.
- Image of channels undergoes a change.
- Profiles of distributors too undergo a change.
- Trade margins escalate as costs of distribution keep growing.
- Expectations of the distributors also change.
- Distributors are becoming choosy.
- IT greatly influences the way marketing channels operate.
- Firms go in for different kinds of non traditional cannels arrangement.
 - a) Outsourcing of marketing logistics
 - b) Exclusive retailing
 - c) Exclusive dealers without franchising arrangements
 - d) Exclusive retailing through showrooms

- Firms go in for non store retailing methods
 - a) Director selling / home selling
 - b) Network marketing
 - c) Consumer fairs
- Firms go in for direct marketing
 - a) Catalogue marketing
 - b) Direct mail marketing
 - c) Tele marketing
 - d) Online marketing



Chapter-7

Advertising

Q.1 What do you understand by the term advertising? What are the various objectives of advertising?

OR

What is advertising? Illustrate the various objectives of advertising?

OR

Define advertising. Identify the various objectives performed by advertising.

Ans.: The term advertising originates from the latin 'Adverto' which means to term around. Advertising has been defined as any paid form of non personal presentation & promotion of ideas, goods or services by an identified sponsor. Ads can be a cost effective way to disseminate messages. The mere transmission of an advertising message does not imply that the advertiser has communicated with the audience. His audience must see the advertisement & must pay attention to it. Infact, the advertisement should be of interest to the audience & then the audience should interpret the message in the intended manner because the same advertising message under a given setting can be perceived & interpreted by different people in different ways. The ads should influence the attitude, through process & purchase behaviour in favour of the advertised offer.

In developing an advertising program, a marketing manager should know the five M'S.

(a) Mission - Sales goal & objectives

- (b) Money
- (c) Message-Executive, generation, selection
- (d) Media – Media vehicles, media types, reach, frequency
- (e) Measurement – communication impact, sale impact.

In advertising AIDA is one of the early models which was developed in 1920s. It denote attention, interest desire & action. The model suggests that any effective impersonal sales presentation should attract, gain interest arouse a desire & result in action.

In the 1950's came another model DAGMAR. DAGMAR is defining advertising goals for measured advertising results. The main feature of DAGMAR is that it looked at advertising as performing a communication task & not a sales task.

Objectives of Advertising :

- Introduction of new products.
- Expansion of the market for existing product / brands.
- Building a long term consumer franchise for the firm.
- Countering competition.
- Reminding Customers.
- Reassuring the customers by removing post purchase dissonance.
- Building up brand image & company image.
- Aiding the total selling function by taking customer through all the steps involved in the purchase process.
- Closing an immediate sale.
- Supporting others sales promotion activities.
- Stimulating impulse buying.
- Supporting & supplementing the salesmen's selling effort.
- Supporting & supplementing the dealer's selling effort.

Q.2 What are the decision areas in advertising?

OR

What are types of decision in advertising?

Ans.: The advertising decision maker has to work within the broad framework of the marketing plan of the firm as advertising is one of the tools that has to be effectively used for attaining the marketing objectives.

(1) Deciding the advertising objectives : Advertising objectives are essential because it helps the advertiser to know in advance what they want to achieve & to ensure they are proceeding in the right direction. Pinpointing the advertising objectives also helps in making one's goals real & not imaginative so that effective advertising programmes can be developed for meeting the objectives. Advertising objectives revolve around 4 broad themes.

- (i) The behavioral constructs
- (ii) Attitude
- (iii) Awareness
- (iv) Product positioning & brand building

All the objectives have to be precise, quantifiable & measurable.

(2) Deciding the Advertising Budget : i.e. How much should a company spend on advertising. The following practices should be used for deciding the advertising budget :-

- (i) **Competitive Parity :** Firms following this practice make their advertising budget comparable to that of their competitors.
- (ii) **Affordability :** This method result on the principal that a firm will allocate for advertising whatever it can afford. It is merely an availability oriented budget.
- (iii) **A Fixed Percentage of Turnover :** Under this method the advertising budget is set in terms of a specified percent. For instance, quite, a few large firms allocate. One or two percent of their total annual turnover for advertising & promotion.

- (iv) **Regression Analysis** : It is done based on historical data either time series or cross sectional data. Time series data are records of past advertising expenditures & sales over time. Cross sectional data are records of advertising expenditure & sales for specific period over different markets. The aim is to predict market share.
 - (v) **Adaptive Control Method** : It starts with a sales response curve & locates an optimum level of ad expenditure. The firm now experiments with advertising at non optimum levels in selected test markets. This is done to get more knowledge about the sales response curve.
- (3) **Deciding the Copy** : The term copy includes every single feature that appears in the body of advertisement. Deciding the copy is a creative process. It is an area where no rigid rules can be applied. The main steps in copy development are (1) fact finding stage & idea finding state.
- (i) Fact finding stage includes the central issue to be tackled.
Idea finding stage where different idea heads are processed, developed & screened.
 - (ii) Developing the copy.
 - (iii) Testing the copy - Copy tests such as DAR Test, tests Based on laboratories, market tests etc.
- (4) **Deciding the Media** : Media is a medium or channel for carrying the intended advertising message to the target audience. The media commonly used in advertising are print media which includes newspapers, magazine, trade, journals, direct mail etc., electronic media (Radio, television, Internet, Cinema, cassettes, outdoor, outdoor media (hoardings, posters, dance drama & puppet shows, loudspeaker announcements, balloons & skywriting's).
- The media schedule specific the following :-
- (i) **Media Category** : Type of media selected
 - (ii) **Media Vehicles** : Starplus in TV, Business India in magazine, 94.3 FM among radio.

- (iii) **Programme Choice** : Like 'Kyunki Saas bhi Kabhi bahu thi, Kya ap Panchi Pass se Tez hai etc.
 - (iv) **No. of Insertions** : The no. of planned insertions in each media vehicle will be specified.
 - (v) **Details** : Contains the major characteristics of advertisement .
 - (vi) **Timing** : How the advertisements have to be scheduled over the campaign period?
- (6) **Evaluating Advertising effectiveness** – Increased sales communication task.
- (7) **Advertiser - Ad Agency Relation** : Advertising function can be carried out effectively only when advertiser & the ad agency have sound relations. The firm & the agency must work together in media selection theme development, message construction, & over all copy development.

Q.3 How do the advertiser plans & evaluate the advertising campaign?

Ans.: In planning & evaluating an ad campaign, it is important to distinguish the message strategy or positioning of an ad. So designing effective advertising campaigns is both an art & science.

Message Generation & Evaluation : It is important to generate fresh insights & avoid using the same appeal. A good ad normally focuses on one or 2 core selling propositions. The advertiser should conduct market research to determine which appeal works best with its target audience. Once they find an effective appeal, advertisers should prepare a creative brief. Typically cover one or two pages. It includes key message, target audience, communication objectives, key brand, benefits; more & more ads should be created to increase the probability of finding an excellent one.

Creative Development & Execution : In preparing an ad campaign, the advertise can prepare a copy strategy statement describing the objective, content, support & tone of the desired ad.

Television Ads : Television the most powerful advertising medium & reaches a broad spectrum of consumers. TV advertising has 2 particularly important strengths. First, it can be effective means of demonstrating product attributes & explaining consumer benefits. Second, TV advertising can be a means for brand personality & other brand intangibles.

But TV ads can have certain disadvantages also. Sometimes, the product related messages & brand can be overlooked. The large no. of ads creates clutter that makes it easy for consumers to forget ads.

Print Ads : Two main print media are there-magazines & news papers that provide much detailed product information & can effectively communicate the usage user imagery. Although, newspapers are timely, but magazines are more effective at building user & usage imagery.

Format elements such as ad size, colour, & illustration, affect a print ad's impact.

Radio Ads : There has been an increase in the penetration of radio listening over the last three years, mainly due to the popularity of FM stations. Radio listening is expected to increase significantly over the coming years as the second phase of privatization of radio broadcasting is under implementation with 392 new FM stations scheduled to come up across 91 cities in India. Advertisers can have flexibility to choose specific channels to advertise based on programme content.

Films Ads : The major change happening in the screening of films is the increase in the no. of digital theaters. India has the largest no. of digital cinema theatres in the world. In, addition there are 73 multiplex & about 60 more are going to be materialized. Advertisers can release their advertisements to be screened along with the films in theaters.

Q.4 What is the scenario of Indian advertising in India?

Ans.: Social Responsibility Review : Advertisers & their agencies must be sure that advertising does not overstep social & legal norms. Public policy

makers must develop a substantial body of laws & regulations to govern advertising.

According to the law in India, advertising for alcoholic beverages & cigarettes cannot be screened on television. However, indirect advertising is permitted in print & outdoor advertisements for these product categories. Similarly infant food advertising is not acceptable in India. There are also restrictions on advertisements targeted at children. In India, advertisements of pharmaceutical products that promise cure, diagnosis, & treatment are governed by the Drugs & cosmetic rules & the Drugs & Magic Remedies. Rules also prohibit any advertisements that offend the morality, decency & religious susceptibility of the audience.

In addition, as per the advertising code specific by the advertising Standards council of India, women must not be portrayed in a manner that emphasizes passive & sub massive qualities.

In India, several acts & laws govern the conduct of business in general & advertising in particular. The monopolies & Restrictive Trade Practices Act, 1969. Specifies that any misleading, false & wrong representation either in writing or oral that causes actual or intended injury or loss to consumers is considered as an unfair trade practice. Similarly business promotions that promise free gifts & contests where any elements of deception is involved is also treated as an unfair trade practice. There is also restriction on comparative advertisements. Brands can be compared only on technically verified facts. The ASCI, a self regulatory voluntary organization formed by the advertising industry, provides basic guidelines for ensuring fairness in advertising. Any individual can file complaints against specific advertisements & ASCI can pass the directives on the complaints.

Q.5 What do you mean by personal selling? What are the objectives & principles of personal selling?

OR

What are the roles of personal selling? Identify & explain briefly the principles of personal selling?

Ans.: Personal selling is an ancient art. Effective sales person have more than instinct, they are trained in methods of analysis & customer management. Today's companies spend large amounts of money each year to train salespeople in the art of selling. Sales training approaches try to transform a salesperson from a passive order taker into an active order getter who engages in customer problem solving.

The objectives of personal selling are :-

- Sales volume & sales growth
- Share of each product in total volume
- Market share
- Profits
- Selling expenses
- Key accounts
- New Accounts
- Addition of new dealers & expansion of channels
- Proportion of cash & credit sales
- Collection of sales proceeds
- Pre sales & after sales service
- Training of dealers
- Assistance in sales promotional measures
- Supplying market intelligence

The principles of personal selling involves 6 steps :-

- (1) **Prospecting & Qualifying :** The first step in selling is to identify & qualify prospects. More companies are taking responsibility for finding & qualifying leads so that the salesperson can use their precious time doing what they can do best. The leads can be categorized with 'hot' prospects turned over to the field sales force & 'warm' prospects turned over to the telemarketing unit.

- (2) **Pre-Approach** : The salesperson needs to learn as much as possible about the prospect company & its buyers. The salesperson should set call objectives, to qualify the prospect, gather information, make an immediate sale. Another task is to decide on the best contact approach, which might be personal visit, a phone call or a letter.
- (3) **Presentation & Demonstration** : The salesperson now tells the product story to the buyer following the AIDA formula. The salesperson uses a features, advantages, benefits & value approach.
- (4) **Overcoming Objections** : Customers typically pose objections during the presentations or when asked for the order. Psychological resistance includes resistance to interference, preference for established supply sources or brands, predetermined ideas, unpleasant association created by the sales representative. Logical resistance might consist of objections to the price, delivery, schedule or certain product or company characteristics.

To handle these objectives, the salesperson maintains a positive approach, asks the buyer to clarify the objection, questions the buyer in a way that the buyer has to answer his or her own objection, denies the validity of the objection, or turns the objection into a reason for buying.
- (5) **Closing** : The salesperson attempts to close the sale. Salesperson need to know how to recognize closing signs from the buyer, including physical actions, statements or comments & questions. There are several closing techniques i.e. they can ask for the order, ask whether the buyer wants to buy A or B etc.
- (6) **Follow Up & Maintenance** : Follow up & maintenance are necessary if the salesperson wants to ensure customer satisfaction & repeat business. Immediately, after closing the salesperson should cement any necessary details on delivery time, purchase terms, & other matters that are important to the customer.

Q.6 What do you mean by public relations? Discuss the importance & methods of public relations?

Ans.: A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations involves a variety of programs designed to promote or protect a company's image or its individuals products. Most companies have a PR department that monitors the attitude of the organization's public & distributes information & communications to build good will. The best PR department spend time counseling top management to adopt positive progress. They perform the following 5 functions:

- (1) **Press Relations** : Presentation news & information about the organization in the most positive light.
- (2) **Protect Publicity** : Sponsoring efforts to publicize specific products.
- (3) **Corporate Communication** : Promoting understanding of the organization through internal & external communication
- (4) **Lobbying** : Dealing with legislators & youth officials to promote or defeat legislation.
- (5) **Counseling** : Advising management about public issues & company position & image during good times & bad.

Most companies are turning to marketing public relations (MPR) to support corporate or product promotion & image making. MPR plays an important role in the following tasks.

- Assisting in the launch of new products.
- Assisting in repositioning a mature product.
- Building interest in a product category.
- Influencing specific target groups.
- Defending product that have encountered public problems.
- Building the corporate image in a way that reflects favourably on its products.

Methods / Tools in Marketing PR :

- (1) **Publications** : Companies rely extensively on published materials to reach & influence their target markets. These include annual report, brochures, articles, newsletters, magazines.
- (2) **Event** : Companies can draw attention to new products or other company activities by arranging special events like news conference, seminars, outings, trade shows, exhibitions,
- (3) **Sponsorship** : Companies can promote their brands & corporate name by sponsoring sports & culture events & highly regarded causes.
- (4) **News** : One of the major task of PR professional is to find or create favourable news about the company its products & its people.
- (5) **Speeches** : Company executives must field questions from the media or give talks at trade association or sales meetings.
- (6) **Public Service Activities** : Companies can build good will by contributing money & time to good causes.
- (7) **Identity Media** : Companions need a visual identity that public recognizes immediately. The visual identity is carried by company logos, stationary, brochures, signs, business cards, buildings, confirms & dress code.

Q.7 What is the purpose of sales promotion? What are the various tools & techniques involved in sales promotion?

OR

What are the objectives of sales promotion? What are the various tools & techniques involved in consumer & dealer promotion?

Ans.: Sales promotion is an important component of marketing communication mix. It adds extra value to the product & hence prompts the dealer. Sales promotion is practiced as a catalyst & supporting facility to advertising & personal selling. Sales promotion offers an incentive to buy.

Sales promotion vary in their specific objectives. It can be used :-

- (i) For facilitating introduction of new products.
- (ii) For overcoming a unique competitive situation.
- (iii) For unloading accumulated inventory
- (iv) For overcoming seasonal slumps.
- (v) For getting new accounts.
- (vi) For retrieving lost accounts.
- (vii) As a support & supplement to the advertising effort.
- (viii) As a support & supplement to the salesmen's effort.
- (ix) For persuading salesman to sell the full line of products.
- (x) For persuading the dealer to buy more / increase the size of the orders.

Methods of Consumer / Dealer Promotion :

- (1) **Demonstrations** : Include demonstration at retail store, school demonstration, door to door demonstration (Eureka Forbes), demonstration to key people.
- (2) **Trade Fair & Exhibitions** : It provides company to introduce & display their productions. This brings the company's products & the consumers in direct contact with each other. Orders & enquiries are generated at trade fair.
- (3) **Coupons** : Coupons are certificates which offer price reductions to consumers for specified items. Coupons are distributed through newspaper & magazine advertisements. Coupons enthruse the consumers to exploit the bargain & they serve as an inducement to the trade for stocking the items.
- (4) **Premium & Free Offers** : Eg: Colgate offered 125gm in a tube for the price of 100 gm.

Book your Santro today & take home a world space. Hitachi Digital Radio Receiver worth Rs. 4990 absolutely free.

- (5) Buy any Samsung product & take home another's product free.
- (6) Discounts, price off -
- 70% off on koutons.
 - 50% of on winter collection.
 - 10% off on Tanishq.
- (7) **Free Samples** : Eg: Soaps, detergents, toothpaste, coffee etc.
- (8) **Gifts** : Companies distribution gifts to customers, dealer like pen, calendars diaries etc.
- (9) **Exchange Schemes, Money Back Offer** : Customers can surrender their old models of consumer durables, for a price & take home new products.
- (10) **Joint Promotions** : Two are more different industries, but with shared markets & values join together & conduct sales promotion programmes. Eg: centurion bank & videocon, ICICI Bank & Maruti Udyog.
- (11) **Display** : POP displays are one of the most widely used sales promotion techniques. It can be described as clinches in the marketing process.
- Displays can be of various types- window display, wall display, counter display, aerial display, floor display. Eg. Posters, danglers, stickers, mobile wobblers, balloons etc.
- (12) **Sales Promotion on the Internet** : Eg. Levi's, Song, Cadbury, Pepsi etc.

Q.8 What is the concept of direct marketing?

OR

Define the term direct marketing.

Ans.: Direct marketing is the use of consumer direct channels to reach & deliver goods & services to customers without using marketing middleman.

These channels include direct mail, catalogs, telemarketing, interactive TV, Kiosk's, website, & mobile devices.

Direct marketing has some characteristics :-

- (a) Deals with customers directly.
- (b) It is interactive marketing.
- (c) It does not involve marketing channels / stores.
- (d) It does not involve advertising / mass promotion.
- (e) Delivers near perfect solution to customers problem.
- (f) Helps achieve excellence in product & services.
- (g) Facilitates sharper segmentation & targeting.
- (h) Facilitates relations building.
- (i) Cost effective.
- (j) Benefits the customer too.

Forms of Direct Marketing :

- (1) Mail Order Marketing / Catalogue Marketing
- (2) Direct Mail Marketing
- (3) Direct Response Marketing
- (4) Database Marketing
- (5) Telemarketing
- (6) Television
- (7) Online Marketing

(1) **Mail Order Marketing :** In this method, the consumers, become aware of a product through information furnished to them by the marketer through catalogue dispatched by mail. The entire marketing takes place by mail. The product is also supplied to the consumer by mail.

(2) **Direct Mail Marketing :** Usually when a trading house markets various products, by mail order we refer to it as MOM & when a

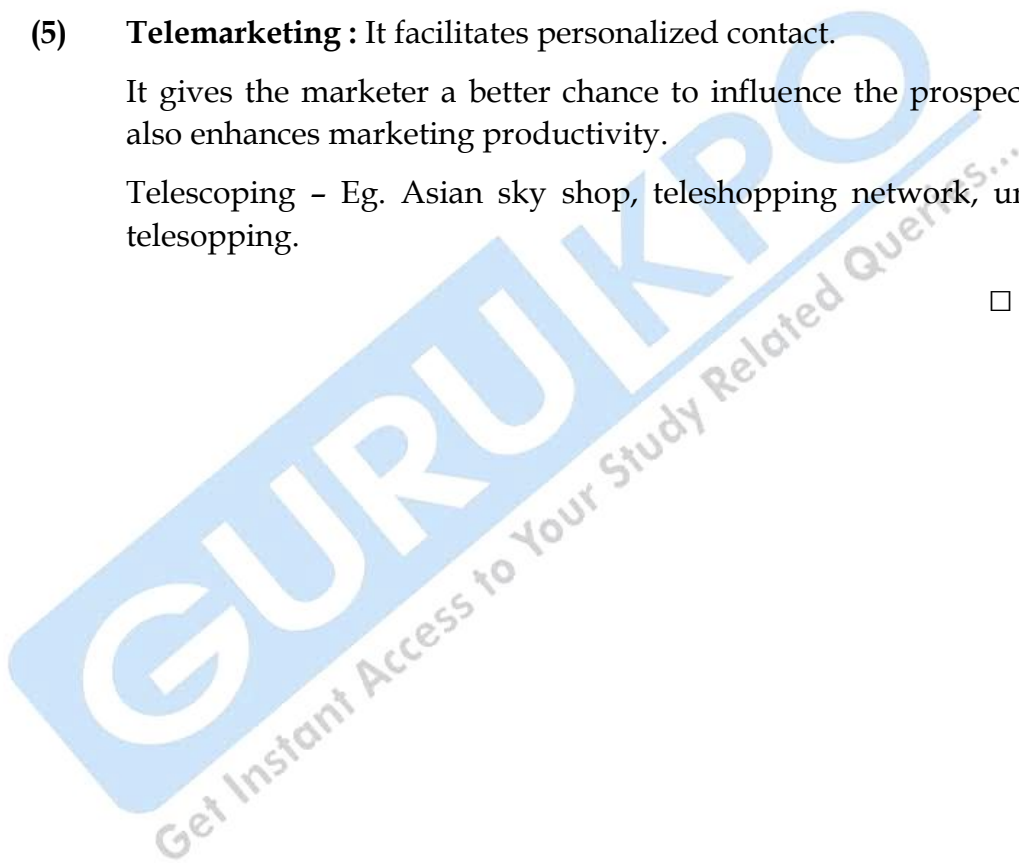
manufacturer markets his products by the same method, we refer it as DMM. In this method, *not only letters, brochures are mailed to the prospects, but free products, samples, gifts are also mailed.

- (3) **Direct Response Marketing** : This method uses more instruments like Telephone, Radio, TV & computer.
- (4) **Database Marketing** :- Database of consumer is the foundation of DM.
- (5) **Telemarketing** : It facilitates personalized contact.

It gives the marketer a better chance to influence the prospects. It also enhances marketing productivity.

Telescoping - Eg. Asian sky shop, teleshopping network, united telesopping.

□ □ □



Chapter-8

Marketing Communication

Q.1 What do you mean by marketing communication. State its importance.

Ans.: Marketing communications are the means by which firms attempt to inform, persuade, remind consumers directly or indirectly about the product / brands that they sell. In a sense, marketing communications represent the voice of the brand & are a means by which it can establish a dialogue & build relationship with consumers.

Marketing communications perform several functions for consumers. Consumers can be told or shown how & why a product is used, by what kind of person, & where & when, consumers can learn about who makes the product & what the company & brand stand for & they can be given an incentive or reward for trial. Marketing communications allow companies to link their brands to other people, places, events, brands, experiences, feelings & things. It can also contribute to brand equity by establishing the brand in memory & crafting a brand image.

Thus, marketing depends heavily on an effective communication flow between the company & the consumer. Manufacturing a product & making it available on the market is only a part of the company's job. It is equally important to make it known to the consumer that the product is available in the market.

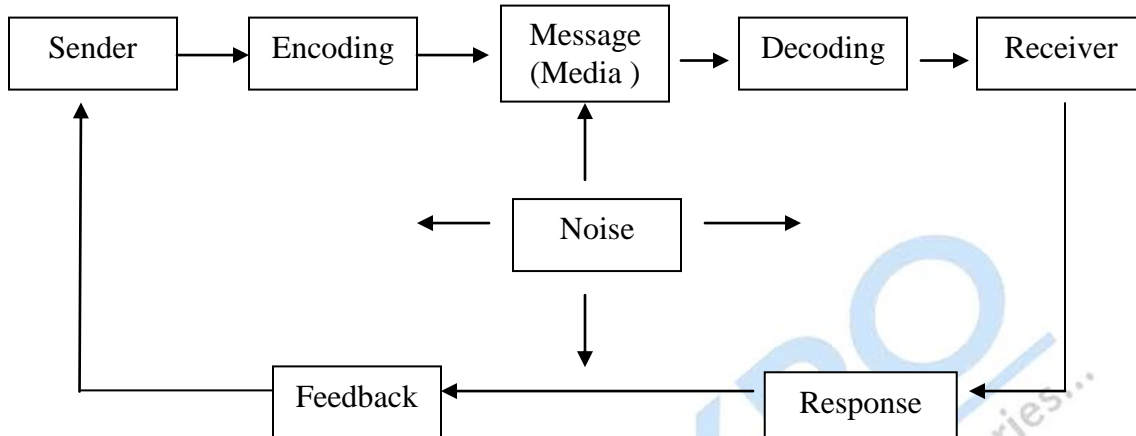
Q.2 Which are the various models of communication process?

OR

Identify & explain the various communication process models.

Ans.: Two models are useful :-

(1) Macro Model of the Communication Process :

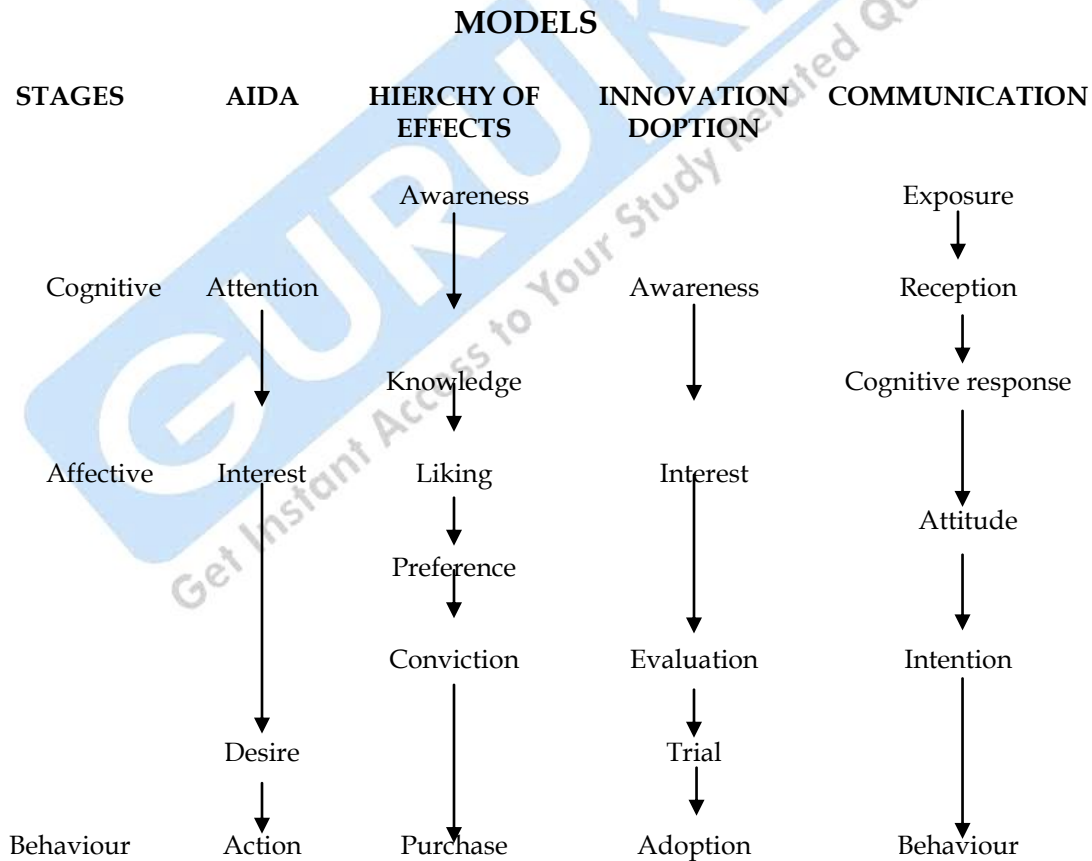


Two Elements Represents the Major Parties in a Communication :

Sender & Receiver, while the others two represent the major communication tools – Message & media. Four elements represents major communication functions – encoding, decoding, response & feedback. The last element in the system is noise & competing messages that may interfere with the intended communication. The model emphasizes the key factors in effective communication. Senders must know What audience they want to reach & what responses they want to get. They must encode their messages so that the target audience can decode them. They must transmit the message through media that reach the target audience & develop feedback channels to monitor the responses. Selective attention, distortion, & retention processes, may be operating during communication.

- (i) **Selective Attention :** People are bombarded by about 1500 commercial messages a day which explains why advertisers sometimes go to lengths to grab audience attention through fear, music sex appeal.

- (ii) **Selective Distortion** : Receivers will hear what fits into their belief systems. As a result, receivers often add things to the message that are not there.
 - (iii) **Selective Retention** : In long term memory people will retain only a small fraction of the message that reach them. If the initial attitude is positive the message is likely to be accepted & if it is negative, it is likely to be rejected.
- (2) **Micro Model of Consumer Response** : All these models assume that the buyer passes through a, cognitive, affective & behavioural stage. This learn feel do sequence is appropriate when the audience has high involvement with a product category perceived to have high differentiation.



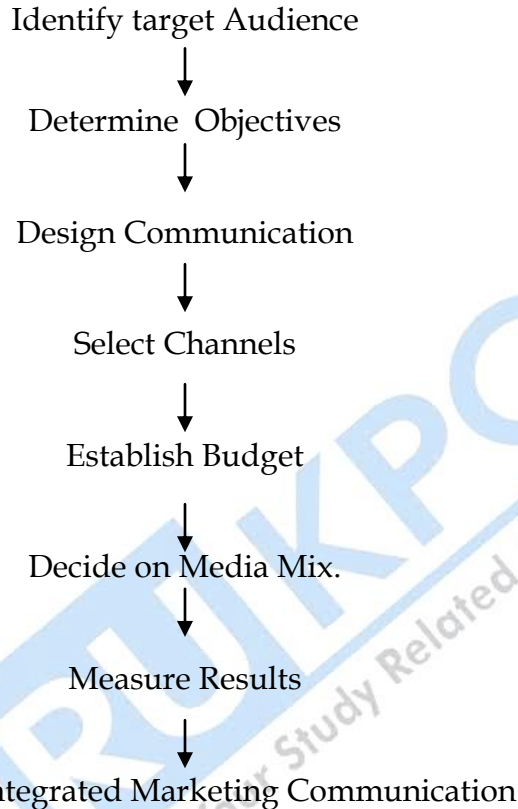
- (i) **Awareness** : If most of the target audience is unaware of the object, the communicators task is to build awareness.
- (ii) **Knowledge** : The target audience might have brand awareness, but not know much more of it. The company may want its target audience to know that the new brand offers what benefits.
- (iii) **Liking** : If target members know the brand how do they feel about it, if the audience does not view the value proposition of the brand favourably, then the communicator needs to find out the reasons.
- (iv) **Reference** : The target audience might prefer a particular product but not prefer it to others.
In this case, the communicator must try to build consumer preference by comparing quality, value, performance.
- (v) **Conviction** : A target audience might prefer a particular product but not develop a conviction about buying it. The communicators job is to build conviction among interested consumers..
- (vi) **Purchase** : Finally, some members of the target audience might have conviction but may not quite get around to making the purchase. The communicator must lead these consumers to take the final step, perhaps by offering the product at low price, offering a premium.

Q. 3 How one can develop effective communication?

OR

What are the major steps in developing effective communication.

Ans.:



- (1) **Identify the Target Audience** : The process must start with a clear target audience in mind, potential buyers of the company's products, current users, deciders or influencers, individuals, groups, particulars individual or the general public. The target audience is a critical influence on the communicators decisions on what to say, who to say, when to say & where to say. It is often useful to define target audience in terms of usage & loyalty. Is the target new to the category? Is the target loyal to the brand? Etc.
- (2) **Determine the Communication Objectives** : Rossiter & Percy has identified & objectives as follows:
 - (i) **Category Need** : Establishing a product or service category as necessary to remove or satisfy a perceived discrepancy between a current motivational state & a desired emotional state.

- (ii) **Brand Awareness** : Ability to identify the brand within the category in sufficient detail to make a purchase. Recognition is easier to achieve. Consumers are more likely to recognize the distinctive white & red colour of Colgate dental cream.
 - (iii) **Brand Attitude** : Evaluation of the brand with respect to its perceived ability to meet a currently relevant need. Relevant brand needs may be negatively oriented or positively oriented.
 - (iv) **Brand Purchase Intention** : Self instructions to purchase the brand or to take purchase related action. Promotional offers in the form of coupons or two for one deals encourage consumers to make a mental commitment to buy a product.
- (3) **Design the Communication** : Formulating the communications to achieve the desired response will require solving three problems; what to say (message strategy), how to say it (creative strategy) & who should say it (message source). In determining message strategy, management search for appeals, themes or ideas, that will tie into the brand positioning & help establish points of difference.

Communication's effectiveness depends on how a message is being expressed as well as the content of the message itself. Creative strategies are how marketers translate their messages into a specific communication. Creative strategies are classified as

- (i) **Informational Appeal** : Elaborates on product or service attributes or benefits.
- (ii) **Transformational Appeal** : Elaborates on a non product related benefit or image.

Many communication do not use a source beyond the company itself. Others use known or unknown people. Message delivered by attractive or popular sources can potentially achieve higher attention & recall. Celebrities are likely to be effective when they personify a key product attribute.

- (4) **Select Channels** : Selecting efficient channels to carry the message becomes more difficult as channels of communication become more fragmented. Communication channels may be personal & non-

personal. Personal communication channels involve two or more persons. Communicating directly face to face, person to audience, over the telephone or through e-mail.

Non personal channels are communication directed to more than one person & include media, sales promotion, events & publicity

- (5) **Establish the Marketing Budget** : One of the most difficult marketing decisions is determining how much to spend on promoting. 4 common methods can be used - affordable method, percentage of sales method, competitive parity method, objective & task method.
- (6) **Deciding the Media Mix** : Companies must allocate the marketing communication budget over 6 major modes - advertising, sales promotion, public relations, events & experience, sales force & direct marketing Eg. Amway concentrates on network marketing. L'Oreal spends heavily on advertising.
- (7) **Measuring Results** : Senior managers want to know the outcomes & revenues resulting from their communication investments. After implementing the communication plan, the communication director must measure its impact on target audience. Members of the target audience are asked whether they recognize or recall the message, how many times they saw it, what points they recall, how they felt about the message & their previous & current attitudes.
- (8) **Managing the Integrated Marketing Communication Process** : Integrated marketing communication is a concept of marketing communications planning that recognizes the added value of a comprehensive plan. Companies must adopt 360^o, View of consumers to fully understand all the different ways that communications can affect consumer behaviour in daily lives.

Chapter-9

Marketing Research & Control

Q.1 What is marketing research? State its importance in the marketing scenario?

OR

Define marketing research. What is its importance?

Ans.: Marketing Research is the systematic, objective & exhaustive search for & study of the facts relating to any problem in the field of marketing.

Or

Marketing Research is systematic problem analysis, model building & fact finding for the purpose of decision making & control in the marketing of goods & services.

OR

Marketing Research is the systematic gathering, recording & analysis of data about problems relating to the marketing of goods & services.

Marketing research plays an equally important role in marketing management and uses marketing information as its input, it simultaneously generates more of it as output.

Marketing Research :

- (i) Helps Pick & choose customers & make focused offers.
- (ii) Helps know which products move in the market & why.
- (iii) Helps new entrants plan their channels by studying existing ones.

Q.2 Briefly explain the steps in marketing research process.

Ans.: Marketing Research process involves 6 steps :-

(1) **Define the Problem & Research Objectives** : Problem should not be defined either too broadly or too narrowly. Clarity on the following helps define the problem appropriately.

- (i) What is to be researched?
- (ii) Why it is to be researched?

The end product of this exercise has to be a clear definition of the problem & research objectives.

(2) **Develop the Research Plan** : The second stage of marketing research requires developing the most efficient plan for gathering the needed information. This involves decision on the data sources research approaches, research instruments, sampling plan & contact methods.

Data Sources : The research can gather secondary data, primary data. Secondary data are data which already exist somewhere. Primary data are data freshly gathered for a specific purpose or for a specific research project.

Research Approaches : Primary data can be collected in 5 ways – Through observation, focus group, surveys, behavioral data, experimental research.

- (i) **Observation Research** : By observing the relevant actors & settings.
- (ii) **Focus Group Research** : A focus group is a gathering of 6-10 people who are invited to spend a few hours with a skilled moderator to discuss a product service, organisation. The moderator starts with a broad question & help the group move through various aspects of the entity being discussed. The moderator keeps the discussion focused on the relevant theme. Discussion is recorded using an audiotape or videotapes.

- (iii) **Survey Research** : Companies undertake surveys to learn about people's beliefs & preference & satisfaction.
- (iv) **Behavioural Data** - Customers actual purchases reflect preferences & are normally more reliable than memory based statements.
- (v) **Experimental Research** : The purpose is to capture cause & effect relationships by eliminating competing explanations of the observed findings, to the extent that the design & execution of the experiment eliminate alternative hypothesis that might explain the results.

Research Instruments : Marketing researchers have a choice of three main research instruments in collecting primary data: Questionnaires, qualitative measures & mechanical devices.

A questionnaire consist of a set of questions presented to respondents. Questionnaires need to be carefully developed & tested before they are administered on a large scale. Quantitative devices consists of i) Shadowing Behaviour mapping, consumer journey, Camera journals, extreme user Interviews, story telling, unfocused groups.

Mechanical devices consist of galvanometers aroused by exposure to a specific ad or picture. They are used occasionally in marketing.

Sampling Plan : After deciding on the research approach & instruments, the marketing researcher must design a sampling plan. This counts for 3 decisions : -

- (i) **Sampling Unit** : Who is to be surveyed?
- (ii) **Sample Size** : How many people should be surveyed?
- (iii) **Sampling Procedure** : How should the respondents be chosen?

Contact Methods : Once the sampling plan has been determined, the marketing researcher must decide how the subject should be contacted; through mail, questionnaire, telephonic interview, personal interview, online interview.

- (3) **Collect the Information** – The data collection phase of marketing research is generally the most expensive & the most prone to error. In case of surveys. 4 major problems arise – some respondents will not be at home & must be contacted again. Other respondents will refuse to cooperate. Still others will give biased answers. So, getting the right respondents is critical.
- (4) **Analyze the Information :** The next step is to extract findings from the collected data. The researcher tabulates the data & develops frequency distributions. The researchers will also apply some advanced statistical techniques.
- (5) **Present the Findings :** The researcher should present findings that are relevant to the major marketing decisions.
- (6) **Make the Decision :** Research findings only provide additional information & insights to the managers. Depending on their confidence in the findings, managers decide to use it, discard etc. or carry out more research.

Q.3 Elaborate the various techniques of MR.

OR

What are the major techniques of MR?

Ans.: Panel Research : Panel Research is a research technique similar to the survey. Panel research uses the same sample over & over again for collecting the information. The researcher interviews or otherwise gathers data from the same people constituting the panel. A panel refers to a sample of respondents, who may be individuals, households, retail shops or firms from whom information is collected about their buying

behaviour. The panel members maintain a diary & note down details of purchases advertisement exposures, shopping patterns and features that the researchers is interested in.

Types of Panel :

- (a) **Consumer Panels :** Here the market researcher maintains a panel of consumers & receives responses from them at periodic intervals. The panel is continuous in the sense that the researcher collects the responses from the same set of sample units on a continuing basis at specified intervals. This information is used by the researcher for assessing different aspects. HLL is one of the largest consumer research programmes in the world.
- (b) **Retail Panel :** A permanent sample of retail shops is maintained to supply information periodically on aspects such as how much these retail shops purchases during the period, how much stock they hold, sales levels of difference brands, price trends etc. This techniques is called as Inventory & Purchase audit.
- (c) **Advertising Audience Panels :** It consist of persons getting exposed to advertising in the various media such as readers of publications, TV viewers, & radio listeners. The main purpose is to gather valuable information for media planning. The panel members keep recording the programs viewed by them.

Advantages :

- (i) Changes taking place over time in buyer behaviour can be monitored through panels.
- (ii) Relationship between changes in buyer behaviour & changes in the marketing mix can also be analyzed.

Disadvantages :

- (i) Panel requires a greater degree of cooperation between the panel & the researcher.

Market Survey : Market survey is one of the widely used MR techniques. It is a method of collecting marketing information required for a given marketing research assignment. It is used when the required data is not available with the company interval records as well as external published sources.

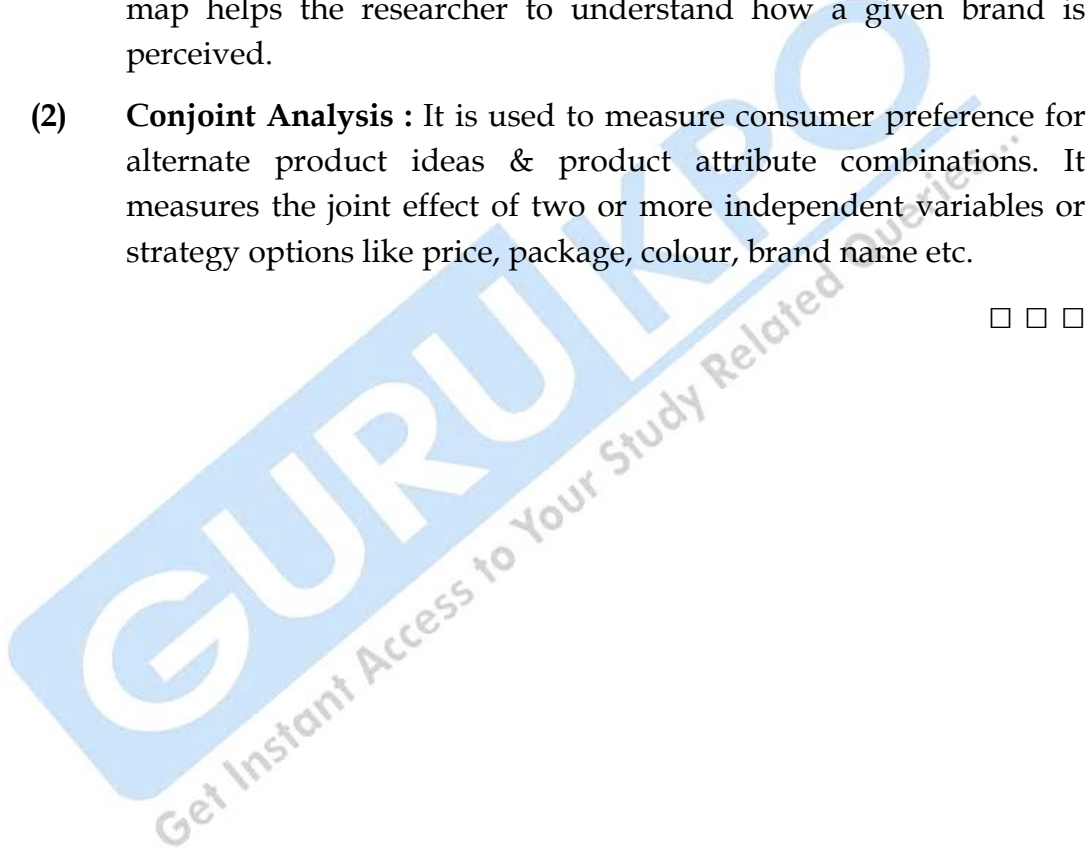
Steps Involved in Market Survey :

- (a) Planning the Survey
 - Problem definition
 - Relation of survey method
 - Sampling
 - Questionnaire development
 - Pilot survey
- (b) Field Work
 - Selection of investigators
 - Collection of data
- (c) Processing
 - Processing of data
 - Tabulating
- (d) Analysis & Interpretation
 - Editing
 - Interpretation data
 - Statistical Analysis
- (e) Report Making
 - Summarizing findings & recommendations
 - Report writing

Other MR Techniques :

- (1) **Multi Dimensional Scaling :** MDS is used to graphically portray consumer evaluation of products / brands. It has been developed with inputs from mathematics & psychology. The techniques takes consumer judgments of perceptions & preferences & builds geometric representations or maps in which brands that are Judged to be similar get plotted near each other in the geometric space. The map helps the researcher to understand how a given brand is perceived.
- (2) **Conjoint Analysis :** It is used to measure consumer preference for alternate product ideas & product attribute combinations. It measures the joint effect of two or more independent variables or strategy options like price, package, colour, brand name etc.

□ □ □



Chapter-10

Marketing Challenges

Q.1 What is the Impact of globalization & technological advances, on marketing?

OR

What factors should a company review before deciding to go abroad?

Ans.: With faster communication, transportation & financial flows, the world is rapidly shrinking. Products developed in one country - Gucci purses, Mont Blanc Pens, Mc Donald's Channel suits are finding enthusiastic acceptance in others. A German businessman may wear an Armani suit to meet an English friend at a Japanese restaurant, who later returns home to drink Russian Vodka & watch an American soap on TV.

Emerging from a highly protected economy & an insulated business environment, many companies in India have come a long way in their quest to become global players. Indian companies have started to venture into global business arena by acquisition, joint venture & direct investments. In 2004-05, Indian companies have invested about U.S. \$ 2.5 billion. There were 75 cross border mergers & acquisitions by Indian firms in 2003 & between January & Sept. 2004, this number had increased to 195. Among Asian countries, India is the 2nd largest investor in the U.K. TCS has 28000 employees of 30 nationalities providing IT solutions in 32 countries. In many industries, Indian companies are becoming globally competitive. Tata steel & Nalco are the lowest cost manufacturers of steel & Aluminum in the world. Bharat Forge limited, the flagship company of the U.S. \$ 1.5 billion Kalyani group, is the largest exporter of auto

components from India. Hero Honda with a sales of 2.6 million units in 2004-05, is the world's largest manufacturer of motorcycles. Hidesign the company with headquarters at Pondicherry in South India with its presence in several countries has emerged as a player in the high-end fashion accessory market. India has emerged as a global fashion accessory market. India has emerged as a global player in IT field, in 2005-06, India's exports of IT software & related services are estimated to be U.S. \$ 23.49 billions.

Factors Considered for International Marketing :

- (i) Choosing the basic route for global marketing.
- (ii) Market selection & product selection
- (iii) Selection of distribution channels
- (iv) Developing pricing strategy
- (v) International marketing communication
- (vi) Mastering the procedural complexities
- (vii) Organizational adaptation
- (viii) Handling business ethics

There are 5 basic routes to enter a foreign market :-

- a) Exports
- b) Licensing of technology
- c) Multinational trading
- d) Joint venture
- e) Full fledged global operation

Q.2 What is the changing picture of rural marketing in India?

OR

What are the challenges faced by Rural marketing in India?

Ans.: Rural marketing is any marketing activity in which one dominant participant is from a rural area. Markets for many of the categories of products in the urban areas are exhibiting a decreasing growth trend with

the increase in income, exposure to television, & changing consumption patterns & preferences, rural markets are offering immense potential for market expansion & growth in several product category. The market size for FMCG is estimated to be Rs. 6500 billion, consumer durables at Rs. 500 billion, agricultural inputs at Rs. 4500 billion. The rural market for FMCG expanded by about 55% of product's category's total consumption in India. For consumer durables also, the rural markets accounted for a similar proportion.

Characteristics of Rural Markets :

- Rural areas exhibit several distinctive characteristics that are different from the urban areas. Literacy levels, family structure, occupational patterns. Social customs & norms & several other features are unique to rural India
- Culturally a diverse & heterogeneous markets.
- **Social & Cultural Factors :** Social hierarchy, traditions, social norms & customs play significant roles in determining individual & collective behaviour in rural India.
- **Consumer Behaviour :** A complex set of factors influence rural consumers behaviour, social norms, traditions, caste & social customs have greater influence on the consumers behaviour. Word of mouth has more significance in purchase decisions of rural consumers. Family members relatives & friends are consulted before making purchase decision of higher value products. However as the exposures to mass media & information technology is increasing, rural consumers are becoming more informed about products & services.

Rural consumers have different interpretations of colour symbols & social activities

Marketing Infrastructure in Rural Areas : Although rural areas offer attractive opportunities to marketers at the aggregate level, About 68% of these markets remain untapped mainly due to inaccessibility. Factors such

as limited physical access, Low density of shops, limited storage facilities, make the task of reaching rural consumers very complex.

Haats are a public gathering of buyers & sellers of commodities meeting at an appointed location at regular intervals. The no. of haats in India is about 42000, on an average one haat covers 20-50 villages & is visited by 4500 people. Mandis are set by state govt. for facilitating exchange of agricultural produce. There are 6800 mandis in India.

Companies use mandis to promote their brands by setting up stalls for carrying out sales promotion activities.

Mela or fair are an integral part of rural India. There are can be commodity fair, cattle fair etc. There are 25000 fairs.

Yet another feature of rural areas is the complexity of communication task. The no. of languages speaker are large. Doordarshan has the highest reach in rural areas. It course nearly 87% of India's population. The print media has only about 15% of the regional language newspaper reaching rural areas.

Q.3 What is the need & grants of marketing in the service sector in India?

OR

State the need of marketing in the service sector in India.

Ans.: The service sector accounts for more than 50% of India's GDP. It is growing at a much faster rate than other 2 sectors i.e. agriculture & manufacturing. In highly, competitive, rapidly globalizing environment the designing & managing of services is going to be a challenging task.

Service Industries are Everywhere : The govt. sector with its court, employment services hospitals, loan agencies, military services, police & fire departments, postal service, regulatory agencies, & schools is in the service business.

Private Non Profit Sector : Museums, charities, churches, colleges, foundations & hospitals.

Business Sector : Airlines, banks , hotels, insurance, companies, law firms, management consulting firms, medical practices.

Manufacturing Sector : Computer operators, accountants, legal staff.

Retail Sector : Cashiers, clerks, sales people & customer service representatives.

Characteristics of Services :

- (1) **Intangibility :** Buyers look for evidence of quality as the services cannot be seen, tasted, felt, heard or smelled Eg. II M A
- (2) **Insuperability :** Services are typically produced & consumed simultaneously. Eg. II MB - Extended its popular PG Program in software enterprise management to participants in Chennai using Video. Conference ethnology.
- (3) **Variability :** Because services depend on who provides them & when & where they are provided, they are highly variable. Eg. some doctors / surgeons are successful in performing certain operations successfully.
- (4) **Perishability :** Services cannot be stored - Eg. Public transportation companies have to own much more equipment because of rush hour demand. Some doctors charge patients for missed appointments because the service value exists only at a point.

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**BBA-II (PART -II) EXAMINATION
MARKETING MANAGEMENT
Unsolved Paper - 2011**

Time Allowed : 3 Hours

Max.Marks : 100

Attempt five questions in all.

Question Nos.1 and 2 are compulsory.

Part-I

Q.1 Answer all the ten questions. All questions carry equal marks (Answer limit up to 50 words each). 2 x 10 =20

- (i) What is societal marketing concept?
- (ii) What is included in economic environment of marketing?
- (iii) Define market segmentation?
- (iv) What is product planning?
- (v) What are the methods of pricing ?
- (vi) What is the use of marketing research?
- (vii) What is sales promotion?
- (viii) What are the objectives of advertising?.
- (ix) What is the need of public relations?
- (x) What is effective communication?

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). 5 x 4 = 20

- (i) What is the new concept of marketing?
- (ii) What are the main features of Indian consumer?
- (iii) What is brand equity?
- (iv) Why is dealer promotion necessary?

- (v) What are the types of advertising decision?

Part-II

Attempt any three questions. Each question carries 20 marks.

- Q.3 Explain how Indian marketing environment has been affected by globalization..
- Q.4 How Indian companies adopt the strategy of product differentiation? Give suitable examples..
- Q.5 What is included in marketing communication? What is the importance of effective communication in marketing?
- Q.6 Write a detailed note on promotional tools used by Indian companies. Give suitable examples.
- Q.7 What are the major challenges in marketing in rural areas in India? What do you suggest to face these challenges?

Unsolved Paper – 2010

Time Allowed : 3 Hours

Max.Marks : 100

*Attempt five questions in all.
Question Nos.1 and 2 are compulsory.*

Part-I

Q.1 Answer all the ten questions. All questions carry equal marks (Answer limit up to 50 words each). 2 x 10 = 20

- (xi) What do you mean by "selling and marketing"?
- (xii) What is demographic environment of marketing?
- (xiii) Mention the factors influencing buyer behavior?
- (xiv) What is product mix?
- (xv) What are the channels of distribution?
- (xvi) What do you understand by effective communication?
- (xvii) What is advertising?
- (xviii) Explain the meaning of marketing research.
- (xix) Define globalization
- (xx) Write two types of consumer promotion methods.

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). 5 x 4 = 20

- (vi) "Marketing is the social economic activity". How?
- (vii) What is the difference between packing and packaging?
- (viii) Differentiate between advertising and sales promotion?
- (ix) Mention the advantages or marketing research.

- (x) Explain briefly the need of rural marketing in India.

Part-II

Attempt any three questions. Each question carries 20 marks.

- Q.3 Write a detailed note on importance of marketing in the Indian economy.
- Q.4 What factors affect buying decisions? Explain the buying decision process.
- Q.5 What are marketing channels? Describe the factors that affect the selection of channels of distribution.
- Q.6 What is a new product? Outline the various stages in new product development in detail.
- Q.7 "The success or failure of a business depends upon its product price policy." Explain the statement and state the factors to be considered while formulating a product price policy.
- Q.8 Write short notes on the following (any two) :-
- (i) Brand
 - (ii) Label
 - (iii) Marketing Communication
 - (iv) Market Segmentation

Unsolved Paper – 2009

Time Allowed : 3 Hours

Max.Marks : 100

*Attempt five questions in all.
Question Nos.1 and 2 are compulsory.*

Part-I

Q.1 Answer all the ten questions. All questions carry equal marks (Answer limit up to 50 words each) 2 x 10

- (i) Give the modern definition of marketing.
- (ii) "Marketing is the social-economic activity" How?
- (iii) "Marketing management also influences the environment." How?
- (iv) What do you mean by consumer behaviour?
- (v) What do you mean by market segmentation?
- (vi) "Product Planning is a decision work force" Why?
- (vii) What is marketing research?
- (viii) What is marketing communication?
- (ix) What do you mean by price?
- (x) What do you mean by distribution channels?

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). 5 x 4 = 20

- (i) Define marketing mix.
- (ii) "Marketing environment is dynamic environment" Explain.
- (iii) Importance of marketing research, explain in brief.

- (iv) Define product life cycle.
- (v) What is expected percentage profit method of pricing? Clarify.

Part-II

Attempt any three questions. Each question carries 20 marks

- Q.3 Explain:
- (i) Marketing in Indian Economy and rural market.
 - (ii) Marketing in service sector and banking sector.
- Q.4 Define "Market Segmentation." On what basis can market segmentation be divided? Explain?
- Q.5 "Define pricing. Explain the product mix and price level policies and strategies based on.
- Q.6 Explain differences :
- (i) Sales promotion and advertising
 - (ii) Sales promotion and personal selling
- Q.7 Discuss the present day importance of marketing research. What is the contribution of marketing research in decision making?

Unsolved Paper – 2008

Time Allowed : 3 Hours

Max.Marks : 100

*Attempt five questions in all.
Question Nos.1 and 2 are compulsory.*

Part-I

Q.1 Answer all ten questions. All questions carry equal marks. (Answer limit up to 50 words each). $2 \times 10 = 20$

- (i) What do you mean by "Marketing Concept"?
- (ii) Define product mix.
- (iii) Define product policy.
- (iv) What do you mean by product planning?
- (v) What do you mean by advertising?
- (vi) Define sales promotion.
- (vii) Define distribution channels.
- (viii) What do you mean by "Retailer"?
- (ix) What is physical distribution?
- (x) What is selling?

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). $5 \times 4 = 20$

- (i) What is the distinction between "marketing and selling"?
- (ii) Write a short note on marketing strategy"

- (iii) Write criteria for market segmentation
- (iv) Write factor affecting product life cycle in short.
- (v) Write a short note on salesmanship.

Part-II

Attempt any three questions. Each question carries 20 marks.

- Q.3 Define "Marketing Management." Discuss the function of marketing management.
- Q.4 How is pricing policy formulated? Explain the various methods of pricing a new product.
- Q.5 What do you mean by "Buyer Behavior" Explain its various theories.
- Q.6 Discuss the challenges of rural marketing in India.
- Q.7 What do you understand by 'personal selling'? Explain the selling process in detail.

Unsolved Paper – 2007

Time Allowed : 3 Hours

Max.Marks : 100

*Attempt five questions in all.
Question Nos.1 and 2 are compulsory.*

Part-I

Q.1 Answer all ten questions. All questions carry equal marks. (Answer limit up to 50 words each). $2 \times 10 = 20$

- (i) Define Buyer Behaviour.
- (ii) What is Product Line?
- (iii) What is the social benefit of marketing?
- (iv) Define effective communication?
- (v) What is an advertising copy?
- (vi) What do you mean by label?
- (vii) Difference between brand and trade mark.
- (viii) What is communication process?
- (ix) Define market segmentation.
- (x) What is direct marketing concept?

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). $5 \times 4 = 20$

- (i) What is the differences between old and new concept of marketing?
- (ii) Discuss the process of price determination.
- (iii) What is the difference between advertising and sales promoting?

- (iv) "Communication is the life blood business explain.
- (v) Write a short note on personal selling.

Part-II

Attempt any three questions. Each question carries 20 marks.

- Q.3 What do you mean by marketing? Describe the importance and scope of marketing.
- Q.4 Define product development and describe the process of new product development.
- Q.5 What do you mean by marketing research? Describe in detail and detail involved in the process of marketing research.
- Q.6 What is public relation? Explain its importance and methods./
- Q.7 Discuss how advertisement helps in sales promotion. What are the factors that are considered in selecting advertisement media?

Unsolved Paper – 2006

Time Allowed : 3 Hours

Max.Marks : 100

*Attempt five questions in all.
Question Nos.1 and 2 are compulsory.*

Part-I

Q.1 Answer all ten questions. All questions carry equal marks. (Answer limit up to 50 words each). $2 \times 10 = 20$

- (i) What is marketing?
- (ii) What is the modern concept of marketing?
- (iii) Name is the modern concept of marketing.
- (iv) What is the social benefit of marketing?
- (v) Define market segmentation
- (vi) What is niche market?
- (vii) What is product mix?
- (viii) What is product planning?
- (ix) Define product differentiation
- (x) What is Brand?

Q.2 Answer all five questions. All questions carry equal marks. (Answer limit up to 100 words each). $5 \times 4 = 20$

- (i) What is the scope of marketing?

- (ii) What is the difference between selling and marketing?
- (iii) What is the feature of effective communication?
- (iv) What is the objective of personal selling?
- (v) Explain briefly the need of rural marketing in India.

Part-II

Attempt any three questions. Each question carries 20 marks.

- Q.3 Write a detailed note on importance of marketing in the Indian Economy.
- Q.4 Explain the changes in the Indian Marketing Environment on account of Globalization.
- Q.5 What factors affect buying decision? Explain the buying decision process.
- Q.6 Explain the concept of product life cycle. Give suitable examples.
- Q.7 What are the various methods of consumer and dealer promotion? Explain.

or

What are the marketing channels? Describe the factors that affect the selection of channels distributing.

